



Rates on crude tankers finally lifted off the bottom – for how long?

VLCC rates have climbed since the beginning of the week, with TD3C back to around WS 50 levels, over 10 points up on the week, and returning earnings to around USD 35,000 per day. Cargoes suddenly hit the market, sparking an uptick in activity, upon which owners pounced. Moreover, queues outside Chinese ports to discharge cargoes have lengthened as Chinese refineries continue to increase processing rates in the wake of oil demand bouncing back to pre-pandemic levels. Now, though, things have quietened down, with sentiment softening due to a lack of cargo support. Some are holding, or fixing quietly, as the week draws to a close.

There was a flurry of activity for Suezmaxes in WAFR towards the end of last week, with several prompt cargoes being suddenly worked at the same time, which resulted in the lists tightening. However, the increase was negligible, with TD20 rising by roughly 10 WS points. Since then, however, things have quietened down, with a handful of vessels now being put on subs at around WS 50 for end-July dates. But with the market quietening, we may see charterers begin to chip a few points off going forward.

Aframax rates have remained where they were last week, until Thursday where, after a good run of mid-week fixing continued, owners were able to push for some improvement. In the Med, TD19 will now be more like WS 67.5-70, and WS 70 is reported on subs for Black Sea at the time of writing. Having 15 CPC cargoes to fix through 20-31 July has certainly aided owners' push this week, and the release of the August programme may set the tone next week. Ceyhan's loading programme of Azeri Light has been released for August, showing a slight increase of two cargoes on the month to a total of 25, all but one of which is Aframaz-sized. While the increase, which is by an average of 23,065 bpd to 532,097 bpd, is welcome, a busier market is only just beginning to translate into higher rates.

To the North, it has remained pretty quiet, with TD7 and TD17 still

hovering at around WS 70 – 72.5 and WS 40 – 42.5 respectively. Had it not been for numerous fuel oil cargoes this week, it would have been worse, but rates remain bottomed with round trip earnings still below zero. Some tonnage ballasting away from this sector may help, and if the Med improves further, we'll see if there will be a knock-on effect. It's likely to remain tough though, as most are aware, with scheduled Urals crude exports falling heavily over the course of the month, with volumes from Primorsk, Ust-Luga and Novorossiysk set to fall by 2.11 Mn T to just 3.33 Mn T.

For LR's in the East, charterers are spoilt for choice with offers for what little cargoes there are and hence freight is under pressure as charterers look to extract as much value as possible. Owners are showing resistance and we are at the point where some would rather sit it out than commit to voyages at the levels being offered.

For MR's, the less said the better about the Med market this week – 25 ppt ships kicked things off, cargoes few and far between, and even a relatively active Tuesday only slightly dented the ppt tonnage list and was followed up by several very slow days. Rates have become established at 30 x 85 cross-Med, despite hoping that things wouldn't go below WS 90 – can we now call this the bottom? Black Sea is quiet and fixing 30 x 95 – not much more to add.

There even hopes of activity improving next week, but we live in optimism that at least levels can't get much worse, although the Monday list might well be even longer than this week (poss 28 ppt). One to forget in general across Europe with MR rates and the UKC also stuck in the doldrums – TC2 has taken a further hit to 37 x 70 and the MR's in general quiet ex-Med.

The MR's have suffered another painful week with such little demand and a complete oversupply of prompt tonnage. Freight rates for TC2 have edged down to 37 x 70 and you would hope this is as low as rates will touch, any chance of a recovery seems quite far off at present. Voyages to West Africa were equally slow and rates are securing 37 x 82.5 now.

	BDTI	BCTI	
	498	349	
Δ W-O-W	↑Firmer	↓Softer	
BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	296.3	292.9	286.3
Δ W-O-W	1.3	1.1	0.7

BALTIC TCE DIRTY				
	Route	Qnt	USD / Day	Δ W-O-W
TD1	ME Gulf / US Gulf	280,000	10,670	↑Firmer
TD3C	ME Gulf / China	270,000	33,361	↑Firmer
TD6	Black Sea / Med	135,000	6,045	↑Firmer
TD8	Kuwait / Sing.	80,000	6,619	↑Firmer
TD9	Caribs / US Gulf	70,000	5,068	↑Firmer
TD14	Asia / Australia	70,000	5,324	↑Firmer
TD17	Baltic / UKC	100,000	-1,435	↓Softer
TD20	WAF / Cont	130,000	15,631	↑Firmer

BALTIC TCE CLEAN				
	Route	Qnt	USD / WS	Δ W-O-W
TC1	ME Gulf / Japan	75,000	9,269	↓Softer
TC2	Cont / USAC	37,000	3,200	↓Softer
TC5	ME Gulf / Japan	55,000	5,242	↓Softer
TC6	Algeria / EU Med	30,000	WS 87	↑Firmer
TC7	Sing. / ECA	30,000	6,401	↓Softer
TC8	ME Gulf / UKC	65,000	WS 20	↑Firmer
TC9	Baltic / UKC	30,000	WS 92	↑Firmer