AFFINITY TANKER WEEKLY

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Crude Tanker Comments

VLCCs end week 32 on the soft side of steady with evidence to suggest the sector has bottomed out. There has been a dearth of open cargoes working this week, with USG the only exception – covering at least 6 stems for first decade September dates. The rest of the market has been comparatively subdued on the surface although a considerable number of vessels have been tucked away privately, leaving tonnage lists on the lighter side but still with sufficient options for charterers to choose from.

Charterers haven't found it easy the last couple days, however, with two recent East and West market quotes struggling to attract numerous offers and owners collectively digging their heels in. The longer runs are not favoured at these levels, with all Atlantic/East fixtures going to relets or owners with 30+ ships in their fleet, showing a reluctance from most to lock in at rates that don't offer justifiable returns. As is often the case, more volume is required to turn things around and the release of September AG stems next week has provided some optimism for owners. We will see next week if owners are able to gain back some ground or if we continue to bumble along the bottom in the weakened summer market.

Suezmax activity ex-WAF remains minimal on the surface, with rates steady so far this week. However, it is likely sentiment has taken a hit also with the tonnage complexion swinging in the charterers favour as vessels free up, itineraries firm and further relets are pushed.

Stateside the quiet week continues with further losses expected as both Afras and Suezmaxes compete with each other for scarce TA cargoes. The AG also remains quiet with a range of tonnage at charterers fingertips. It will take a heavy influx of volume to cause any turn around in this region.

Rates in the Med and Black Sea took a hit this week, which is not a huge surprise considering the pool of FOC tonnage was extensive in addition to the Afra floor capitulating below. It is likely that Suezmax owners will try to resist further losses, however, despite 130kt rates being close to the Afra equivalent, the smaller ladies may struggle to stay buoyant with force majeure declared in Libya preventing Zawia exports in addition to dates working forward.

As for the Afras, the Med market is currently in full summer swing. The week has been fairly quiet overall, while rates have been gradually eroded, down from WS 145 last Friday, to WS 132 levels being repeated today. Suezmaxes kept lurking in the background and with force majeure in Zawia and generally forward fixed dates it remains a bleak picture for owners.

The tumbleweed continues to roll in the North Sea. There were rumours of some under the radar fixing yesterday yet nothing to be reported on the surface. TD7 continues to print WS 120 for now, and relets and natural players remain in abundance, but sentiment remains low.

Product Tanker Comments

If we thought last week was a reality check, then this week has worsened for the AG LR2s. TC1 has dropped further to WS 140, with BITR printing 135 and westbound continues to correct - USD 4.0 Mn is on subs at the time of writing. The actual supply of tonnage is balanced compared to the annual averages. Nevertheless, the continuously underperforming Far Eastern markets are undermining the AG, while the hangover from the clean-ups is also lingering.

The LR1s are where things got ugly, with oversupply of tonnage and consequently shorthaul numbers have haemorrhaged. USD 300,000 is on subs for Sohar into KAZ and others in the market are willing to do the same numbers. WS 140 is on subs for TC5, this returns circa USD 18,000 per day, which we haven't seen since December 2024. Westbound has also softened, being assessed circa USD 3.45 Mn. Most expect LR1 owners to go after the shorthaul stems aggressively also targeting the MR shorthauls, which will put a dampener on that sector also. Until we see some sustained demand from Asia, then a recovery will take time. As such the outlook remains pessimistic in the short term for the LR1s.

Enough with the bad news! This was a positive week for the MRs in the North as a steady stream of fresh enquiries entering the market earlier in the week kept sentiment relatively stable. The tonnage list grew much tighter on the prompt end resulting in some positive pressure in terms of freight rates with Korea/Australia inching up by 5 WS points to go on subjects at WS 215. The outlook for next week however looks rather mixed, with the tonnage list looking well replenished for the upcoming fixing windows and LRs trading close to the MRs likely preventing rates from firming any further. However, it was another slow week in the South. While there were more long-haul stems reported, the long tonnage list was able to absorb any increase in enquiry leaving supply still far ahead of demand. Sentiment remained soft through the week as we saw TC7 correct further to the downside being done 5 WS points lower at WS 187.5. The outlook remains weak amid poor sentiment in the AG and more quality tonnage available for the upcoming fixing window.

UKC MRs have plunged in the doldrums amid very little activity to speak of, and a lengthening tonnage list. TC2 lost about 50 WS points since last Friday and is now at WS 155 levels. Very quiet also for Med MRs, where WS 170 remains last done, however levels are expected to be more around the WS 165 mark, or lower.

A similar story to last week's appears to be playing out in the USG, with a busy export volumes coming to bear on Monday/Tuesday, which generated some initial optimism amongst owners, only for the market to quieten from the midweek point. With the fixing window now 6-7 days forward, it was clear that the USG market remains well supplied for tonnage. As a result, rates have largely traded sideways at the start of the week, but with concerns about the weekend approaching and the fixing window already at 13-15 August, shorthaul rates have suffered further losses, while longhauls remain in need of a test. On Thursday, EC Mexico was down to USD 400,000 and Caribs were down to USD 620,000. TC14 has been untested, but ought to remain around last done of WS 150 given the poor European market. Given the market is wary for September turnarounds, there isn't an immediate upside in sight over the next 30-40 days, and there could be a case to be made that it is better to bite the bullet and fix longhaul for less.

	BDTI	BCTI
	927	647
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	504.6	510.9	514.4
Δ W-O-W	-3.8	-4.5	-4.6

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	22,429	↓Softer
TD6	Black Sea / Med	135,000	24,042	↓Softer
TD8	Kuwait / Sing.	80,000	36,517	↓Softer
TD9	Caribs / US Gulf	70,000	16,599	↓Softer
TD14	Asia / Australia	70,000	29,454	↓Softer
TD20	WAF / Cont	130,000	24,601	↓Softer
TD22	USG / China	270,000	29,597	↓Softer
TD25	USG / Cont	70,000	23,861	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	27,183	↓Softer
TC2	Cont / USAC	37,000	15,252	↓Softer
TC5	ME Gulf / Japan	55,000	17,396	↓Softer
TC6	Algeria / EU Med	30,000	4,778	↓Softer
TC7	Sing. / ECA	30,000	18,039	↓Softer
TC8	ME Gulf / UKC	65,000	34,231	↓Softer
TC23	ARA / UKC	30,000	15,527	↓Softer