



Crude Tanker Comments

VLCCs in the MEG started the week on a solid foot, with steady under the radar activity prompted by a slow but regular drip of second decade cargoes, keeping rates sanguine. Things picked up a notch on Wednesday, but towards the end of the week, activity dried up a bit. Nevertheless, owners' resistance kept rates within their current ranges - TD3C is at WS 49 at the time of writing, up a point from WS 48 last Friday.

In the Atlantic basin, the week started with some moderate activity, especially in the USG in the aftermath of Friday's TD22 reset to USD 7.48 Mn. However, as the week progressed, there has been a flurry of fixing and failing, which contributed to keeping TD22 relatively subdued - around USD 7.3 Mn levels throughout the remainder of the week. Also levels ex-Brazil remain relatively weak, with WS 46.6 going on subs for Brazil/China for 2-3 March dates. WAF keeps exuding a quiet feeling and, as a result, rates are testing downwards too - TD15 is currently at WS 49 levels, after going on subs at WS 51.5 earlier in the week.

Similarly, Suezmaxes have been suffering from slow days in WAF. The tonnage list is healthy and VLCC tonnage abundant, meaning that rates inevitably came under pressure. However, an uptick in activity on Thursday is giving the feeling that we might be close to hitting the bottom. For now, TD20 is trading at WS 111. Slow days continue also in the AG, with quoted cargoes attracting multiple offers and pressuring rates, now down to WS 55 for TD23.

A weaker Aframax market in the Med and Black Sea put some pressure on freight there, too. However, an uptick in activity on Thursday could mean that we might be close to bottoming here as well.

In fact, while X-Med levels on the Aframax keep testing down after each fixture in the first half of February, higher volumes of cargo worked on Wednesday have halted the decline. However, Black Sea rates have continued to test down even though the list off the front-end remained slim. As the week is comes to a close, rates seem to have levelled off - enquiry is still relatively slow, however, Turkish Straits delays remain strong and bad weather is circulating, leaving some upside potential for the next week.

In the North Sea, rates have inched up earlier this week amid a tight tonnage list, poor weather, and the beneficial effect of a constant stream of North/Med ballasters. However, things started to slow down from Wednesday, rates levelled despite the bad weather, and there are enough firm positions on the list to keep the market steady for the moment. Meanwhile earnings remain below Med levels - USD 59k/day for TD7 on an Eco ship, versus USD 69k/day for TD19 on the same,

Product Tanker Comments

It is a sad end to a slow week on the LR2s. The fall, and thereafter repetition, of WS 95 for TC1 on Monday really set the scene for the rest of the week. A stream of ballasters from Asia and the West meant that owners didn't have much to choose from in term of cargo, and rates for Westbound had a downwards correction too. Last on subs is USD 2.95 Mn agreed yesterday, which is a USD 250K slip on the week. Local routes seem to be the flavour of the past five days as owners prefer this course of action as opposed to making smaller monies over the much longer haul voyages. Tonnage is still in evidence for Monday and, with demand looking this low, we might start next week with lukewarm vibes prevailing in this market.

On the LR1s, we have been aware of a considerable amount of demand but a lot of this has been kept on private and COA basis and, with more than enough ships around in the window, we have not seen any major changes on freight levels just yet. Going west is a little more problematic with a lot of the more obvious candidates already being sent in that direction, but charterers have been able to exercise patience on forward laycans and this can often lead to achieving competitive freights similar to last done levels. Achieving USD 2.75 Mn again for AG/UKC might be a little tough, and USD 2.8 – 2.9 Mn would be our assessment for next done, but then we are not far off LR2 levels so there is a lid on how much the LR1s can move up in the short-term.

By contrast, Asia MR owners had a whale of a time this week. With increased Chinese exports and people returning to the office after the holidays, rates have continued to rise with Korea/Sing fetching USD 1.1 Mn, and rumours of USD 1.2 Mn on subs (up from USD 850K last done). There are still plenty of outstanding stems uncovered in the North and owners remain calm, with rates moving up they can afford to be picky on which cargo they fix. There is less enquiry for MRs in the South, but TC7 has firmed by 95 WS points from the low of WS 205 due to the strong North Asia market. The SE Asian freight market looks set to stay firm into next week, despite attracting ballasters from as far afield as South Africa. Also eastbound AG MRs have had a rally this week on the back of strong Asian markets, with TC17 firming by 42.5 WS points, and on subs at WS 237.5 at the time of writing.

What an unfortunate week for the MRs in the UKC! Too many cargoes have been withdrawn without fixing or going into charterers' own programmes. As a result, TC2 remained flat at WS 140 levels. The tonnage list still looks promising and, given that it shouldn't take too much to turn things around, owners remain optimistic. WAF enquiry kept trickling down, with premiums paying plus 10 WS points over transatlantic runs. Handies have been too quiet this week and, with fewer options for many owners loading in the Baltics ahead of the 5 February sanctions/embargo on Russian products, the list has swelled. Rates are trading down at WS 135 for Cross-Cont voyages.

		BDTI		BCTI
		1256		626
Δ W-O-W		↓Softer		↓Softer
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		529.3	535.2	539.0
Δ W-O-W		0.5	1.7	2.0
BALTIC TCE DIRTY				
Route		Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	3,227	↓Softer
TD3C	ME Gulf / China	270,000	20,372	↑Firmer
TD6	Black Sea / Med	135,000	86,103	↑Firmer
TD8	Kuwait / Sing.	80,000	57,323	↑Firmer
TD9	Caribs / US Gulf	70,000	33,144	↑Firmer
TD14	Asia / Australia	70,000	60,277	↑Firmer
TD20	WAF / Cont	130,000	42,998	↓Softer
BALTIC TCE CLEAN				
Route		Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	10,068	↓Softer
TC2	Cont / USAC	37,000	10,294	↓Softer
TC5	ME Gulf / Japan	55,000	14,951	↓Softer
TC6	Algeria / EU Med	30,000	24,896	↓Softer
TC7	Sing. / ECA	30,000	34,441	↑Firmer
TC8	ME Gulf / UKC	65,000	21,516	↓Softer
TC23	ARA / UKC	30,000	2,031	↓Softer