AFFINITY TANKER WEEKLY

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Crude Tanker Comments

It was a bit of a negative week for the VLCC sector as it became clear early on that TD3C had topped out around mid WS 50s and availability of upcoming tonnage for natural dates was sufficient. We expect first decade June in MEG is now pretty well sewn up, with a lot of volume covered on prog/COA, meaning day-to-day market activity was slow. Owners will look to find positives still as the slide in rates has been gradual and perhaps limited to WS 5 or so in total for the week; a sign of a generally healthier and more balanced market. With Suezmaxes (and Afras) now falling away in the Atlantic, the chance of crossover has diminished, so it will be interesting to see, when tested, if TD22 would remain around USD 8 Mn and likewise for TD15 if it would start with a 5, but both look increasingly unlikely.

We have not made much of a dent in the Suezmax tonnage lists this week, and charterers' patience is paying dividends. Off prompter windows, charterers found resistance at WS 115 basis TD20, which from an earnings perspective tallies up with USG/TA valuations around WS 100 (unless there is some additional prompt inquiry), which should provide some form of floor in the short-term. However, by Monday, the six FOC modern, non-compromised & natural WAF candidates could be supplemented by a dozen more FOC vessels, only two of which are ex-East.

Med activity might begin to pick up as Afras hit crossover levels, providing some respite from pressure. Given this small fixing band, charterers may elect to allow the weekend openers to firm up and try their luck next week, but this would entail fixing only 12 days forward alongside a tight Med market. Looking at the list, there is some compromised availability on the prompt side, but most of these are focussing on premium Russian business. Otherwise a West Med bias should maintain pressure on Med fixing levels unless TD20 starts falling significantly.

East of Suez Afras are failing to hit crossover levels, something they had been threatening for a while, whilst VLCCs are incredibly quiet in the AG with downward pressure palpable. The list is date-sensitive and bias of Russian lifters is acutely felt at the moment - this may sustain eastbound but, in a similar manner, undermine westbound levels…

On the Afras themselves, a very active Monday saw over 10 cargoes being worked. Some charterers started to roll off the end of the month with limited interest, which added fuel to the fire and kept rates on a firming upwards trajectory. As the week went on, a short list made it difficult for quoted cargoes to attract offers, while the US market kept pulling ballasters away. And, as the week is coming to an end, the list of X-Med-willing ships remains short, while rates continue to rise with each fixture, and momentum remains firmly in owners' court.

In the North, the week started with a tight list as tonnage keenly ballasted to neighbouring markets, and most of the other ships remaining were focussed on premium Russian business. We can say that this market remained largely undervalued compared to the Med and the USG. As the week is coming to an end, the list remains thin for natural dates, but it opens out a touch off forward dates. However, with opportunities to ballast out, momentum remains with owners.

Product Tanker Comments

After weeks of very strong LR2 cargo flows, coupled with bountiful good tonnage flooding into the Red Sea, the AG and West Coast India have stayed cheap in order to accommodate demand freight. We all knew that, should this run of demand remain, then we would get to a pinch point where tonnage is thinner and freight fortunes would turn in favour of owners and this is what happened this week. Good ships slimmed down and, while demand was a little lower than the previous two weeks, we still saw enough to get freight really moving. We have finished the week at USD 4.1 Mn on subs for Jubail/UKC and WS 135 for TC1. The list is very thin and, even though we might see today and Monday (where a lot of Europe and US has national days off) being a little calmer, we would only describe the outlook to remain positive when we all return to the action.

The LR1s have only had an unusual week. Yet again we see a scenario where the MRs and the LR2s show all sorts of volatility and liquidity but the LR1s are left behind a little. There has been enough activity to keep rates pretty stable and some charterers have had to wait some time to get the numbers that they were looking for but, overall, this market has been rather uninteresting over the last five days. TC5 has been freighted at WS 150 for those that really want it and WS 160 for those that are more ambivalent. Westbound trade has stayed consistent at USD 3.25 Mn when briefly tested. Cross-Gulf has suffered a little at USD 500,000 being agreed for a super short run and WS 150 was on subs and failed for Arabian Gulf/Singapore. The list is lean enough to keep owners from being too concerned into next week but equally they would welcome more demand!

It is still looking grim for the MRs in North Asia, with higher activity needed to re-oxygenate what has been a stagnant market for a while now. The market has been operating at a slower pace as Korea/Australia tickled down to WS 245 and Korea/Japan is reported to be on subjects at USD 525K. Next week, charterers will take these new numbers as a ceiling to trade into the next window where we might see furthering softening in the market.

Most of the activity in the Singapore MR market has been done behind closed doors this week, which has resulted in a larger number of vessels getting on subjects with no further details emerging. It has been difficult for other owners to establish market direction or have any idea on cargo volume moving around. Despite that, owners will not have any complaints given a tighter tonnage list/increased activity level in the market. Moving onto next week, freight rates look to hold on steadily with a chance of firming shall there be an influx supply of fresh cargoes.

It was an explosive start to the week for the MRs in the UKC. A fresh influx of cargoes and a very slim tonnage list sent freight rates flying up to WS 190 levels for TC2, but as the week draws to a close, the cargo enquiry is minimal with TC2 feeling a touch softer at WS 175-180. Freight rates will need testing going forward as we come into a long weekend for many. Pockets of enquiry to WAF and Brazil with premiums paying circa plus WS 10 and plus WS 15 respectively. The US market is looking more positive and there may be fewer ships heading to Europe for now, which should help support current levels in the short-term.

	BDTI	BCTI
	1238	671
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	560.3	565.8	569.4
Δ W-O-W	-1.0	-1.5	-2.5

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	6,557	↓Softer
TD3C	ME Gulf / China	270,000	27,812	↑Firmer
TD6	Black Sea / Med	135,000	58,749	↑Firmer
TD8	Kuwait / Sing.	80,000	48,937	↑Firmer
TD9	Caribs / US Gulf	70,000	87,627	↑Firmer
TD14	Asia / Australia	70,000	38,829	↑Firmer
TD20	WAF / Cont	130,000	49,135	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	30,741	↑Firmer
TC2	Cont / USAC	37,000	23,249	↓Softer
TC5	ME Gulf / Japan	55,000	27,461	↑Firmer
TC6	Algeria / EU Med	30,000	10,013	↓Softer
TC7	Sing. / ECA	30,000	32,445	↑Firmer
TC8	ME Gulf / UKC	65,000	31,374	↑Firmer
TC23	ARA / UKC	30,000	3,055	↑Firmer