AFFINITY TANKER WEEKLY

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Happy Chinese New Year!

VLCCs started the week on the softer side and gained ground progressively. TD3C is now at WS 31.5 from WS 30 in the first half of the week. Earnings seem to have bottomed out, now at USD -1,865/day, compared to USD -2,654/day on Monday. However, we have seen MEG cargoes for end of February dates commanding a premium of 0.5 points over current market levels. More cargoes to come after CNY should give rates a bit of a kick.

TD15 is at WS 32.6 levels, down from WS 33.7 last Friday. Earnings are quite volatile, plunging from USD 900/day on Monday to USD 14/day on Wednesday and then USD 313/day on Thursday. A 270,000 cargo commanded a 2-point premium and, with an increasing cargo count in the first decade of March, things could be stirred up a bit.

Overall, it was a quiet week in the Suezmax market – rates have remained sideways worldwide with limited fresh inquiry. The tonnage supply in the AG for non-Basra remains abundant/slightly tighter if cranes are required. List in WAF is a bit tighter end February/early March but we can expect a few fresh positions pushed come Monday - the list opens up after 5th March basis Nigeria. With bunker prices rising, we might start seeing owners asking for higher rates coming next week.

Rates in Northern Europe (for non-ice fixing) remain at, or close to the bottom, where it is now beginning to feel like they have been forever. On TD7, assessed a little closer to WS 80 now, earnings have slumped further as bunker prices continue to rise. According to our own calculations, the TD7 TCE is at around USD -3,700 per day. Earnings have consistently been negative since shortly after the beginning of the year.

TD17, on the other hand, picked up on Thursday afternoon, climbing to a heady WS 62.5, and likely even more today. A combination of a clear-out of prompt and early tonnage, the opening of the fuel arbitrage, which has resulted in more interest in cargoes moving either East or across the Atlantic, more ice formation and some other bad weather all gave owners the impetus to push rates higher. Whether it can be sustained remains to be seen, but owners need little invitation to push for more.

In the Med and Black Sea, activity has slowed and rates have dropped a couple of points, with TD19 down to WS 75 as of Thursday's close. Earnings have dipped to about USD 2,800 per day on the back of higher bunker prices, but the market appears to have steadied and, although there is less enquiry than a week ago, tonnage remains fairly well balanced and bad weather continues to affect the turnaround of ships.

Very small levels of AG LR2 cargo demand this week, and a list lengthening by the day. Charterers had plenty of ships willing to fix no matter the price, and any owners' resistance didn't improve rates by a bit, quite the opposite. With CNY in full swing today, demand is likely to pick up next week. AG/JPN is very soft at WS 62.5, and AG/UKC is soft at USD 1.4 Mn.

With LR2s and MRs in the doldrums this week, LR1s joined them but not at the same levels, meaning that a few LR1 cargoes have slipped to their sisters. Towards the end of the week, the picture was even more dismaying as there were zero cargo enquiries and 26 ships over the next 15 days from 17 different owners. For the sake of assessment, AG/JPN is at WS 80, and AG/UKC is at USD 1.125 Mn.

After an active Monday, activity for AG MRs started to pace down, Rates on the whole appear to have bottomed out and, given the rising bunker prices in Fujairah and Singapore, returns only worsen as rates remain stable. With CNY celebrations starting on Friday, the market is expected to be very quiet balance this week. AG/JPN is soft at WS 85, and AG/EAFR has been seen a few times at WS 120. UKC runs are for USD 875k, and X-AG at USD 110k. For the first two routes, TCEs are about USD 2,000/day, and the third earns about USD 1,000/day more.

In the West, LR2s have resettled after a prompt replacement on Wednesday boosted the market a bit. Med/East on subs at USD 1.875 Mn and there are more vessels coming available in the Med to keep that level steady. ARA/WAFR was confirmed at WS 77.5 and Med/Brazil last done is WS 85. The position list looks tight with only 8 firm vessels in the balance of the month, but with a few more ships inbound from the East and the MR/Handy sectors looking weaker, current rates could be under some pressure. The short-term outlook remains steady, but in the longer-term, rates should contract.

West LR1s saw some enquiry at the beginning of the week, but things fizzled out thereafter. ARA/WAFR last done is WS 110, Med/Brazil failed around the WS 120 level and Med/Japan can be assessed at USD 1.7 Mn. With tonnage starting to pile up in the last decade of the month, rates could be pressured down. There are 16 vessels from 9 different owners free to work for the balance of the month and, with the current lack of enquiry, weaker MRs and a shrinking working window, the current outlook is weak.

West MRs recovered a bit, with TC2 moving back up to WS 117.5 and WAFR runs tighter at WS 125. Med/Brazil is assessed at WS 130. Tightening tonnage in the Med and a few cargoes coming in the UKC are expected to keep MRs afloat.

Handies had a pretty decent week, busier at the beginning than towards the end, but optimistic sentiment and a very tight list from prompt dates mean that there is a struggle to cover some prompt stems. TC6 is being pushed to WS 135 and over, but should the current situation persist, we can see rates climbing up. Blsea is active at WS 145, and WAFR runs need testing but can be assessed at WS 155. Overall, a positive outlook ahead.

Gong Xi Fa Cai to everyone, may this year bring you joy and prosperity.

	BDTI	BCTI
	539	498
Δ W-O-W	↑Firmer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	428.1	427.9	427.7
Δ W-O-W	-3.1	-3.1	3.3

BALTIC TCE DIRTY

	Route	Qnt	USD / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-13,890	↓Softer
TD3C	ME Gulf / China	270,000	-985	↑Firmer
TD6	Black Sea / Med	135,000	5,029	↑Firmer
TD8	Kuwait / Sing.	80,000	-5,211	↑Firmer
TD9	Caribs / US Gulf	70,000	-357	↑Firmer
TD14	Asia / Australia	70,000	-2,813	↓Softer
TD17	Baltic / UKC	100,000	7,708	↑Firmer
TD20	WAF / Cont	130,000	3,607	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	USD / WS	W-O-W
TC1	ME Gulf / Japan	75,000	-996	↓Softer
TC2	Cont / USAC	37,000	5,336	↓Softer
TC5	ME Gulf / Japan	55,000	2,386	↓Softer
TC6	Algeria / EU Med	30,000	WS 148.25	↑Firmer
TC7	Sing. / ECA	30,000		↑Firmer
TC8	ME Gulf / UKC	65,000	WS 18	↑Firmer
TC9	Baltic / UKC	30,000	WS 137.5	↑Firmer