



## Crude Tanker Comments

Thursday brought further disappointment for VLCC owners as market cargoes arrived ex-MEG and were able to target non-A1 tonnage, those charterers managed to breach the WS 50 level again. First decade September ex-MEG has seen a disappointing amount of volume hitting the market and the same must be said globally this week; owners have been unable to point to a long list of vessels going on subs privately either. With charterers successfully suppressing sentiment once more and no floor in the way of Suezmax/Aframax levels, we're left wondering from where the next bout of positivity will come.

However, if owners can manage to hold a baseline of around this WS 50 level again (basis TD3C for modern/approved vessels), with earnings still in the region of low-mid USD 30,000s depending on vessel spec, they may be quite content rolling with the punches until Q4.

Suezmax activity in WAF continues to underwhelm on the surface, though the trend of off-market fixing remains strong. As a result, we close the week with a balanced tonnage list, with TD20 holding steady between WS 77.5-80 mf dependent. Given the number of vessels fixed off-market in the Atlantic, it's likely that a significant portion of WAF first decade September volume has been accounted for.

Still, seasonal restrictions preventing VLCCs from loading in Guyana should contribute to additional cargoes going the way of Suezmaxes. This additional volume may give owners the opportunity to swing TD20 out of the reasonably steady phase we have seen over the last fortnight. Furthermore, with USG/TA experiencing solid gains, it is likely we see more UKCM openers ballast out of contention for WAF and fixed away ex-USG, further reducing WAF workable tonnage. Stateside, the list remains tight, but with UKCM openers now in play for USG/TA cargoes basis TCE equivalence with TD20, the rates will likely remain sticky for the region today - this is evidenced by rates repeating around the WS 67.5 level.

In the AG, Suezmaxes have been clipped away gradually, however, tonnage appears to be healthy enough to prevent any gains from materialising as we end the week. And a steady feel remains in the Med with charterers repeating last done while dates continue to stretch on. It has been a pretty uninspiring week so far and going forward there is a balanced tonnage list compared to cargo enquiry.

Enquiry levels haven't been enough to move the Med Aframax market substantially, and as a result, owners remain pretty apathetic. In term of rates, last done of WS 125 has kept being repeated throughout for X-Med runs, and CPC correcting down to a more familiar premium of 10 WS points over vanilla TD19 runs. For now, the list remains balanced with some expected ballasters over the long weekend.

With the bank holiday looming, some off-market forward fixing has occurred in the North Sea, clearing out one of the usual players. However, there are others around and, with the list looking tighter, it will depend if they are in the mood to push or settle to fix off their dates. For now, X-North Sea keeps repeating around WS 120.

## Product Tanker Comments

The LR2s have had a very drab time of it with demand still being taken care of by those VLCCs and Suezmaxes that have been in the clean sector for some time doing more and more recurring CPP cargoes as this remains the better way to earn, especially now that initial cleaning costs are behind a lot of these ships. And while clean-up demand is still happening, it's at a lower rate than earlier this year as the capacity is already massive in terms of the amount of uncoated clean ships at the disposal of CPP charterers and traders. The cargo count has also been thin, and owners had to be pragmatic in most sectors. Westbound was agreed at USD 4 Mn for a smaller ship and TC1 has slumped down to WS 130, representing a 7.5-10 WS point slip on what modern, approved ships were fixing last week. Not all vessels will agree to some of these rates (especially going west), but with zero outstanding demand today, next week will only start as this week has finished: flat.

Only today have we seen some improvement in LR1 rates after some consistent long-haul fixing has trickled in over the five days. WS 140 has been agreed on subs for TC5, which represents an improvement of 15 WS points on the week. Westbound has been busier with USD 3 Mn being agreed three times, but this long (and not universally favoured route) would perhaps also be vulnerable to a move up next week as this longer haul business is thinning the list down for the first time in around a month and owners are gathering a little more positivity as a result. Of course, the LR2 pricing being so close above presents a very low ceiling as to how much freight can really build, but the outlook is definitely more positive than negative.

Southeast Asia MRs faced yet another tough and quiet week, remaining heavily dependent on support from neighbouring markets. The more active AG market has begun to catch the eye of owners, leading to a few ballasters heading towards that direction. Coupled with owners' growing hesitation to commit to long-haul runs, this has helped to keep the market afloat and prevented a complete collapse in freight rates. However, it appears that owners are bracing for yet another challenging week ahead with overall sentiment drifting towards a gradual decline.

In the West, the USG market has become quite untidy on Wednesday, with charterers having to replace tonnage lacking approvals and owners capitalising with higher replacement values, as well as encouraging some charterers to fix forward at these levels.

USG-Caribs was covered at USD 725,000 with options, then at USD 825,000 (a replacement) followed by a deal off end month dates at USD 825,000 with options, before USD 845,000 was paid for a prompt replacement. There were also a handful of ships on subs for TC14; WS 157.5 was the low on a ship with Russian history and WS 165 has been paid twice for pure TC14 runs, with the high of WS 172.5 as an option. TA options continued to divide owners, with many showing a lack of interest to reposition to a what is currently a weak European market, hence the rising premiums. In fact, TC2 has remained relatively unmoved in the WS 120 region and in terms of actual activity very little has been done throughout the week, which might pressure value going forward with tonnage building up. Also, the long weekend ahead doesn't exactly bode well.

		BDTI		BCTI
		925		640
Δ W-O-W		↓ Softer		↑ Firmer
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	497.4	504.4	506.9	
Δ W-O-W	-4.6	-4.1	-4.6	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	30,565	↓ Softer
TD7	UKC / UKC	80,000	24,553	↓ Softer
TD15	WAF / China	260,000	36,005	↓ Softer
TD19	Med / Med	80,000	27,387	↑ Firmer
TD20	WAF / Cont	130,000	25,967	↑ Firmer
TD22	USG / China	270,000	34,225	↑ Firmer
TD25	USG / Cont	70,000	27,975	↑ Firmer
TD26	EC Mex / USG	70,000	18,158	↑ Firmer
TD27	Guyana / UKC	130,000	26,203	↑ Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	25,653	↓ Softer
TC2	Cont / USAC	37,000	8,879	↓ Softer
TC5	ME Gulf / Japan	55,000	14,422	↑ Firmer
TC6	Algeria / EU Med	30,000	27,798	↑ Firmer
TC7	Sing. / ECA	30,000	18,496	↑ Firmer
TC8	ME Gulf / UKC	65,000	27,306	↑ Firmer
TC14	USG / UKC	38,000	20,139	↑ Firmer
TC17	ME Gulf / EAFR	35,000	18,287	↑ Firmer
TC20	ME Gulf / UKC	90,000	39,669	↓ Softer
TC21	USG / Caribs	38,000	30,106	↑ Firmer