# AFFINITY TANKER WEEKLY

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## A positive week overall

The VLCC market started to show mild signs of softening this week. Both AG and WAF dropped by about 1 point, and TD3C last done was at WS 29. Similarly, TD15 was at WS 30. Such levels are due to the lack of market activity together with owners still trying to hold on. In the next week it is expected slightly more activity once AG cargo stems are fully out.

For Suezmaxes this week kicked off with a bit more activity than usual, especially in the East of Suez. An increased number of fixings instilled some sense of positivity in the market, however that was not enough to drastically change the rates. In fact, sentiment appears to be still quite low.

Last done fixings seem to be the new norm nowadays, with the week ending with a lot of fixtures and most cargoes now covered.

Elsewhere, positive news on the Aframax front. This week saw increased activity in the North and the list has finally tightened the front end. Owners have also been able to push the market up a few points so far. Baltic-UKC has been replaced at WS 50, and a “regular” fixing should be at over WS 45 now. The North Sea is expected to be in the mid WS 70’s at least, most owners happy to break the monotony of the recent doom and gloom despite the still meagre returns.

Med and Black Sea have continued to tick along, and rates have changed very little so far. It feels as though there could be a little push, as per the north. However, cargo volumes in the areas are pretty steady, so increases might come from to external factors such as delays or increased sentiment from other areas. Libya fixings are still sporadic, with a variety of rates paid depending on flat rates, specific port expenses, and risk levels. Nevertheless any “premium” deals are not bad for the market to see.

In the West, the LR2 sector fell into lumpsum parity with LR1s. Given that the position list is still looking scarily long for the balance of the month, only a pretty significant shift in demand will be needed to not see the market slide further south.

LR2s in the Arabian Gulf had a poor week plagued by very slim cargo demand. Westbound has slipped to USD 1.6 Mn for Jubail/UKC and East Africa and Singapore and East African options are going at WS 70 now for 90,000 tonnes. Red Sea exports have also softened to USD 1.375 Mn on subs for an uncoated Aframax back to UKC. Naphtha has been completed untested but for assessment purposes it is estimated around WS 67.5 - 70.

LR1s have been quiet, but a tight top of the list and a lack of enthusiasm about heading to the Far East has kept the market relatively balanced. In the next week or so, with a lengthening tonnage list, the market might be contracting without a proper increase in enquiry levels.

In the East, the LR1 market has been rather uninspiring. The majority of the deals done are short hauls in-and-around the AG Area with Sikka/Fujairah being done at USD 200,000 and Cross Arabian Gulf last fixed at USD 170,000. 55,000-tonne naphtha has only been tested twice publicly in the market but this has slipped slightly now to WS 67.5. Westbound voyages have been not looked at too, but their estimate is at USD 1,200,000. Moving forward the outlook is rather bleak, as there are still plenty of ships in October dates.

MRs in the UKC looked fairly uninspiring earlier in the week with rates looking vulnerable, however there was some mid-week resurgence with a healthy amount of activity cleaning the front end of the tonnage list edging TC2 up to WS 80. There is still some way to go before MRs can make any real progress, if the momentum continues into next week there is a chance rates might further improve. Voyages to west Africa have been slow and freight rates have been securing 10 points above transatlantic runs and still remain the more attractive run for some owners. Handies suffered early on in the week as the MRs decided to fix some X-Continent handy stems in an act of desperation, rates were WS 85 for X-Continent and Baltic/UKC at WS 90.

In the MED prompt tonnage count barely changed throughout the week, even with a few more cargoes quoted little is done to put a dent in the list. Despite moving further into Q4, there is no light at the end of the tunnel. Cross Med Handies were done at WS 70, with some cargos even pushing for WS 65. No significant changes are expected in the next week, even if a glimmer of optimism might be taken from a slightly improved TC2 market.

Slow week on the MR/Handy segments ex WAFR, moves were a bit more active as of such but more fixing than failing. The market feels flat at USD 90,000 – 100,000 levels for STS Lome/Lome, Lagos–Tema. The list once again feels long and this flat outlook is not expected to change much unless the Northern markets firm up considerably.

AG MRs have had a slow week overall with cargo demand down to but a trickle. The list itself is actually balanced given the dearth in demand and slight uptick in Singapore midweek has staved off potential ballasters, with one vessel actually turning around mid-ballast.

East Africa has been very slow in terms of volumes and rates has fallen with WS 120 basis all inclusive being the last done and as sentiment wanes next done is likely to be WS 120 or less, but as the fixing window moves further on, those owners left (which there are a few) are likely to have to swallow more waiting time.

Westbound has been untested, but is assessed around USD 900,000 with Argentina pricing the same. There is some resistance from owners who are not keen to commit to the long haul levels at these low returns of 4-5,000 per day, but thus far there has been one ship who is and as a charterer that’s all you need. Cross-AG is down to USD 150,000 and Red Sea cargoes are at USD 300-325,000 levels.

The general outlook for immediate future is more of the same as Q4 stutters to get going in what is the traditional end of year rally, unfortunately due to the Covid-19 pandemic and the disruption this has bought, that looks a forlorn hope at present.

Elsewhere, South East Asia started off proceedings busily, and the prompt position has remained tight all week. As a result we have seen the short haul routes rallying and TC7 fixed at WS 120.

The North Asia Market this week has been very busy with a good amount of oil being pumped out of China and a tightening position list. Korea/Australia has been fixed at WS 112.5, but most owners would now call this run WS 120 for next done. Dalian/Singapore has been confirmed at USD 350,000 and Korea/USWC is on subjects at USD 805,000. Overall, a positive week.

| | BDTI | BCTI |
|---|---|---|
| | 417 | 355 |
| Δ W-O-W | ↑Firmer | ↓Softer |

| BDA (USD/LDT) | TKR/LR | TKR/MED | TKR/S |
|---|---|---|---|
| This week | 348.5 | 362.3 | 356.1 |
| Δ W-O-W | 1.0 | 1.5 | 0.0 |

### BALTIC TCE DIRTY

| | Route | Qnt | USD / Day | W-O-W |
|---|---|---|---|---|
| TD1 | ME Gulf / US Gulf | 280,000 | -1,123 | ↑Firmer |
| TD3C | ME Gulf / China | 270,000 | 11,596 | ↑Firmer |
| TD6 | Black Sea / Med | 135,000 | -3,515 | ↓Softer |
| TD8 | Kuwait / Sing. | 80,000 | 3,233 | ↓Softer |
| TD9 | Caribs / US Gulf | 70,000 | -3,571 | ↓Softer |
| TD14 | Asia / Australia | 70,000 | 3,847 | ↓Softer |
| TD17 | Baltic / UKC | 100,000 | 2,728 | ↑Firmer |
| TD20 | WAF / Cont | 130,000 | 2,041 | ↓Softer |

### BALTIC TCE CLEAN

| | Route | Qnt | USD / WS | W-O-W |
|---|---|---|---|---|
| TC1 | ME Gulf / Japan | 75,000 | 10,077 | ↓Softer |
| TC2 | Cont / USAC | 37,000 | 4,847 | ↑Firmer |
| TC5 | ME Gulf / Japan | 55,000 | 6,502 | ↓Softer |
| TC6 | Algeria / EU Med | 30,000 | WS 70 | ↑Firmer |
| TC7 | Sing. / ECA | 30,000 | 9,912 | ↑Firmer |
| TC8 | ME Gulf / UKC | 65,000 | WS 19 | ↑Firmer |
| TC9 | Baltic / UKC | 30,000 | WS 91 | ↑Firmer |