AFFINITY TANKER WEEKLY

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Crude Tanker Comments

VLCC owners have managed to gain some ground this week where most charterers have not found things as straightforward as they would have liked. We have seen rates creep up across the board, buoyed by an increase in Atlantic activity ex-WAF and the USG finally coming into the picture to cover October dates. All this has contributed to a trimming of the tonnage list, leaving things well-balanced but by no means undersupplied. It is clear there has been plenty of below-radar activity this week with ships disappearing quietly and the majority of AG cargoes that have opted to work openly, via market quote, have struggled to beat/repeat last done. Next week will be a big decider in whether owners can keep pushing for gains and break out of the summer lull to dovetail with the release of AG October stems in week 38 and keep things moving upward.

Surface activity has finally picked up for Suezmaxes in WAF after weeks dominated by P&C fixing. Rate wise, we have seen a range of numbers paid this week, however, the overarching trend has been a negative one with WS 75 reported on subs for WAF / ECC this morning. When viewing the market purely from a tonnage perspective, the list has a steady feel to it with a healthy number of ships taken on subs this week. However, with dates now reaching into the latter stages of third decade September, some demand concern may start to creep in, which may reduce the likelihood of rates rebounding next week despite tighter supply.

Suezmaxes had a quiet week stateside - cargo enquiry has been minimal with the last reported rate at WS 62.5 off 18-19 September. It feels as though this will likely to be beaten as charterers have nine or so vessels to choose from, all with enough safety when taking into account the fixing window leaning into 3rd decade September. Additionally, the Afra market offers little support with tonnage extensive as ballasters arrive en masse.

The AG market remains uninspiring despite a decent flow of volume over the past fortnight. Both AG / West and East are unlikely to experience any positive reaction as tonnage availability remains expansive, with charterers reaching over 14 days ahead.

The Med and Black Sea region has seen an uptick in activity this week with a handful of ships on subs for Med and CPC cargoes. However, there are still a strong number of FOC and prompt projected vessels available for charterers to choose from, meaning that any turnaround will be very unlikely this week.

Afras in the Med have started the week on a softer foot, but from Wednesday onwards, it seemed that the rout had stopped. Still, rates are repeating last done levels for X-Med (at WS 100) and Black Sea loadings. Whilst news that Libya resumed exports as the political deadlock eased, we don't want to put the proverbial cart before the horse, so we wait for official clarity. Furthermore, it might take some time for fields to return to full capacity and exports to go back to where they were. That being said, at least some vessels have started to load.

The glacial pace continues in the North Sea as the market remains devoid of enquiry with all the main lifters pushing out their own relets and so far not finding anything. Levels remain at WS 115 – 120 and overall it might not be an exaggeration to say that this was another week to forget for TD7.

Product Tanker Comments

This has been one of the busiest weeks for some time for AG LR2s. On Wednesday, we saw multiple ships on subs and this very long list has become dramatically shorter at the week's end. There is a lot of product now on the water on subs and owners have gotten some of their confidence back. We are of course aware of the dynamic still being in play, where cleaned up ships are taking a lot of CPP, and while we will have a leaner list come Monday, charterers will not be devoid of tonnage. In many ways, traditional, epoxy-coated clean tonnage can only envisage the party environment ever re-occurring once the VLCC market picks up, which will lead to traditional DPP tonnage sticking to what they were built for. With so many DPP vessels having now cleared the clean-up costs, they will now be enjoying the compounding effects of several voyages. It will take significant and consistent DPP uplift to drag them away from these markets where all the modern refineries in AG-WCI and Red Sea continue to push out large CPP volumes. Considering that several DPP owners can't touch the Baltic/Black Sea/CPC oil due to Russian Sanctions, the Middle Eastern refiners offer a very solid alternative that previously has not been entertained quite as much as before. Rates are holding very well at WS 115 for TC1 and USD 4 Mn for AG/UKC via Cape.

The LR1 list naturally remains lean and, while demand hasn't been that extraordinary, there have been pockets of tightness. Westbound is not preferred at these levels where earnings are stretched out over a very long time and into a future weaker loading market too. As a result, we have seen USD 3.55 Mn agreed on subs, which represents a USD 375,000 uplift on last week's agreed figure. Other routes are flatter with WS 140 for TC5. The list remains slim, so owners' optimism remains for Monday, when this sector always has fewer candidates to work with compared to the LR2 and MR fleets.

In the SE Asia MR market, sentiment remains weak as tonnage supply continued to outpace demand. Although freight rates faced downward pressure, some resistance from owners helped stabilise the market, with TC7 only making minor corrections to the downside. The outlook remains on the weaker side with the tonnage list still long, but this will be heavily dependent on the adjacent markets and if the AG can provide some support.

This week, the European MR market fell short of expectations as an initially tight tonnage list was quickly replenished over the weekend, which had owners competing for the limited availability of cargoes. After an initial drop at the start of the week, rates have stabilised slightly to WS 120 for TC2 runs, with WAF and Brazil carrying the usual +20 WS-point premium.

MRs in the Med are still looking pretty ropey, with ships ballasting out of the Med against the flat to do levels such as WS 115-120 for West Med or Portugal / TA runs. However, the list is marginally tighter now for non-Russian history units, so let's see if that can help gee up owners next week. Meanwhile, the US market has been sluggish with rates gradually falling away as TC14 finishes the week at WS 145.

On the Med Handies, rates are still in the doldrums at WS 115 for TC6, but from an owner's perspective, at least the last couple of days have been busier and the list today will look tighter today (at least relative to the last week or so), particularly for non-Russian history units, and it feels like we have bottomed.

		BDTI	BCTI
		870	585
	Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	486.5	492.4	496.1
Δ W-O-W	-3.2	-3.5	-3.6

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	26,305	↑Firmer
TD7	UKC / UKC	80,000	22,287	↓Softer
TD15	WAF / China	260,000	31,024	↑Firmer
TD19	Med / Med	80,000	15,145	↓Softer
TD20	WAF / Cont	130,000	26,486	↓Softer
TD22	USG / China	270,000	31,506	↓Softer
TD25	USG / Cont	70,000	23,965	↓Softer
TD26	EC Mex / USG	70,000	12,027	↑Firmer
TD27	Guyana / UKC	130,000	26,074	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	21,998	↑Firmer
TC2	Cont / USAC	37,000	9,238	↓Softer
TC5	ME Gulf / Japan	55,000	17,388	↑Firmer
TC6	Algeria / EU Med	30,000	3,261	↓Softer
TC7	Sing. / ECA	30,000	16,072	↓Softer
TC8	ME Gulf / UKC	65,000	35,797	↑Firmer
TC14	USG / UKC	38,000	15,357	↓Softer
TC17	ME Gulf / EAFR	35,000	16,405	↓Softer
TC20	ME Gulf / UKC	90,000	37,622	↑Firmer
TC21	USG / Caribs	38,000	17,733	↓Softer