AFFINITY TANKER WEEKLY

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Crude Tanker Comments

As the week comes to an end, VLCCs saw minimal action on the surface, driven by owners' reluctance to miss out on what next week may hold. Lists are still relatively balanced, but the momentum is in owners' favour and there is still plenty to cover for first decade MEG stems, not to mention what has been very consistent volume on the other side of the pond cementing the positivity of owners' resolve. Rates are at WS 60+ across the board as we enter the weekend, and we should see USG exports follow, pushing toward the high USD 7 Mn to USD 8 Mn mark. All to play for next week and it will be interesting to see how things develop come Monday.

It's been an interesting week on the Suezmaxes across all regions, with gains made across the board. WAF continues to perform steadily, showing a good balance between surface and subsurface activity. While freight rates haven't risen significantly, market sentiment has clearly improved. The tonnage profile is shaping up nicely for owners as we approach Q4. Also, the USG showed promise at the start of the week. However, despite some gains, Afras captured the lion's share of volume. This isn't surprising, given that the smaller vessels remain considerably cheaper for TA runs, limiting Suezmax owners' opportunities to capitalise on the sensitive supply fundamentals.

The AG has had a good week with both westbound and eastbound enquiry healthy enough to churn through the backlog of tonnage that had built up. Another promising factor for Suezmaxes out in the East is the performance of their larger siblings with VLCCs experiencing a 5 WS-point increase on eastbound runs week-on-week, with the consensus being that these levels should maintain.

CPC rates gained much-needed momentum, with a 12.5 WS points increase observed on TD6, likely driven by increased delays in the Turkish Straits. As a result, fixing dates moved forward significantly, with some charterers booking up to 18 days in advance. X-Med rates also experienced a notable increase, likely supported by the number of vessels absorbed by WAF and Black Sea enquiry.

This week Med Afras have been lacklustre overall, with a few bits done on the surface, but not enough to keep rates afloat. In fact, X-Med levels have been gradually softening, from WS 119 last Friday, to WS 117.5 at the time of writing. And while ships did get fixed away quietly, the list still presents standout options for most voyages, keeping the upside capped.

The outlook going forward is softer, as calm weather is forecasted for the foreseeable, while Libya remains a major unknown without any positive development in sight. Also, pressure mounting on TD25 is making ballasting out less appealing, thus removing a potential release valve from the Med market.

Elsewhere, the North Sea remains devoid of enquiry. The best owners can hope for is for rates to drift sideways, but as cargo dates keep moving forward, the front end of the list will need to be creative to maintain current levels in the WS 115 area. And limited opportunity for ships to ballast out with the USG and Med markets at a low ebb won't help owners as we go into the next week.

Product Tanker Comments

The LR2s have been amping up bit by bit on each deal as and when tested this week. The continued run of products going west is really working well on the trading side, leading to gentle firming on freight for the same each deal that comes along. There are just enough boats around to prevent any dramatic spiking, but the last agreed figure of USD 4.525 Mn represents a USD 225,000 lift on the week, a decent enough gains for owners. TC1 has also moved 15-20 WS points up with WS 140 and WS 145 on subs. General tightness across the board will be the vibe come Monday.

The LR1 list has been as tight as we have recorded for the last three years. Charterers have prepared well with managing to cover quite well in advance and finding solutions on the LR2 and MR segment. As a result, we have only seen westbound lift to USD 3.8 Mn, a USD 200,000 lift on the week, and a Karachi import from Kuwait move to USD 660,000. the list is super tight, and the Red Sea market stays very well poised too. Charterers are having to take more and more gambles on uncertain ships but at least the fresh cargo demand has been quite a bit lower during this very tight period.

It has been a mixed week overall for the MRs in North Asia. There was an increase in activity this week with a good number of fresh enquiries quoted in the market, however, the long tonnage list, especially on the prompt end, has left freight rates suppressed with Korea/Singapore backhaul repeated on subjects at USD 460,000. The outlook remains on the soft side for now, with momentum slowing towards the end of the week and a good replenishment of tonnage for the upcoming fixing window.

Similarly in the South, the market remained mostly quiet apart from a few prompt TC7 stems quoted in the market, sentiment remained soft due a long tonnage list outpacing demand. Freight rates remained relatively flat with TC7 repeated on subjects 5 points lower now at WS 170. The outlook will depend heavily on the AG market and if it can help draw tonnage away, but as it stands, sentiment is expected to remain flat for now.

It was a supressed week on the UKC, with volume lacking across the board. There were reasonable expectations as to how the week would play out, but the reality is underwhelming as rates softened on Thursday and Friday. TC2 closes the week at a gloomy WS 115 with WAF and Brazil carrying the normal +20 WS-point premium. The USG market continues to limp along with rates continuing at WS 135 for TC14.

It was a steady week on the Med Handies, with the list balanced across the prompt and five-day windows throughout, kept at bay by a slow trickle of enquiry aided by a moderate amount of off-market business. Owners and charterers have largely been happy to fix around the WS 135 mark for standard runs, though today we have also seen WS 125 paid on a compromised history vessel. As we've moved through the week, tonnage in the West Med has shortened at a faster rate than the East Med, and thus at time of writing charterers loading West will likely pay WS 135 still, and WS 130 for East Med runs. On the whole, levels feeling slightly bearish heading into next week considering the lack of volume we've seen; however, a busy Monday could correct things swiftly considering the list remains balanced.

	BDTI	BCTI
	894	628
Δ W-O-W	↑Firmer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	477.7	484.3	487.1
Δ W-O-W	-4.2	-4.2	-4.4

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	38,910	↑Firmer
TD7	UKC / UKC	80,000	21,210	↑Firmer
TD15	WAF / China	260,000	41,734	↑Firmer
TD19	Med / Med	80,000	23,237	↓Softer
TD20	WAF / Cont	130,000	26,803	↑Firmer
TD22	USG / China	270,000	35,254	↑Firmer
TD25	USG / Cont	70,000	16,554	↓Softer
TD26	EC Mex / USG	70,000	8,387	↓Softer
TD27	Guyana / UKC	130,000	26,479	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	29,560	↑Firmer
TC2	Cont / USAC	37,000	8,940	↓Softer
TC5	ME Gulf / Japan	55,000	23,794	↑Firmer
TC6	Algeria / EU Med	30,000	8,072	↑Firmer
TC7	Sing. / ECA	30,000	15,537	↓Softer
TC8	ME Gulf / UKC	65,000	41,836	↑Firmer
TC14	USG / UKC	38,000	13,193	↑Firmer
TC17	ME Gulf / EAFR	35,000	19,374	↓Softer
TC20	ME Gulf / UKC	90,000	47,599	↑Firmer
TC21	USG / Caribs	38,000	16,443	↑Firmer