



In the Summertime

The VLCC market seemed to be improving earlier this week for WAF and Brazil eastbound voyages, with rates up to WS 35. While positive, this increase can be attributed to higher bunker prices rather than an increase in demand. The AG hasn't been very busy as August stems are yet to hit the market – we have seen only a few end-of-July stems, which took handicapped ships for around WS 30 levels. We expect more fresh cargoes coming into the market next week and, as a result, the MEG could end up following the same trend as WAF and Brazil.

The supply of modern Suezmaxes in natural ballast positions to fix WAF is flat on the week. We are now closing out third decade and it looks like there are enough ships sat prompt at ARA and in the West Med to cater for remaining July demand. There is still some decent demand from India - Ghana/WCI at WS 56. The tonnage supply keeps growing in the AG and rates remain unchanged. We are now seeing about 38 vessels open in natural ballast positions over the next 30 days and, with such little cargo enquiry, we expect owners to just swallow the waiting time. Basrah/Med has been seen at WS 24. Steady/weak going forwards.

After their recovery last week, rates for Aframax in the Med and Black Sea have corrected, with TD19 down to WS 87.5 – 90 levels. The markets have actually been fairly active this week, with a fair few fuel questions and tonnage quite evenly balanced. However, on the arb runs, Suezmaxes are getting involved, capping rates, while enquiry, albeit decent, hasn't been enough to give owners the impetus to push rates higher. We expect rates to move sideways over the coming days.

Yet, this is positively exciting compared to what's going on in the North European markets. Charterers have called the shots, picking off vessels with ease with nowhere near enough enquiry to help lift rates, while a lot of stems have gone on relet tonnage too. We end the week with a glimmer of hope, however, as a few replacement cargoes have shown that not every owner is there to roll over for the horrendous levels previously seen, and a few points have been gained. TD17 may be up to around WS 65 now, from a floor of WS 60, while TD7 is slow and is still expected to trade in the mid WS 90s.

The good news keeps on coming for the LR owners in the Middle East. TC 1 has jumped by another 10 points and the list for the first ten days

in August isn't overly populated. Further demand in this window could see further increases. With the bump in eastbound levels, we can also expect westbound freight to move up further also because there are still charterers struggling to cover cargoes in this direction. The AG LR1s have also seen decent activity levels with a combination of short- and long-haul cargoes still outstanding, and owners are piggybacking off the bubbly LR2 sentiment to try pushing for higher freight levels. No change in the fortune of the AG MRs at the moment but, given what is happening on the larger units, it is likely that charterers will be chopping up stems to take advantage of cheap rates in this sector.

It has been a much calmer end of the week on the North Asia MRs after an active beginning. With the MRs being capped by the LRs, it'll be a challenge for owners to push for higher numbers. However, there are still outstanding cargoes yet to be covered off the third decade window, which could boost rates a bit after the weekend. The Singapore MRs have seen bits and bobs of activity, but the amount of tonnage out there remains lengthy, and freight appears to be flat for now – TC7 in the WS 120 levels.

Decent levels of activity towards the start of the week cleared out some positions on the front end but a heavy supply of early LR tonnage kept the West markets suppressed. Rates seem to have bottomed for the time being but, with MRs looking weak and July programs looking well covered, it looks like there is still some of the proverbial fat for both sectors to chew through before we even get close to a recovery.

MRs struggled this week in the UKC, with rates spiraling downwards throughout the week, amid weak demand and a well supplied tonnage list. TC2 is at WS 112.5 and TC14 hasn't got better from the previous week, still trading at WS 80.

There was a steady week of activity in the Med this week, although with 25 prompt ships on Monday, things have quietened come Friday, leaving a few of those vessels waiting for more stems to come. A further replenishment of the list is expected over the weekend and, while we don't see it back up to this week's numbers, there will still be ample tonnage to keep rates pegged to the floor. For now, WS 120 is for Cross-Med and WS 130 ex-Blsea.

		BDTI		BCTI
		589		463
Δ W-O-W		↑Firmer		↑Firmer
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		566.5	568.4	567.3
Δ W-O-W		2.1	2.6	0.8
BALTIC TCE DIRTY				
Route		Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-17,042	↓Softer
TD3C	ME Gulf / China	270,000	-4,929	↓Softer
TD6	Black Sea / Med	135,000	-6,422	↓Softer
TD8	Kuwait / Sing.	80,000	334	↓Softer
TD9	Caribs / US Gulf	70,000	-1,001	↑Firmer
TD14	Asia / Australia	70,000	762	↓Softer
TD17	Baltic / UKC	100,000	-1,033	↑Firmer
TD20	WAF / Cont	130,000	-153	↑Firmer
BALTIC TCE CLEAN				
Route		Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	4,583	↑Firmer
TC2	Cont / USAC	37,000	1,908	↓Softer
TC5	ME Gulf / Japan	55,000	2,590	↑Firmer
TC6	Algeria / EU Med	30,000	WS 120	↑Firmer
TC7	Sing. / ECA	30,000	2,488	↑Firmer
TC8	ME Gulf / UKC	65,000	WS 21	↑Firmer
TC9	Baltic / UKC	30,000	WS 120	↑Firmer