AFFINITY TANKER WEEKLY

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Crude Tanker Comments

It has been a rather uninspiring week for VLCCs, with promise on Monday in the form of resistance on an early MEG/East market quote. This week has been almost a carbon copy of last week in that owners' confidence was unravelled as the days went on, revealing that there has been minimal opportunity. So, this week has not lived up to the big expectations from owners, which derived from a low 2nd decade MEG count.

Most fixing has been done under the radar as charterers pick off the most competitive tonnage whilst not riling up any resistance. The Atlantic still has a reasonably tight feel to it, especially Stateside with limited supply out into the 1st decade now and owners not showing any signs of letting up, holding TD22 north of USD 8.5 Mn.

It is unlikely that we will see a turning of the tides now east of Suez until the typical end/early flurry that we usually witness as charterers sweep up the remaining stems and progress into what will be May dates. So, in theory, a low and flat forecast until possibly the later stages of next week. Atlantic activity may provide some light at the end of the tunnel but, for now, the West seemingly lies dormant.

This week saw the worst possible start for Suezmax owners as CPC saw two of its three Single Point Moorings (SPMs) go down, owing to a surprise inspection. With CPC being out of action, it has really deflated owners' confidence in the market, and charterers on the whole have sat back and starved the market of enquiry, weakening sentiment further.

Punishing new lows of WS 92.5 (given WS 105 was last done) for TD20, and USG also dropping 7.5 points, shows just how downbeat owners are without CPC volumes. East of Suez offers no support to the West as the slow pace of action leaves owners with the only option of ballasting their ships west, where enquiry is usually more forthcoming, but then they are lengthening the list for the Atlantic, softening sentiment in the market further.

The strong sentiment among Med Aframax owners carried into the start of this week, shored up by a short tonnage list. However, by Wednesday, it became clear that dates were well covered, with Libya/Azeri covered until mid-month and CPC temporarily offline. X-Med levels began to test down sharply as Suezmaxes started looking at Afra Med cargoes because of CPC volumes looking so uncertain. After starting the week at WS 190 levels, TD19 has been pressured down to WS 175 at the time of writing, with further declines inevitable.

The North Sea market has managed to remain steady, meanwhile. TD7 has held at the conference rate of WS 130, supported at the start of the week by the strong markets elsewhere, which continued to entice ballasters out of the North Sea, and by a tight front end of the tonnage list. With the Med market collapsing, however, owners may struggle to maintain the conference rate, particularly as local players' tonnage begins to repopulate.

Product Tanker Comments

The AG LR2 list remains on the leaner side in terms of vessel count against the 20-day average we track; but when viewing ship supply against the rather meagre demand over the last five days, there have been more than enough vessels to meet the cargoes in play. Owners of course did their job to price higher to protect themselves should demand have developed enough to meet these higher ideas, but that never really materialised. USD 4,000,000 has been agreed on subs for a prompter Ras Laffan/UKC stem, which is a premium of only USD 50,000 from last week's figure. 75,000mt naphtha has not really been publicly tested, so most are calling this route in the WS 150-155 range. The Red Sea exporting market has been a bit more interesting, with a small rise to USD 2,800,000 fixed from Yanbu, followed by a stronger move up of USD 3,250,000 agreed for Gizan/West but since failed. We would expect more liquidity in the market next week with Eid celebrations concluded, but with ships still looking for cover, we would only be of a flat disposition come Monday as things stand.

On the LR1s, it has been a quiet week of activity, with much of the market being off for Eid celebrations. The list has been given time to lengthen in the last few weeks and the count for this week has been larger than the rolling six-month average, so it is unsurprising that rates have suffered when coupled with poor cargo enquiry levels. TC5 has been popular route this week and has seen quite a bit of variation between WS 150 and WS 155. Charterers have really been pushing for sub WS 150 all week; the latest has been agreed at WS 140 for an older vessel. Once again, westbound enquiry has been limited, but owners have been wary about their exposure to US port calls given Trump's "Liberation Day", during which he outlined various tariffs. A competitive number has been fixed for New Mang/UKC at USD 2,850,000, but for a more vanilla AG/West, we would suggest USD 3,200,000. Let's hope that volumes next week improve, but the outlook for now is pessimistic.

To the West, it has been slow week for the most part in the Cont. Tonnage has been oversupplied, and a re-correction was always on the horizon. Three fixtures subbed at WS 170 dropped the market 10 points in one fell swoop. TC2 again dropped again on Thursday down to WS 150 after Trump's announcements, but on Friday finally a flurry of activity hit. A busy afternoon has seen the market bounce back to a steady level of WS 155 for laycans inside 11 April.

It has been a very quiet week on the Med Handies, which has been somewhat of a surprise considering the previous was also lacking in volume. As a result, rates have suffered, dropping 40 points to 30kt x WS 165. On a positive not for owners, many would have believed we'd be closing at the weekend at much lower rates, given the market still had a soft feel after 30kt x WS 155 was subbed on Wednesday on compromised tonnage. Since then, however, owners have dug their heels in and repeated at the WS 165 mark, supported by a healthy dose of off-market business in the last 24 hours, which has significantly tightened the front of the list. Sentiment as we move into next week is stable, with hope among owners of an active Monday.

Similarly to the Handies, MR levels corrected initially before managing to find some stability, with tonnage tight up to 9-11 laycans. Beyond this, supply looks healthy, which will likely cap rates next week as these units move into the fixing window. Furthermore, TC2 continues to weaken, which won't aid sentiment in the Med. For now, levels feel stable at WS 175 for Med/TA, which has been repeated today.

	BDTI	BCTI
	1112	676
Δ W-O-W	↑Firmer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	456.8	460.0	462.6
Δ W-O-W	6.8	6.8	6.0

BALTIC TCE DIRTY

	Route	Qty	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	37,658	↓Softer
TD7	UKC / UKC	80,000	53,626	↑Firmer
TD15	WAF / China	260,000	41,200	↓Softer
TD19	Med / Med	80,000	54,692	↓Softer
TD20	WAF / Cont	130,000	41,204	↓Softer
TD22	USG / China	270,000	47,357	↑Firmer
TD25	USG / Cont	70,000	46,732	↓Softer
TD26	EC Mex / USG	70,000	64,341	↑Firmer
TD27	Guyana / UKC	130,000	41,104	↓Softer

BALTIC TCE CLEAN

	Route	Qty	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	34,305	↓Softer
TC2	Cont / USAC	37,000	17,111	↓Softer
TC5	ME Gulf / Japan	55,000	21,413	↓Softer
TC6	Algeria / EU Med	30,000	18,494	↓Softer
TC7	Sing. / ECA	30,000	18,480	↓Softer
TC8	ME Gulf / UKC	65,000	28,975	↓Softer
TC14	USG / UKC	38,000	11,469	↓Softer
TC17	ME Gulf / EAFR	35,000	18,904	↓Softer
TC20	ME Gulf / UKC	90,000	38,557	↑Firmer
TC21	USG / Caribs	38,000	25,159	↓Softer

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