



Larger product tankers wake up, while others snooze

The summer lull is in full swing and crude tanker rates have continued to soften, for the most part. The AG VLCC market has been hampered by the Opec+ countries appearing to comply better with their quotas this month, resulting in fewer stems compared to July, with around 10 fewer cargoes in the second decade, although we may still see the third decade catch up. But with the market being so quiet, charterers are happy to patiently chip points off rates.

We have seen a compromised 2002-built vessel on subs at WS 27, the first to drop below WS 30 during this spell, while last done on a modern ship to China is WS 32.5. Earnings are down to around USD 15,000 per day. WAFR has been steady by comparison, holding at around WS 38. There's been some activity in the USG, too, but nothing too exciting number-wise, with last done between USD 5.4 - 5.5 Mn LS.

Suezmaxes, meanwhile, have continued to soften in all regions across the board. In WAFR, a build-up of FOC tonnage for 20 - 30 August has allowed charterers to establish WS 45 as the new base for TD20, and this has been repeated a couple of times now. Earnings are slipping dangerously close to single-digit thousands. In the Black Sea, it has been a similar story, with TD6 slipping back below WS 60.

Aframax rates have climbed off the bottom in the Med and Black Sea, with a few cargoes still outstanding. TD19 has climbed to WS 65, up by around 7 WS points on the week. The preliminary CPC programme has been released for September, showing 33 cargoes so far, an improvement over August's 31 cargoes. The anticipated 12 stems during the first decade would be the most since April's 14, while the second decade's 12 surpasses every month since March's 14. So there may be cause for some (very light) optimism.

In the meantime, the Med market has been dragged up by owners refusing to fix for almost no return, or as we've seen previously, just ballasting towards the US Gulf. Returns remain meagre, and only slightly better in the North, with the heftier third decade Urals programme having some impact (although, with the number of relets lifting cargoes, not as much as owners had hoped). TD7 and TD17 have climbed to WS 86 and WS 60 respectively, up by 4-5 per cent

each.

However, the European markets have quietened as the week has progressed and eyes will be turning towards September's cargo volumes.

In the product markets, rates for LR2s in the East surged as, all of a sudden, the number of fully suitable ships for the cargoes in play suddenly dwindled, and owners of these vessels pushed for much better rates than they had been seeing. TC1 was up to WS 77.5 as of last night, according to the Baltic Exchange, roughly 22 WS points up on the week (40 per cent), with earnings up by 150 per cent to USD 13,000 per day. It is the first time that earnings have been five figures on the route since the beginning of July.

Owners will have to decide whether to rush to cover before the weekend at these new rates, or to wait for next week and push for more.

The LR1s' rise has been more meteoric, climbing by over 50 per cent over the past week, with the big spike on Wednesday. TC5 is up to WS 90, up by around 30 WS points on the week, with earnings back to around USD 12,000 per day. A sudden influx of cargoes has been met by a very tight tonnage list, resulting in owners pushing higher and higher. They will be confident of squeezing a few more points out before the week is up.

In the West, it has been a woeful week for MRs in NW Europe. There has been a distinct lack of activity throughout and PPT ships have plagued the top of the position list for the entire week. TC2 has thus slipped to WS 80 and is looking weak as the week draws to a close. Cont/WAFR has not been particularly busy, but the premium is holding at +15 points over TA, as the US markets have stayed healthy.

In the Med, the week began with cautious optimism with the 20+ PPT vessels being trimmed down to just eight after an uptick in activity towards the end of last week. A couple of vessels even managed to push rates up, but momentum since stalled and the position list has since been replenished and we anticipated another 20 PPT vessels come Monday. Cross-Med is at WS 80 and Black Sea is at WS 90.

	BDTI	BCTI
	499	399
Δ W-O-W	↓Softer	↑Firmier
BDA		
(USD/LDT)	TKR/LRG	TKR/MED TKR/SML
This week	316.6	315.5 306.0
Δ W-O-W	5.5	5.8 16.1

BALTIC TCE DIRTY				
	Route	Qnt	USD / Day	Δ W-O-W
TD1	ME Gulf / US Gulf	280,000	2,783	↓Softer
TD3C	ME Gulf / China	270,000	15,800	↓Softer
TD6	Black Sea / Med	135,000	8,326	↓Softer
TD8	Kuwait / Sing.	80,000	6,128	↓Softer
TD9	Caribs / US Gulf	70,000	5,386	↓Softer
TD14	Asia / Australia	70,000	7,526	↓Softer
TD17	Baltic / UKC	100,000	10,048	↑Firmier
TD20	WAF / Cont	130,000	10,729	↓Softer

BALTIC TCE CLEAN				
	Route	Qnt	USD / WS	Δ W-O-W
TC1	ME Gulf / Japan	75,000	12,980	↑Firmier
TC2	Cont / USAC	37,000	5,492	↓Softer
TC5	ME Gulf / Japan	55,000	11,905	↑Firmier
TC6	Algeria / EU Med	30,000	WS 82	↑Firmier
TC7	Sing. / ECA	30,000	6,011	↓Softer
TC8	ME Gulf / UKC	65,000	WS 23	↑Firmier
TC9	Baltic / UKC	30,000	WS 90	↑Firmier