



## The calm after the storm

It has been another week of downward corrections across the board. VLCCs have continued to shed points over the past week, with the Baltic assessing TD3C at WS90.29 as of Thursday evening. Despite the fact that 223 WS points have been lost over the last three weeks, earnings on the route are at a still-healthy USD 65,886 per day. It appears as though the market has steadied at around this level.

However, if inclined in any direction, rates are more likely to fall rather than rise over the coming week. After charterers rushed to cover their cargoes far in advance during the chaos of early-mid October, this lull was somewhat inevitable.

In the Suezmax market, TD20 has fallen heavier than TD6. The latter has benefitted from increasing strait delays tying up tonnage, but there has also been more activity in the North and Baltic Seas compared to West Africa. TD20 is at around WS 115, down 24 per cent on the week, while TD6 is at WS 146.39, a weekly drop of 13 per cent.

Aframaxes in the Med have suffered from a consistent lack of activity. Rates have been tested down continuously, with any cargoes entering play being quickly snapped up by willing owners. TD19 is down at WS 104.44, a drop of 26 per cent on the week, and less than half of where rates were just two short weeks ago.

In the North and Baltic Seas, it has been a similar story, with rates on TD17 falling to WS 84.17 on Thursday evening, a 30 per cent drop on the week.

In the product tanker market, it has been a quiet week in the AG. LR2s have seen very little by way of cargo demand and the outlook doesn't look too promising. We assess TC1 at WS 160, which is its lowest since 11 October, just before the spike.

LR1s have seen a bit more happening, but even that has not been enough to stimulate any upward momentum in rates. TC5 is at WS 152.5, and falling.

It has also been a subdued week in the continent, with MRs narrow on the front end, but not enough enquiry to take advantage. TC2 is at around WS 155, but it looks like it could concede further ground. WAFR voyages remains second choice for many owners, with premiums extending up to WS 187.5 as a result. Handies to the North ticked over, with Baltic-UKC at WS 165 and cross-Cont at WS 155.

The LR2 position list has built up and the lack of cargoes means that rates have trended down to around USD 2.35 Mn for a Med-Japan naphtha run. LR1s have a more positive outlook, despite correcting down, as cargo enquiry was steady.

We're also at the point now where the volume of scrubber retrofitting, or lack thereof, will become a significant factor. Rates are still high enough to deter owners from committing to drydocking their vessels for an extended period of time. At the moment, the installation of scrubbers can take longer than four weeks. An estimated 80 VLCCs alone are scheduled to, but have not yet, drydock and have scrubber installed.

In all, between VLCCs and Suezmaxes, there could be a backlog as big as 6-8 months before all these vessels have their scrubbers installed. Its impact on the market will be significant.

According to Refinitiv, the IMO's estimation that 4,000 vessels will have scrubbers installed by 1 January could be off by 1,500. October's high rates have obviously played a part, but so has a lack of capacity and availability.

	BDTI	BCTI	
	1040	693	
Δ W-O-W	↓Softer	↓Softer	
BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	395.0	368.0	355.0
Δ W-O-W	18.7	-7.0	-10.6

BALTIC TCE DIRTY				
	Route	Qnt	USD / Day	Δ W-O-W
TD1	ME Gulf / US Gulf	280,000	36,614	↓Softer
TD3C	ME Gulf / China	270,000	65,967	↓Softer
TD6	Black Sea / Med	135,000	68,076	↑Firmier
TD8	Kuwait / Sing.	80,000	30,504	↑Firmier
TD9	Caribs / US Gulf	70,000	36,040	↑Firmier
TD14	Asia / Australia	70,000	38,926	↓Softer
TD17	Baltic / UKC	100,000	19,570	↓Softer
TD20	WAF / Cont	130,000	45,199	↓Softer

BALTIC TCE CLEAN				
	Route	Qnt	USD / WS	Δ W-O-W
TC1	ME Gulf / Japan	75,000	33,378	↓Softer
TC2	Cont / USAC	37,000	15,526	↑Firmier
TC5	ME Gulf / Japan	55,000	20,979	↓Softer
TC6	Algeria / EU Med	30,000	WS 170	↑Firmier
TC7	Sing. / ECA	30,000	18,513	↓Softer
TC8	ME Gulf / UKC	65,000	WS 33	↑Firmier
TC9	Baltic / UKC	30,000	WS 164	↑Firmier