



11 JUNE 2021

## Softer

The VLCC market dropped further this week, with MEG/East falling from WS 32.5 to WS 31 and the rate for WAF/East is at WS 32.5. Many cargoes have been done privately this week, which pushed rates down as nobody knew that there were cargoes working in the market. There does not seem to be much chance for owners to push above last done to improve current levels, but it is also true that, in theory at least it, should be very difficult to push rates down further.

This week has seen an uptick in cargoes in the Suezmax market giving some hope for owners. Unfortunately, it has not been enough to have any major influence on rates. It seems like most deals have been done off-market at last done levels. The WAF market saw a few WAF/West fixtures done at WS 47.5 with east options at WS 52.5-55 – with enough ships in the area, the market is remaining flat. The AG is experiencing similar sentiment - mostly flat all week with TD23 fixing in the WS 22.5-25 region. The majority of fixtures in the AG have gone to India with AG/WCI fixing in the WS 60-62.5 region. We can expect the current sentiment to go on until next week, hoping an increase in inquiry can change the current state of the market.

Aframax rates in the Med and Black Sea have inched up a couple of points over the course of the week, as cargoes have trickled in. The tonnage list is somewhat tighter than it has been for a while, allowing owners to push a bit higher. TD19 is up to WS 90 levels, 4 – 5 points above where it was at the end of last week. Sentiment is firmer but dates are now covered well forward and charterers are now in control of the market.

In the Baltic and North Sea Aframax rates have trundled along the bottom and owners are only taking on voyages for specific reasons, with earnings practically zero. Owners will be hoping that the busier third decade of the Urals programme will give them something to chew on, while ships have been picked off quietly towards the end of the week, which should reveal a thinner tonnage list moving into next week. For now, though, sentiment remains weak.

There has been some decent demand on the AG LR2s this week with at least 13 ships on subs or fixed over the last five days. Unfortunately for owners there has simply been too many ships around to make anything of it and rates have actually softened – TC1 is at WS 75, 5 points down w-o-w. With all this activity we would be surprised to see similar big drops next week with earnings well below USD 10k/day now, but there are still quite a few ships to get through before the current fixing window, which is now approaching end-June dates. The market is likely to be flat at the beginning of next week.

The AG LR1 market has been down then up this week. A fair amount of the cargo activity has taken place but it's worth noting that quite a bit of it has been competing with MRs for local cross-Arabian Gulf activity and very rarely do we see the LR1 segment firm off the back of a busier X-AG market as the ships don't leave the area. Eastbound, there was just about enough activity to re-energise the market a little bit and WS 92.5 was achieved on Thursday for modern tonnage, versus the WS 82.5 done for a 10-year-old ship earlier this week. Stable to a fractionally warmer feeling in this market at the time of writing compared to the beginning.

All the potential of a tight MR list and high bunker prices in the AG has been left untapped by the lack of cargoes to move, consequently pushing lower already soft rates.

Cargoes have been few and far between in North Asia, and owners have been left to fight over scraps, driving the freight market even lower. North China/Singapore is on subjects at USD 335k on an LR1 and nominally Korea/Singapore is fixing at USD 375k levels on an LR2. The position lists aren't showing an over-abundance of vessels it is more the lack of cargo volume that has induced this turpitude and it looks unlikely to change in the immediate future, we can expect more of the same next week.

The Far East MRs had a tough week again, with rates dropping away and bunker prices remains high. Daily returns struggled for Owners and lists still very long. Korea/Oz is down to WS 140, but less is achievable if desired. The Singapore MRs have seen sharp declines as well, with X-Singapore down to USD 100k, and TC7 paying a maximum of WS 142.5. Going forward, it looks like rates will continue to remain under pressure as tonnage remains well stocked.

In the West, LR1s have been relatively quiet. Owners are reluctant to move at cheaper levels, but the supply and demand fundamentals are firmly against them and, come next week, a longer list will test their resolve.

MRs have bottomed – WS 110 on subs for both TC2 and ARA/WAF - limited further downside is expected and the busier USG market preventing further ballasters, which should help the list thin out with any increase in activity.

A complete lack of enquiry is squeezing Med Handy owners closer and closer to their bottom line. WS 127.5 has been repeated for X-Med and WS 135 is on subs ex B/sea. With bunker prices on the rise, we could see owners trying to push above last done, but without any level of enquiry, it's hard to see where any improvement in sentiment might come from.

		BDTI	BCTI	
		580	456	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	546.7	551.4	551.7	
Δ W-O-W	-0.6	-0.1	-0.9	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-16,539	↓Softer
TD3C	ME Gulf / China	270,000	-4,150	↓Softer
TD6	Black Sea / Med	135,000	-6,712	↓Softer
TD8	Kuwait / Sing.	80,000	1,756	↓Softer
TD9	Caribs / US Gulf	70,000	-2,608	↓Softer
TD14	Asia / Australia	70,000	3,360	↓Softer
TD17	Baltic / UKC	100,000	-2,013	↓Softer
TD20	WAF / Cont	130,000	-2,379	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	1,026	↓Softer
TC2	Cont / USAC	37,000	2,069	↓Softer
TC5	ME Gulf / Japan	55,000	3,349	↑Firmer
TC6	Algeria / EU Med	30,000	WS 127.13	↑Firmer
TC7	Sing. / ECA	30,000	6,321	↓Softer
TC8	ME Gulf / UKC	65,000	WS 21	↑Firmer
TC9	Baltic / UKC	30,000	WS 120	↑Firmer