



Crude Tanker Comments

The VLCC market has continued to stay in a steadier setting this week, with charterers testing down and seeing what they can achieve. But, with strong numbers still being paid out of the AG, there is no sign of any drastic change just yet. We are also approaching mid-month, so all eyes are on January stems and the potentially positive impact next week.

Plenty of ships have been disappearing, but lists have maintained a consistent and manageable length throughout the week, so the market feels balanced. TD3C has hovered at WS 125 levels for much of the week, which still equates to earnings of around USD 125,000 per day, while TD15's hovering around WS 112.5 – 115, and TD22 is around USD 13.7 Mn lump sum.

On Suezmaxes, at the start of the week, the Atlantic was heaving with ships and all signs pointed to steep declines in rates. The USG, however, had other ideas and has proven to be a firebreak to the expected prairie fire in the market. Rates for USG have now nudged up to WS 107.5, with rumours more has been paid since.

Down in WAFR, December dates have now been fully covered, with rates only depreciating 2.5 points for TD20 down to WS 125. Bearing in mind the previously stated size of the list at the start of the week, owners can pat themselves on the back for holding the line.

The same cannot be said for CPC however, as rates did buckle under the weight of tonnage, with levels sinking down from WS 175 to WS 160 for the TD6 benchmark. Turning attention to the AG market, AG/East requires further testing with rates sitting between WS 105-107.5 levels, whereas AG/West still pays WS 72.5 via Cape.

After a slow start, the Med Aframax market has picked up this week. An intense round of fixing has tightened the list substantially with very few natural firm options towards the end of the week. Owners' sentiment is soaring amid another busy day on Thursday, and they remain firmly in the driving seat heading into the weekend. Levels of WS 205 were established on TD19 on Thursday, which represents an increase of over 20 points over the course of the week. Owners will be hoping to kick on from here, but charterers are doing their best to bide their time before the list refreshes on Monday.

By comparison, the North Sea market has had another forgettable week. A dearth of activity has meant little change in rates, with WS 155 repeated on Wednesday. There are natural candidates still on the list, particularly for loading in WC Norway, but as the Med has continued to climb, an increasing number of ballasters have been shifting to the considerably more active market. TD7 closes the week marginally higher than where it started – at around WS 157.5 levels.

Product Tanker Comments

It has been a softer week on the LR2s, with rates slipping a little more from last week's levels and then holding as midweek demand was enough to shore up any further softening. Naphtha runs have remains decent on flow and the rates are now being consolidated, with WS 155 now subs or fixed on about five different deals on TC1. Westbound flow has re-emerged a little after an off week last week and westbound via Suez demand has been re-tested, with USD 4.2 Mn subs, which represents a USD 150,000 improvement on the last done numbers, which only epitomises the fluke nature of this trade where each deal that comes along represents its own 'market' on a case-by-case basis.

The position list has stayed strong with more than enough good tonnage, so charterers have not been overly concerned with getting cover for AG loadings, but the Red Sea remains warm with the return of the Gizan refinery after turnarounds and, with a very firm West of Suez loading market still. To that effect, we are aware of five vessels loading either Yanbu or Gizan this week, with rates holding very well at USD 3.15 Mn for Yanbu loading, bringing returns of around USD 50,000 per day. Steady start for next week with ships still there for charterers, but owners will be a little encouraged that a floor was at least found in this week's trading.

It has been a slightly peculiar week for the LR1s, which haven't really shown much by way of excitement. The nature of the LR1 market these days is that it doesn't take much volume to tighten things up and get rates moving, but the volume this week was balanced enough to keep the market trading (mostly) sideways. The list has been lean throughout, but this hasn't had much bearing on rates, with TC5 trading completely sideways at WS 180. AG/UKC levels had been set initially at USD 3.5 Mn, but subsequently released, so it has been some time now that a vanilla AG/UKC has been publicly tested and fully fixed, but we would suggest these are roughly fair levels at the time. Fresh short-hauls have been fairly lean this week rather than the reasonable volumes seen which usually keeps pressure on the tonnage list. All in all, the market is poised as supply is fundamentally lean – all owners need to see now is the demand pick up with more stems.

