AFFINITY TANKER WEEKLY

01 NOVEMBER 2024

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Crude Tanker Comments

A very slow week finally draws to a close; not only for the VLCC market, but for all sizes down to Aframaxes, it has been one of the slowest weeks we have had this year. In terms of circulated volume or even disappearing tonnage for that matter, it has been minimal. A sprinkling of both market and private business has been able to test last done with ease as TD3C now edges down toward the WS 50 level, with potential for less depending on the run/dates. On the other side of Suez, we have seen USG/TA runs more frequent but managing again to hit low USD 3 Mn; with two more trading there, it feels they should manage the same with supply being more than ample.

The Atlantic, for quite some time now, has been held afloat by the unattractiveness of taking a long run at these levels prior the winter market really taking shape, but as the week progressed a more bearish outlook for the coming few weeks developed, resulting in WS 55 done for a TD15 run and applying more downward pressure on TD3C. As we have seen in recent times, OPEX prevents global rates from tumbling too much further than here, but the concern will be more focussed on what it will take in order to see rates back into the green. According to our data, lists look the longest they have been so far this year, so there is a bit of a mountain to climb. Let's see next week whether local tonnage being preoccupied will have any positive effect on fixable volume.

As the week comes to a close, Suezmax owners can find some reassurance in their ability to limit w-o-w losses in WAF to around 5 WS points. This stability is notable, especially considering the week began on unstable footing due to an oversupply of tonnage and minimal activity on Monday and Tuesday. While a few public cargoes were worked, most fixing occurred off-market, with owners content to repeat rates around WS 95 for TD20. In the US Gulf, the week also started with a bearish outlook, as the Aframaxes were paying significantly less on an equivalent basis. However, with charterers releasing healthy Afra volume, smaller vessels have firmed up to the equivalent of 145kt x WS 77.5. This is now the rate for Suezmaxes as well, as the smaller size prevented what could have been an aggressive downward correction on the Suezmax market. It is likely that we will end the week at this level, as any potential upside seems out of reach with healthy tonnage levels and little outstanding volume.

The AG has been notably quiet, with only a hint of off-market activity. As is typical for this region, it's expected that charterers have quietly secured vessels. However, the significant absence of publicised enquiries creates a bearish sentiment in the area. Owners are hoping for a pickup in volume during week 45, especially since there are no national holidays to disrupt activity.

On the Med Afras, rates have been testing lower with each cargo worked this week, but as the weekend looms, it looks like freight levels have finally reached a bottom of about WS 120 – which translates to around USD 24,000-25,000 per day for an Eco vessel. This week we have counted 49 FOC ships in the Med, the highest since August 2023, but many owners appear to have started to exit and ballast TA, where earnings are about USD 10,000 per day higher than X-Med. As such, next week the list should be lighter than what we have seen so far. And while things are expected to remain quiet before mid-month, after then things should be getting busier. The North Sea market is once again in the doldrums, with a very slow week on the surface. Rates have subsequently started to correct and now they appear to have settled at WS 130, with (so far unrealised) earnings in the USD 34,000 per day region. However, given that the list is still packed with natural candidates, further tests are expected as we go into next week. As has been the case several times in this kind of market, we should start seeing ballasters TA ramp up from here. Soft sentiment overall.

Product Tanker Comments

It really has been a week to forget for both the LR2 and the LR1 segments. Demand has been as low as we can remember, and that was only compounded by the Singapore National day off to mark Diwali Celebrations. The LR2s have now sunk to YTD lows on TC1, which has been repeated, and then seemingly the taps have been turned off. Refinery margins are low, and this has been most notably recognised in the fact that Westbound trade for ULSD has stopped, with better pricing heading towards Southeast Asia and therefore preventing the longest tonne-mile route (AG/UKC via the Cape of Good Hope) taking in some tonnage which, at this time, the owners could really do with! Instead, we will see a few more ships open up in the Singapore area at the beginning of December than we had bargained for, which might further hinder any chance for the end-year revival that many are hoping for. Red Sea remains shut off in terms of refinery throughput as the month-long turnaround in YasRef gets going, so Med tonnage will also start to feel the pinch. Next week is set to start off only slow.

The local X-AG markets that usually keep LR1s ticking over well enough have just not got going this week. There has only been piecemeal demand and, naturally with more than enough ships to meet the requirements, freight has suffered as a result. We have seen WS 125 on TC5 being agreed, which is 5 WS points above the YTD lowest seen and, while westbound has yet to be agreed over the last five days, we only sense that something towards lowest seen will be in the offing soon enough. USD 350,000 for Kuwait/Pakistan has been agreed, which represents another low point and also USD 300,000 for Sikka/UAE is similarly uninspiring. Ships are not as plentiful as the LR2s (they never are) but on a relative basis, rarely have charterers had so many ships at their disposal for any trade route that they might need to test. For now, there really is not that much testing going on!

The Southeast Asia MR market faced a slow week with minimal reported activity. An extended tonnage supply on current fixing windows, combined with weak demand, softened sentiment further. Freight rates came under heavy pressure, with intense competition for the few available stems driving TCEs for regional shorthauls below the USD 10,000-per-day range. TC7 continued to correct, shedding another 5 WS points to get on subjects for WS 170. The outlook remains extremely weak, with little support from a sluggish AG market and a persistently long tonnage list.

It's been a quiet week again in Europe on MRs. We have seen a small number of ships deciding the ballast again to the USG, where the market trades stronger. TC2 remains weak at 37 x WS 85. UKC/WAFR now runs at 37 x WS 115 and X-UKC moves at 37 x WS 95. Handies have remained tight throughout, but are naturally capped by MRs, so failed to move. Last done is 30 x WS 132.5.

In the Med, it has been a steady week overall on the Handies, during which the market has traded sideways within the 30 x WS 140-145 range for X-Med (depending on age, trading history etc.). The stability has certainly come from a balanced, and often tight, list, and not cargo volumes (which have come off significantly this week compared to the previous two). It's safe to say, therefore, if slightly more tonnage had been marketed this week, especially in the West, rates would have come under decent pressure. We've also witnessed higher instances of replacement requirements this week, with itineraries across the Med being delayed, which has aided in keeping sentiment buoyant. This time last year, X-Med was trading at 30 x WS 225, and so it's no surprise the mood in the owners' camp remains low as we head into next week. Following the weekend the list is likely to look in charterers' favour, with counts already above yearly averages and more vessels likely to open over the weekend.

	BDTI	BCTI
	957	524
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	29,479	↓Softer
TD7	UKC / UKC	80,000	31,434	↓Softer
TD15	WAF / China	260,000	32,513	↓Softer
TD19	Med / Med	80,000	26,328	↓Softer
TD20	WAF / Cont	130,000	35,518	↓Softer
TD22	USG / China	270,000	36,920	↓Softer
TD25	USG / Cont	70,000	36,858	↓Softer
TD26	EC Mex / USG	70,000	31,645	↓Softer
TD27	Guyana / UKC	130,000	33,637	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	17,100	↓Softer
TC2	Cont / USAC	37,000	2,201	↓Softer
TC5	ME Gulf / Japan	55,000	13,703	↓Softer
TC6	Algeria / EU Med	30,000	10,578	↓Softer
TC7	Sing. / ECA	30,000	15,124	↓Softer
TC8	ME Gulf / UKC	65,000	30,412	↓Softer
TC14	USG / UKC	38,000	21,789	↑Firmer
TC17	ME Gulf / EAFR	35,000	13,147	↓Softer
TC20	ME Gulf / UKC	90,000	33,151	↓Softer
TC21	USG / Caribs	38,000	25,971	↑Firmer

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