

AFFINITY TANKER WEEKLY

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Crude Tanker Comments

This week has been a tough one for VLCC owners, marked by lack of activity since Wednesday, and a continuous downwards trend in freight throughout the week. Only a handful of cargoes in the first half in the MEG and very little in the Atlantic, mean that levels have slipped into the mid WS 50s now for TD3C as dates are moving towards mid-May. Owners seem to acknowledge that if they have the opportunity to fix cargoes close to vessels dates, then they probably will have to beat last done in order to secure them. TD15 remains largely untested, but we'd expect to land in the mid WS 50 levels. In the USG, underwhelming activity for the third decade started to pressure freight towards the USD 8 Mn mark.

Overall, the lists aren't massively long at the moment, but with the long weekend looming we could be in for another roller coaster inversion. On the bright side, TCEs remain around the mid USD 30K levels, meaning that if worse comes to worst there still is some buffer.

On the Suezmaxes, whilst the USG remained fairly active, TA runs above WS 80 didn't appear to be forthcoming, and without further firming there, the likelihood of UKC ships being resistant to a softening TD20 remained low. The Americas weren't able to turn this around as Afra levels have collapsed into a black hole and VLCCs booked forward limit expected volumes.

In fact, UKC-bound WAF exports have been progressively softening, settling at WS 89 levels at the time of writing, according to the Baltic Exchange. Of course, a weak Med market hasn't helped, with activity fizzling out in the second half of the week, and TD23 reaching WS 122 on Friday, as Suezmaxes and Afras have to jostle for the few cargoes available.

Meanwhile, East of Suez VLCCs are squeezing Suezmaxes down, and against a list long on compromised vessels and where 20T, FOC, non-compromised counts are expanding by the day, resistance remains limited. Also here rates have taken a decent haircut, losing around 10 WS points since Monday.

Action in the Med has been pretty limited so far this week for the Afras this week, as both Ceyhan and Libya stems are well covered for the first decade of May. And as dates shifted, rates kept circulating around last done – WS 150s levels kept being repeated for X-Med. That being said, the list is not exactly showing an abundance of X-Med willing ships, with most players focused on premium business, but activity is somewhat lacking to turn sentiment.

It was a slow start of the week for Afras in the North Sea. The market has stabilised since last week, even with a fairly short North Sea list showing no owners with over 2 positions, and 7 ships ballasting TA in the last week, enquiry has lacked to keep sentiment firm. As a result, rates have been circulating around last done in the WS 130s until the very end. And as the look weekend is looming, most seem to be keen to tun page and see what next will bring.

Product Tanker Comments

From an LR2 owners' point of view, this week fell short of the billing. There was the expectation that with the momentum owners had built up TC1 would push into the WS 190s however, WS 180 has been fully fixed with reports of WS 187.5 being on subjects. Despite this, tonnage has been clipped off the position list with most charterers preferring to fix off market, leaving the number of available LR2s on par with the year-to-date average as we head into the weekend. This point combined with the fact that we will likely see some uncertain itineraries shake out over the weekend will mean that charterers should have ample of ships to choose from come Monday.

There was some concern expressed by owners at the length of the LR1 tonnage list in the Middle East this week. However, LR1 owners acquitted themselves quite well, paper was sold off hard and yet we saw physical TC5 going on subjects twice at WS 195, higher than what most thought we would see. Westbound rates also rebounded off a low of USD 3.55 Mn for WCI/UKC at the beginning of the week to USD 3.7 Mn at the end. Looking forward to next week there is the expectation that we will see a sluggish start given the May day holidays in much of the world, charterers will view this lull as a chance to put pressure on rates.

It was a quiet start of the week for the MRs in North Asia, with just enough activity around mid-week to keep the list moving. There has been a relative amount of under the radar activity going on with ships getting plucked off the list without details, resulting in a tighter list on fewer firm/quality ships prior to second week of May. With multiple fresh stems still to cover, owners with tonnages are positive in setting the momentum right to gain back control of the market. Plus, with a planned increase of Chinese exports reported for May, there are trepidant expectations for an increase in volumes, which might encourage some firming in the market. On the other hand, the Singapore market still lacks the energy that we have seen in the North. If this is to continue, MR owners with prompt tonnage may well start to ballast out in search of greener pastures.

This was another disastrous week for MRs in the West. UKC tonnage has swelled, and thus even despite a moderate show of cargoes, rates have slipped further. Last done for TC2 is WS 140 at time of writing, and it will likely take two better weeks of enquiries to tighten the list back up. Med MRs have had a poor week also dropping to circa WS 140 levels for Med/Ta. However, more ships have gone on subs towards the end of this week, and the general consensus is that we have hit the bottom. Also in the USG, lack of activity has pitched market confidence on a downslide and large chunks are being taken from last done levels. TC14 dropped by 10-15 WS points to WS 90.

It has been very quiet for UKC Handies on the whole, and like MRs tonnage has lengthened throughout the week. Owners can expect WS 190 for vanilla x-UKC runs, however this could well continue to drop as we head into next week. It was a fairly horrible week for the Med Handy owners, with TC6 dropping down further to WS 150 as we approach the end of the week. With a long weekend to come, and plenty of ships on the list, it's difficult to see things improving in the short term.

		BDTI	BCTI	
		1046	752	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	570.0	577.2	582.3	
Δ W-O-W	-3.5	-2.9	-3.1	
BALTIC TCE DIRTY				
	Route	Qty	\$/Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	15,491	↓Softer
TD3C	ME Gulf / China	270,000	36,236	↑Firmer
TD6	Black Sea / Med	135,000	52,754	↑Firmer
TD8	Kuwait / Sing.	80,000	50,739	↑Firmer
TD9	Caribs / US Gulf	70,000	7,796	↓Softer
TD14	Asia / Australia	70,000	40,894	↑Firmer
TD20	WAF / Cont	130,000	32,577	↓Softer
BALTIC TCE CLEAN				
	Route	Qty	\$/Day	W-O-W
TC1	ME Gulf / Japan	75,000	47,399	↑Firmer
TC2	Cont / USAC	37,000	13,859	↓Softer
TC5	ME Gulf / Japan	55,000	39,231	↓Softer
TC6	Algeria / EU Med	30,000	13,180	↓Softer
TC7	Sing. / ECA	30,000	31,465	↓Softer
TC8	ME Gulf / UKC	65,000	42,663	↑Firmer
TC23	ARA / UKC	30,000	16,482	↓Softer