This week in on the MRs Northwest Europe, we had a subdued start paired with a build-up of prompt tonnage and, as a result, rates for all routes began to trail down. With an increase in activity mid-week, we have since seen a clear out, but rates have not managed to find an equilibrium yet, with the latest on subs for TC2 now trading down at WS 135 and WAF at WS 155. The overall feel in the market is that owners have expanded their preference on voyage routes, given the alternative is sitting prompt. Currently, at week's close, one stem remains uncovered, and market sentiment can be seen as soft moving into next week, given more tonnage will continue to build up over the weekend.

On the Handies in Northwest Europe, the amount of activity seen at the beginning of the week was few and far between with, prompt tonnage continuing to build up. Freight for TC23 on Monday was trading at WS 202.5 and has traded down to WS 180 for X-UKC voyages. With more stems shown at the back end of the week, rates seem to have stabilised, now being repeated for X-UKC and ARA/Med.

		BDTI	BCTI	
		1396	741	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	410.2	417.8	421.3	
Δ W-O-W	1.6	2.3	1.5	
BALTIC TCE DIRTY				
	Route	Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	123,365	↑Firmer
TD7	UKC / UKC	80,000	70,104	↑Firmer
TD15	WAF / China	260,000	107,288	↓Softer
TD19	Med / Med	80,000	69,852	↑Firmer
TD20	WAF / Cont	130,000	63,748	↑Firmer
TD22	USG / China	270,000	94,567	↑Firmer
TD25	USG / Cont	70,000	56,371	↓Softer
TD26	EC Mex / USG	70,000	56,610	↑Firmer
TD27	Guyana / UKC	130,000	61,440	↑Firmer
BALTIC TCE CLEAN				
	Route	Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	37,962	↓Softer
TC2	Cont / USAC	37,000	13,733	↓Softer
TC5	ME Gulf / Japan	55,000	31,258	↓Softer
TC6	Algeria / EU Med	30,000	22,000	↑Firmer
TC7	Sing. / ECA	30,000	29,479	↓Softer
TC8	ME Gulf / UKC	65,000	34,767	↑Firmer
TC14	USG / UKC	38,000	22,574	↓Softer
TC17	ME Gulf / EAFR	35,000	25,580	↑Firmer
TC20	ME Gulf / UKC	90,000	40,481	↑Firmer
TC21	USG / Caribs	38,000	23,442	↓Softer



Disclaimer

The information contained in this report is the property of Affinity (Shipping) LLP, and may not be reproduced in any format by anyone without prior written approval from Affinity (Shipping) LLP. None of the information contained in this document constitutes or forms, and should not be construed as constituting or forming an invitation or inducement to engage in investment activity.

This document should not be relied upon as being an impartial or objective assessment of the subject matter and is not deemed to be “objective research” for the purposes of the FSA rules. This document has been issued by Affinity (Shipping) LLP for information purposes only and should not be construed in any circumstances as an offer to sell or solicitation of any offer to buy any security or other financial instrument, nor shall it, or the fact of its distribution, form the basis of, or be relied upon in connection with, any contract relating to such action.

The information, including projections, contained herein is based on publicly available materials and sources that have been obtained and compiled in good faith from sources Affinity (Shipping) LLP believes to be reliable. Any opinions expressed are Affinity (Shipping) LLP’s current opinions as of the date appearing on this document only. Any opinions expressed are subject to change without notice and Affinity (Shipping) LLP is under no obligation to update the information contained herein.

Affinity (Shipping) LLP makes no representation or warranty, either express or implied, in relation to the accuracy, adequacy, completeness, fairness or reliability of the information contained herein and expressly disclaims any liability for any errors or omissions. As such, any person acting upon or in reliance of this document does so entirely at his or her own risk. Any projections or other forward-looking statements regarding future events are not necessarily indicative of, and may differ from actual events.

To the fullest extent allowed by law, Affinity (Shipping) LLP, its members, officers and employees shall not be liable, whether in tort (including negligence), breach of contract or otherwise, for any direct, indirect or consequential losses, damages, costs or expenses of whatever nature (including, without limitation, any consequential, indirect or unforeseeable loss or loss of opportunity or profit or damage of any kind, even if foreseeable) incurred or suffered by you or any third party arising out of or in connection with the information in this document.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons unto whose possession this document comes should before proceeding inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdictions.