



## Crude Tanker Comments

The week draws to a close with a feeling the VLCC market has bottomed out. Below-radar fixing was aplenty during Posidonia and, as a result, so too was the clear-out of an oversupplied tonnage list, which is now looking in far better shape ahead of the weekend.

TD3C appears to have settled in the low-mid WS 50s and TD15 is just below WS 60, reflecting owners' view that a premium is required to lock in the longer voyages at these returns. Many owners have been holding off until next week in the hope of a bounceback, particularly with the release of AG stems around the corner.

The USG continues its quiet spell with a few fix/fails the only notable activity, gradually causing rates to depreciate to the USD 8 Mn mark for TD22. We do expect the usual post-weekend tonnage replenishment - FOC tonnage not pushed today will hit the lists, so optimism of regaining ground will need to be underpinned by consistent enquiry.

Suezmax activity cooled off this week in WAF during Posidonia, with TD20 levels dipping to WS 107.5 on attractive runs for owners, down from the WS 115 levels seen a week ago.

On the other hand, stateside activity has been busy. Owners have been able to capitalise on the firmer fundamentals, pushing rates for USG / TA runs up to WS 92.5 and will naturally be keen to push on further.

East of Suez, steady fixing below the surface has been able to keep the tonnage complexion tight. Freight rates are marginally softer, down to WS 105, from WS 107 levels a week ago. Furthermore, VLCCs and their economies of scale remain a threat, prospectively cannibalising Suezmax volume where workable.

Posidonia week has been relatively quiet for Med Afras. The list had refreshed over the weekend and showed numerous X-Med standouts on the early side. After a very tight few weeks, the cavalry of North Sea ships fixing Med cargoes has started to affect the market, with X-Med freight rates correcting heavily down by over 50 WS points from last Friday, down to WS 185 levels at the time of writing. And, while Aframax activity has been minimal this week, we expect things to pick up come Monday, although rates might keep sliding.

Meanwhile, in the North Sea, the market seems to have started to warm up, buoyed by an ever-tightening list given the sheer amount of ballasters to the Med and the US in the past few weeks. After a decent climb from WS 150 last Friday, freight rates are now settled at WS 170 - 175 levels.

## Product Tanker Comments

The LR2 segment has experienced a very lacklustre week with the combination of Posidonia events keeping everyone very busy as well as the very popular recent trend in cleaning up Suezmax and VLCC vessels taking away such a significant amount of the ULSD that would otherwise been fixed on the LR2s. We are aware of one VLCC fixed with another two on subs and one Suezmax fixed – all for ULSD/gasoil. If all four are concluded, then this equates to around 790,000 T of ULSD/gasoil on the standard 0.84 SG - which is the thick end of eight LR2 cargoes taken away from the LR2 fleet.

Naphtha exports to the Far East was only publicly traded on two occasions, where a Platts deal was agreed on the first one and then WS 195 was agreed subsequently for TC1, which represents a 55 WS-point slip on the week. Westbound hasn't been done in the open market on a clean history ship but we would have to suggest that around USD 6 Mn would be where we are heading next with EAFR and Singapore around WS 200 being likely too. There is a lot of tonnage ballasting into the AG from 17 June onwards, which leads us to suspect that the week to start at the weaker side of things from Monday.

The LR1 sector started the week with very little activity but in the last 24 hours or so we are aware of around eight ships that have gone on subs with up to four more cargoes (both Red Sea and AG loaders) looking for cover at this time. So, we should soon be at a floor in terms of freight levels as the list, while still showing some candidates, is not overrun with vessels in this naturally super thin tonnage sector. TC5 has been fixed at WS 240 by an older ship and for now we don't expect this to get much cheaper. Westbound has been quieter but we would suspect around USD 4.8 Mn for AG/UKC via the Cape of Good Hope but with perhaps more like USD 4.5 Mn being the number for WCI loadings.

The South Asia MR market held firm through the week as high earnings in the North and AG markets gave owners the confidence to hold out for higher freight rates. The availability of quality tonnage was short especially on the prompt end resulting in TC7 climbing by 7.5 WS points this week to go on subjects at WS 325. The outlook remains firm/stable at current levels with strong support expected from the adjacent markets and a more replenished tonnage list for the natural fixing window.

UKC MRs have been softening substantially this week amid an apparent lack of stems. TC2 is now at WS 155 levels, well below last Friday's WS 200. Also Med-TA is softer and we expect it to have corrected down from last done levels of WS 200. The tonnage list has constricted, though until we see more enquiry, owners might not be able to capitalise, and the outlook remains soft for now.

		BDTI	BCTI
		1267	858
Δ W-O-W		↑Firmer	↓Softer
<b>BDA</b>			
	(USD/LDT)	TKR/LRG	TKR/MED TKR/SML
This week		525.8	533.6 539.6
Δ W-O-W		0.4	0.2 0.6
<b>BALTIC TCE DIRTY</b>			
	Route	Qnt	\$ / Day W-O-W
TD3C	ME Gulf / China	270,000	31,577 ↓Softer
TD6	Black Sea / Med	135,000	50,384 ↓Softer
TD8	Kuwait / Sing.	80,000	54,841 ↑Firmer
TD9	Caribs / US Gulf	70,000	62,220 ↑Firmer
TD14	Asia / Australia	70,000	43,761 ↑Firmer
TD20	WAF / Cont	130,000	43,445 ↓Softer
TD22	USG / China	270,000	43,198 ↓Softer
TD25	USG / Cont	70,000	54,446 ↑Firmer
<b>BALTIC TCE CLEAN</b>			
	Route	Qnt	\$ / Day W-O-W
TC1	ME Gulf / Japan	75,000	48,640 ↓Softer
TC2	Cont / USAC	37,000	12,644 ↓Softer
TC5	ME Gulf / Japan	55,000	43,516 ↓Softer
TC6	Algeria / EU Med	30,000	29,402 ↓Softer
TC7	Sing. / ECA	30,000	41,942 ↑Firmer
TC8	ME Gulf / UKC	65,000	55,384 ↓Softer
TC23	ARA / UKC	30,000	17,918 ↓Softer