



Crude Tanker Comments

VLCCs have experienced a somewhat dull week in terms of market activity, but at least the numerous London Christmas parties have been enjoyable. TD3C has slowly shed just 2 WS points since last Friday, suggesting the AG market might have finally bottomed out. Despite fundamentals working against owners, a line appears to have been drawn around the WS 44 level, where no more ground can be given up. Even at the mid-WS 40s, an increasing number of vessels have already ballasted to the Atlantic to lock in more palatable returns, despite the muted activity in the West.

WAF remains subdued and untested although a Brazil/East market quote fetching WS 47.25 suggests modern TD15 should now sit just below the WS 50 mark. USG activity picked up on the smaller sizes this week but has begun to cool off so may not work its way up to the Vs just yet. The recent Opec+ agreement to extend production cuts until April at the earliest is also not lending optimism to the idea of a swift turnaround. For now, it seems owner sentiment alone is the main factor preventing any further slide in earnings, but as we've seen many times before, sentiment can have a powerful impact. At least there now appears to be a floor to push up off.

The week concludes on a subdued note for Suezmaxes, but owners can find satisfaction in the gains achieved in the West. TD20 currently hovers in the low WS 90s, supported by a tight tonnage list and additional bullish factors, including strikes at French ports and adverse weather conditions forecasted for the UKC and Med regions over the weekend. Similarly, the US Gulf has recorded notable gains, driven by an exceptionally bullish Aframax market that strengthened by approximately 75 WS points. USG/TA now stands at around WS 82.5. At this level, rates could face resistance as ballasters come into play for the 20-25 December window, providing charterers with more options beyond just local vessels. This dynamic reflects a balancing of earnings on both sides of the Atlantic.

It has been a tale of two hemispheres, with the AG experiencing a challenging week marked by an almost complete absence of publicised cargo volumes. Owners' difficulties have been further exacerbated by a weaker VLCC sector. At current levels, charterers are likely to balance cargo volumes across both vessel sizes, applying additional pressure to an already constrained market.

Med Afras have been slow throughout the week. The firm sentiment of last week has faded, and while rates have been softening progressively, it appears that a floor has been reached in the low WS 140s. The list is continuing to lengthen. With 26 ships now open before 10 December dates and, despite some positivity coming from the USG, it remains to be seen how many ships will actually be ballasting TA. In fact, USG Afras appear to have taken a breather after a few exciting days. Last done levels of WS 190 have been repeated for TA, with local runs catching up on Suezmaxes at an Afra equivalent of WS 177 levels. Going forward, we expect charterers to try cool things off a bit, hoping for sentiment to settle and the list to refresh over the weekend. There appears to be a few outstanding stems for the 16-20 December window, but they could be easily worked on Monday.

There has been minimal activity to speak of in the North Sea. However, the local list has shortened with the US market drawing most of the early tonnage. Rates for now are still around WS 125, but it is worth noting that natural options are definitely thinning. There are a couple of logical still around, and it remains to be seen whether owners will now ask more in light of the firmer US.

Product Tanker Comments

The week started slowly with national holidays in the Middle East. However, we saw a crescendo in cargo flow towards the week's end, with a significant uptick in deals agreed in the last three days. 11 ships went on subs Wednesday and Thursday and, while rates are stable, the market is well poised for Monday. We have seen USD 3.4 Mn agreed several times on AG/West and, aside from a rogue deal agreed at WS 107.5 for TC1 yesterday, WS 115-120 would be the overall range for this week when considering the amount of deals being agreed and the subsequently lean list. We know that for a market to firm consistently that all three segments need to be firm, and we would suggest that, while we are not quite there yet with some pockets of weakness here and there on other segments where charterers can optimise, the week ahead looks promising.

It is a similar story on the LR1s; the end of the week has been very robust indeed on deal flow, and the first main remark we would make is that we have not seen a week like this, with most cargoes being traded being long-haul exporting stems. This should only put the lists in better shape come next week and owners will already be thinking bigger ideas, but rate trajectories have been muddling recently to say the least. LR1 owners' unusual keenness to go west actually weighed on rates, with USD 2.35 Mn being repeated on subs for Sikka/UKC and owners are willing around USD 2.4-2.45 Mn for AG loadings as and when tested. Eastbound naphtha runs have seen a massive amount of demand with no less than 15 ships either fixed or on subs over the last five days. We started the week with the longest LR1 list we have run since January 2023, with 47 ships over the following 15-day window, so rates only sank a little initially, with WS 107.5 being agreed several times over before a little move up to WS 112.5 being the last one agreed. With all these ships hoping to get subs, we should start Monday with a leaner list and perhaps higher aspirations could be attained, but only on the basis that charterers also face another week of significant demand to take care of.

It has been a slow week for North Asian MRs, with weak demand for loadings out of China. Sentiment remained soft through the week with tonnage supply long and well ahead of demand. Freight rates faced multiple corrections, with backhauls closing the week at around USD 460,000 levels. The outlook remains weak for now with tonnage still long and well replenished for the upcoming fixing windows, and we expect further corrections in freight should demand not pick up. The SE Asia MR market remained soft overall, with just a handful of handicapped vessels doing short-haul runs. The outlook remains flat going forward.

In the UKC, the MR tonnage list has slowly compressed this week, as more cargoes got quoted. As a result, TC2 has edged up to WS 127.5 levels. With the USG market looking promising once more, owners are pushing to reposition ships over there, which in turn is expected to bring some benefits to the European MR market. Many owners are becoming reluctant to send ships to WAF as they prefer the TA round-trip earnings; as such, the premium there is being stretched up to WS 180.

This was a week of two halves for Med Handies. Charterers holding off on quoting in the back end of the previous meant we began with an over-supplied list and thus, although activity was showing signs of ticking up, levels had slipped to WS 150 by Tuesday COB. Wednesday saw a significant increase in enquiry, but from Thursday onwards, there has been a steady stream of cargoes, tightening the tonnage count far below YTD averages. A Black Sea/Med run arranged at WS 250 may indicate that TC6 already sits above WS 200 at the time of writing.

		BDTI		BCTI
		943		625
Δ W-O-W		↑Firmer		↓Softer
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	469.1	476.3	479.2	
Δ W-O-W	-0.4	-0.3	-0.1	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	21,631	↓Softer
TD7	UKC / UKC	80,000	31,070	↑Firmer
TD15	WAF / China	260,000	28,802	↓Softer
TD19	Med / Med	80,000	38,396	↓Softer
TD20	WAF / Cont	130,000	34,843	↑Firmer
TD22	USG / China	270,000	33,547	↓Softer
TD25	USG / Cont	70,000	48,490	↑Firmer
TD26	EC Mex / USG	70,000	47,671	↑Firmer
TD27	Guyana / UKC	130,000	34,222	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	20,084	↓Softer
TC2	Cont / USAC	37,000	10,974	↓Softer
TC5	ME Gulf / Japan	55,000	12,161	↓Softer
TC6	Algeria / EU Med	30,000	28,006	↓Softer
TC7	Sing. / ECA	30,000	14,263	↑Firmer
TC8	ME Gulf / UKC	65,000	18,689	↓Softer
TC14	USG / UKC	38,000	19,488	↓Softer
TC17	ME Gulf / EAFR	35,000	18,297	↑Firmer
TC20	ME Gulf / UKC	90,000	27,002	↓Softer
TC21	USG / Caribs	38,000	31,332	↓Softer