



Crude Tanker Comments

After a very slow start to the week, it was always going to be a bit of a tough ride for VLCC owners as we saw rates tumble worldwide. It's no secret that volume has been very low in comparison to previous months, not only in the AG, but evident also in the Atlantic, and on Wednesday charterers took the opportunity to drag TD3C rates down to the mid-WS 40s. The contents of the mysteries list suggest charterers opted for the private route to cover the bulk of second decade stems. Willingness was there from most owners to fix and forget due to little light on the horizon. WAF and the rest of the Atlantic have held up reasonably well thanks to the reluctance of owners to lock in at such levels for longer runs. TD15 remains untested but possibly tipping into the WS 49 level, and TD22 sitting around USD 7.25 Mn. The list will remain well supplied as we move into the new week and for now the general consensus is that we have little to get excited about. With returns averaging out somewhere in the mid-USD 20,000s per day, it's only a matter of time until owners stand firm.

Suezmaxes in WAF saw a consistent influx of cargoes this week, along with a decent level of off-market activity, which have helped improve sentiment, leading to steady gains for TD20 as the week has progressed. Tonnage isn't particularly scarce, however, and it certainly feels as though rates will be sensitive to any surge in volume - such sensitivity will be a welcome sight for owners as August has predominantly been stable with tonnage ample to prevent any serious momentum building.

It was a busy week Stateside with a healthy number of local vessels and TA ballasters on subs. As a result, the local list feels sensitive, but when considering that laycans are approaching the 15-18 September window and charterers have already reached forward to pluck TA ballasters, it feels as though enquiry will be muted as we end the week, contributing to any momentum stalling. There is a variety of AG / East and West candidates available at charterers' disposal, especially when taking into account the strong number of prompt vessels hidden in the projections. Additionally, with VLCCs performing negatively this week and subsequently offering in on Suezmax enquiry, the consensus is that rates will come under pressure. Meanwhile, the Med and Black Sea remain steady with cargoes few and far between partnered with a reasonable number of FOC vessels at charterers' disposal for both X-Med and CPC enquiry. With no guidance on when the Libya situation will conclude, it is difficult to garner much positivity, especially when considering up to seven Suezmax cargoes may be removed from the market if the situation persists through September.

On the Aframax, X-Med levels keep declining with WS 100 being the market rate at the time of writing. Enquiry has been subdued throughout the week, and rumours plaguing the market turned into reality on Friday with Libya declaring force majeure and production and loadings ordered to stop across most Libyan ports, dealing a major blow to the Med Afras. As a result, charterers are very much in the driving seat and could stay there for a while. Afras also had a rather slow start to the week in the North Sea. The vast majority of cargoes has been absorbed into own programmes, while some of the usual players kept pushing tonnage while also having FOC ships in the list, ready to Hoover anything outstanding. Despite the light action seen on Thursday, rates remained flat at WS 120 levels. The Med ballast that was so prominent in the last four weeks has now vanished, and going forward owners will either stay local or go TA...

Product Tanker Comments

In the first three days of the week, LR2s were virtually dead and, when some demand appeared on Wednesday and Thursday, there were more than enough ships to work with ballasting tonnage returning en masse from the Far East, UKC via Cape and Australia. TC1 suffered, with WS 115 on subs twice now, representing a 15-point drop on the week. Westbound is being worked very slowly but we only sense more and more folk being compliant with the last done of USD 4 Mn than they were last week, which really thins out TCE earnings for these very long hauls. Tonnage is plentiful for Monday, with up to 39 ships over the next 20 days, which is 10 more than our average count that we have on record for this time period. Flat remains the outlook with this many units still to work with.

We started out the week with LR1 owners in robust form with a very lean list and with sentiment buoyed off the back of the improvements on long haul demand seen this time last Friday. Rates held well even if demand petered out a little mid-week with charterers naturally looking to gear stems up to LR2 size where the much more efficient USD/T could be optimised. There has been enough demand to keep TC5 solid around WS 140 and westbound, while not tested as much, will be freighted towards USD 3.2 - 3.3 Mn for modern approved tonnage. Owners will continue to push next week buoyed by this slim list, but they should not be too surprised if their ambitions continue to fritter away as those charterers that can lift the stem size into the LR2 segment continue to do so.

