



Crude Tanker Comments

The VLCC market began the week quietly, with activity easing after last week's momentum. Most 1st decade September cargoes had been covered and enquiry slowed, creating a measured tone. Slow start aside, sentiment was broadly positive, with owners holding firm and lists looking well-balanced thanks to last week's fixing pace. The lull continued until Thursday when, despite a few deals failing to exceed last-done levels, momentum increased and talk of off-market fixing helped restore some confidence. Enquiry levels have improved noticeably since then, particularly in the AG, where lists remain thin and 2nd decade September coverage is light.

Charterers have worked diligently, often using compromised vessels or relets to extract value while Indian cargoes have helped tonnage in check. Increased Indian demand is largely driven by a lower intake of Russian crude, which has made them turn to other suppliers. All this should provide a solid foundation heading into next week and, given current cargo counts, prompt dates could be worked early doors.

The Americas have seen decent activity as well, with a similar tone but without many dramatic shifts. A few failed fixtures had taken some of the edge off, but the region should carry a firmer tone into next week, particularly with some of high numbers coming out today – UDS 8.45 Mn for USG-East and USD 8.3 Mn for Covenas-China standing out. Overall, the market remains well-supported and in owners' favour. With enquiry picking up and lists remaining tight, next week is very much all to play for!

Turning to Suezmaxes, WAFR is ending on a softer tone this week with rates sagging by 2.5 points on last done, but sentiment wise it feels like TD20 lies around WS 105. Brokers are still working 2nd decade dates ex-WAFR, but enquiry has been slow; owners are happy to keep it all off market at charterers' request. CPC rates have repeated at WS 142.5, and it seems that these levels will remain for a while with the amount of cargo left in 3rd decade. In the USG, the TA rate remains at WS 97.5 as less volume has reached the surface; however, Guyana rates have increased, with WS 107.5 paid for TA and WS 120 paid for a local run. The market is enjoying the activity which increased production is providing the wider Atlantic market. East of Suez, the start of the week was slow, and as time went on, the AG market became desolate, with Aframax cargoes keeping Suezmax ships running. Things picked up on Friday, and even though charterers were trading slowly, local enquiries held rates steady.

The Med Aframax market opened the week with a longer list than had been seen for some time, made up of 12 owners with more than one position and the lack of CPC and Azeri volume really started to take its toll. The business promised by the situation indeed came to fruition, though mostly through private deals. On Tuesday, there were more than 10 ships opening on subs, and the list had been trimmed significantly, but the dates being fixed still allowed a few options for charterers. As time went on, X-Med rates repeated around WS 135, and at the end of the week, owners were happy to find coverage at last done; TD19 rate is holding at 135.

In contrast, the North Sea did not refresh much over the weekend. It was a quiet start to the week, and at the beginning, there was no activity reported. The relatively short list was largely made up of relets; however, other natural options started to appear. As the week continued, charterers continued to sit back, making for quiet days. Still, Lundqvist slowly started to repopulate the list with positions on Wednesday. TD7 saw minimal activity through the end of the week and ends up at 140.

Product Tanker Comments

There was again very little AG LR tonnage, which only maintains this summer's high base of earnings at a time of low demand. Each vessel only really has one cargo which suits it; a more open market would lead to firmer times. As an example, owners have been shooting for over WS 150 for TC1, but this is yet to be realised, with the more muted WS 145 being agreed. While westbound freight should firm, all reported numbers have been under owners' desired USD 4 Mn, with USD 3.95 last reported.

East African imports were quieter this week, but this is one area in the AG-WCI market which has firmed well; last week's number of WS 132.5 for 90,000 T was slightly bettered to WS 135 before jumping to WS 147.5 on 28 August. Another area of improvement was Red Sea exports, where no fewer than seven LR2s have been fixed or on subs between 5 and 15 September, partly due to more chartering players. This all brings the Yanbu-UKCONT level to USD 2.9 Mn, with Gizan exports commanding a premium of at least USD 225,000. The market holds well into Monday, though the weaker LR1s could be optimised on cargo if freight dictates better values.

It was an underwhelming week for AG LR1s as demand never fully got going. Tonnage built up in the absence of steady cargo flow and has worsened market sentiment. When tested, TC5 has seen huge variation in agreed rates, but we suggest that at week's close, WS 145 is a fair level. Westbound enquiry has been almost non-existent, so some testing is necessary, but given the sluggishness of the market and poor sentiment, it would not be surprising to see USD 3 Mn agreed for AG-UKC via Cape of Good Hope. The lack of short-haul business contributes to this weaker market, which keeps less-approved and older tonnage active. Rates have come off quite dramatically and are even trading near MR levels with latest Fujairah-Kaz being agreed at USD 3.5 Mn. All in all, the market needs much more fresh cargo flow.

It was a busy week for North Asia LR2s, with interest from charterers in backhaul voyages as well as Australia- and Westbound cargoes. Newbuild deliveries have led to some discounted rates and freight rates have varied; there has been a large spread of numbers into Australia, peaking with 75,000 T at WS 160 for a Singapore-Australia run. The LR1s have had a quiet week, but the list is short, and one Korea-Singapore backhaul run concluded at USD 700,000.

As far as UKCONT MRs go, a quiet start to the week saw TC2 fall by 10 points to WS 110. On 28 August, activity picked up though; rates stabilised, and there are rumours of WS 115 being subbed. At the time of writing, about six stems remain uncovered. ARG currently pays USD 1.2 Mn, and the WAFR premium stays at +20. There was solid Handysize activity here at the beginning of the week, and as tonnage contracted, rates increased from WS 150 to WS 155. Prompt tonnage for next week looks healthy, and with just one cargo left in circulation, the market already feels toppy.

There was good Med MR activity this week, and with the market opening well-supplied, rates saw some pressure. Last subbed TA hit WS 120, and the pull of the USG added pressure on levels. At week's end, cargoes are working privately or being dripped in to keep the market appearing subdued. Handysize activity was moderate but steady and enquiry was up, but a stacked tonnage list has kept levels at the WS 135 mark for the majority of the week, though the latest reported rate is WS 145.

		BDTI	BCTI	
		1045	622	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	419.3	425.6	427.8	
Δ W-O-W	2.4	2.9	2.7	
BALTIC TCE DIRTY				
	Route	Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	46,040	↓Softer
TD7	UKC / UKC	80,000	50,770	↓Softer
TD15	WAF / China	260,000	47,313	↓Softer
TD19	Med / Med	80,000	30,329	↓Softer
TD20	WAF / Cont	130,000	47,133	↓Softer
TD22	USG / China	270,000	46,109	↑Firmer
TD25	USG / Cont	70,000	43,803	↑Firmer
TD26	EC Mex / USG	70,000	37,100	↑Firmer
TD27	Guyana / UKC	130,000	46,728	↓Softer
BALTIC TCE CLEAN				
	Route	Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	34,661	↑Firmer
TC2	Cont / USAC	37,000	8,682	↓Softer
TC5	ME Gulf / Japan	55,000	22,691	↓Softer
TC6	Algeria / EU Med	30,000	9,137	↑Firmer
TC7	Sing. / ECA	30,000	24,062	↑Firmer
TC8	ME Gulf / UKC	65,000	25,580	↓Softer
TC14	USG / UKC	38,000	37,767	↑Firmer
TC17	ME Gulf / EAFR	35,000	22,607	↓Softer
TC20	ME Gulf / UKC	90,000	36,583	↑Firmer
TC21	USG / Caribs	38,000	61,812	↑Firmer



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