# AFFINITY TANKER WEEKLY

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## Crude Tanker Comments

VLCCs end the week with a positive sentiment, having seen all regions contribute to the action. The tick-up in rates has been gradual yet stable, unlike recent weeks where spikes have been met with sharp dips, and fundamentals suggest things should continue in this steady firming fashion. Tonnage lists have been trimmed both east and west, so even with the usual weekend replenishment, charterers will still need to be tactical in their approach next week.

There have been plenty of AG fixtures, even with APPEC week going on in Singapore, each improving on last done levels and culminating in WS 55 equivalent basis TD3C. There may still be a couple end-September dates remaining, but most will be casting their eyes to the October stem releases next week to see how things progress.

In the Atlantic, WAF and Brazil have hoovered up numerous vessels whilst still maintaining the premium differential over TD3C, implying owners still don't view current market levels as enough to justify locking in the longer voyages. In fact, TA differentials have been reduced of late with owners keen to lock in short and reposition for what could be a fruitful winter market. USG enquiry has been steady, which has helped underpin the market, owing to good returns on crude pricing and TD22 continues to creep toward the USD 8 Mn mark.

Suezmax activity in WAF has picked up to end the week with prompt UKCM vessels plucked away as well as vessels ex-East off forward laycans. Despite this increased activity, owners have been unable to gain momentum with rates holding around WS 77.5-80 for UKCM discharge and WS 90-92.5 for East discharge, respectively.

Despite the busy start to the week ex-USG, enquiry has been few and far between since, likely due to the uncertainty and delays brought about by poor weather traveling north through the Gulf. As a result, any sensitivity that the market may have possessed has been negated through sheer lack of volume quoted.

The AG has seen activity increase with a solid number of vessels taken on subjects this week. However, the story remains the same; with dates now working over two weeks ahead any tonnage erosion that takes place has little effect on rates as charterers continue to have a plethora of ships from which to choose.

On the Med Afras, a couple of prompt Libya cargoes lifted morale earlier in the week, with rates jumping higher from last Friday's baseline of WS 100 to WS 117 by mid-week. From Thursday, things started to slow down, and we close the week with limited enquiry outstanding – X-Med is at WS 120 levels at the time of writing. The list remains balanced as we enter the weekend – three FOC plus two expected to open by Monday – giving the market a steady feel overall. Meanwhile, Es Sider continues to berth ships without delay, but there is reduced production across the board and still force majeure at Mellitah and Zawia. Also, the weather is expected to be calmer going into next week.

Enquiry remains lacklustre in the North Sea, while the fleet of Idle ships keeps growing by the day (there are eight FOC ships at the time of writing). Owners nevertheless continue to show resistance to fixing less than last of WS 115. And the seven ballasters out of the North Sea show how uninspiring this market has been.

## Product Tanker Comments

The LR2 market has enjoyed consistent volumes throughout the week and charterers have had to box clever to mitigate any increases. But increases have been made with AG/UKC on subs at USD 4.3 Mn for a jet-suitable ship and today WS 130 is on subs for TC1, which represents a 5 WS-point lift over the last five days. Monday's list will still show ships (a clear indication of just how much of the global fleet has all been ballasting to Fujairah and WCI) but the list will be the leanest we would have seen over the summer down period. We suspect more gains could be managed next week as distillate movement westbound are working well for traders at this time in this segment.

The LR1 owners have been revelling in a super tight position list once again. Cargo demand has been decent but nothing extraordinary in terms of number of stems, but owners' fortunes have gently been on the rise. Today we have just seen WS 157.5 on subs for TC5, which is a healthy move up from the WS 140-142.5 we saw last week. Some decent tonnage is looking west now, and numbers have held well at USD 3.55 Mn for WCI loading. X-AG movements have finally lifted out of the USD 250,000-275,000 doldrums with the last done now at USD 375,000. Red Sea remains tight with over USD 1 Mn now being concluded. Looking positive for Monday.

