AFFINITY TANKER WEEKLY

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Crude Tanker Comments

After such a slow first half of the week on VLCCs, part two followed the script as fixing rates were gradually eroded. Tonnage availability grew for a range of dates and, despite no sense of panic from owners, some were willing to secure 'their cargo' by dropping below last done levels. TD3C has slipped back into the mid WS 50s but, for now, we're still seeing respectable differentials for longer haul Atlantic runs.

The USG is now somewhat untested, so we may yet see further downwards corrections, but owners are holding out hope that there are enough factors in play and that we won't see another week as quiet as this one just passed.

This week has been marked by continued volatility in the Suezmax market. In West Africa, overall rates have softened from last week's highs. Upon a vessel being taken on subs for WAF/USAC at WS 82.5, charterers with 25-31 October cargoes emerged, leading to a slight rebound, with WS 95 likely becoming the new TD20 benchmark.

Additionally, Suezmax owners have benefited from Aframax crossover in the Mediterranean, which helped reduce vessel availability in a region that had started the week with a healthy tonnage list.

In the US Gulf, we have seen charterers pay up on 20-25 October dates, however, off the latter end of the October window, they have benefitted from the option of utilising UKCM vessels. Overall, this helped keep a lid on rates despite local tonnage being rather thin. Furthermore, the aggressive rate reductions on the Afras have led to a significant number of cargoes being fixed on smaller vessels.

The AG has seen healthy volume this week, with charterers with prompter laycans paying up. However, as the week progressed, enquiry slowed and dates have pushed onwards, contributing to rates cooling back down slightly.

Med Afras had a very active week, which in turn pushed X-Med rates increasingly higher, ending the week at WS 180 levels, up from WS 150 last Friday. The list for X-Med candidates remains short, especially for non-Russian history vessels. That being said, US Afras have weakened, Suezmaxes keep lurking, ready to step in where convenient, and the cavalry is arriving from the North Sea, which all together have already started to dampen sentiment and freight.

Whilst the North Sea list continues to contract due to ballasters out – over 10 vessels have left the North Sea this week – the market remains stalled at WS 122-123 amid very little enquiry of which to speak. The upside going forward appears to remain capped as relets and other friendly owners keep providing available options for last done in fairly straightforward fashion.

Product Tanker Comments

The LR2 demand this week has been fairly decent overall, but ships have only remained very much at charterers' disposal, and fixing in line with last done levels (or cheaper) has been the trend. With other markets struggling to meet the amount of LR2s out there, we see more and more vessels ballasting from all corners of the globe to AG and WCI, where tonnage supply already more than meets the flow of cargo demand. USD 4 Mn is on subs for WCI/UKC, which is largely in line with the USD 4.2 Mn from last week's AG loading, but a smaller M^3 ship that a lot of charterers would look to avoid for westbound deliveries also agreed and got fixed at USD 4.08 Mn for a Kuwait load. New loading cargos in the Red Sea have been very poor this week and, with rumoured refinery turnaround in the Red Sea coastlines during November, we would suggest that the outlook here remains flat-to-soft.

Last week there were virtually zero cargoes on the LR1s, which led to not only softer freight ideas but also one of the more considerable LR1 tonnage build-ups we have seen in many months. In fact, Monday's list was the longest we have seen since November last year. With some better renewed energy in the MR sector ,this led to some restored cargo demand back in the LR1s, but most of the cargoes have been restricted to short-haul runs in and around the AG/WCI areas, with X-AG deals dipping below USD 300,000 this week. Westbound has only been seen once over the past five days and a surprisingly decent USD 3.6 Mn was put on subs mid-week with only one offer in from a Russian player. There are some more ships on subs at the week's end, so there is a chance that fortunes might be a little better next week, but equally this list remains longer than we are used to.

It has been a slow week for the MRs in North Asia. Sluggish activity along with strong tonnage replenishment resulted in supply far outpacing demand, which put downwards pressure on rates. The outlook remains weak with the fixing window pushed up to 25-27 October and a long availability of quality tonnage for the current and upcoming windows. Owners might struggle to find employment, which should keep sentiment and freight rates depressed for the upcoming week ahead.

Similarly, in Southeast Asia, sentiment has been soft this week, amid supply outpacing demand. We saw further corrections for freight rates as TC7 was done 5 WS points lower at WS 180. The firming AG market may provide some support as owners consider ballasting there, but as it stands, the outlook here remains soft with a long tonnage list available for the upcoming fixing window.

In the West, UKC MRs have been trading largely flat with TC2 at WS 90 – 95 levels throughout the week, and ARA/WAF around WS 115. In the Med, there has been a gradual uptick in trading activity towards the end of the week, with WS 100 on subjects for Med/TA, followed by WS 110 arranged for Sines/TA as a replacement. In the USG, last week was active as the initial cheap freight that spilled over from week 38 was continuing to encourage traders to move incremental barrels to Europe, whilst at the same time poor weather in EC Mexico was delaying vessel resupply to the front of the list. This created the necessary conditions for the USG market to get off to a very fast start this week with positions slim in the seven-day window. TC14 spiked to WS 230, before settling slightly lower and closing the week at WS 200. Caribs also soared, peaking at USD 1.25 Mn levels, but has since cooled to USD 892,000.

	BDTI	BCTI
	1036	535
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	474.5	481.9	485.5
Δ W-O-W	-2.1	-1.8	-1.9

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	32,918	↓Softer
TD7	UKC / UKC	80,000	26,103	↓Softer
TD15	WAF / China	260,000	37,647	↓Softer
TD19	Med / Med	80,000	53,784	↑Firmer
TD20	WAF / Cont	130,000	35,886	↓Softer
TD22	USG / China	270,000	40,935	↓Softer
TD25	USG / Cont	70,000	40,074	↓Softer
TD26	EC Mex / USG	70,000	46,294	↓Softer
TD27	Guyana / UKC	130,000	33,134	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	19,826	↓Softer
TC2	Cont / USAC	37,000	3,164	↑Firmer
TC5	ME Gulf / Japan	55,000	13,928	↓Softer
TC6	Algeria / EU Med	30,000	6,211	↑Firmer
TC7	Sing. / ECA	30,000	16,454	↓Softer
TC8	ME Gulf / UKC	65,000	36,974	↑Firmer
TC14	USG / UKC	38,000	24,810	↑Firmer
TC17	ME Gulf / EAFR	35,000	24,010	↑Firmer
TC20	ME Gulf / UKC	90,000	38,714	↓Softer
TC21	USG / Caribs	38,000	33,109	↓Softer