



Crude Tanker Comments

With the realisation mid-week that levels had definitely been squeezed too far, battling VLCC owners have finally and successfully begun some form of counter-strike. As it was so obvious low WS 40s basis TD3C were not close to being repeatable, more charterers were drawn out of the woodwork and ballast tonnage availability continued to tighten on the front-end, leaving some perhaps a little caught out through end July/early Aug ex-MEG. Lists have been stable and not ridiculously long in recent weeks, but charterers had until now managed the volume well. This was not possible Thurs/Fri and, with numerous outstanding cargoes today, owners used these opportunities to push back in to the WS 50s ex-MEG. We'd expect next TD3C in the WS 53 region and TD15 may also move beyond the mid WS 50s. If owners think we may have seen the lows for the year, ballasters may first look to roll short ex-MEG with a view to capturing future upside sooner, rather than lock in lower earnings for longer Atlantic runs (or just ask for more on this basis!).

On the Suezmaxes, at face value, the local list is tight Stateside, but when accounting for ex-lightening vessels repopulating the list in the third decade and increased likelihood of TA ballasters due to more attractive earnings, August laycans could come under pressure as we enter next week. Across the Atlantic, WAF stagnated this week as volume remained few and far between. While the USG could sponge some GIB/CONT tonnage to provide the Atlantic with some support, the long list includes a notable relet presence and, with additional tonnage supplementation from ballasters ex-East, owners could be under pressure on TD20 come Monday. East of Suez, there were only hints of activity this week as a couple of 20T lifters were fixed away privately. But it's not enough volume to alleviate the pressure on owners; the list remains well stocked with safe Basrah-suitable vessels up to the 5 August fixing window, which sustains the softer feel for TD23 (c/c). Eastbound, Suezmaxes continue to cap Aframax's progress on TD8 as they compete on longer-haul volume. The long tonnage list also comprises of various ex-DD vessels, which results in the softer feel despite the tighter Aframax floor.

Inevitably, Aframax rates in the North Sea and Med have softened further this week, as charterers continued to test rates down on the back of healthy tonnage lists in both markets. In the Med, tonnage has continued to comfortably outweigh enquiry, despite a rising number of vessels electing to ballast TA to the stronger USG markets. TD19 has slipped to WS 130 levels, a drop of round 20 points since the end of last week. Earnings for a non-ECO ship without scrubbers are down to just USD 25,000 per day, according to our calculations, their lowest since early March but there is potentially still room for rates to fall further.

It's a similar story in the North Sea, where activity has been almost non-existent on the surface. The list remains well populated with X-North Sea-focused owners and slow days continue to roll by. Owners are weighing up whether to send their vessels TA, where markets are significantly stronger. TD9 has climbed steadily through the week, rising above WS 220, while TD25 is more steady at around WS 185; both routes are offering significantly higher earnings than across the pond.

Product Tanker Comments

It has been a dull week for the LR's in the AG, particularly on the larger LR2s. There has been very little going on and, as a result, charterers have consistently been able to chip away at rates. TC1 has shed around 10 – 15 points since the end of last week, sliding to WS 160 levels. Rates haven't been this weak since early April.

Westbound, rates have tumbled from last week's USD 5.8 Mn down to USD 5.2 Mn on subs for a modern, approved ship with no Russian history for a jet cargo. If demand stays this intermittent next week, there could be further incremental drops in rates.

It had been a similar story on the LR1s until Thursday. There had been very little going on and, come Wednesday, there were significantly more ships compared to Monday, which is a rare scenario. However, come Thursday, there was a surge in local demand from local state oil companies. A flurry of vessels were put on subs and, while this led to a heavy reduction in rates, from an owner's point of view, at least the list is a little more encouraging.

TC5 dropped to WS 180 on Thursday, before sliding to WS 170 on Friday, which is last done. The tonnage list should be more stable come Monday, but all these ships fixed on local runs will return soon enough, so there is not a great deal of optimism heading into next week.

On the MRs in the AG, it has been a disappointing week after the expectation that rates could improve. The outlook remains pessimistic amid a lack of enquiry and still-softening rates. Owners had been hoping that TC17 had bottomed at WS 245 EAFR / 235 SAFR on Thursday, but it tumbled a further 15 points on Friday, coming in at WS 230 EAFR and WS 220 SAFR (albeit on an ex-DD ship). Owners are trying to dig their heels in at these YTD low earnings, and currently prefer shorter runs.

TC12 has also been quiet, but is assessed around WS 190. However, the tonnage supply has been consistently long, and the outlook remains soft. The trend could continue through August as the summer lull takes over.

West of Suez, it's been a subdued week for the MR market in the Cont, with enquiry noticeably down compared to previous weeks, although this has been offset by an incredibly tight tonnage list. As a result, rates on TC2 have climbed to WS 210, but if more enquiry follows, rates could climb higher. WAFR and Brazil business continue to command a 20-point premium, while the US market is still extremely volatile. TC14 has softened sharply throughout the week, closing the week at WS 165.

It's also been a soft week for the Handies in the Med, with TC6 falling from the highs of WS 255 last week down to just WS 200 – 205 at the time of writing. Thought lists have been tight on the prompt end, charterers have been fixing off forward dates, during which there is plenty of available tonnage. Owners have been forced to lower their ideas to remain competitive, despite ample activity.

		BDTI	BCTI	
		1056	822	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	518.1	526.1	529.3	
Δ W-O-W	-3.3	-3.4	-5.3	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	29,351	↑Firmer
TD6	Black Sea / Med	135,000	35,792	↓Softer
TD8	Kuwait / Sing.	80,000	38,801	↓Softer
TD9	Caribs / US Gulf	70,000	58,632	↑Firmer
TD14	Asia / Australia	70,000	32,655	↓Softer
TD20	WAF / Cont	130,000	34,128	↓Softer
TD22	USG / China	270,000	31,661	↓Softer
TD25	USG / Cont	70,000	41,702	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	35,076	↓Softer
TC2	Cont / USAC	37,000	24,818	↑Firmer
TC5	ME Gulf / Japan	55,000	26,520	↓Softer
TC6	Algeria / EU Med	30,000	27,260	↓Softer
TC7	Sing. / ECA	30,000	22,118	↓Softer
TC8	ME Gulf / UKC	65,000	56,340	↓Softer
TC23	ARA / UKC	30,000	22,800	↑Firmer



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