AFFINITY TANKER WEEKLY

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Affinity Research LLP, 44th Floor,
The Leadenhall Building, 122 Leadenhall Street,
London, EC3A 8EE, United Kingdom

T. +44 203 142 0100
F. +44 203 142 0101

E. research@affinityship.com
W. affinityship.com

Crude Tanker Comments

Charterers managed to turn the tide slightly in the VLCC market on Thursday, with a modern vessels fixed for a short East run shy of WS 69. There is still plenty of positive sentiment being spread among owners, despite the gentle turn in freight, sparked by an older lady taking WS 65 for a popular run ex-MEG. Many think this should not be taken too badly after taking the cargo specifics into account. However, there is a general feeling that a few owners on the list are open to tucking away last done levels to secure decent returns with secure subjects.

The arb remains open for USG/East, which implies we are yet to see the extent of what will be concluded as far as USG exports are concerned. Newly imposed tariffs from Mr. Trump are possibly making charterers' lives more difficult as buyers in China and the Far East portray a reluctance to sign off on US imports, as traders may be forced to go back to the drawing board.

To conclude, the market feels well balanced and there is a feeling that the corrections down may only be a blip as we have seen a lapse in volume across all regions over the last day or so. Third decade has some ground to cover but, for an eight-day third decade, charterers may be happy to sit for end-month dates and see how much they can squeeze from the lull.

On the Suezmaxes, WAF and neighbouring markets performed strongly this week, with owners managing to make gains of about 7.5 WS points to WS 95 for WAF benchmark runs. However, with dates moving into early March, it is expected that charterers will try and avoid flooding the market with new enquiry. Also to note the USG is lagging behind rates-wise compared to WAF.

Meanwhile, eastern markets remain on the firmer side, with owners rightly excited about WAF, and we expect most owners to start ballasting towards the Atlantic next week, as earnings there still exceed AG runs.

Afras in the Med had a fairly active to the week, with over 11 cargoes getting worked on Monday. And, despite a quieter Tuesday, since the mid-week point, activity levels have been healthy, with the overall sentiment decisively shifting in owners' favour. Despite a quieter prelude to the weekend, rates have jumped to WS 132.5 on the back of a Ceyhan cargo the market has gained almost 15 WS points w-o-w, with earnings now over USD 27,000 per day on an ECO ship. There still are some trickier stems left uncovered as we enter the weekend and, as a whole, owners' sentiment is firm.

Meanwhile, in the North Sea, activity has remained fairly underwhelming on the surface, as has been the case quite often recently. Unsurprisingly, rates softened a touch to WS 108 around the mid-week point and haven't really moved since then. Firming rates in the US may draw further ballasters away – TD25 gained over 6 WS points w-o-w and is now at WS 132.5, with TCEs shy of the USD 30,000-per-day mark. Should this be the case, local North Sea players might have the tools to fight back and stop the rout, but for now, the market remains steady.

Product Tanker Comments

We have seen significant volumes agreed on the AG LR2s this week, with around 20 vessels going on subs since Tuesday. Timing from charterers was exemplary as most stems were quoted when good tonnage was in high supply and there had been close to two weeks of mediocre activity. Freight softened fractionally as a result, with owners nervous to cover or risk laycans running away from them. TC1 dipped down to WS 95 for a comprised ship before returning to WS 100 for approved tonnage.

Westbound runs suffered, with USD 3.4 Mn being agreed at the start of the week for AG/UKC via Cape, then softening yesterday to USD 3.25 Mn also via Cape. The pocket of tightness Red Sea loadings have benefited from recently began to unravel as the West of Suez market suffered, an increasing number of natural Red Sea positioned ships became available and the associated discharge operations started to firm up. USD 3 Mn was fixed for Yanbu/UKC, representing a USD 350,000 discount to last week's number, which was then followed by USD 2.7 Mn going on subs more recently. There will be owners out there with frustrations as to why freight remains so cheap when so much has been agreed, but with a calmer end to the week in terms of fresh demand, we appreciate there are owners that would prefer to cover before the waiting days start to stack up.

The LR1 segment has followed a very similar pattern to the LR2s. A lot has been agreed on subs and the list is notably leaner, but there has always been at least one compliant vessel there to assist a charterer, keeping rates flat overall. TC5 was agreed at both WS 115 and WS 120 for TC5 or WCI/Japan, in line with last done. Westbound similarly repeated from previous fixtures, with USD 2.5 Mn for Sikka/UKC and USD 2.8 Mn for alkylate into New York. Owners should be encouraged by the leaner list, however much of the activity this week was short-haul, so we expect a swift replenishment of tonnage is on the horizon.

The Southeast Asia MR market had an interesting week, with ample tonnage supply and a fairly decent volume of cargoes in the market. However, sentiment firmed up as we got to the end of the week, and TC7 concluded at WS 175, marking a 7.5 WS-point increase from last week. Looking ahead, the next week may start on a softer note as the tonnage list continues to swell and most cargoes in the market have already been covered.

The UKC MR market has capitulated. A Monday flurry on speculative stems off the back of Trump tariffs saw a spike with little substance. WS 200s were subbed and failed, and the balance of the week has been quiet as sentiment has softened. WS 150 are the market levels as we enter the weekend.

It has been an active week on the Med Handies, which have seen over 30 units fixed away, with East Med in particular driving most of the volume. As a result, levels have climbed steadily to reach WS 195 and WS 200 ex-West and East, respectively. However, the market now feels toppy after a much quieter last 24 hours, with charterers holding off until next week to quote stems beyond mid-February. Overall, owners will feel positive to have gained 40 WS points since last week and the hope will be to maintain levels here into the next one, dependant on how much replenishment the list sees over the weekend and how actively Monday begins.

		BDTI	BCTI
		903	700
	Δ W-O-W	↑Firmer	↑Firmer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	455.7	461.6	463.9
Δ W-O-W	-0.9	-0.6	-0.6

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	46,392	↑Firmer
TD7	UKC / UKC	80,000	26,652	↑Firmer
TD15	WAF / China	260,000	47,358	↑Firmer
TD19	Med / Med	80,000	34,473	↑Firmer
TD20	WAF / Cont	130,000	39,271	↑Firmer
TD22	USG / China	270,000	46,109	↑Firmer
TD25	USG / Cont	70,000	28,705	↑Firmer
TD26	EC Mex / USG	70,000	17,587	↓Softer
TD27	Guyana / UKC	130,000	35,319	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	16,700	↓Softer
TC2	Cont / USAC	37,000	18,473	↑Firmer
TC5	ME Gulf / Japan	55,000	13,741	↓Softer
TC6	Algeria / EU Med	30,000	28,127	↑Firmer
TC7	Sing. / ECA	30,000	16,200	↑Firmer
TC8	ME Gulf / UKC	65,000	17,147	↓Softer
TC14	USG / UKC	38,000	7,812	↓Softer
TC17	ME Gulf / EAFR	35,000	16,446	↑Firmer
TC20	ME Gulf / UKC	90,000	24,561	↓Softer
TC21	USG / Caribs	38,000	9,898	↓Softer