AFFINITY TANKER WEEKLY

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Crude Tanker Comments

This week has seen the VLCC market take a bit of a U-turn, despite seeming to start off on solid footing. Numerous deals were banked around WS 60 levels basis TD3C, although of course some info arriving Monday would have been deals thrashed out on the Friday prior. However, things started to deteriorate pretty quickly thereafter, with levels testing lower after each passing day, before ending the week at WS 54 levels. Atlantic activity was also not as abundant as last week, with rates remaining largely flat in the mid USD 7 Mn levels basis TD22 when next properly tested, and TA close to the low USD 3 Mn.

Suezmaxes had a muted week in West Africa. Rates have been softening progressively amid low demand levels, closing the week at WS 75, a 5 WS-point slide w-o-w, with owners failing to gain any traction. Earnings are at USD 21,000 per day levels for an ECO ship at the time of writing, but with a softer VLCC complex, it cannot be excluded that levels will be testing lower after the weekend, also given that the list will be replenished by then.

On the other hand, the US Gulf has seen fairly reasonable volume this week, with rates remaining stable around the WS 65 mark. The list has slimmed down a bit this week, but given that a solid amount of first decade volume has been covered, it is unlikely that owners will be able to push rates further on. Steady sentiment as we go into next week.

The AG was fairly well tonnaged this week, with offers outstripping demand levels. TD23 remains flat in the WS 95 levels, with TCEs healthy around USD 82,000 per day for an ECO vessel. But again, given the underwhelming amount of cargoes hitting the market, the upside has been capped for owners, something we expect to happen as we go into the new week.

The Black Sea and Med markets have been trundling along this week, following a similar path to the neighbouring Middle Eastern market. A healthy supply of vessels outstripped demand by a long way, causing TD6 rates to soften progressively and close the week at WS 84, 6 WS points below where we started. In term of earnings, we are in the USD 21,000 per day area, but given the current state of the market, it wouldn't be surprising to see levels being tested further down next week. Still, there are some hopes for owners amid rumours of the expected lifting of the Libyan blockade within the next 14 days, which could give owners in this market some much needed respite.

Despite having a relatively busy start to the week with over five cargoes worked on Monday, Aframax rates for X-Med kept testing downwards, and reached a new low with WS 105 going on subs for Arzew/Fos on Thursday, which In terms of earnings translates in just over USD 17,000 per day. With positive news regarding the rumoured lifting of the Libyan blockade sometime in the next two weeks, it looks like we have finally reached the bottom. That being said, no official news have been published, so it may be a bit early to celebrate.

It was a fairly flat week in the North Sea and, with relets covering last done of WS 115 being the only real talk of action. Others continue to ballast away even with neighbouring markets posting very little options.

Product Tanker Comments

We started the week with the theme remaining consistent from the recent trend where ULSD, Jet and GTL flowing westbound in the LR2 sector continued to pull in ships and the familiar trend of just lifting the market a little more was realised with USD 4.6 Mn being agreed on subs and/or fixed on at least three occasions. TC1 also continued to work up and has been agreed on subs at WS 150, which represents a modest increase of 5 WS points over the last five days. Over the last couple of days however we have seen a very peaceful time of it with no new stems entering the public markets. One of the fundamental reasons behind this is the reality that the MRs are still very much under considerable downward pressure, so breaking LR1 and LR2 stems to the smaller sector leads to straightforward USD/T upside. We will see how extended this quieter interlude stretches into next week, but while we know that last done levels will be there at charterers' disposal if might be a little premature to suggest discounts would be readily available for today.

The week started very well for LR1s, with a lean list and certainly enough stems rolling into Monday which only meant that more money was to be paid when faced with a list this lean. Longer haul stems did lift but with more muted success; WS 165 for TC5 was agreed and fixed (7.5 WS points above last done) but there was another case where an eastbound cargo was failed and the only westbound deal seen publicly at USD 3,8 Mn out of WCI was failed as local short haul options into the Arabian Gulf was needed instead, which was agreed on subs at USD 750,000, which was a very strong lift from the previous fixed at USD 575,000. Similar to the LR2s, we have only seen a much quieter time of it over the last couple of days but, unlike the LR2s, the list stays pretty lean with a large chunk of the local tonnage still tied up on uncertain itineraries in the AG – Pakistan range. While some softness could be likely as the more competitive MRs are explored, we know that the LR1 list takes a longer time to unwind and rates to relax when compared to LR2 and MR tonnage lists, so we will need to see Monday if the softer commentary from charterers is actualised in rates or not.

Sentiment in the Southeast Asia MR market firmed this week, amid an increase in South China stems drawing tonnage North. Freight rates on the other hand have remained relatively flat as the soft AG market provided little support, leaving tonnage relatively balanced through the week. The outlook remains on the firmer side for now, with the AG market showing early signs of a rebound and the North providing good support.

It was another disastrous week for the MRs in Northwest Europe. The sheer lack of volume and abundance of ships put further pressure on rates, pushing TC2 down to a mere WS 95. West Africa enquiry was minimal with premiums paying plus 15-20 WS points on top. Hurricane Helene hit Florida last night, and while it has been downgraded from category 4 to a tropical storm, we are yet to know its full impact. With the Med weak and demand at seasonal lows, there is less of a chance for signs of recovery anytime soon.

		BDTI	BCTI
		862	566
	Δ W-O-W	↓Softer	↓Softer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	476.3	483.2	486.8
Δ W-O-W	-1.4	-1.1	-0.3

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	31,887	↓Softer
TD7	UKC / UKC	80,000	21,507	↑Firmer
TD15	WAF / China	260,000	36,783	↓Softer
TD19	Med / Med	80,000	20,182	↓Softer
TD20	WAF / Cont	130,000	24,249	↓Softer
TD22	USG / China	270,000	37,863	↑Firmer
TD25	USG / Cont	70,000	16,598	↑Firmer
TD26	EC Mex / USG	70,000	6,610	↓Softer
TD27	Guyana / UKC	130,000	23,499	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	31,533	↑Firmer
TC2	Cont / USAC	37,000	4,167	↓Softer
TC5	ME Gulf / Japan	55,000	25,729	↑Firmer
TC6	Algeria / EU Med	30,000	262	↓Softer
TC7	Sing. / ECA	30,000	17,182	↑Firmer
TC8	ME Gulf / UKC	65,000	43,017	↑Firmer
TC14	USG / UKC	38,000	9,811	↓Softer
TC17	ME Gulf / EAFR	35,000	15,321	↓Softer
TC20	ME Gulf / UKC	90,000	48,690	↑Firmer
TC21	USG / Caribs	38,000	9,075	↓Softer