



Crude Tanker Comments

The week closes with rates on a firmer footing and a collective jadedness amongst the VLCC community following Bahri Week festivities in Dubai. Activity was clearly aplenty with the number of mysteries hitting the board and drip-fed info guiding continued improvements on last done levels ex-AG/WAF/Brazil. As highlighted at the beginning of this week, the USG remains the exception, with fixing levels moving sideways throughout, owing largely to the affordability of smaller-sized tankers keeping any rallies at bay and closed pricing into Asia.

East of Suez, we have seen rates gradually increase into the mid-high WS 50s heading East and, looking at the reduction of available tonnage, there is every chance next week we see things creep into the WS 60s with the release of December stems a potential driving factor. It is important to note that not all owners have proactively been pushing their vessels, rather inviting firm enquiry, so the true extent of available tonnage is perhaps a bit longer. Nonetheless, it is hard to deny things are looking positive for owners, especially with the Chinese covering their December cargoes in the spot market again having fulfilled their annual quota on local tonnage. Charterers may look to pump the brakes a bit early next week, allowing for the weekend replenishment and bringing back a sense of competition amongst the eastern ballasters. A lot will revolve around whether enquiry can be sustained to determine where we are heading next week, but for now all signs point towards a steady uptick for VLCC earnings.

It has been a subdued end to an already dreary week for Suezmax owners, with losses observed globally. While there has been some activity, much of it has taken place off-market, a predictable trend given the large number of industry players attending events in Dubai this week. Looking at market fundamentals as we close out the week, it's difficult to find much cause for optimism heading into Monday. While the supply of available tonnage has reduced significantly across all regions since the week began, this reduction seems unlikely to bring owners much relief. Ultimately, with the sheer number of vessels taken by charterers, there will be limited remaining volume for November, a worrying sign, especially as we're only halfway through the month.

This week has been rather slow for Aframax in the Med, with very little enquiry to speak of. Rates keep ticking over at last done levels of WS 120, which translates to TCEs of approximately USD 23,500 per day. Libya is busier from 27 November dates, but at the moment, there are still some standout X-Med options to get through before levels can improve. That being said, it will likely get busier once Bahri Week comes to an end. Also, very poor weather will be coming into play from 20 November onwards, and Turkish Straits delays are now at six days in both directions.

The North Sea market has remained fairly motionless on the surface, as ships have been taken quietly, and the list has dramatically shortened as a result. Still, standout tonnage remains FOC, with about two ships currently on the list, and another two expected to be open during the weekend. It is also worth noting that owners continue to ballast out, despite the underwhelming state of neighbouring markets - about seven ships sailed towards the Med this week. In fact, sentiment has yet to improve, but with all the terrible weather incoming after the weekend, it is worth keeping an eye on itineraries as replacements look very likely.

Product Tanker Comments

Off-market fixtures have kept the West LR2 list ticking over, with a number of quieter deals concluded. Market rates have not held up and there remains something to be said about the need for an open quote on the market to truly test where levels are, with several owners feeling like they missed out on opportunities. In the AG, the LR2 market is ending on a flat note as most of the market has been busy celebrating Bahri Week in Dubai. Freight levels haven't moved upwards, with TC1 ending the week flat at WS 97.5 on subs at the time of writing, while westbound runs have lost ground from the USD 3.5 Mn levels being fixed last Friday, to USD 2.85 Mn being the new conference level at the time of writing.

West LR1s look tight and demand is spilling into the larger and smaller sizes, with charterers unable to find units. LR2s have picked up most of the slack, with demand for gasoline into the Red Sea and East Africa keeping the list ticking over. With MRs looking busier, we should hopefully see more demand as the rates for the smaller vessels will hopefully improve, helping LR1 owners with tonnage in the area push rates further. In the AG, LR1s have seen some bits of local activity, but this has been far from being enough to change this market's fortunes. TC5 has been repeated a few times going on subs at WS 105, remaining flat on the week. Meanwhile, westbound runs are a touch softer at USD 2.5 Mn, about USD 250,000 below last Friday's level.

The fixing windows are nearing the December dates and still showing positive demand for North Asian MRs. Rate levels are steady, with Korea/Australia at WS 177.5 levels, while the tonnage list remains balanced.

Sentiment remains flat in the Southeast Asia MR market with demand slow throughout the week. Tonnage supply is long, but freight rates remain stable at WS 155 for TC7, supported by the north market, which has drawn some ballasters up.

MRs in the Med have tightened up somewhat this week. With the latest numbers for Med/TA paying approximately WS 110 with a +10 WS points premium for UKC, and WS 137.5 on subjects for USG. Not many cargoes are left outstanding in the Med at the end of the week currently, but the UKC is busy and generally the owners' mood is bullish.

Handies have been busier towards the end of this week and rates have begun to trade upwards, with WS 105 on subjects for TC6, representing a 10-15 WS points rise on yesterday's levels. Provided it stays busy into next week, you would expect rates to firm further, especially given returns for owners are very low at current rates.

It has been a busy end to what has been a subdued week for UKC MRs, and expectations are that rates may improve a touch as the list of cargoes grows. TC2 is still freighting around WS 90 and, although the USG market is looking weak, many owners still have faith that the USG will also rebound soon. West Africa continues to secure a premium, with WS 120-125 being the last recorded. With Thanksgiving next week in the US, we could see some activity in the early part of next week.

The NWE Handy market has remained tight throughout the week and, with the MRs seeing some life and feeling tighter for now, rates have ticked up to WS 122.5 on subs for X-UKC.

		BDTI	BCTI	
		890	477	
Δ W-O-W		↓ Softer	↑ Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	468.5	475.3	478.5	
Δ W-O-W	3.1	3.4	3.5	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	34,932	↑ Firmer
TD7	UKC / UKC	80,000	25,336	↓ Softer
TD15	WAF / China	260,000	35,923	↑ Firmer
TD19	Med / Med	80,000	24,904	↓ Softer
TD20	WAF / Cont	130,000	24,357	↓ Softer
TD22	USG / China	270,000	34,616	↓ Softer
TD25	USG / Cont	70,000	22,322	↓ Softer
TD26	EC Mex / USG	70,000	11,623	↓ Softer
TD27	Guyana / UKC	130,000	22,429	↓ Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	14,632	↑ Firmer
TC2	Cont / USAC	37,000	3,414	↑ Firmer
TC5	ME Gulf / Japan	55,000	10,356	↑ Firmer
TC6	Algeria / EU Med	30,000	629	↑ Firmer
TC7	Sing. / ECA	30,000	13,839	↑ Firmer
TC8	ME Gulf / UKC	65,000	17,370	↓ Softer
TC14	USG / UKC	38,000	16,004	↓ Softer
TC17	ME Gulf / EAFR	35,000	12,880	↓ Softer
TC20	ME Gulf / UKC	90,000	16,713	↓ Softer
TC21	USG / Caribs	38,000	12,709	↓ Softer