AFFINITY TANKER WEEKLY

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Crude Tanker Comments

The summer lull continues across the VLCC sector with fixing levels maintaining their gradual slide. Market fundamentals have improved slightly on last week from a tonnage standpoint, but the lack of volume has made it easy for charterers to chip away at last done levels.

Last week, we saw decent activity via ships disappearing quietly whereas this week, market quotes have been a popular method of approach in the AG, providing charterers with a firm target to beat. WAF has been fairly quiet on the surface as charterers begin to consider their early August stems and, despite the short week in the US due to Independence Day, activity has been lacklustre. More volume is needed on the cargo front before we can expect to see any turnaround.

Suezmaxes had a very quiet week, and the lack of volume restricts any momentum from being made on TD20 as the list sustains its bloated appearance. However, the USG list appears more balanced for now, which could provide the Atlantic with some support, potentially preventing TD20 from slipping much further.

East of Suez has been equally quiet, and almost every vessel advertised within the fixing window is now FOC. There are plenty of modern 20T lifters with safe itineraries in addition to a notable presence of ex-DD vessels, which casts a soft outlook in both directions.

On the Afras, the Med started on a busy note with a decent percentage of natural X-Med players getting snapped up, and whatever was left came with some unclear itineraries. Fos continued to hold ships with 'indefinite' strikes, but caveat, dates were/are well covered from both Libya and Ceyhan. As a result, the second half of the week was fairly slow, as expected. The list still doesn't present an abundance of standout options, and perhaps we might start to get some support from UKC ballasters with the local North Sea market in decline throughout the week.

In fact, with a front-loaded list weighed down by an abundance of natural X-North Sea players and relets, each of the few cargoes quoted received multiple offers, pushing rates down with no bottom in sight. And as we wait to reach the floor, we can expect ballasters to ramp up.

Product Tanker Comments

The AG LR2s started the week with 10 WS points more being paid for TC1 on Monday, with WS 190 on subs and owners naturally amped up their confidences to see what more could be done off the back of it. Unfortunately, demand did not come through enough to move on from this and with so much ULSD and gasoil still being covered on cleaned-up tonnage. By mid-week, it was clear that the energy was not there to move rates on, and we therefore saw TC1 relaxing back to WS 180 again. Westbound on cleaned-up ships, freight levels have also dropped off and we are aware of being agreed at USD 5 Mn levels, which could threaten the recent premium of plus USD 800,000 for jet suitability for next week. Let's see how tonnage looks on Monday but, for now, we would continue to remain in this bearish disposition.

LR1 demand has also not been quite so interesting this week but enough to only allow some gentle softening here and there as opposed to significant freight drops being witnessed across the board. Westbound has held steady at USD 4.8 Mn for Jubail loading and eastbound has been fixed again at WS 230, but there are some that suggest WS 220 might be on the cards. X-Red Sea markets are staying quiet and tonnage, while not hugely prolific, will be there on Monday for all trade routes that will be tested.

This wasn't the best week for SE-Asia MRs, with very little activity reported. With the tonnage list extremely long and little support coming from the adjacent markets, charterers had no issue in privately picking off boats to cover their stems, leaving the market silent for most of the week. The outlook remains weak with the tonnage list still long for the natural fixing windows and poor expectations for demand in the upcoming week.

Although we started the week with very flat market conditions in the UKC, we end the week with very promising levels of cargo enquiry and general market activity. We have seen rates firm gradually with TC2 closing the week at WS 190.

The USG market did not see the expected benefits from the 4th of July holiday and subsequent short week. Following Monday's flurry of activity, the market has remained notably quiet, impacting rates. Mexico priced down to USD 750,000 and TC14 is also lower at WS 180, though upon a fresh test less is to be expected. Attention is largely focused on Hurricane Beryl and its potential damage, as the risk of oil on the water without a home is a concern few are willing to bear.

As the market resumes Friday, the backlog is expected to grow, making it challenging for owners to delay a further drop in rates, especially with Fridays traditionally seeing fewer fixtures. The USG market is known for its significant swings - just two weeks ago, rates dropped to USD 700,000 for Caribs and WS 140 TA, illustrating its volatility. Owners must focus on minimising short-term losses with optimism for improvement ahead.

	BDTI	BCTI
	1102	822
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	521.4	529.4	534.6
Δ W-O-W	-2.3	-2.9	-3.5

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	23,749	↓Softer
TD6	Black Sea / Med	135,000	46,218	↓Softer
TD8	Kuwait / Sing.	80,000	41,547	↓Softer
TD9	Caribs / US Gulf	70,000	36,507	↓Softer
TD14	Asia / Australia	70,000	34,290	↓Softer
TD20	WAF / Cont	130,000	35,503	↓Softer
TD22	USG / China	270,000	33,699	↓Softer
TD25	USG / Cont	70,000	41,233	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	41,784	↑Firmer
TC2	Cont / USAC	37,000	21,084	↑Firmer
TC5	ME Gulf / Japan	55,000	37,692	↓Softer
TC6	Algeria / EU Med	30,000	21,048	↓Softer
TC7	Sing. / ECA	30,000	34,607	↓Softer
TC8	ME Gulf / UKC	65,000	59,359	↑Firmer
TC23	ARA / UKC	30,000	15,734	↓Softer