



Soft sentiment takes over as markets crawl out of holiday slump

Markets are taking just as long as many of the London workforce to clamber out the holiday slump, with activity across the board remaining soft. VLCCs go into the new year with a higher worldscale flat rate, which may set freight rates up for some shortages in the coming weeks until markets adapt to the newly set flat rate. The AG and WAFR mid-70s from before the new year may be a thing of the past, with a modern WAFR doing a mere WS 67.5. While the discount is a shock, the fact of the matter is the VLCC fleet is simply too big (in fact the biggest its ever been!), which will continue to put some pressure on rates.

Aframaxes have seen marginal activity in the Baltic and North Sea, with very little to report. The second decade of the January Rebco program is looking quiet, while the list is looking long. This leaves charterers in a position of continuing to test rates going into next week, especially for non ice class vessels.

The Med and Black Sea, though, have been relatively active over what was left of the working week after New Year's. However, there seems to have been less urge to fix ahead after the holiday period, and with the list showing a few options for charterers, rates have started to correct. The Straits are still facing long delays, with northbound look at 17 days and southbound at 15. This is causing long turnarounds for vessels fixing the final remaining Black Sea stems. Poor weather at Milazzo as well has meant berth operations are unlikely to resume before the evening of Sunday 6th or morning of Monday 7th, and caused some uncertain itineraries as a result. Rates are likely to keep being tested going into next week.

Suezmaxes have sailed through a particularly quiet market over the festive period, with activity only picking up now. We are now seeing lots of Eastern ballasters on the list, while TD20 continues to drop off. The AG has also remained very quiet until now, meaning ships from the east have been left with little alternative.

The first week of 2019 has been equally calm on the clean side, the MRs have floated around 37x135 for TC2 runs of gasoline with the tonnage list compressing slightly on the front end. Deliveries to WAFR in a range of CPP grades have been minimal on MRs, with rates around 37x155. LR1s have been too quiet with only a minimal amount of fixing, last done is 60x150 but a correction down is on the horizon. There have been various opportunities for the LR2s as the tonnage list starts to shorten, with Med/Japan runs paying around USD 2.5 Mn. Handies have seen some activity this week but rates trade sideways, with Baltic-UKC side stepping once more at 30x165 for ice class tonnage.

The start of the year seen the cross med market move quickly onto the new flat rates which has been the talking point of the market. Activity has been relatively slow and despite the list remaining on the tighter side, rates are now coming under pressure. Cross med traded onto the new rates at 30 x 200 levels this week, the equivalent of 30 x 225 on old money, although now under pressure. Black Sea transitions to 30 x 210 and has been the busier end of the market, with some straits delays also helping owners. MRs in the med slipped down in line with the UKC - 37 x ws135 med/ta and 37 x 140 for ukc, with MRs starting to absorb some handy activity. Going East needs testing and has been quiet, although owners ideas soften to \$900k med/ag but less should be achieved when tested.

	BDTI	BCTI
	999	657
Δ W-O-W	↓Softer	↓Softer
BDA		
(USD/LDT)	CHINA	SUBCON
This week	86.7	427.5
Δ W-O-W	-40.0	-3.0

BALTIC TCE DIRTY				
	Route	Qnt	USD / Day	Δ W-O-W
TD1	ME Gulf / US Gulf	280,000	3,335	↓Softer
TD3C	ME Gulf / China	270,000	38,654	↓Softer
TD6	Black Sea / Med	135,000	134	↓Softer
TD8	Kuwait / Sing.	80,000	166	↓Softer
TD9	Caribs / US Gulf	70,000	27,042	↓Softer
TD14	Asia / Australia	70,000	21,582	↑Firmier
TD17	Baltic / UKC	100,000	46,458	↑Firmier
TD20	WAF / Cont	130,000	89	↓Softer

BALTIC TCE CLEAN				
	Route	Qnt	USD / WS	Δ W-O-W
TC1	ME Gulf / Japan	75,000	21,590	↓Softer
TC2	Cont / UAC	37,000	8,683	↓Softer
TC5	ME Gulf / Japan	55,000	23,910	↑Firmier
TC6	Algeria / EU Med	30,000	WS 199.06	↑Firmier
TC7	Sing. / ECA	30,000	20,590	↓Softer
TC8	ME Gulf / UKC	65,000	WS 33.446	↑Firmier
TC9	Baltic / UKC	22,000	WS 145.71	↑Firmier

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