The Southeast Asia MR market remained slow with unimpressive demand and little support from the adjacent markets. Sentiment remains soft with a good availability of quality tonnage for the upcoming fixing windows. As a result, TC7 has remained in the WS 177 levels throughout the week. The outlook remains soft for now but will depend heavily on the adjacent markets and if owners will be drawn to reposition to the AG.

This has been a buoyant week for the UKC MRs, with a huge surge in cargo enquiry against a very tight tonnage list. Despite this, rates have flatlined towards the end of the week at WS 135 for TC2, with WAF and Brazil carrying the normal 20 WS-point premium on top. Med MRs have continued on steadily with the list balanced and enquiry flowing slowly but surely. Med-TA runs are still likely to pay around the WS 120 mark, but the NWE and the Handies picking up this week could prove to be a sign of things to come on the MRs also.

In fact, it has been quite a positive week for Med Handies, with rates finally improving from the WS 115 mark to about WS 150. The list will now be balanced as we head into next week and owners will be aiming to push higher, provided volumes stay plentiful.

The US market has limped on this week, with TC14 ending at WS 135 at the time of writing. There has been hesitation from some charterers to fix tonnage prior to seeing how Tropical Storm Francine develops as it tracked toward Louisiana/Mississippi. Load windows are clearly at risk of being delayed in these areas depending on the storm's impact, which would bring more tonnage to bear in the next fixing windows and further undermine what is already a softer market. As a result, owners have all largely been pursuing the same strategy of trying to find long-haul stems to lock in the current superior earnings to what is being offered by recent short-haul rates (USD 575,000 to Pozos earning about USD 16,500 per day). Unfortunately, there hasn't been many of these long-haul stems on offer yet, but charterers sitting on these cargos will be able to push for lower levels given the anticipated competition.

| | BDTI | BCTI |
|---|---|---|
| | 883 | 632 |
| Δ W-O-W | ↑Firmer | ↑Firmer |

**BDA**

| (USD/LDT) | TKR/LRG | TKR/MED | TKR/SML |
|---|---|---|---|
| This week | 481.8 | 488.5 | 491.5 |
| Δ W-O-W | -4.6 | -3.9 | -4.6 |

**BALTIC TCE DIRTY**

| | Route | Qnt | $ / Day | W-O-W |
|---|---|---|---|---|
| TD3C | ME Gulf / China | 270,000 | 32,666 | ↑Firmer |
| TD7 | UKC / UKC | 80,000 | 20,672 | ↓Softer |
| TD15 | WAF / China | 260,000 | 37,051 | ↑Firmer |
| TD19 | Med / Med | 80,000 | 25,322 | ↑Firmer |
| TD20 | WAF / Cont | 130,000 | 26,612 | ↑Firmer |
| TD22 | USG / China | 270,000 | 34,930 | ↑Firmer |
| TD25 | USG / Cont | 70,000 | 22,318 | ↓Softer |
| TD26 | EC Mex / USG | 70,000 | 11,369 | ↓Softer |
| TD27 | Guyana / UKC | 130,000 | 25,617 | ↓Softer |

**BALTIC TCE CLEAN**

| | Route | Qnt | $ / Day | W-O-W |
|---|---|---|---|---|
| TC1 | ME Gulf / Japan | 75,000 | 25,403 | ↑Firmer |
| TC2 | Cont / USAC | 37,000 | 12,452 | ↑Firmer |
| TC5 | ME Gulf / Japan | 55,000 | 21,949 | ↑Firmer |
| TC6 | Algeria / EU Med | 30,000 | 7,176 | ↑Firmer |
| TC7 | Sing. / ECA | 30,000 | 16,161 | ↑Firmer |
| TC8 | ME Gulf / UKC | 65,000 | 39,208 | ↑Firmer |
| TC14 | USG / UKC | 38,000 | 12,480 | ↓Softer |
| TC17 | ME Gulf / EAFR | 35,000 | 22,468 | ↑Firmer |
| TC20 | ME Gulf / UKC | 90,000 | 43,452 | ↑Firmer |
| TC21 | USG / Caribs | 38,000 | 15,655 | ↓Softer |