AFFINITY TANKER WEEKLY

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Crude Tanker Comments

VLCCs continue to hover around the bottom with limited activity preventing any signs of a rebound for now. Charterers have worked well to sustain the downward pressure on rates by picking off owners, some with less desirable itineraries, to achieve less than last done levels. It is worth noting that there has been resistance from a large portion of owners, but it is hard to argue against the current state of the market, with TD3C now down to WS 51 and tonnage still looking long. Some owners have simply decided to bite the bullet and lock in shorter voyages off their vessels' dates. The AG stem release next week should inject some more activity, but it feels as though it will take some time for an uptick, and we will likely be stuck in the WS 50-60 range for the foreseeable. There have been encouraging developments ex-USG with USD 8.2 Mn recorded a few times on TD22 as charterers cover their July stems. WAF has also experienced solid activity but is still fetching a WS 5-6-point premium over AG/East to entice owners into a longer run. Hopefully we are due more action next week to breathe some life into the market.

It has been a quiet end to the week for Suezmaxes. Stateside still yields a very tight list, but demand concerns are beginning to make themselves present and we're already seeing evidence of VLCC cannibalisation of Suezmax volume.

Meanwhile, on the other side of the Atlantic, limited enquiry managed to take the sting out of TD20 despite the tighter complexion of the list this week. Charterers are also set to benefit from additional tonnage supplementation as vessels ex-AG-East commit to WAF, casting a softer feel in WAF as we end the week.

East of Suez, there have also been very little developments on both East- and Westbound runs and we're already seeing owners commit to the ballast to WAF as a result. 20T lifter FOC availabilities are there for TD23 (c/c) and, with pressure from VLCCs plus a lack of support from a weaker Aframax floor, there's a softer feel in the AG.

Med Afras didn't have the start to the week that owners were hoping for, amid slow enquiry and a fairly well stocked list. Despite Trieste/Fos uncertainties and a very firm US market, the situation in the Med has remained more than underwhelming, with freight shedding chunks, seemingly with no end in sight – X-Med went from WS 180 last Friday, to WS 160 levels at the time of writing. And, while TCEs remain quite satisfactory on paper – in the USD 42,000 per day for an ECO ship – in reality the lack of employment opportunities is being felt by owners. As the week comes to a close, the list remains well stocked and, with the US not looking so bright anymore, opportunities to ballast out aren't as appealing anymore.

In the North Sea, the list remains tight as it has done throughout the week, aided by seven ships ballasting TA. Rates continue to fix circa last done in the mid-WS 170 levels, with certain flats paying premiums. The list eases a touch onwards 25 June dates as relets begin to repopulate.

Product Tanker Comments

The LR2 sector had a massive amount of throughput from the middle of the week onwards. We count around 17 vessels on sub/hold over the last 48 hours, but charterers have been managing the premiums to freight numbers well with only WS 20 points lifted on TC1 with WS 200 on subs and westbound lifted from USD 5.7 Mn to USD 6.2 Mn being confirmed on subs today for Kuwait/UKC via Cape.

When we consider the sheer swings in volatility that we have experienced this year, a USD 500,000 improvement when one considers the volumes play this week is a relatively muted improvement, which is clearly demonstrative of the large amount of tonnage that was been ballasting in to meet this window from UKC, Australia and the Far East. With Eid starting on Monday next week along with Singapore off, we can expect a slower start on fresh demand, but charterers will be thankful of the same as the position list will start out much tighter than what we have been used to in the last couple of weeks.

Overall activity has been very quiet for the most part of the week with the LR1s. With the sheer availability of the LR2s in the window offering much better USD/T return on freight, it was no great surprise to see cargoes stem up to the bigger sector. One thing we say routinely on the LR1s is, no matter how quiet it is, the sheer tightness of the overall fleet as a whole, coupled with good management of hidden positions, never leads this position list to be overly long. Good tonnage is routinely thin on supply, which has led to WS 240 being secured on subs today for TC5, which is between 10-20 WS points more than some commentators have been calling it. Westbound demand has been very quiet, and a very competitive ship has agreed at USD 4.3 Mn for a Kuwait loading. However, we don't expect this level to be all that repeatable moving forward.

It was a slow week for the Southeast Asia MR market with little demand and a balanced tonnage list. Apart from a few regional runs, not much activity was reported as the market remained flat through the week. The outlook remains soft with weak sentiment in the adjacent markets, as well as more prompt ships with firming itineraries adding to the tonnage supply on the front end.

Despite a slow start to the week where NWE has been overtonnaged, the MR market has picked up with a boost in cargo enquiry and a now tighter tonnage list. Consequently, rates have seen some improvement, with TC2 closing the week at WS 160 with WAF and Brazil premiums as +20 and +25 WS points respectively. The US market has gone through a week of continual softening, with TC14 now trading as low as WS 140. Notably, for the first time this year, rates between NWE and the Med are trading at parity, or perhaps even in favour of the North.

		BDTI	BCTI
		1240	828
	Δ W-O-W	↓Softer	↓Softer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	525.2	533.1	539.2
Δ W-O-W	-0.6	-0.5	-0.4

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	28,240	↓Softer
TD6	Black Sea / Med	135,000	49,428	↓Softer
TD8	Kuwait / Sing.	80,000	51,296	↓Softer
TD9	Caribs / US Gulf	70,000	60,818	↓Softer
TD14	Asia / Australia	70,000	42,196	↓Softer
TD20	WAF / Cont	130,000	44,509	↑Firmer
TD22	USG / China	270,000	39,838	↓Softer
TD25	USG / Cont	70,000	52,824	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	51,277	↑Firmer
TC2	Cont / USAC	37,000	15,706	↑Firmer
TC5	ME Gulf / Japan	55,000	41,836	↓Softer
TC6	Algeria / EU Med	30,000	17,705	↓Softer
TC7	Sing. / ECA	30,000	40,123	↓Softer
TC8	ME Gulf / UKC	65,000	53,113	↓Softer
TC23	ARA / UKC	30,000	13,687	↓Softer