

# AFFINITY TANKER WEEKLY

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## Crude Tanker Comments

We conclude a busy week on VLCCs with a shift in fundamentals beginning to move the needle in owners' favour as we head into the Christmas period. Wednesday felt like a watershed moment as we saw momentum build off the back of sustained activity across all regions, which carried over to Thursday. There was a flurry of firm and rumoured AG cargoes spanning the 1st decade of January that put a dent in the bloated tonnage list and set a new base level for TD3C at WS 40. Whilst no significant gains have been made since, market dynamics feel a lot more balanced for the 2nd decade. Still some dates to cover in the 5-10 window but charterers will remain confident in having sufficient options to consider.

The Americas complex has added steady volume to the market, albeit still at lacklustre levels, but there is a feeling that charterers can still chip away at last done with ample eastern ballasters and Cont positions to choose from. The more intriguing region has been West Africa where we have seen a mixture of prompt, natural and forward January cargoes all get worked at once, keeping owners on their toes as to where the market is heading. Similar to the AG, only marginal gains have been made on TD15, but a reduction in vessel supply has stabilised the outlook after a bleak few weeks for owners. We will see if this enquiry continues next week during what is traditionally a quiet period or if this burst in activity was simply market players looking to cover bases before the holidays.

On the Suezmaxes, TD20 has dropped to WS 80, a decline anticipated throughout the week as owners competed fiercely over limited cargo volumes in West Africa. The Atlantic list remains long, making a rate rebound unlikely before the weekend. However, owners are hopeful that the continued use of Suezmaxes for Aframax stems will help establish WS 80 as the market floor. US Gulf rates have eased to WS 67.5, with charterers now reaching forward into the 5-10 January window. Rates could fall further as an influx of Aframax TA ballasters enter the fixing window, creating significant pressure and leaving Suezmaxes with an increasingly unstable base. Once again, the AG remains a dead zone, with rates hovering at annual lows in the WS 90s levels for TD23, amid an abundant supply of tonnage and a sheer lack of volume. However, with VLCCs finally showing some signs of improvement there is potential that Suezmaxes will now see some spillover given pricing fundamentals.

On the Afras, the Med market has seen a flurry of activity that significantly tightened the list. X-Med charterers are finding it difficult to attract offers, as safe itineraries are pretty much non-existent, leading to numerous gambles on itineraries - very poor weather begins from 20 December and is expected to clear only around 26 December. X-Med rates have only edged up slightly - WS 152 appears to be the conference level at the time of writing, about 6 WS points higher than Monday's levels. And while charterers are looking at the list and questioning the value in taking ships with such poor itineraries, momentum remains fully with owners at the moment. In the North Sea, the Afra list has been tight throughout the week. Usual players have been light on tonnage while relets ballast TA or hold back for own cargoes. The market is bubbling while the US and the Med both present ballast out opportunities. Rates are a touch firmer at WS 130 for X-North Sea, but while owners have been trying for more, they were left uncovered, as once again tonnage was there to do last done. Will the rest of the list now give up hope with the Christmas break nearing?

## Product Tanker Comments

There has been a consistent amount of fixing on the AG LR2s this week, with around 20 new deals agreed on subs and/or fixed. This would represent significant demand, but the ready amount of tonnage at charterers' disposal remains and therefore has kept a lid on significant freight movements and, in some cases, freight has softened from last week. It was around October time when LR2 owners started rubbing their hands in the expectation of the end-2024 lift in freight that can come along in this market at year's end, but over the last couple of weeks it has been clear that nothing significant was in the offing. As a result, over the last five days, we have seen a swing in mentality to one of looking for that cover tonnage ahead of the Christmas week and rates were more pragmatically agreed as a result. TC1 has been transacted and agreed off-market and rates have not been forthcoming, but can be assessed around WS 105-110. Westbound dropped to USD 3-3.1 Mn, down from last week's 3.4 Mn. Owners are in mixed spirits, mainly pleased to see a lot being done but slightly rueing the continuous nature of this position list that still manages to show enough ships to meet all the demand.

Progress has been made on the LR1s, as we have seen activity levels on the rise throughout the week. Tonnage has become more limited with a block of ships fixing long East/West, which could tee the market up nicely for some firming; however, with many being off for Christmas next week, it is hard to see whether activity levels will be quite enough to facilitate firming rates across the board. TC5 has been trading steadily at WS 110 throughout the week as it seems like there hasn't been much of a push from owners or charterers to argue the rate being any higher or lower. Despite the significant desire from many owners, westbound cargo has been somewhat limited this week, so it wouldn't necessarily be farfetched to presume that we could see rates in line with last done levels being appropriate again. AG/West is currently trading in the region of USD 2.30 Mn via Suez/USD 2.4 Mn via Cape. Weighing everything up, the market on balance can be described as 'glass half full' as the tonnage list is tightening and a sense of optimism about starting a new year well is very much present.

AG MRs have improved slightly over the past week, but the pre-Christmas rush it has not been. WS 210 has been put on subs a few times for TC17 and there have been bits and pieces of enquiry, but this has generally been managed very well and hence owners just haven't seen the full flow of this week's enquiry and many will feel the market hasn't firmed to the extent that was possible, given the tightness of tonnage. TC12 is assessed around WS 140, an increase of 10 WS points on the week; this is mainly driven by Singapore numbers more than actual naphtha runs to Japan. Looking into next week, we don't expect too many surprises; charterers will be starting to cover January stems, but with a disjointed week, it may well be a cover and move on, rather than trying to move any markets.

In the UKC, MRs have steadily worsened throughout the week, with any real activity only coming on Tuesday. TC2 is down to WS 130 and sentiment is weak as owners start to fret that they need to fix now or risk missing out, with a quiet couple of weeks coming up. By contrast, levels for MRs in the Med have remained stable, holding at WS 140 for Med-TA runs. The front end of the list is balanced, but more volume is needed early next week to prevent any further dips.

		BDTI	BCTI	
		914	627	
Δ W-O-W		↓Softer	↓Softer	
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	18,726	↑Firmer
TD7	UKC / UKC	80,000	35,817	↑Firmer
TD15	WAF / China	260,000	26,623	↓Softer
TD19	Med / Med	80,000	42,246	↑Firmer
TD20	WAF / Cont	130,000	28,613	↓Softer
TD22	USG / China	270,000	28,066	↓Softer
TD25	USG / Cont	70,000	41,397	↓Softer
TD26	EC Mex / USG	70,000	42,732	↓Softer
TD27	Guyana / UKC	130,000	28,311	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	18,988	↓Softer
TC2	Cont / USAC	37,000	11,571	↓Softer
TC5	ME Gulf / Japan	55,000	11,790	↓Softer
TC6	Algeria / EU Med	30,000	17,475	↓Softer
TC7	Sing. / ECA	30,000	14,244	↓Softer
TC8	ME Gulf / UKC	65,000	15,000	↓Softer
TC14	USG / UKC	38,000	27,828	↑Firmer
TC17	ME Gulf / EAFR	35,000	20,162	↑Firmer
TC20	ME Gulf / UKC	90,000	20,733	↓Softer
TC21	USG / Caribs	38,000	47,379	↑Firmer



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