



What a week!

VLCC rates have shot through the roof. This time last week it seemed that rates were only staying buoyant from positive sentiment, and even that was beginning to diminish. Saudi Arabia's announcement of lower prices and higher output caused oil prices to crash, and left traders scrambling for floating storage and inexpensive cargoes. This caused earnings on TD3C to jump over USD 96,000 per day on Wednesday, and now currently stands at USD 194,000 per day. Bahri chartered multiple ships on the spot market, indicating that there will indeed be a significant increase in cargoes in the coming months.

All major VLCC routes assessed by the Baltic Exchange followed suit, WAFR-China has gained WS 105 points since Monday, and USG-China has gained USD 8 Mn LS, to stand at WS 160 and USD 15.6 M.

Suezmax markets have been flying up as well, with TD6 and TD20 gaining WS 46 and 50 points to reach WS 128 and 134 respectively, with earnings climbing to USD 61,000 and USD 64,000 per day. A huge number of cargoes out of the AG has been spurring on rates, and out of WAFR a number of cargoes are going on Suezmaxes rather than VLCCs after the enormous increase in rates.

In the Aframax market, the Med is once again seeing a flurry of new cargoes amid a busy CPC programme, with 11 cargoes in the first 7 days and 15 in total across the first decade. Rates have already climbed to WS 136 on TD19, and more stems are anticipated to emerge out of Sidi Kerir from the Middle East. As a result of the positive Med market, the north markets have been dragged up. TD7 and TD17 climbed up to WS 90 and 109 respectively on Thursday evening, before gaining more points throughout Friday. Bad weather in the USG has allowed rates to climb, gaining WS 24 points since Monday, to stand at WS 177, rates are likely to stay at a more consistent level.

After Saudi's announcement, the collapse in oil prices caused a

subsequent collapse in bunker prices, with LSFO in Rotterdam and Fujairah costing just USD 290 and 331 per T respectively. Although HSFO also saw considerable decreases, the spread still had almost USD 100 per T wiped off on Wednesday, and with it most of the scrubber-fitted vessels' advantage. The spread in Rotterdam and Fujairah currently stands at USD 115 per T.

Looking at the AG, the LR2 market has remained buoyant with a slim tonnage list persisting until the end of the week. TC1 has gained WS 21 points since Monday, rates now stand at WS 150, with equivalent earnings of over USD 38,000 per day. If these levels can persist for the rest of March, the month should average almost 2.5x the March 2019 amount, this month is currently averaging USD 28,000 per day.

LR1s in the AG have seen a very busy week with rates on TC5 being pushed up towards WS 160. Rates are tightening both east and west of Suez so it looks promising for owners into next week. Earnings currently sit at just under USD 30,000 per day on TC5, with March averaging USD 20,000 per day, double the same period in 2019. Westbound voyages have fixed at USD 2.425 Mn, with owners likely seeing more next week as this market is due to remain strong.

MRs in the AG have firmed but not quite to the same level as the LR2s, TC12 has moved up to WS 160, and a late spurt of activity pushed EAFR up to WS 170. Westbound has seen LR2 stems being split across MRs, allowing rates to firm up from USD 1.575 Mn to USD 1.75 Mn. Looking west, TC2 actually headed down to WS 165 as charters opted for LR1s instead, recovering to around WS 170-175 by the end of the week. The Med market has been steady, with Black Sea and East Med ticking up to WS 205, whereas west Med has been quieter.

No one expected to be seeing markets of this strength just a week ago, but after the promise from Saudi that production will be maxing out their capacity, at 12.3 Mn bpd, the only way has been up for almost all the markets.

	BDTI	BCTI	
	792	683	
Δ W-O-W	↓Softer	↓Softer	
BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	380.4	380.0	377.6
Δ W-O-W	-0.9	-0.8	-1.1

BALTIC TCE DIRTY				
	Route	Qnt	USD / Day	Δ W-O-W
TD1	ME Gulf / US Gulf	280,000	139,138	↑Firmer
TD3C	ME Gulf / China	270,000	194,297	↑Firmer
TD6	Black Sea / Med	135,000	61,213	↑Firmer
TD8	Kuwait / Sing.	80,000	26,024	↑Firmer
TD9	Caribs / US Gulf	70,000	45,522	↑Firmer
TD14	Asia / Australia	70,000	24,038	↑Firmer
TD17	Baltic / UKC	100,000	29,035	↑Firmer
TD20	WAF / Cont	130,000	64,850	↑Firmer

BALTIC TCE CLEAN				
	Route	Qnt	USD / WS	Δ W-O-W
TC1	ME Gulf / Japan	75,000	38,653	↑Firmer
TC2	Cont / USAC	37,000	20,441	↓Softer
TC5	ME Gulf / Japan	55,000	29,907	↑Firmer
TC6	Algeria / EU Med	30,000	WS 179	↑Firmer
TC7	Sing. / ECA	30,000	18,602	↑Firmer
TC8	ME Gulf / UKC	65,000	WS 41	↑Firmer
TC9	Baltic / UKC	30,000	WS 193	↑Firmer