



Summer blues

It's been a largely quiet week for VLCCs, with little going on across the board. We saw a few COAs in the AG on Monday but, as of Tuesday, things became quieter. However, as the week comes to an end, things have picked up a bit, with an inevitable climb in rates. TD3C was fixed at WS 58.5 and there are a few outstanding cargoes for end-July/early-August dates, which could push rates up further. WAF remained largely quiet throughout the week – WAF/UKC went on subs at WS 70, and there are two stems outstanding for both East and West at the time of writing. The Western Atlantic market has been a touch more active, with good levels achieved for UKC-bound stems from both Brazil and the USG.

The Suezmax WAF market was firm this week! After a quiet Monday, momentum started to mount on the back of a bullish USG market and, on Wednesday, we saw Nigeria/Spain for 30-31 July dates go on subs at WS 125. The market in general feels hot at the moment and, as this week comes to an end, there are still a few stems outstanding. The same goes for the AG market – BOT/UKCM-East for 31 July dates went on subs at WS 80-135. Although it is for two discharge options, this is still a nice 10-point jump from Tuesday's levels for West discharge.

On the Aframax, TD7 held steady from Friday's level at around WS 210. Charterers were fixing significantly further ahead of the usual fixing window to cover their cargoes, so sentiment held firm. But as the week progressed, activity subsided and, although there was some fixing going on under the radar, the list began to grow. As the week draws to a close, we can see that the list is opening up for the next fixing window, and rates have begun to steadily soften. As of Friday morning, we're calling the market at around WS 195, with potentially more softening to come.

Sentiment in the Med picked up at the end of last week on rumours that Libya's National Oil Company (NOC) would lift force majeure on some of the affected ports this week and, although the list refreshed over the weekend, owners took that bullish sentiment with them into this week. On Tuesday, their faith was rewarded after NOC lifted force majeure on Brega and Zueitina on Tuesday, but there is still confusion regarding the status owing to protestors threatening to block exports and uncertainty after the NOC chairman's refusal to relinquish control. Despite a couple of fixtures being reported at last done, some owners have remained quite bullish. Others, however, have been taking on cargoes at market levels to reposition themselves towards the higher returning northern markets. Cross-Med TD19 is assessed at up to WS 170.

On the clean tankers, we saw a gap between owners' optimism and unsupportive fundamentals/limited cargo flow. As a result, progress has

been slow, but some advancements were nonetheless made. TC1 is up w-o-w by 5 WS points to WS 202.5, and next done can be expected to be higher again. Westbound has moved up by USD 400k with USD 4.1 Mn currently on subs ex-WCI. The tight LR1 list has been an encouraging factor as they continue to trade at parity or higher, hence charterers will be looking to upsize wherever possible.

It was a similar story for LR1s – TC5 is up with WS 290 getting fixed, and many expecting next done to be starting with a 3, but the cargo flow has not been there for owners to capitalise and, with the LR2s pricing equal or less, LR1s have been somewhat capped.

As we reach the end of the week for MRs, the numbers suggest a softening market, with TC17 on subs multiple times at WS 450 – 10 WS points off from where they started the week. However, we have seen multiple TC17 stems covered and some off forward dates, a clear sign charterers expect freight to firm. Overall, given the level of activity this week, owners are likely to push for more as we go into next week, but the cargoes need to keep flowing in order to keep the momentum.

North Asia MRs had a decent week with firming rates. Still, there is some potential for growth, especially given the current levels reached by LR1s. For now, Korea/Singapore was repeatedly done at USD 1.45-1.5 Mn, Korea/Oz was seen on subjects at WS 475 on a replacement. The immediate future looks positive, with a couple of vessels ballasting up from the South and, if LR1s continue their upwards trajectory, sentiment can be a powerful driver in the next week. The Singapore MRs market remained flat, with a significant lack of fresh enquiry from the outset, and a few off-market deals which details are all but unknown. For now, Singapore/Oz remains at WS 420.

Meanwhile, it was a week of two halves for MRs in the UKC. At the start we saw good, steady activity, enough to hold TC2 buoyant at WS 315. However, from Thursday, sadly, activity really came to a standstill with minimal fixing. As a result, as we go into the next week, we could see some testing to market levels.

A combination of quicker discharge and slower activity put the NWE Handy market under pressure this week. Cross-continent fixing reduced to WS 300 by the end of the week, and WS 285 for Med-bound stems. Russian exports keep holding so far, and rates remain in the WS 500 levels, but as alternative options start to reduce, charterers could look to put some pressure here too.

Med Handies started the week with a very long position list and, as a result, freight started to slip again. However, they have been more active during the second half, and seem to have found their feet at around WS 265 levels for TC6.

		BDTI		BCTI
		1369		1382
Δ W-O-W		↑Firmer		↓Softer
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		576.3	579.0	580.0
Δ W-O-W		1.5	2.4	3.2
BALTIC TCE DIRTY				
Route		Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-24,948	↑Firmer
TD3C	ME Gulf / China	270,000	702	↑Firmer
TD6	Black Sea / Med	135,000	34,752	↑Firmer
TD8	Kuwait / Sing.	80,000	13,274	↑Firmer
TD9	Caribs / US Gulf	70,000	56,178	↑Firmer
TD14	Asia / Australia	70,000	22,057	↑Firmer
TD17	Baltic / UKC	100,000	78,391	↑Firmer
TD20	WAF / Cont	130,000	30,078	↑Firmer
BALTIC TCE CLEAN				
Route		Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	27,128	↑Firmer
TC2	Cont / USAC	37,000	29,133	↑Firmer
TC5	ME Gulf / Japan	55,000	38,781	↑Firmer
TC6	Algeria / EU Med	30,000	WS 273.75	↑Firmer
TC7	Sing. / ECA	30,000	42,882	↑Firmer
TC8	ME Gulf / UKC	65,000	61.44	↓Softer
TC9	Baltic / UKC	30,000	WS 508.57	↑Firmer