AFFINITY TANKER WEEKLY

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Crude Tanker Comments

VLCCs close out an uninspiring week with a continuous series of decrements in last done levels to leave sentiment soft across the board. TD3C has tumbled into the mid WS 40s, with other regions also struggling to stave off further damage. The Atlantic is holding up comparatively well to the East of Suez market, but is by no means beckoning eastern ballasters. The tonnage list has been oversupplied all week and continues to expand, creating doubts around the immediacy of a bounce back in rates. A significant drive in activity is needed to trim the list and for owners to mount a comeback. We have seen it bottom out at these levels throughout the year, contradicting how poor the fundamentals looked. So maybe we see some intention from owners to fight back, but there isn't much that can be done for the time being.

Suezmaxes in the West had a slow start to the week on the surface, but below it there appears to have been a flow of discreet, off-market activity, which has thinned tonnage availability in the area. A surge in cargo demand around the mid-week point managed to push rates up from the bottom - TD20 rose from WS 74 last Friday, to over WS 85 levels on Wednesday, where it appears to have settled. However, a softer VLCC complex might entice some charterers to upsize, thus taking some steam out of this market.

Stateside, TD27 firmed from WS 74 last Friday to WS 77.5 at the time of writing. Rates here have been quite volatile, with levels softening to WS 72 before bouncing back. The Thanksgiving holiday in the US doesn't help this market, as the list is likely to be replenished come next week, and rates might get tested again.

Rates inched up in the Black Sea/Med, with TD6 now above WS 99, boosted by about 7 WS points w-o-w by a combination of local activity and positive sentiment in the surrounding markets. Meanwhile, in the AG, TD23 runs have remained relatively untested, especially when compared to more local runs. As a result, owners haven't been as successful in pushing freight rates higher, and we end the week with AG/West flat from last Friday's levels.

Med Aframaxes had a very busy day start to the week, with over 10 cargoes worked on Monday alone. WS 145 levels from last Friday were repeated throughout the week, with charterers successfully managing to keep the upside capped. The Afra list is tight, particularly for CPC loadings, and Med ports on the whole are covered in advance. However, if any replacement action is needed, it could be dangerous, and rates could escalate substantially. On the downside, North Sea ballasting tonnage is likely to provide some options.

As we approach December, it feels like summer in the North Sea. This market remains very dull, over-tonnaged, and lacking in all aspects. Last done levels of WS 125 have been repeating throughout the week, while the list remains well stocked. The USG is still looking bleak, with TD25 now at WS 120, with earnings at around USD 23,000 per day for an ECO vessel, while in the Med the same ship would earn over USD 36,000 per day and North Sea theoretical earnings are at USD 31,000 per day. As a result, we have seen only three ballasters since Monday last week going stateside from the North Sea, while most owners still in the area are now likely to turn towards the Med, especially as the list there is now looking shorter.

Product Tanker Comments

It has been a decent week on the LR2s, with freight waking up and improvements have been seen across the board. The position list started the week very much on the leaner side of things after last week's massive demand. Eastbound flow has been strong, and we see WS 120 now on subs for TC1, which represents a 22.5-point improvement on the week. The westbound trade has not been quite as active, but it will only be firming off the back of the lift in TC1 freight; while last done was USD 3 Mn out of Kuwait, we would expect the next agreed level to be in the USD 3.3 Mn area. The Red Sea is tighter and being tested again and, with a much firmer West of Suez loading market, the natural ballasters are not as prolific, so around USD 2.5 Mn would be the rough range for fixing Yanbu/UKC moving forward. While rates are not dramatically "shooting up" thus far we will see owners with some optimism for sure next week.

The LR1 sector has a lot of us quite confused this week. Owners have been bullish, even when this list has been blatantly pretty extensive with ships for all trade routes. As it turned out, there has been decent demand, but freight rates overall have stayed pretty flat in the end. WS 110 has been agreed several times, in line with last week's number, meaning the initial offers of WS 125 were a redundant gesture. Kuwait/Pakistan has been repeated at USD 295,000, but perhaps some improvement has been seen for Westbound with a Red Sea ballaster agreeing USD 2.7 Mn for Jubail/UKC via Cape and USD 2.5 Mn for a via Suez option. Demand has been pretty good, so owners would remain hopeful of more cargo flow next week, especially as more and more traders are looking to re-arrange cargoes down from the firmer LR2 sector.

This week has been relatively quiet in North Asia for MRs, with minimal fixing activity. Sentiment remained soft through the week, but freight rates remained relatively untested with the few fixtures in the market being done privately. The upcoming week is expected to follow a similar trend, with more vessels becoming available for the second week of December laycans. Slow days also for the Southeast Asia MRs, with minimal activity reported. Sentiment remained flat with rates remaining unchanged at WS 160 for TC7. The outlook remains on the softer side for now, with tonnage expected to be more replenished for the upcoming fixing windows.

In the UKC, after a fast start to the week, with rates ticking up off the back of a tighter list, slower activity has softened sentiment - the latest we have seen is WS 130 reported on subs for TC2. Sentiment is weaker and we could see these levels tested lower next week.

Handies in the Med started the week very strongly, with a rapid rise of over 100 WS points from last Friday's numbers, peaking with a WS 300 fixed in the middle of the week. However, what goes up must come down, and after the meteoric rise at the beginning of the week, the Handies are now coming back down again almost as quickly as they rose, with the latest number for TC6 being paid at WS 220 and potential for less to get done before the week is out.

NWE Handies have remained quiet overall this week, MRs and Med Handies being the main pull-on activity for most of the week. With both other markets softening over the end of this week the NWE Handies feel weaker and set for a correction next.

		BDTI		BCTI
		892		663
	Δ W-O-W	↓Softer		↑Firmer
BDA				
	(USD/LDT)	**TKR/LRG**	**TKR/MED**	**TKR/SML**
	This week	469.5	476.6	479.3
	Δ W-O-W	0.6	0.9	1.2

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	23,834	↓Softer
TD7	UKC / UKC	80,000	29,075	↓Softer
TD15	WAF / China	260,000	32,197	↓Softer
TD19	Med / Med	80,000	38,835	↑Firmer
TD20	WAF / Cont	130,000	31,077	↑Firmer
TD22	USG / China	270,000	34,739	↓Softer
TD25	USG / Cont	70,000	22,419	↓Softer
TD26	EC Mex / USG	70,000	9,649	↓Softer
TD27	Guyana / UKC	130,000	24,876	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	23,535	↑Firmer
TC2	Cont / USAC	37,000	10,984	↓Softer
TC5	ME Gulf / Japan	55,000	12,281	↑Firmer
TC6	Algeria / EU Med	30,000	30,827	↑Firmer
TC7	Sing. / ECA	30,000	14,175	↑Firmer
TC8	ME Gulf / UKC	65,000	21,276	↑Firmer
TC14	USG / UKC	38,000	14,277	↓Softer
TC17	ME Gulf / EAFR	35,000	15,385	↑Firmer
TC20	ME Gulf / UKC	90,000	27,156	↑Firmer
TC21	USG / Caribs	38,000	9,963	↓Softer