



It's the products' turn

The astronomical TCE of USD 300,000 per day for VLCCs belongs to the past, as rates started dropping at the beginning of the week. In many instances, fixtures failed as it made little sense for charterers to fix as the market corrected downwards. The decision by Sinopec to cut runs by 1 Mn T, since the refining crack spread increased by USD 7 per barrel, also assisted the correction. The downward trajectory continued throughout the week with rates dropping to WS 120 for TD3C and WS 100 for TD15. Sustained pressure on rates is expected as 1st decade ex-MEG is virtually closed out, whereas the WAF November program is also virtually tied up. The pressure could be only relieved with the increase of USG requirements, which is highly dependent on the China – US talks.

Similarly, for Suezmaxes, global sentiment continued to deteriorate throughout the week, as charterers did not follow the same pattern as last week, where they tried to fix on forward dates in order to mitigate costs. Conversely, having a clearer picture of the market from the start of the week, a combination of failed and covered loading programs has caused charterers to take their foot off the gas. On the other hand, US-China trade talks caused owners to fix 50 points less from what was observed last week. There are some requirements available ex-WAF and ex-MED, yet rates will be tested by the charterers, who could hold off to allow tonnage lists to extend further.

Aframaxes did not see the same surge as the other two size segments, and hence they did not have the same dip either at the start of the week. By contrast, the Baltic/North Sea market had a fairly busy week

until yesterday, where charterers got their requirements covered, turning today's activity quieter. In the Mediterranean/Black Sea market, charterers were confident of seeing an increase in tonnage without an increase in enquiries, as further downward corrections in the rates could materialise from Monday.

It was a very exciting week for the MRs, as a surge of cargo enquiry, coupled with strong market sentiment, drove the market up above WS 200 with ships fixing WS 180 for TC2 in the end. The list remains balanced and we expect rates to correct back down going forward. WAF is becoming more at the centre of a debate as owners continue to prefer a transatlantic voyage with a view to reposition in the USG, hence premiums could be stretched beyond WS 15-20 points.

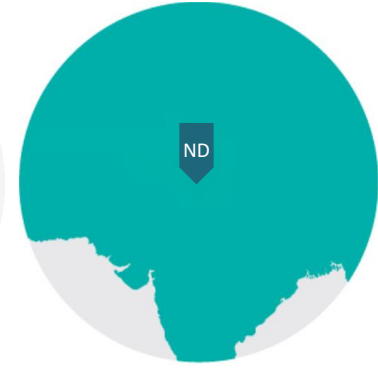
Handysize rates climbed in the Baltic/UKC at WS 175 and for Cross-Mediterranean at WS 165. LR1s have been busier on the back of the MRs with rates reaching as high as WS 197.5. AG LRs shared some of the MR excitement as 90,000 tonnes were fixed at WS 275 ex-Jubail and were on subs at WS 300. Westbound movements have been quieter but with USD 3.95 Mn fixed. The activity has been subdued over the last two days as traders are understandably looking to break down LR1s. However, the position list remains tight, hence the shipowners' mood will only be buoyant on Monday, as these levels have not been observed for 4 years.

	BDTI	BCTI	
	1532	972	
Δ W-O-W	↓Softer	↑Firmer	
BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	376.3	375.0	365.6
Δ W-O-W	-0.3	-1.0	-2.7

BALTIC TCE DIRTY				
	Route	Qnt	USD / Day	Δ W-O-W
TD1	ME Gulf / US Gulf	280,000	75,695	↓Softer
TD3C	ME Gulf / China	270,000	112,621	↓Softer
TD6	Black Sea / Med	135,000	121,199	↑Firmer
TD8	Kuwait / Sing.	80,000	53,191	↑Firmer
TD9	Caribs / US Gulf	70,000	49,437	↑Firmer
TD14	Asia / Australia	70,000	62,978	↑Firmer
TD17	Baltic / UKC	100,000	67,658	↑Firmer
TD20	WAF / Cont	130,000	88,504	↓Softer

BALTIC TCE CLEAN				
	Route	Qnt	USD / WS	Δ W-O-W
TC1	ME Gulf / Japan	75,000	73,650	↑Firmer
TC2	Cont / USAC	37,000	18,130	↑Firmer
TC5	ME Gulf / Japan	55,000	43,931	↑Firmer
TC6	Algeria / EU Med	30,000	WS 187	↑Firmer
TC7	Sing. / ECA	30,000	28,459	↑Firmer
TC8	ME Gulf / UKC	65,000	WS 46	↑Firmer
TC9	Baltic / UKC	30,000	WS 178	↑Firmer

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