



## A rather eventful week

There was a bit resistance from VLCC owners at the beginning of this week, as two major Chinese owners announced that they will layup 12 ships in total. However, charterers hoovered up ships behind the curtain in the AG, which caused owners to repeat last done numbers again and again, sometimes as low as WS 31.25 amid a panicked frenzy as no cargoes could be seen in the market. We have seen rare WAF cargoes working and fixing 1 point lower than last done at WS 32.5. About three ships failed in the USG this week, reportedly for the same stem, and this is putting some pressure on the ships in the Atlantic.

On the Suezmaxes, WS 55 has been paid twice for WAF/ECC off early 3rd decade of August dates. Many owners are now demanding a slight premium for this option over UKC, and this puts some downward pressure on rates. The AG remains overtonnaged – WS 24.5 is on subs for Ras Tanura/UKC, but charterers can expect to pay a small premium for Basra. Indian charterers continue to take out the usual suspects but it's just not busy enough for any meaningful erosion of the list.

On the Aframax, in the Med and Blsea, a solid start to the week wasn't enough to buoy sentiment, which remains rather weak. CPC stems are nearing mid-month and Novo is already covered beyond the 10th, which suggests that there will be little change in sentiment moving into next week. Owners continue to jostle for cargoes and are offering little more than last done levels, with the lengthy tonnage lists suggesting that there will be little change in the short-term. To the North, rates have recovered a point or two over recent days, with both the North Sea and Baltic markets having hit, and floundered, at rock bottom for the best part of the month. Come Monday though the tonnage list will have refreshed and it looks likely to be straightforward again for charterers. The August stem list has given owners a modicum of impetus to push for a bit more, but rates are unlikely to rise much further, with charterers still having plenty of options from which to choose.

LRs in the AG had a quite interesting week. On the LR2s, the segment hasn't been busy across the week, but a handful of ships were being taken out still with questions under the radar as usual. TC1 fell slightly from WS 85 to WS 80, and it looks like it could hold these levels for a while, albeit being further tested in the coming week. The tonnage availability on the list is one to watch as the ownership profile remains narrowed, but supplywise remains unchanged from last week. With the West of Suez looking less desirable, we could see some ships/owners possibly looking for ex-Red Sea loading stems as well. The week started off with a bang on the LR1s with a flurry of activity, and then demand just fell off the cliff and went quiet towards the

weekend. Freight levels for TC5 have moved up to WS 87.5-90 and the tonnage list is better than last week. All in all, with the current earnings, it is unlikely to expect any further drop from the current rates.

AG MRs this week have seen owners finally dig in after weeks of softening in a purely sentiment-driven move. Refusal to lock in TCE returns of USD 1-2,000 per day (less in some cases) for prolonged periods of time has seen TC17 firm by 15 points this week.

Finally, we have started to see Chinese exports hit the market in North Asia, which, combined with a firming MR sector, has resulted in a good flow of cargoes for the LR1s. Korea/Singapore jumped from USD 200K to USD 340K. With a MR market still firming and the tonnage list for the LR1s quite thin, we could well see some more firming. LR2 cargoes haven't materialised this week, rates have softened and Korea/Singapore is around USD 375K. On the upside, this could well start to bring them into play for backhaul cargos next week.

A very busy week for the North Asia MRs has seen rates positively tested. The list continues to be extremely tight till mid-August and offers huge opportunity for Owners. A couple of replacements have been seen and owners have been aggressively pushing up rates - WS 150 on subjects for Korea/Oz. USD 330k levels is for Korea/Singapore off natural dates and Korea/USWC is at USD 930-950k. Owners will be looking forward to the next week as sentiment remains very much on their side. The Singapore MRs also saw a very healthy volume towards the end of the week. The tonnage list remains well-balanced and rates has managed to nudge up slowly. TC7 has moved up to WS 130-132.5. Owners will be looking forward to next week as they try and push even further.

A few prompter cargoes got small premiums in the West LR1 market before the market resettled at WS 80. The tonnage list is looking longer in the second decade of August and, with the working window moving back into the 15-20 dates, rates could have steadied at their current lows. LR2s remained flat and the tonnage list remains long. A few owners are reluctant to fix for long voyages at the current low levels but, for the time being, and with more tonnage coming West, any recovery looks a long way off.

The MRs in the UKC had an active week and this, coupled with a tighter list, allowed owners to firm up their ideas. Rates continued to increase past WS 130 to WS 140 on subs today. The firmer US market also played a factor as a large portion of ships were fixed this week, which would have otherwise ballasted to the UKC.

Despite steady activity, the sheer mass of Handy tonnage in the Med has pushed rates down. Cross-Med is trading at WS 117.5 at the time of writing.

		BDTI		BCTI
		604		477
Δ W-O-W		↑Firmer		↑Firmer
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		573.3	575.4	574.1
Δ W-O-W		5.6	5.9	6.1
BALTIC TCE DIRTY				
Route		Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-17,123	↓Softer
TD3C	ME Gulf / China	270,000	-4,921	↓Softer
TD6	Black Sea / Med	135,000	-7,200	↓Softer
TD8	Kuwait / Sing.	80,000	1,884	↓Softer
TD9	Caribs / US Gulf	70,000	-3,966	↓Softer
TD14	Asia / Australia	70,000	5,497	↑Firmer
TD17	Baltic / UKC	100,000	-733	↓Softer
TD20	WAF / Cont	130,000	1,040	↓Softer
BALTIC TCE CLEAN				
Route		Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	1,983	↓Softer
TC2	Cont / USAC	37,000	4,593	↑Firmer
TC5	ME Gulf / Japan	55,000	2,269	↓Softer
TC6	Algeria / EU Med	30,000	WS 120.63	↑Firmer
TC7	Sing. / ECA	30,000	3,982	↑Firmer
TC8	ME Gulf / UKC	65,000	WS 21	↑Firmer
TC9	Baltic / UKC	30,000	WS 127.14	↑Firmer