



Crude Tanker Comments

The VLCC market ends the week on a subdued footing, with geopolitics continuing to dominate sentiment, particularly East of Suez. Activity there was virtually non-existent, limiting business and keeping owners cautious. While some ships have disappeared from the lists, enquiry has been thin. In the Atlantic, sentiment weakened further after a USG-East fixture went on subs at around USD 16.5 Mn, setting the market level out of the Gulf. Despite involving Chinese tonnage, the rate was accepted by the market and has weighed heavily on confidence across the basin. A Brazil market quote attracted some interest, but not enough to halt the broader softening.

The East remains challenging with the AG out of play. Still, more constructive dialogue emerged late in the week, suggesting that the Strait of Hormuz may reopen amid tentative hopes of progress between Iran and the United States. If this leads to actual traffic, activity could revive quickly, particularly in the East. For now, however, the market closes the week with sentiment soft, enquiry lacking, and participants in wait-and-see mode; that said, owners will only look inside with the “relevant” wording, which implies that there is a long way to go – as charterers are unable to accept.

The Suezmax market has, until Iran’s foreign minister announced the reopening of the Strait of Hormuz, had another week to forget as rates continued to slide amidst weak enquiry and ample tonnage. CPC rates, for example, have corrected down to WS 230, down from the WS 430 benchmark at the start of the week created by two deals. WAFR rates have also tested downwards amidst limited enquiry to WS 190 basis Djeno load. Guyana rates have also tested down to WS 170 basis 145 KT, which is roughly WS 190 basis 130 KT, and seems to have bottomed out at these levels as the front end of the tonnage list was hoovered up.

USG-TA also saw corrections downwards to WS 175 for UKCM, but it again seems that the bottom has been reached from a tonnage perspective and a geopolitical one. Iran’s Friday afternoon announcement of the reopening of the Strait of Hormuz signalled that the aptly-named “Tehran tollbooth” remains in place. Come Monday, a trolley dash of AG enquiry is expected as charterers try to lift their cargoes from the region after over a month of standstill. We expect that some owners will have the risk appetite to reroute their ballasting ships to the Middle East or even ballast Med-opening ships towards the AG if rates allow, as the market appears to have done another 180-degree turn in this frankly bonkers year for Suezmaxes.

The week opened with an abundance of X-Med Aframax options, and while neighbouring Afra markets looked long and bearish, the Med seemed due for further sharp corrections. There was little activity on Monday, and as the days went on, quoted cargoes continued to attract numerous offers, with owners keen to secure business prior to further drops. USG-TA fell again on Tuesday, with WS 375 witnessed on subs. The floor seemed far off, and the balance of cargoes and vessels was not in owners’ favour. By Friday, TD19 has sunk 235 points to WS 305, and sentiment is soft.

In the North Sea, last week was busy, and the list was more appealing at the beginning of this one. Still, as in the Med, declines were inevitable. The much-anticipated decline had appeared by Wednesday, as multiple offers were in and surrounding markets continued to fall. The quantity of tonnage suggests that they will do so further next week, and TD7 ends the week at WS 315.

Product Tanker Comments

Freight liquidity issues remain when it comes to AG LR2s, with hardly any flow and vessels consequently going elsewhere. There have been one or two cargoes from West Coast India agreed on subs. With Yanbu as the only consistent significant LR2 port with freight numbers well-advertised – and at USD 6.75 Mn for UKC, no less – ships are planning around this. Ever since the Hamas attack in 2022, over 97 per cent of Yanbu-West LR2s had ballasted from the Med and gone back to Europe, partly because so few ships were happy to ballast in via the Bab-el-Mandeb Strait with the Houthi threat in mind but also because Yanbu-West cargo earnings outstripped other non-Russian-loading trade routes.

This has changed completely, with Skikda-Japan last fixed at USD 11.5 Mn. DPP markets pose a threat to the clean-dirty switch in the Med and USG markets, and there is a dearth of cargo east of Suez. Bab-el-Mandeb is now less of threat than the Strait of Hormuz, so vessels from East and North Asia and Australia which would normally have looked at the AG or WCI are largely now pointing towards the bottom of the Red Sea. There are suggestions that CPP markets will ease due to the availability of more candidates.

AG LR1 activity lacked momentum this week. Naphtha-based business is on the rise, which has produced a spread of rates ex-Duqm, with WS 400 fixed and WS 315 put on subs. More owners can now load at Duqm and Sohar and even Fujairah, so initial premiums are dissolving with growing competition. Westbound fixing has been low since the start of the war, but there is currently a USAC stem. Short-haul business has returned, with USD 1.55 Mn fixed Sohar-Pakistan earlier this week. There will be some incredibly well-paid X-AG runs for those who got stuck, and Red Sea activity is still present and remunerating, though getting less busy; WS 450 was fixed for Rabigh-Singapore. Overall, the market is not struggling, and one hopes for improvements as the US and Iran negotiate. The market views the Israel-Lebanon truce as a good sign and hopes that it leads to a more open shipping market next week.

Overall, it was a lacklustre week for Med MRs. A few replacements were seen early in the week, repeating previous market levels of WS 295 TA and WS 430 WAFR, with tonnage on the tighter side, especially for warranted stems. However, a fresh natural test is needed to help ascertain true market levels. Looking ahead to next week, close attention will be paid to whether the Strait of Hormuz opens and how this may affect the recent direction of demand. Resupply from WAFR might continue to be limited, with the USG still attracting ballasters from WAFR and even Europe, though a softer outlook on the Atlantic side may change owners’ thinking come Monday morning. It has been a general quiet week.

Handsizes in NWE have seen a very busy week, with more vessels being fully fixed and cleared out, leaving tonnage tight inside 23 April. TC23 freight levels have continued to trade up this week from WS 490, with the latest done for X-UKC now at WS 505. With levels on 30 KT stems trading at these highs and the latest MRs for X-UKC on subs for 37 x WS 415, more MR vessels have started considering both 30KT and 37KT stems, given the limited Handy options available. Market sentiment heading into next week remains firm.

		BDTI	BCTI	
		2831	2123	
Δ W-O-W		↓Softer	↑Firmier	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	456.5	461.3	463.5	
Δ W-O-W	14.2	13.3	13.7	
BALTIC TCE DIRTY				
	Route	Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	431,185	↓Softer
TD7	UKC / UKC	80,000	210,921	↓Softer
TD15	WAF / China	260,000	110,048	↓Softer
TD19	Med / Med	80,000	106,397	↓Softer
TD20	WAF / Cont	130,000	82,276	↓Softer
TD22	USG / China	270,000	101,041	↓Softer
TD25	USG / Cont	70,000	91,222	↓Softer
TD26	EC Mex / USG	70,000	130,523	↓Softer
TD27	Guyana / UKC	130,000	80,259	↓Softer
BALTIC TCE CLEAN				
	Route	Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	157,853	↑Firmier
TC2	Cont / USAC	37,000	28,462	↓Softer
TC5	ME Gulf / Japan	55,000	129,293	↑Firmier
TC6	Algeria / EU Med	30,000	94,838	↓Softer
TC7	Sing. / ECA	30,000	44,916	↑Firmier
TC8	ME Gulf / UKC	65,000	101,880	↑Firmier
TC14	USG / UKC	38,000	82,826	↓Softer
TC17	ME Gulf / EAFR	35,000	88,394	↑Firmier
TC20	ME Gulf / UKC	90,000	141,730	↑Firmier
TC21	USG / Caribs	38,000	104,720	↓Softer



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