AFFINITY TANKER WEEKLY

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Crude Tanker Comments

The week draws to a close with market levels back to where we finished the week prior. After a rallying at the end of week 42, there was optimism things would kick on, but charterers managed to pump the brakes with a drip-feed of cargoes and diligent vessel selection, combined with below-radar fixing. There has been a good deal of mysteries on the page this week, highlighting solid activity but with limited info on figures, owners were tested and downward pressure was applied. The AG has been quieter than usual, owing largely to Chinese charterers using local tonnage to fulfil yearly quotas, which has resulted in increased competition for end-first decade cargoes. TD15 has softened gradually down to around WS 62 levels, although pricing vs Suezmaxes has brought some earlier dates into play, which have generally covered a WS point or two higher. The USG has seen steady activity, with charterers able to chip away at last done levels whilst rounding off third decade November stems. For the time being, it feels there is further room for charterers to cut into and continue the downward pressure, but it seems the seasonal demand of Q4 will naturally raise the base level from recent lows.

On the Suezmaxes, WAF volume has continued to be steady and rates remained at WS 97.5-100 throughout the week. As the weekend looms, the tonnage list is balanced and rates are unlikely to firm, especially with the US Gulf testing down to WS 80 levels now.

Meanwhile, the Med has seen a slight downward correction, however, owners have benefited from some vessels taking Aframax cargoes. With straits delays unpredictable and healthy 10-15 November CPC volume to enter the market next week, it is likely levels will remain buoyant in the Black Sea.

In the East of Suez, with dates reaching forward for westbound runs, it has been challenging for Suezmax owners to gain any momentum. For eastbound, despite some deals portraying positivity earlier in the week, as volume has died down, it feels as though the market will begin to cool off.

Med Afras had a fairly quiet week overall, with enquiry remaining limited throughout and each market quote receiving multiple offers, while X-Med and Med/TA rates kept correcting down. TD19 is now at WS 163 levels, down by over 10 WS points on the week, but TCEs remain well above historical averages, at USD 44,500 per day. Still, sentiment is deflating amongst owners while the list continues to build - natural X-Med and CPC candidates are in abundance, and both Libya and Ceyhan dates are now well covered. As things are currently standing, there could be some further softening after the weekend.

Afras in the North Sea had a very active week up until Thursday, as the market took a breather having found its new level at about WS 140. The prompt end of the list is slim, with local players still thin on the ground, and the market as a whole is finally benefitting from the sheer numbers of ballasters to the Med in the last two weeks. However, natural options do open out again for next window dates from 30 October onwards. It is also worth noting that TA ballast has become less attractive, with rates in the region now softer by well over 10 WS points, at WS 163 levels for USG/TA. Still, with expected swells in North Sea, delays are expected in certain UKC ports.

Product Tanker Comments

LR2 demand this week has been astonishingly low in the AG. We have seen just four fresh cargoes over the last five days, against a weekly average of 16 for 2024-to date. Rates have hardly had the liquidity to work out new levels, but we were pleasantly surprised with a couple of fixtures at higher-than-expected numbers. USD 4.1 Mn has been concluded for Kuwait/UKC, but we suspect that there are enough west-only players that USD 4 Mn would be there when tested again. WS 133.25 was also fixed for TC1 and WS 140 similarly concluded for Sikka/Singapore. Since then, we have seen WS 120 levels reported on subs for TC1 and one charterer is already receiving offers at WS 140 for the next Sikka/Singapore run, which suggests that only less will be agreed with this many ships still in play and with such an absence of demand. We are of course missing demand ex-YasRef, with a major turnaround starting soon, which doesn't help owners, but we would be very surprised if we don't see more stems next week for the first half of November loading in the AG or WCI.

The LR1 market had a spasm of activity on Tuesday and Wednesday, with around 12 ships getting secured on subjects. With enough ships from which to choose, it was no great surprise to see that rates were either flat or a little down in most areas. TC5 sank to WS 130 on subs, down from last week's WS 137.5. Local X-AG movements were concluded at USD 300,000 and Red Sea imports have been agreed at USD 1.35 Mn. Westbound was only tested in the capacity of replacing a deal at the same number of USD 3.4 Mn. Arbitrage for product west has been closed for this week, which has led to the increased keenness for the unusual increase in imports of ULSD and jet into Southeast Asia (as opposed to Europe) on both the LR1s and the LR2s. The position list is leaner now, but we also note the very good timing used by charterers this week to keep a lid on aspirations from the owning fraternity as the end of the week is calm again.

In the West, UKC MRs had a positive/busy start to the week and owners were pushing for WS 100. However, the highest achieved was equivalent of WS 95 and, as the week progressed, all enquiry fizzled out to nothing outstanding at the time of writing.

The USG market has enjoyed plenty of activity this week and we are closing in on circa 50 MR fixtures already. The position list is looking somewhat improved, and while it isn't a tight position list for the next fixing window, no doubt owners will begin to wonder when they can try and move the needle on rates, in particular for short-haul runs, which have hit extremely low levels.

There has been some additional replacement activity, as ships with Russian history struggled for approvals and this assisted owners with a clean history to push TC14 up to WS 135. USG-Caribs is at USD 375,000, which represents a TCE of circa USD 3,000 per day for a round trip. A few owners have voiced their opinion that they simply won't entertain USG-Caribs at these earnings and would rather sit the ship, which is understandable. The delta to earnings for long-haul routes has also become extremely wide, as by comparison a USG-Chile was covered at USD 1.925 Mn, which earns closer to USD 22,500 per day. As such, we anticipate this delta to narrow and would expect to see USG-Caribs trend up toward USD 500,000 levels, which will be circa USD 11,000 per day. Ultimately still low earnings, but more palatable for owners and a fairer reflection of what is now looking like a soft market, rather than a dire one.

		BDTI	BCTI
		1036	552
	Δ W-O-W	↓Softer	↓Softer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	468.5	475.0	477.6
Δ W-O-W	-6.3	-6.8	-6.7

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	34,581	↓Softer
TD7	UKC / UKC	80,000	41,040	↑Firmer
TD15	WAF / China	260,000	40,915	↑Firmer
TD19	Med / Med	80,000	46,209	↓Softer
TD20	WAF / Cont	130,000	37,201	↓Softer
TD22	USG / China	270,000	38,112	↓Softer
TD25	USG / Cont	70,000	37,070	↓Softer
TD26	EC Mex / USG	70,000	32,782	↓Softer
TD27	Guyana / UKC	130,000	34,610	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	20,850	↓Softer
TC2	Cont / USAC	37,000	2,930	↓Softer
TC5	ME Gulf / Japan	55,000	14,544	↓Softer
TC6	Algeria / EU Med	30,000	10,832	↓Softer
TC7	Sing. / ECA	30,000	15,992	↓Softer
TC8	ME Gulf / UKC	65,000	31,981	↓Softer
TC14	USG / UKC	38,000	12,135	↓Softer
TC17	ME Gulf / EAFR	35,000	16,502	↓Softer
TC20	ME Gulf / UKC	90,000	35,925	↓Softer
TC21	USG / Caribs	38,000	5,643	↓Softer