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

It's been a relatively quiet week on the VLCCs, somewhat expected after the considerable gains of last week, with a softer feel in most regions. Enquiry in the AG slowed, with cargoes being drip-fed as charterers aimed to take the steam out of the market.

TD3C held steady early in the week, but felt susceptible to downward testing, which materialised on Friday, with WS 64-equivalent recorded on an AG/South Korea run. Looking at our cargo counts, there should still be a decent amount of second decade volume to cover, but it appears owners now have a difficult task keeping TD3C in the low-mid WS 60s. OPEC production increases should prevent sentiment from dropping off too much, however, as logically there should be improved vessel demand for June.

WAF and Brazil have also held steadily in the high WS 60s, but it feels we may witness further downward corrections next week, particularly with eastern ballasters competing to lock in longer voyages ahead of the summer months. Tonnage supply is fairly tight in the West, which has helped buoy freight levels in the USG, with high USD 8 Mns recorded and up to USD 9.1 Mn (bss 2:1) on a voyage to South Korea. Overall, we expect further downward corrections to continue next week, with the USG holding a touch steadier.

On the Suezmaxes, activity at the start of the week was very muted in the West and tonnage has overly repopulated for the current fixing window. Funnily enough, WAFR finally saw some action on Labour Day, as charterers tried to strike whilst the iron was hot, with several cargoes coming out and attracting more offers than usual in recent weeks.

CPC maintenance also has put that market in somewhat of a holding pattern until the maintenance finishes. The AG market was also similarly slow going on the surface, owing to all the holidays in the region. The number of ballasters west out of the region has been noticeably higher after such a woefully slow market in the past few weeks, with a Brazil cargo attracting 10 offers before covering at a crushingly low rate of WS 90 for UKCM.

It has been a calmer week on the Aframaxes. The market opened on Monday on a balanced note. Although the prompt side of the list was shorter, dates had moved further ahead, and X-Med rates ticked over at WS 180 levels. But with Libya and Ceyhan covered until the 12th, activity was bound to slow and the slow enquiry through the rest of the week allowed charterers to chip a couple of points off TD19. We close the week at around WS 177.5.

It has also been a slow week in the North Sea. Tonnage replenished over the weekend, and this has been exacerbated by an influx of vessels from the US after a drop-off in the US market. Faced with limited enquiry, TD7 has been gradually tested down by around five points down to WS 135 levels.

Product Tanker Comments

It has been a strange old week on the LR2s. Demand has been decent but mostly through agreements made off-market. The result is a very reduced list at this end of the week. However, either through skill or luck, the demand has not quite been enough to inspire significant change in freight levels just yet. WS 125 remains the last done for TC1 and, for most of this week, it hasn't been tested much more again. There has been some improvement on Arabian Gulf/West to the tune of USD 3,550,000 on subs last done for a Kuwait load; a rather muted USD 200,000 improvement when faced with a thinner list, but the slightly softer sentiment coupled with a pragmatic approach to taking the earliest dates possible does contribute to smaller increases overall. East African imports are holding at WS 125 for 90,000mt and WS 130 has been agreed for the very long-haul to Australia on 75,000mt. The sense is that this list should inspire some improvements for next week should normal demand materialise, so owners go into the weekend in reasonably positive spirits.

On the LR1s, it has been fairly subdued, with cargo volumes a little inside the supply of vessels. Because of this, freight rates have largely held steady, with some areas softening slightly. This has been partly offset by continued robust short-haul trades, even though the actual volume of short-haul business is down this week and not the dominant enquiry compared to long-haul East/West. TC5 has eased off slightly to WS 135 basis and appears vulnerable to further softening, given the upcoming availability of tonnage in the next natural fixing window. Westbound demand remains limited for another week, with the latest fixture reported at USD 2,700,000 bss Kuwait load to UKC. If enquiry fails to pick up, we're likely to see the front end of the list lengthen, putting more downwards pressure on rates; especially with the replenishment of the position list afforded from all the ships performing local Gulf cargo shipments.

In the West, it has been a very slow week for activity in northwest Europe on the Handies, and we saw rates drop from 30 x WS 162.5 to WS 152.5 by the end of the week. It has been quiet on the MRs, too, with TC2 dropping to WS 135 levels by close. Off-market activity has seen the list tighten up on the front, but with a three-day weekend looming, tonnage should be replenished coming in next week.

Med MRs have also struggled for volume this week, hindered further by power outages across Spanish refineries, which is poor timing for owners considering the number of ballasters arriving in the first decade of May (and especially with TC2 no longer looking so attractive). Initially we saw an active TC2 market hold rates around the WS 145 mark for Med/TA. However, eventually levels had to give, and 37kt x WS 132.5 was repeated. On Friday, rates remain untested, with just one stem in the market reaching forward to 12-14 dates. The expectation is that charterers will be able to continue to pressure owners next week unless we see an uptick in activity.

On the Handies, it has been a relatively active week. However, with a large tonnage list, charterers have been able to pressure rates downwards steadily. Counts are now slightly on the tighter side of typical figures, however with a few prompt options still opening WMed, 30kt x WS 130 has been achieved by one charterer today ex-Barcelona, where we will likely close out the week. It is a disappointing end for owners, who largely held the market at WS 140 during "Labour Day" yesterday. Regardless, most will feel confident of establishing the bottom here on Monday if we see some enquiry early doors, provided the weekend replenishment isn't too vast.

	BDTI	BCTI
	1085	606
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	460.4	463.8	465.0
Δ W-O-W	0.1	-0.6	-1.5

BALTIC TCE DIRTY

	Route	Qty	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	49,908	↓Softer
TD7	UKC / UKC	80,000	45,982	↓Softer
TD15	WAF / China	260,000	50,909	↓Softer
TD19	Med / Med	80,000	54,143	↓Softer
TD20	WAF / Cont	130,000	43,639	↓Softer
TD22	USG / China	270,000	50,933	↑Firmer
TD25	USG / Cont	70,000	37,218	↓Softer
TD26	EC Mex / USG	70,000	42,287	↓Softer
TD27	Guyana / UKC	130,000	44,961	↓Softer

BALTIC TCE CLEAN

	Route	Qty	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	26,121	↓Softer
TC2	Cont / USAC	37,000	13,639	↓Softer
TC5	ME Gulf / Japan	55,000	19,260	↓Softer
TC6	Algeria / EU Med	30,000	9,282	↓Softer
TC7	Sing. / ECA	30,000	15,352	↑Firmer
TC8	ME Gulf / UKC	65,000	21,849	↓Softer
TC14	USG / UKC	38,000	11,296	↑Firmer
TC17	ME Gulf / EAFR	35,000	21,808	↑Firmer
TC20	ME Gulf / UKC	90,000	28,908	↓Softer
TC21	USG / Caribs	38,000	16,156	↑Firmer

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

T. +44 (0) 20 3696 7110
F. +44 (0) 20 3696 7111

E. affinity@affinityship.com
W. affinityship.com