AFFINITY TANKER WEEKLY

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Crude Tanker Comments

The VLCC market has seen a very dynamic week, starting off slowly with mid-autumn holidays dampening activity and sentiment in charterers' favour. Early signs of pressure saw rates dip below WS 70, and compromised tonnage began to expand, making it a challenging market for owners.

However, momentum began to shift midweek, with a flurry of fixtures and growing mystery lists, mostly led by a busy US market, hinting at more happening beneath the surface. By Thursday, the market firmed significantly following reports of high numbers being paid, including repeated fixtures above WS 90. This rapid turn generated a sense of urgency among charterers, with owners now firmly in the driving seat and tonnage disappearing quickly.

Although Friday appeared quieter on the surface, there was still plenty working off-market, and numbers are expected to reflect this soon. With third decade volume still to come and new sanctions affecting some Chinese discharge ports, sentiment has turned bullish. These developments could further strengthen owners' position heading and, with the return of Eastern players and November stems on the horizon, next week could kick off on a busy note. Owners will be looking to maximise on the current momentum, and if discipline holds, further gains are inevitable.

Shifting focus to Suezmaxes, this week started off with a bang in WAFR, with multiple cargoes working at the start of the week. Rates began climbing, reaching as high as WS 110 for TD20! However, the rest of the week was a snoozefest, with the market looking softer for early November dates as some weak links on the list are accumulating. CPC rates have inched down to WS 140 on a relet, and otherwise, the market remains very slow going here, with only a handful of ships taken on subs. USG, whilst with very tight tonnage, was very light on enquiry for the week, and rates have dropped down 5 points to WS 90 for TA.

For Suezmaxes in the East, it was another week to forget, as again the market lacked enquiry owing to the superior freight economics on the VLCCs above. However, now the VLCCS are going gangbusters, with rates climbing 20 points in one day, Suezmax owners will be looking to get in on the fun next week, too, since – to summarise this market with a quote from John F. Kennedy – "a rising tide lifts all boats".

It was a fairly slow start to the week in the Med Aframax market. The list was balanced considering that, dates-wise, there was not too much to cover before third decade. Early in the week, WS 155 was repeated numerous times for Ceyhan-Med, meaning that these higher rates became established as market rather than replacement levels. Morale was on the up mid-week, and the list got shorter. Despite good levels of activity throughout the week, charterers have done a good job of keeping a lid on things, with dates now moved up to end-month dates. Ending on a high, TD19 ends the week at WS 160.

On Tuesday, though it contained a few natural options for local business, the North Sea list was similarly sparse for transport before 11 October. Tuesday was a relatively busy day in the area, with several ships taken. Rates went back up to WS 140 after a short fall to WS 137.5. The front end of the list was filled by Lundqvist, and from 12 October onwards, relets are set to repopulate significantly. At week's end, rates continue to hold at last-done levels with limited amounts of fresh enquiry, and eyes are on surrounding markets. TD7 now sits at WS 140.

Product Tanker Comments

The AG LR2 market has struggled this week. Demand has been extremely low; a combination of own-programme tonnage covering stems, slower throughput from some key refineries, and a closed arb for East-West ULSD has all contributed to very low demand. TC1 has not been publicly tested this week, but it is clear that last week's rate of 75 x WS 115 would be too high now – BITR has gradually come off and is being printed at WS 108 today, with owners suggesting that WS 105 could be deemed appropriate. Even WS 100 might be seen by some as the right number moving forward. Westbound was tested this week with a market call via Cape, and the YTD lowest number of USD 2.995 Mn was agreed. As things stand, next week bears a very flat view, which would be partly contributed to with a steadily growing position list.

It was also a disappointing week for AG LR1s as enquiry barely trickled into the market. Many might have been rather bored in the absence of any excitement or even regular fixing, so it is no surprise to see that the tonnage list remains on the longer side at week's end. Long-haul rates have not been tested for most of the week, but last-done levels for TC5 were down to WS 115, a slightly cheaper rate than previous levels as the vessel needed to go East for dry dock purposes. Many owners are now willing these or even lower levels as vessels start to build up on the prompt. Westbound business has not been tested this week, but given general market softness, Cape routing could be priced at USD 2.6 Mn for AG-UKC. Short-haul business has been agreed, but this market is equally weak as owners do what they can to fix their ships away. Ultimately, it will take much more enquiry before any signs of improvement to the market are seen, as there will be a backlog of tonnage through which to clear – it might get worse before it gets better.

For Med MRs, this week has been hard to call, with a mixture of rates seen for specific cargoes. TA was tested down to WS 105, with the US remaining a more attractive market. Optionality cargoes continue to command a premium, with TA-UKC rates being tested around WS 115/120. A quieter Thursday and Friday have left the outlook steady going into the weekend, and some replenishment on Monday morning is expected.

It was a positive week for Med Handysizes, with rates kicking off at WS 135 and closing at WS 150 X-Med. A steady stream of enquiry and weather delays around the Med impacting late runners saw rates increase step by step throughout the week. The cargo window is now approaching 20 October, which should open up more options after weekend replenishment. The outlook is stable overall.

There was consistent activity this week for NWE MRs. TC2 is still preferred by owners, but with a lack of vanilla stems, rates have dropped from WS 115 to WS 100, incentivised by TC14's rate of WS 190. The premium for WAFR and Brazil now sits at +30, and market sentiment for TC2 is flat at week's close with two stems left in the market.

Handies in the area had a steady start to the week, with rates beginning to trade downwards. As prompt vessels were cleared out and X-UKC voyages for TC23 repeated at WS 155, tonnage availability has become very tight on prompt dates. X-UKC freight sits at WS 160 today, with market sentiment tight and testing needed.

	BDTI	BCTI
	1119	560
Δ W-O-W	↑Firmer	↓Softer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	417.6	428.1	431.8
Δ W-O-W	-0.3	1.3	1.9

BALTIC TCE DIRTY

	Route	Qty	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	80,807	↑Firmer
TD7	UKC / UKC	80,000	52,121	↑Firmer
TD15	WAF / China	260,000	76,857	↑Firmer
TD19	Med / Med	80,000	42,674	↑Firmer
TD20	WAF / Cont	130,000	47,843	↑Firmer
TD22	USG / China	270,000	65,666	↑Firmer
TD25	USG / Cont	70,000	39,588	↑Firmer
TD26	EC Mex / USG	70,000	30,429	↓Softer
TD27	Guyana / UKC	130,000	45,318	↑Firmer

BALTIC TCE CLEAN

	Route	Qty	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	20,460	↓Softer
TC2	Cont / USAC	37,000	6,606	↓Softer
TC5	ME Gulf / Japan	55,000	14,021	↓Softer
TC6	Algeria / EU Med	30,000	11,912	↑Firmer
TC7	Sing. / ECA	30,000	19,679	↓Softer
TC8	ME Gulf / UKC	65,000	17,614	↓Softer
TC14	USG / UKC	38,000	24,387	↓Softer
TC17	ME Gulf / EAFR	35,000	16,755	↑Firmer
TC20	ME Gulf / UKC	90,000	18,380	↓Softer
TC21	USG / Caribs	38,000	34,095	↓Softer

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