



Crude Tanker Comments

We've seen rates continue to slide this week on VLCCs, as charterers took advantage of the bloated tonnage availability globally. Third decade AG dates began working in earnest from the offset and, with ample options, charterers have been able to sustain the downward pressure, dragging TD3C below the WS 60 mark for the first time in three weeks. The lists have been chipped away at, but after the usual weekend replenishment, owners will need to regroup and go again next week.

There appears to be a split in opinion amongst owners on where the market should be with some holding back, unwilling to take anything out unless it starts with a '6', while some others accept that, for now, they won't be able to fix unless it's in the high WS 50s. Whilst that is certainly the case, there is cause for optimism that things could improve soon with the release of June dates at the end of next week and the likely uptick in activity. On the surface, there should be much more third decade AG volume remaining, leading to a possible rebound in levels as charterers round off their May dates. WAF has been active this week with five+ cargoes being worked off end/early dates, culminating in WS 61 being posted on a TD15 run and Brazil / East concurrently at WS 59 for last done.

Not much has happened stateside, despite a few cargoes being reported this week, with TD22 slipping gradually into the mid USD 8 Mns now. The lists will need chopping again next week before any turnaround can be ushered in, contingent on activity picking up which, by the way things look, is something we expect.

After the such a slow past couple of weeks in the Suezmax market, a correction in rates was overdue - but the first fixture to print from Brazil really set the tone, with rates dropping near enough 20 points. So, when CPC cargoes finally came back after the maintenance period, inevitably rates fell 25 points on last done to WS 110.

WAFR also saw rates fall off a cliff, falling to WS 87.5 for a TD20 run. Tonnage still remains on the longer side in the Atlantic and further drops in rates are expected. The AG remains a desolate place, with only a couple of ships having been picked off quietly to really report; that said, next week should see a bit more activity with third decade cargoes still expected. Unfortunately, rates will also be under pressure on this side of the world as, given the collapse in rates in the West, most ships can no longer make economical sense of the ballast west and it is lengthening the list locally.

It has been a weak week for Aframax in the Med. After the long weekend, tonnage had replenished and positions left to cover were further ahead, allowing charterers to chip away at rates. Quoted cargoes at the start of the week attracted plenty of offers and rates continued to slide. After starting the week at WS 170, TD19 has slumped to WS 145 as the week draws to a close. With third decade cargoes on the horizon and a healthy position list, further drops are anticipated at the start of next week.

In the North Sea, the significant drop in TD7 at the end of last week set the tone. As in the Med, the list was very well populated at the start of the week and, despite vessels ballasting across the Atlantic in droves (19 already by Friday), the list remains too long, and rates have continued to fall. TD7 is down to around WS 125 levels, but there may be further to fall next week.

Product Tanker Comments

It has been a disappointing week on the LR2s, with much less in the way of demand. We also had a much longer position list to work through than last week, which took a few by surprise. The result was weaker freight levels being agreed, which started off on Tuesday with USD 3,200,000 on subs for Kuwait/UKC, which represents a USD 350,000-drop on last done levels from Friday for the same route. After that, we were of course due for a re-adjustment downwards on the East-only cargoes that are generally more fancied in weaker markets. This did indeed happen, with WS 115 and then WS 110 being agreed on subs mid week for 75,000mt Arabian Gulf/Japan, which represents a muted slip down from last week's level of WS 120. At the end of the week, there was a five-point rebound, with WS 115 now on subs.

East African imports have barely been tested, but we see that WS 115 and then WS 110 has also been agreed for 90,000mt, which again represents five- and 10-point drops. Demand is very lacklustre and the position list, while not too overbearing, will continue to present charterers with good candidates come Monday that can adequately meet demand.

On the LR1s, it has been a bit of an odd week. We started off with strong volumes of enquiry, which put immense pressure on the tonnage list, so much of the market would have anticipated firmer rates as a result. However, the stark reality is that cargo enquiry quickly dried up, so owners who had the limited tonnage available in the fixing window were not able to capitalise and drive rates up as expected, so for much of the week rates traded sideways with minor fluctuations.

TC5 closes the week at WS 135; a rate that hasn't budged. Westbound enquiry has slightly improved this week from both the AG and Red Sea, which have been agreed at USD 2,700,000 and USD 2,200,000, respectively, basis UKC discharge. Short-haul business remains a lifeline for the market, providing continually robust returns across the board for those who are interested. Given the lack of volume towards the end of this week, there is a risk that we go into next week with a much more replenished tonnage list, which is due to soften the market which currently holding steady, but only just.

It has been a very quiet week for Med MRs, and with the list well supplied, rates have remained under pressure. Last subbed for Med/UKC is 37kt x WS 120 on Russian tonnage, thought rates may slip further still come Monday.

On the Handies, it has been a difficult week for owners in the Med, who have witnessed rates pressured down to WS 130 levels in the face of poor surface activity. The list has tightened throughout however and, at the time of writing, 30kt x WS 135 is last subbed on two naphtha requirements. Owners will feel they can push upwards on Monday, provided we get off to an active start.

		BDTI	BCTI	
		995	573	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	460.1	463.5	465.0	
Δ W-O-W	0.7	0.0	0.0	
BALTIC TCE DIRTY				
	Route	Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	40,240	↓Softer
TD7	UKC / UKC	80,000	37,521	↓Softer
TD15	WAF / China	260,000	43,410	↓Softer
TD19	Med / Med	80,000	37,756	↓Softer
TD20	WAF / Cont	130,000	35,872	↓Softer
TD22	USG / China	270,000	47,031	↓Softer
TD25	USG / Cont	70,000	36,528	↓Softer
TD26	EC Mex / USG	70,000	29,074	↓Softer
TD27	Guyana / UKC	130,000	34,661	↓Softer
BALTIC TCE CLEAN				
	Route	Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	21,692	↓Softer
TC2	Cont / USAC	37,000	11,745	↓Softer
TC5	ME Gulf / Japan	55,000	18,578	↓Softer
TC6	Algeria / EU Med	30,000	8,295	↓Softer
TC7	Sing. / ECA	30,000	17,835	↑Firmier
TC8	ME Gulf / UKC	65,000	21,718	↓Softer
TC14	USG / UKC	38,000	9,629	↓Softer
TC17	ME Gulf / EAFR	35,000	20,929	↓Softer
TC20	ME Gulf / UKC	90,000	24,402	↓Softer
TC21	USG / Caribs	38,000	13,293	↓Softer



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