



## Crude Tanker Comments

We end an action-packed week during which rates have kept rising, supported by strong fundamentals and bullish owner sentiment. Early Feb AG dates began working with each fixture posting an improvement on last done and TD3C trends toward the WS 80 mark. TD15 is also approaching WS 80, with WS 79 recorded on a replacement vessel for a WAFRF/East run. The biggest improvements, however, have been stateside, with massive gains since the beginning of the week and USD 10.1 Mn last done on a TD22 voyage. Tonnage remains tight across all regions with limited options for charterers to choose from. We may see charterers look to hold off where possible to try to take the sting out the market, but with Chinese New Year coming up, there may be further haste to cover quietly. Trump taking office next week presents some uncertainty with chatter of another sanctions package looming; however, the general feeling is that this should be good for the market. All signs suggest the firm market continues next week and owners continue to push the agenda.

The week concludes on a quieter note for Suezmaxes. With few publicised cargoes remaining outstanding. In West Africa, owners can take satisfaction from the progress achieved, with rates rising 15 points week-on-week, despite ample tonnage availability and several owners still holding two+ FOC positions. The strength of the VLCC sector has undoubtedly underpinned this sentiment-driven market, even in the face of contradictory market fundamentals. With VLCCs likely to sustain elevated fixing levels and owners in position yet to see significant first-decade February volumes, a new market equilibrium could emerge at these levels, especially if next week commences with multiple cargoes entering the market.

However, the USG has experienced a somewhat more challenging landscape. What initially appeared to be a promising market for owners has rapidly shifted, culminating in four Suezmaxes failing yesterday, significantly altering the supply dynamics. Additionally, an influx of Aframax ballasters heading to the USG suggests the region may soon mirror conditions from late December, where the support provided by the smaller vessels has collapsed. Adding to this instability, current WTI fundamentals offer little justification for sustained market strength.

For the first time in recent memory, the AG market has been cleared of the tonnage backlog that had suppressed both eastbound and westbound rates. This shift has been primarily driven by the spillover of cargoes from VLCCs, as charterers opted to split cargoes to capitalise on the more favourable pricing. It is likely that the bullish sentiment will persist into next week.

Towards the end of the week, there has been some excitement – finally – on the Aframax. Rates in the Med continued to firm through Thursday, with WS 130 paid for an Es Sider / Med mf Pachi and WS 120 reported for Ceyhan/MFA, which marks an increase of around 20 WS points for the week. Earnings for an ECO ship are back to around USD 30,000 per day – where they were at the beginning of the year, but a quieter end to the week is expected as the next batch of dates will probably be early February.

## Product Tanker Comments

Owners' optimism at the beginning of the week appears to have been well-founded, with a very slim position list on Monday being met with decent early demand. TC1 has surpassed expectations. After closing last week at WS 130, a rise was inevitable, but WS 169 was swiftly agreed, followed by WS 175 soon after. Australia demand began the week strongly, with 75,000 MT naphtha agreed at WS 175 a couple of times, while the Red Sea was buoyed by all the naturally positioned ships being fixed away. This resulted in a USD 600,000 jump up to USD 3,100,000 being agreed on subs for Yanbu – UKC.

But by Wednesday lunchtime, demand had all but dried up and the market has turned far calmer, resulting in a couple of charterers lowering their ideas on what should be agreed next. But with the tonnage list still favourable, owners' confidence has not slipped too much over the past couple of days. But if next week starts quieter, some cheaper numbers may become more appealing to some owners.

LR1s have held onto the coattails of the LR2s this week, with few expecting last week's level of demand to carry into this. TC5 has not been tested much, so ideas of fixing at around WS 185 have not come to fruition, with last done still at WS 157.5. There has been a rise in local business too, with USD 400,000 – 450,000 the level for X-AG trips. Westbound had been untested for a while, but there has been some surprise about USD 3,000,000 for Sikka – UKC and USD 3,500,000 for USAC being agreed; the latter is up by almost USD 1,000,000 on the week. However, with a longer list than the LR2s and plenty of local vessels due to be unwound from local cargoes next week, it looks like loftier ideas won't be sustainable with the lowest level of demand outstanding.

The AG MRs had a positive week, albeit with a slight correction on TC17 in the middle of the week. Strength on the LR emboldened MR owners to drive rates higher amid stronger sentiment. TC17 was done at WS 217.5 on Monday, up from last week's WS 210, and, by the end of the week, it has settled at a conference rate of WS 230, having risen as high as WS 250 earlier on.

Eastbound has been quieter, with WS 190 fixed on Sikka/Singapore and TC12 is at WS 155 – 160. Moreover, with the Singapore market improving, we will probably see fewer ballasters from the Far East, typical East run players. Both westbound and short-haul have firmed significantly, with WCI – AG on subs at USD 100,000 higher than last week, while westbound is paying USD 2,400,000 – the highest it has been since the brief spike in October last year.

In the West, it has been a strange week for the MRs in the UKC. While the number of fixtures has been low, the list was tight from the beginning (after an active week prior). This, coupled with some excitement of a ULSD TA arb and charterers willing to pay more for prompt, tonnage has lifted TC2 to WS 175 on subjects at the time of writing. WAF premiums have been secured around +25 WS points over TA. Despite a lower cargo count on the Handies in NWE compared to last week (17 vs 12), we have seen rates tick up off the back of a naturally short, supplied NWE market for Handies. We began the week at around WS 150 levels and are closing at WS 190+ with available / firm units hard to come by. Looking forward to next week, the market rides on how the MRs perform and if enquiry continues keeping them off the back of the Handy market.

		BDTI	BCTI	
		912	756	
Δ W-O-W		↑Firmer	↑Firmer	
<b>BDA</b>				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	464.3	469.3	473.4	
Δ W-O-W	-2.5	-3.1	-3.5	
<b>BALTIC TCE DIRTY</b>				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	57,589	↑Firmer
TD7	UKC / UKC	80,000	20,317	↑Firmer
TD15	WAF / China	260,000	57,966	↑Firmer
TD19	Med / Med	80,000	29,970	↑Firmer
TD20	WAF / Cont	130,000	32,492	↑Firmer
TD22	USG / China	270,000	55,519	↑Firmer
TD25	USG / Cont	70,000	27,378	↓Softer
TD26	EC Mex / USG	70,000	25,359	↓Softer
TD27	Guyana / UKC	130,000	28,226	↑Firmer
<b>BALTIC TCE CLEAN</b>				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	39,180	↑Firmer
TC2	Cont / USAC	37,000	20,200	↑Firmer
TC5	ME Gulf / Japan	55,000	25,786	↑Firmer
TC6	Algeria / EU Med	30,000	20,695	↑Firmer
TC7	Sing. / ECA	30,000	16,840	↑Firmer
TC8	ME Gulf / UKC	65,000	30,550	↑Firmer
TC14	USG / UKC	38,000	11,881	↑Firmer
TC17	ME Gulf / EAFR	35,000	21,753	↑Firmer
TC20	ME Gulf / UKC	90,000	43,235	↑Firmer
TC21	USG / Caribs	38,000	17,631	↑Firmer



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