



Crude Tanker Comments

We have seen VLCC activity finally pick up this week, albeit under the radar, with the oversupplied tonnage list getting some much-needed attention. There has been a drip feed of information, but the majority has been kept under wraps with charterers opting to cover privately, taking advantage of favourable rates. There is still some way to go before the landscape shows more balance but at least there are encouraging signs we are heading in that direction.

AG levels remain depressed with charterers looking to sustain the downward pressure, having broken the WS 40 barrier basis TD3C. The release of January stems, however, might provide owners optimism in generating some momentum with early month stems working parallel to end December dates being rounded off.

The WAF and Brazil markets have been relatively quiet this week but there have been whispers of January dates being covered with little tangible info circulating. The USG has finally kicked into gear with a few more vessels being taken in the natural window but reflecting the softer sentiment with a sub-USD 7Mn TD22 being the lowest we have seen all year bar a brief stint in August. The main positive this week has been the demonstrable activity across the board but significantly more will be needed to transform owners' fortunes.

A quiet end to a quiet week for Suezmaxes in the West, with cargo volume completely drying up. As a result, it is expected that the Med/Black Sea and WAF will all face downward corrections next week. In the US Gulf we are also likely to see a downward correction but of a more aggressive manner compared to what we have seen already this week. With 15 Afras ballasting TA, it is expected the market will soften to possibly the WS 130 level (basis Aframax) unless we see a monumental increase in stateside enquiry today. The eastern markets also feel as though rates are going nowhere but down as cargo volume this week was no way near enough to counterbalance the incoming vessel supplementation...and of course the VLCCs still remain in the dumps!

It has been a slow start to the week for Afras in the Med, with levels testing down slightly. And while an increasingly busy Libyan market has thinned the list a fair bit, it has not been enough to arrest the slide in rates - X-Med is now at WS 140, down from WS 143 last Friday. As we enter the weekend, there are still a couple of natural standouts, all opening off slightly forward dates. However, the question is whether owners will just be happy to roll over at last done levels, as they have been for some time, or try one last push in the final days leading to the Christmas holidays.

It has been a similarly slow start to the week in the North Sea. The list of natural options remains very slim, with the vast majority of owners choosing to ballast to the US Gulf – there have been about 15 ships going TA since 2 December. Despite owners' best efforts, WS 125 remains the fixing number off natural dates, and higher numbers paid on replacement business have been failed, so far.

Product Tanker Comments

We began the week with an optimistic outlook in the AG, as many anticipated the strong volumes from the previous week to carry over. However, this optimism gradually diminished as the lack of LR2 cargo volume hindered any significant gains. Although a number of vessels had been fixed on long-haul routes, clearing out the tonnage list, rates remained largely unchanged. TC1 saw only minor fluctuations, ultimately closing the week at a slightly softer WS 110. AG/West enquiry had also been limited, and while aspirations of USD 3.5 Mn is what many could have speculated, in reality rates have softened a touch to USD 3.3 Mn for owners securing westbound business. While current market conditions could theoretically set the stage for firmer rates, the outcome remains uncertain.

The story on the LR1s is not too different to the LR2s. Expectations of how the week could progress were positive but the harsh reality is that fresh cargo enquiry was extremely limited. There appears to be a fairly even mixture between cargo going short vs west vs east but not enough volume of either to push rates any higher. Much like the LR2s, there had been subtle variations in rates but the latest TC5 settled at WS 110 whereas the latest westbound business had been marked down as USD 2.35 Mn via Suez/ USD 2.55 Mn via Cape of Good Hope. One would hope that, with the tonnage list as it is, the market should be poised to firm but this entirely relies upon the volume of cargo enquiry.

It has been a slow week for the MRs in North Asia, with very low levels of enquiry and activity through the week. Helped by the long tonnage list, charterers had little difficulty picking off ships privately keeping the market flat, with backhauls trading around the USD 475,000 levels. There has been a slight pickup towards the end of the week with a prompt backhaul going on subjects at USD 515,000, but the outlook remains mixed for the upcoming week as tonnage remains long and well replenished for the natural fixing windows. As such, freight rates should remain under pressure, especially if demand doesn't warm up for the end December loading window.

The Southeast Asia MR market remained relatively flat through the week with TC7 repeating rather steadily for another week at WS 160, and all parties happy fixing at these conference levels. The outlook remains flat with tonnage long for the end December fixing windows.

Handies in NWE have remained tight for natural positions throughout this week and with a decent level of enquiry seen out, rates naturally ticked up from WS 150 where we opened the week to WS 182.5 levels to close. The outlook for next week looks stable but coming off the back of quiet Thursday and Friday we should see further positions available at the top of the list come Monday. The same applies to the MRs in NWE, further long haul runs needed to keep the added pressure of MRs competing for short runs off the market next week. TC2 has softened to close the week at WS 135.

Med Handies started the week with a thin list which initially allowed owners to push upwards to the WS 230 mark. As we moved through the week however, fresh activity became lacklustre and as a result rates have slipped once again. WS 210 is last done for TC6 at time of writing on an uncompromised unit, with WS 200 and WS 207.5 also arranged on vessels with Russian history. The list closes the week balanced, and with a substantial injection of cargoes expected early next week as charterers look to get covered before Christmas, levels should stabilise here in the short term.

		BDTI		BCTI
		921		661
Δ W-O-W		↓ Softer		↑ Firmer
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		466.0	472.3	475.7
Δ W-O-W		-3.1	-4.0	-3.5
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	17,598	↓ Softer
TD7	UKC / UKC	80,000	33,103	↑ Firmer
TD15	WAF / China	260,000	26,111	↓ Softer
TD19	Med / Med	80,000	38,509	↑ Firmer
TD20	WAF / Cont	130,000	32,153	↓ Softer
TD22	USG / China	270,000	31,099	↓ Softer
TD25	USG / Cont	70,000	38,096	↓ Softer
TD26	EC Mex / USG	70,000	43,255	↓ Softer
TD27	Guyana / UKC	130,000	30,702	↓ Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	20,267	↑ Firmer
TC2	Cont / USAC	37,000	12,794	↑ Firmer
TC5	ME Gulf / Japan	55,000	11,955	↓ Softer
TC6	Algeria / EU Med	30,000	27,905	↓ Softer
TC7	Sing. / ECA	30,000	14,455	↑ Firmer
TC8	ME Gulf / UKC	65,000	17,247	↓ Softer
TC14	USG / UKC	38,000	23,488	↑ Firmer
TC17	ME Gulf / EAFR	35,000	18,770	↑ Firmer
TC20	ME Gulf / UKC	90,000	24,793	↓ Softer
TC21	USG / Caribs	38,000	36,234	↑ Firmer