AFFINITY TANKER WEEKLY

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Affinity Research LLP,
44th Floor,
The Leadenhall Building
122 Leadenhall Street, London,
EC3A 8EE

T. +44 203 142 0100
F. +44 203 142 0101
E. research@affinityship.com
W. affinityship.com

Spooky season isn't over yet

The Suezmax market was firming earlier this week (jumping to WS 60 for AG/East), which has given hope to VLCC owners that this might affect the larger sizes. Still, demand is the key element affecting the market, and it has been going down this week.

S-Oil took an ex-DD vessel at WS 20, a new low for the AG, even though a bunker sire fixture by Formosa corrected it to WS 23, although this is still a few points down from the WS 28.5 for a modern vessel from the beginning of this week.

Overall, owners' confidence in the market seems to be softening a bit due to the lack of activity.

This week kicked off with higher activity levels in the Suezmax market. The sudden rise in Libyan exports and the fixing of prompt cargoes over the weekend helped boost sentiment and seemed to play a major role in the bullish sentiment with owners. Towards mid/end-week, with less activity off the Med, we saw rates cooling off and stabilising again. TD20 ended the week at WS 30 - 32.5 and TD23 went back to WS 17.5 - 20 levels

The Aframax Med/Black Sea markets this week were at around 7.5 – 10 points higher than they were last week, with TD19 assessed at WS 65 – 67.5. Owners have done what they can to push, but the tonnage list looks longer again and the market could not be moved further north. Last done is more easily repeatable and so rates look at best sideways into next week. Earnings are back up to around USD 5,000 per day, which is now far better than what can be found on any other route.

Meanwhile, to the North, TD7 and TD17 remain flat on the week, coming in at WS 72.5 and WS 42.5 respectively. Activity had been steady until we arrived at the end of the week, which has since tailed off. Rates have already fallen under pressure and there's probably not much room until we find the bottom again, to be blunt.

The East of Suez LR2 flow has been especially flat all week with hardly any volume being traded. Naphtha demand has seen another all too familiar week of nothing as LR2 pricing continues to be an unattractive method of moving the product. ULSD demand westward has taken a severe hit (as we all suspected) out of the Red Sea with USD 1,200,000 on subs representing a USD 200,000 decrease on the previous deal fixed. There is a bleak outlook moving forward.

North Asian LR2s lost some of the momentum gained last week, with cargo volume dropping again. Also, as there is no recovery in sight for the Middle East, we could well see some of the gains from last week chipped away.

LR1s in the East have had a fairly torrid time. In the hope of giving the market some balance, it is worth mentioning that we have seen weeks with worse cargo demand; 16 fresh spot deals over the last 5 days is not too dismal but the position list has always been plentiful enough to provide enough competition for cargoes. Local hauls have been quite flat overall. The top of the position list is a little healthier for owners but there are still numerous ships in the fixing window from the 8th onwards.

In the West, there was a decent amount of activity towards the end of the week, but the lists of both LR1s and LR2s remain long. With rates hitting record lows in both sizes, it was perhaps inevitable that we would see some more enquiry, and owners are certainly starting to hesitate when it comes to repeating last done levels. With demand starting to slip back through the month and the front end of the tonnage lists still looking long, there is a thought that any prompt enquiry might command a discount, but when it comes to market levels as low as these, as owners are keen to remind you, waiting time is cheap.

This wasn't a very inspiring week for East MRs. Charterers had to be patient in order to achieve very cheap numbers as there have been a few hints of resistance from owners. Still, the sheer dearth of cargo demand has led to quite a few owners relenting towards the week's end and accepting the cheap freight offered. Just to keep in line with the bigger vessels, we find ourselves also of the view that MRs will start next week in a bearish point of view.

It has been a rather tough week to swallow for the Singapore MRs, as rates have taken a substantial hit as the lack of cargoes led to a build-up of tonnage off the front end of the list.

The North Asia MRs remain lacklustre, with minimal activity seen. With plenty of ships on the list, charterers can be expected to apply further pressure on rates.

Momentum failed to materialise this week in the Med after recent small improvements. The prospect of further national lockdowns throughout the European continent does not bode well for the macro view for Q4 and this is largely being reflected in both the physical and derivative markets.

This past week has been one of the the quietest UKC MR market for quite some time, and this, coupled with an armada of ballasters from the USA, is resulting in a very weak market. TC2 has slipped to WS 75 on subjects at the time of writing, and it is likely to fall further. There has been very little interest for cargoes to WAF, but this is a preferred route for many owners, and as such the usual +10 point premium over TA will slip down, WS 82.5 is currently on subjects.

	BDTI	BCTI
	411	312
Δ W-O-W	↓Softer	↓Softer

BDA (USD/LDT)	TKR/LR	TKR/MED	TKR/S
This week	369.3	368.9	358.2
Δ W-O-W	8.3	9.3	0.0

BALTIC TCE DIRTY

	Route	Qnt	USD / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-3,075	↑Firmer
TD3C	ME Gulf / China	270,000	8,594	↓Softer
TD6	Black Sea / Med	135,000	-396	↑Firmer
TD8	Kuwait / Sing.	80,000	3,340	↑Firmer
TD9	Caribs / US Gulf	70,000	-2,641	↑Firmer
TD14	Asia / Australia	70,000	4,151	↑Firmer
TD17	Baltic / UKC	100,000	2,467	↑Firmer
TD20	WAF / Cont	130,000	4,280	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	USD / WS	W-O-W
TC1	ME Gulf / Japan	75,000	7,248	↓Softer
TC2	Cont / USAC	37,000	4,307	↓Softer
TC5	ME Gulf / Japan	55,000	5,506	↓Softer
TC6	Algeria / EU Med	30,000	WS 78.13	↑Firmer
TC7	Sing. / ECA	30,000	9,963	↓Softer
TC8	ME Gulf / UKC	65,000	WS 18	↑Firmer
TC9	Baltic / UKC	30,000	WS 88.93	↑Firmer