



Crude Tanker Comments

VLCCs have slowly started to see downside across the board, with good supply in the UKC teaming up with a decent flow of tonnage from the East, resulting in TD22 slipping down to USD 9.35 Mn. Owners have done well to keep the market heavily sentiment-driven, and the fact that rates still hold relatively stable, despite a quiet few weeks, has shown that collective resolve goes a long way in the face of shaky fundamentals.

Quite a few owners are now holding off until next week to try fixing firmer numbers in a potential Christmas rush. But it feels that there is not much going on at the moment - bar evidently more volume in the MEG for the third decade - for owners to utilise for leverage. Overall, despite TD3C being at WS 66.5 and TD15 at WS 66.4 at the time of writing – about 0.3 and 1 WS points down from Monday's levels respectively, the overall feeling remains steady/softer, even if we have been seeing a little more movement.

On the Suezmaxes, WAF tonnage has seen some decent erosion as various vessels were fixed away off-market at the end of last week. Sentiment off the back of the busy Americas market has been holding rates steady, up by about 4 WS points from Monday, to WS 102 at the time of writing. Still, this is leaving some with a bittersweet feeling, as maybe more could have been done to push rates higher, and as the week is coming to an end, there is very little outstanding, and rates will likely remain where they are at best.

Looking East, TD23 appeared more balanced as we started the week - advertised availabilities have dwindled as we saw various vessels fixed under the radar towards the end of last week, with few others expected to set sail before the weekend. The market remained steady overall, with rates flat throughout at WS 67 levels.

Meanwhile, in the Med, activity started to pick up towards the end of the week, with rates climbing to WS 137 for TD6, according to the Baltic Exchange, up by over 2 WS points since the beginning of the week, and more than that rumoured for a vessel with some options. However, actual last done reset levels back to WS 135 for TD6, and as the week is coming to a close, the market remains steady/flat.

Looking at the Afras in the Med, Monday was fairly slow. Enquiry compared to tonnage levels remained largely balanced throughout the week, with much of the early side focusing on Bsea and enquiry elsewhere feeling lacklustre. As a result, X-Med levels kept dropping progressively, now at WS 136, about 9 WS points lower than where we started at. And given that there's still substantial tonnage to work through for the remainder of Christmas party week, the short-term outlook remains less than ideal.

Meanwhile, slow days continue in the North Sea. Standout tonnage rolls without seeing new enquiry, and we have seen a significant amount of ballasters TA - nine so far this week. With neighbouring markets softening progressively, one expects the same due in the North Sea.

Product Tanker Comments

There were a few false starts this week on the LR2s, but as we close out the week, we would be more settled on a gently forming market view with increases on subs today and decent sentiment from owners to carry us over the weekend. There are still some ships at the top of the list that do need to be cleared out to create an overall tighter perspective, but owners are content that this gently building energy will carry into next week and should help clear these ships at better freight that will contribute to the many cumulative waiting days that have been accrued. Freight rates for the main routes are now agreed at WS 130 for TC1, which is a healthy move up from last week's WS 107.5 and westbound has been subbed at USD 3.45 Mn from Jubail. Demand is showing signs of coming back to better flow with murmurs that the refinery issues in the area are getting sorted out.

The LR1 market has seen a lot of demand but, with plenty of good ships around off the back of the mainly short-haul activity that this market has seen over the last two weeks, charterers have had quite a few vessels to work with for their stems. Rates are gently moving up here and there, but should we have a busy week next week, then we would expect some more significant firming. Westbound trade is holding around USD 2.8-2.85 Mn for an AG loading, TC5 has moved a fraction up to WS 120.

North Asian MRs had a bright start to December, with markets recovering and earnings stabilising amid an increase in stems hitting the market. The massive congestion at the Panama Canal has hiked freight rates in the USG market and led to wider trading opportunity from the Far East as we seen an increase of transpacific stems (to Ecuador, Chile, USWC) being quoted in the market. As a result, Korea/Singapore closed the week firming to USD 850K. Then again, as the larger units' markets continue to be trading at parity with the MRs, charterers are fed a wider variety and number of vessels. MRs look to be dependable on the LRs, which puts a price ceiling onto freight rates to climb further. Meanwhile, both parties are happy to fix at last done levels with little incremental gains until the LR market starts to show some improvement. It has also been busy in SE Asia, with a tight front-end of the list and firming neighbouring markets pushing TC7 to WS 212.5 – 30 WS points above Monday's rate.

Meanwhile, in the UKC, the TA arb remains closed. This is causing most system barrels to go short, which helps clear the front of the list in the short-term but is not bullish for balance month freight. TC2, what there was of it, was arranged at WS 195 levels. WAF premiums continue to be greater than usual at +45-50 WS points as the US markets show no signs of slowing.

Med Handies have had a steady week, with rates well established at WS 265 for TC6. A lot of the owners have been travelling this week in London and, as a result, we have seen a lot of private direct deals done – and the list is gradually tightening in the background. If things get busy next week, there is potential upside around the corner for owners.

| | BDTI | BCTI | | |
|------------------|-------------------|---------|----------|---------|
| | 1145 | 856 | | |
| Δ W-O-W | ↓Softer | ↑Firmer | | |
| BDA | | | | |
| (USD/LDT) | TKR/LRG | TKR/MED | TKR/SML | |
| This week | 496.5 | 505.4 | 513.6 | |
| Δ W-O-W | -3.4 | -3.4 | -3.6 | |
| BALTIC TCE DIRTY | | | | |
| | Route | Qnt | \$ / Day | W-O-W |
| TD1 | ME Gulf / US Gulf | 280,000 | 9,755 | ↑Firmer |
| TD3C | ME Gulf / China | 270,000 | 48,737 | ↑Firmer |
| TD6 | Black Sea / Med | 135,000 | 65,723 | ↑Firmer |
| TD8 | Kuwait / Sing. | 80,000 | 46,429 | ↑Firmer |
| TD9 | Caribs / US Gulf | 70,000 | 27,359 | ↑Firmer |
| TD14 | Asia / Australia | 70,000 | 40,510 | ↑Firmer |
| TD20 | WAF / Cont | 130,000 | 41,018 | ↑Firmer |
| BALTIC TCE CLEAN | | | | |
| | Route | Qnt | \$ / Day | W-O-W |
| TC1 | ME Gulf / Japan | 75,000 | 26,624 | ↑Firmer |
| TC2 | Cont / USAC | 37,000 | 24,269 | ↑Firmer |
| TC5 | ME Gulf / Japan | 55,000 | 18,321 | ↓Softer |
| TC6 | Algeria / EU Med | 30,000 | 47,149 | ↑Firmer |
| TC7 | Sing. / ECA | 30,000 | 24,559 | ↑Firmer |
| TC8 | ME Gulf / UKC | 65,000 | 23,601 | ↑Firmer |
| TC23 | ARA / UKC | 30,000 | 21,065 | ↑Firmer |