The Singapore MR market experienced a rather subdued week marked by low enquiry and minimal fixing activity. Freight rates continue to face pressure with an oversupply of tonnage outstripping available cargo volumes, leading to a correction in the Singapore/Australia run to WS 182.5. As we move into the new week, owners are keenly awaiting a surge in fresh enquiry. However, until that happens, the market is expected to face continued downward pressure with the tonnage list growing longer.

There was a busier feel to the MRs this week with slightly more enquiry than previous weeks. The list has tightened, and rates have managed to make marginal gains with TC2 paying WS 140 levels. Runs to West Africa are securing 20 WS points on top of TC2. The USG market is still underperforming but of course can turnaround very quickly so owners will continue to look at repositioning that direction. For now, TC14 remains in the WS 155-160 levels. Med MRs have remained dead this week with very little cargo volume to report. Med/TA needs a fresh test, but levels should fall at approximately WS 125 at the time of writing. The positive news for owners is that the North is busier, so perhaps this will stop too much potential slippage.

It was a week of despair for Med Handy owners who have witnessed rates correct all the way from WS 210 levels to now end at WS 135 at the time of writing. To put it simply, volumes have been dismal, and this, along with many short voyages, has allowed the list to hit its highest numbers of the year in terms of available tonnage (a huge 20 prompt units marketed today as of noon London). This indicates further softening after the weekend, though as we approach the WS 120 benchmark that owners simply couldn't justify fixing lower at only a few weeks ago, it'll be interesting to see if this proves to be the case again when, fundamentally, there will likely be a strong case for charterers to push lower.

| | | BDTI | BCTI | |
|-------------------------|------------------|---------|---------|---------|
| | | 884 | 625 | |
| Δ W-O-W | | ↓Softer | ↓Softer | |
| BDA | | | | |
| (USD/LDT) | TKR/LRG | TKR/MED | TKR/SML | |
| This week | 489.7 | 495.9 | 499.7 | |
| Δ W-O-W | -4.2 | -4.4 | -4.4 | |
| BALTIC TCE DIRTY | | | | |
| | Route | Qnt | \$/ Day | W-O-W |
| TD3C | ME Gulf / China | 270,000 | 20,733 | ↓Softer |
| TD7 | UKC / UKC | 80,000 | 24,448 | ↓Softer |
| TD15 | WAF / China | 260,000 | 26,651 | ↓Softer |
| TD19 | Med / Med | 80,000 | 21,435 | ↓Softer |
| TD20 | WAF / Cont | 130,000 | 27,699 | ↑Firmer |
| TD22 | USG / China | 270,000 | 31,856 | ↓Softer |
| TD25 | USG / Cont | 70,000 | 26,445 | ↓Softer |
| TD26 | EC Mex / USG | 70,000 | 11,768 | ↓Softer |
| TD27 | Guyana / UKC | 130,000 | 27,130 | ↑Firmer |
| BALTIC TCE CLEAN | | | | |
| | Route | Qnt | \$/ Day | W-O-W |
| TC1 | ME Gulf / Japan | 75,000 | 19,521 | ↓Softer |
| TC2 | Cont / USAC | 37,000 | 11,956 | ↑Firmer |
| TC5 | ME Gulf / Japan | 55,000 | 16,650 | ↑Firmer |
| TC6 | Algeria / EU Med | 30,000 | 12,859 | ↓Softer |
| TC7 | Sing. / ECA | 30,000 | 17,448 | ↓Softer |
| TC8 | ME Gulf / UKC | 65,000 | 30,777 | ↑Firmer |
| TC14 | USG / UKC | 38,000 | 16,365 | ↓Softer |
| TC17 | ME Gulf / EAFR | 35,000 | 17,710 | ↓Softer |
| TC20 | ME Gulf / UKC | 90,000 | 36,571 | ↓Softer |
| TC21 | USG / Caribs | 38,000 | 18,239 | ↓Softer |