



Crude Tanker Comments

The week ends with a ream of VLCCs disappearing quietly without much info circulating. Rates have held steady for the most part, but it is clear the market has been busy below the surface. Charterers have made it difficult for owners to establish any momentum with the limited information available.

The reduced summer demand makes it hard to foresee any considerable uptick just yet, but the lists have certainly been trimmed adequately and we should see TD3C creep beyond the WS 50 threshold next week, if activity holds.

Interest in VLCCs for CPP business has added a new dynamic to the market and put a bit of pressure on charterers, however it is not yet clear how big or sustainable a factor this will be.

The USG has finally had some decent activity for July dates, but with an expected downward correction to upper-mid USD 7 Mn. Owners will hope this activity helps to underpin the market by taking away more of the eastern ballasters and provide some equilibrium.

Suezmaxes had a quiet end to the week with very little to report on the surface in the Atlantic apart from just some private activity. Charterers are set to return from the weekend with a friendlier list of tonnage for TD20 and, while tonnage Stateside holds thin, the lack of volume and weaker Aframax floor has seen rates trickle off on USG/TA runs. As a result, Gibraltar and continent openers will likely keep their focus on finding better TCEs in WAF, which has scope to prevent gains being made on TD20 next week.

East of Suez, enquiry has been extremely restricted. FOC 20T lifters are well stocked for what has been a volume-shy TD23 and weaker fundamentals in both VLCC and Aframax markets undermine AG/Eastbound runs on Suezmaxes, ultimately casting a flat/soft feel in the AG.

Aframaxes in the Med had an active start to the week with over 16 vessels on subs on Tuesday alone. However, things got quieter from Wednesday onwards. The list has seen a dramatic clear-out of tonnage, but rates have kept fixing around last done levels of WS 150 for X-Med runs throughout the week.

Meanwhile, the North Sea market remains awash with FOC ships, while next-to-no action above the radar has been present this week. Yet, rates seem to keep hanging on in the high WS 150 levels for X-North Sea.

Product Tanker Comments

With a slow start on the demand this week, charterers allowed a little more steam to come out of the kettle and TC1 dropped through WS 190 to WS 180, which has subsequently been agreed several times over the last two days as demand really started to amp up a bit. The front end has cleared out quite well, but there have been ships that have been holding back for West business only, and that had to slip down a little as well to keep TCEs roughly in line, which has led to USD 5.85 Mn being agreed for Jubail/West and USD 5.65 Mn for Sikka/West via Cape - a notable slip from the USD 6.1 Mn levels agreed at the back end of last week. Owners will be coming into Monday with the justifiable hope that we are at a 'floor' in terms of where we are on freight levels on this particular round of fixing, but charterers might also be relaxed as, not only are they enjoying great cover on clean-up vessels taking so much of the gasoil/ULSD, but also the fact that the fixing windows seem to be stretching towards mid-July, for when there are still a good amount of traditional CPP LR2s still in play.

In a similar vein, there has been a lot of deal making on the LR1s, but enough ships have been there to concluded freight roughly in line with last done levels. There have been a few weeks this year when this segment has been maintained purely with local short-haul demand whether in the AG or Red Sea as MRs or LR2s have been offering better USD/T returns for long-haul trade, but this week all routes have been tested. There has been a little softening on TC5 down to WS 230 being the last number agreed. Westbound surprised a lot of us with last done agreed at USD 4.8 Mn for AG/UKC via Cape - about USD 200,000 more than some were assessing it. With so much money being made in East of Suez markets, it takes more to get a candidate to fix long-haul West where the returns are not as lucrative in comparison. A decent outlook remains for Monday,

The Southeast Asia MR market had a quiet week with minimal activity reported. A long tonnage list and a lack of fresh enquiry kept sentiment soft throughout the week. However, rates remained relatively stable as a Singapore/Australia run got covered at WS 300 due to the support from the North, which provided owners with additional options and helped maintain a floor under the market. The overall outlook remains flat but will heavily depend on the health of the adjacent markets.

In the West, UKC MRs rates have been getting increasingly firmer this week as high activity levels mopped up the list. TC2 has firmed by over 30 WS points to WS 182.5 at the time of writing, while WAF and Brazil runs both pay WS 207.5. In the US Gulf, MRs seem to be ending the week on a quiet note in the face of expectations for greater off-market activity and more public quotes. Unless charterers have taken to trucking it all out of the USG for early July, one might suspect they are doing a great job of holding back. USG-Caribs was repeated at USD 1.45 Mn and afterward a private deal concluded a TC14 fixture at WS 225 on a last chems unit - this was the level before Wednesday's surprise WS 245 deal for a prompt naphtha move. As we go into the new week, the question is whether owners can hold onto last done levels.

| | | BDTI | BCTI | |
|------------------|------------------|---------|----------|---------|
| | | 1161 | 830 | |
| Δ W-O-W | | ↓Softer | ↑Firmer | |
| BDA | | | | |
| (USD/LDT) | TKR/LRG | TKR/MED | TKR/SML | |
| This week | 522.1 | 530.8 | 537.1 | |
| Δ W-O-W | -3.1 | -2.2 | -2.2 | |
| BALTIC TCE DIRTY | | | | |
| | Route | Qnt | \$ / Day | W-O-W |
| TD3C | ME Gulf / China | 270,000 | 26,135 | ↓Softer |
| TD6 | Black Sea / Med | 135,000 | 47,709 | ↓Softer |
| TD8 | Kuwait / Sing. | 80,000 | 45,230 | ↓Softer |
| TD9 | Caribs / US Gulf | 70,000 | 38,861 | ↓Softer |
| TD14 | Asia / Australia | 70,000 | 37,361 | ↓Softer |
| TD20 | WAF / Cont | 130,000 | 42,859 | ↓Softer |
| TD22 | USG / China | 270,000 | 35,654 | ↓Softer |
| TD25 | USG / Cont | 70,000 | 39,580 | ↓Softer |
| BALTIC TCE CLEAN | | | | |
| | Route | Qnt | \$ / Day | W-O-W |
| TC1 | ME Gulf / Japan | 75,000 | 42,179 | ↓Softer |
| TC2 | Cont / USAC | 37,000 | 19,944 | ↑Firmer |
| TC5 | ME Gulf / Japan | 55,000 | 40,248 | ↓Softer |
| TC6 | Algeria / EU Med | 30,000 | 20,568 | ↑Firmer |
| TC7 | Sing. / ECA | 30,000 | 36,859 | ↓Softer |
| TC8 | ME Gulf / UKC | 65,000 | 58,922 | ↑Firmer |
| TC23 | ARA / UKC | 30,000 | 16,497 | ↑Firmer |