AFFINITY TANKER WEEKLY

10 JANUARY 2025

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Crude Tanker Comments

The VLCC gains continue as we approach the end of the week, as consistent volume across all regions is fuelling owners' improving sentiment. Charterers in the MEG are now starting to round off end-month dates; however, some early eastbound opportunities are still sneaking into the picture. With February stems around the corner, there is a belief that freight should continue to climb failing a prolonged dip in enquiry today and early next week as charterers may look to pump the brakes.

If the market can stave off any quiet periods and owners hold their nerve, there should be a platform supported by solid fundamentals from which to build. There look to still be a few outstanding cargoes to address. so maybe not the usual Friday, more a possibility of information leaking come Monday morning. A possible concern is the USG fixtures where, as stated previously, the threat of vessels failing and prompt tonnage re-entering the market could cause some cracks to emerge.

The week concludes on a positive note for Suezmaxes, with WS 70 reported on subs for TD20. While owners may not be entirely satisfied with the scale of this movement, particularly in light of the elevated activity levels observed, there is some reassurance in moving away from the lowest rates seen in the past 18+ months. With a few outstanding stems remaining and a tighter tonnage profile contributing to a more optimistic outlook in the US market, the Atlantic Basin appears poised to maintain its positive momentum heading into next week. The AG, however, remains as is with activity muted and tonnage aplenty.

Afras in the Med/Bsea started this week on the wrong foot for owners, with minimal enquiry of which to speak, and charterers benefitting from an extensive list of options from which to choose (the highest in over two years). Rates for X-Med have been falling throughout the week and are now at WS 100, over 40 WS points below last Friday's levels, with cargoes attracting numerous offers and going for the first counter. As the week is coming to an end, five ships out of the 12 prompt ships are ballasting out of the Med, so the list is not as awful as the numbers may suggest. Also, many of the standouts are now covered, and with TCEs now so low (USD 11,000 per day basis ECO ships), owners might start refusing employment, otherwise there is a sense that we have reached the bottom.

It has been a pretty uninspiring week for the North Sea market, amid a constant lack of volume throughout. Charterers continue to try for less than last done of around WS 110 for X-North Sea. Meanwhile, several owners have given up on this market, with 15 ballasters out this week (10 going TA and the rest to the Med). Tonnage can be expected to be replenished by Monday, with eight ships opening over the weekend; but, as a whole, there is a sense we may soon be scraping the bottom with so many ships leaving the North.

Product Tanker Comments

After several weeks of stagnant rates and weak cargo flow, we have witnessed a notably positive week for the AG LR market, particularly for LR1s. There's a sense that this has been building since December, as evidenced by a gradually thinning tonnage list, which took a significant hit this week. Activity has been busy and largely consistent throughout the week, so we have seen almost all LR2s open from Monday until 20 January (basis Fujairah) cleared off the tonnage list, thus providing extremely limited options for charterers with prompter cargoes. TC1 has climbed to WS 132.5 levels with owners pushing for USD 3.8 Mn for AG/West. It is worth noting however that, after 20 January, tonnage begins to replenish quickly, so if any further gains are to be made, this may be one of the final opportunities to do so before owners find themselves competing against more ships. Nevertheless, the week closes firm and sentiment remains strong.

LR1s have seemingly stole the limelight this week with significantly greater volumes compared to what has been seen in previous weeks. Owners have capitalised on scarce tonnage and rates have firmed throughout as a consequence. TC5 has firmed to WS 155 levels, AG/West has largely been untested this week but likely sits at USD 2.8 Mn levels. Although there has been a fair amount of short-run cargos covered this week, much of the previous weeks' fixtures have been going long, so we may not see the tonnage list replenished as quickly as LR2s; should this be the case, there may be further gains to come for the LR1s.

This week has been exceptionally busy for the North Asia MRs, with a significant number of stems in play and laycan windows extending up to the Chinese New Year. Market sentiment remains very firm, driven by a tight tonnage list that continues to exert significant upward pressure on freight rates. Backhaul rates are now in the high USD 570,000s, with several cargoes competing for a limited number of ships. This strong sentiment is expected to persist into next week, and there appears to be further room for rate levels to peak.

The Southeast Asia MR market had a fairly active week, with a rise in enquiries. Freight rates remained relatively stable through the week with TC7 fixing at WS 160 levels. The outlook now looks on the firmer side amid a firm North Asia market providing good support and mopping up ballasters.

In the UKC, consistent activity seen throughout the week saw tonnage begin to tighten. However, rates for the most part were maintained at WS 105 for TC2 and WS 120 for X-UKC up until today. With a Friday influx of activity on the back of a decent week already, rates have firmed. WS 130 has been put on subs for TA ex-Brofjorden, which puts TC2 at WS 125 and potentially more, if any further cargoes need to cover before the weekend.

After a long list on Monday and a quiet start to the week, Handies in the Med had bottomed out at WS 120 by mid-week. This number was repeated multiple times on Wednesday, which saw a significant dose of cargoes, which in turn sparked a mini clear-out of tonnage. Since then, rates have been recovering and we end the week with last done for X-Med arranged at WS 140. Levels look set to improve further next week, especially with some bad weather rolling in which will hinder itineraries.

	BDTI	BCTI
	821	629
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	466.8	472.4	476.9
Δ W-O-W	0.0	0.0	0.0

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	27,143	↑Firmer
TD7	UKC / UKC	80,000	19,845	↓Softer
TD15	WAF / China	260,000	30,520	↑Firmer
TD19	Med / Med	80,000	18,203	↓Softer
TD20	WAF / Cont	130,000	22,038	↓Softer
TD22	USG / China	270,000	27,435	↑Firmer
TD25	USG / Cont	70,000	42,176	↑Firmer
TD26	EC Mex / USG	70,000	37,701	↑Firmer
TD27	Guyana / UKC	130,000	21,372	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	26,721	↑Firmer
TC2	Cont / USAC	37,000	11,392	↑Firmer
TC5	ME Gulf / Japan	55,000	22,576	↑Firmer
TC6	Algeria / EU Med	30,000	10,541	↓Softer
TC7	Sing. / ECA	30,000	14,084	↓Softer
TC8	ME Gulf / UKC	65,000	22,861	↑Firmer
TC14	USG / UKC	38,000	6,919	↓Softer
TC17	ME Gulf / EAFR	35,000	19,542	↑Firmer
TC20	ME Gulf / UKC	90,000	33,787	↑Firmer
TC21	USG / Caribs	38,000	6,856	↓Softer