AFFINITY TANKER WEEKLY

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Crude Tanker Comments

As an outsider, if you followed only BDTI assessments or similar on VLCC markets this week, you'd think that a few owners may be entering the weekend shedding a tear into their glasses of [ouzo/aquavit/insert as necessary]. Granted, the excitement we saw to close last week did not continue and, by Tuesday, it became clear that levels would return south but, a few days later, it's hardly all doom and gloom. Tonnage lists are not overly long in relative terms for any area and it seems likely more has been going on in these past two days than initially met the eye. Owners also seem to be willing to draw a line in the sand, even if advised of competitors with similar ideas, most feel volume will be sufficient that there's no need to undercut further to secure employment. Given the quicker rebalancing of sentiment, this theme may continue and charterers may struggle to make further inroads below around WS 60 basis TD3C, WS 62.5 basis TD15 and mid USD 8 Mns basis TD22. Eyes remain on Middle East tensions and, unless there is further escalation, if we consider "the usual" in the scope of the last few years, shipping continues with business as usual.

On the Suezmaxes, back-to-back quiet days took their toll on the Atlantic as TD20 declined and came off in chunks. Anticipating that 50 per cent of any remaining stems in the 5-10 window go to own programmes, there's likely going to be very little for the prospectively 25+ FOC vessels off Gibraltar and UKC positions to fight over on Monday.

The USG remains quiet across both Aframaxes and Suezmaxes - last done 70 x WS 177.5 and 145 x WS 90 are unlikely to hold, with further declines to be expected. We expect early May dates to be worked next week and, although the short-term outlook is negative, the absence of TA ballasters on both sizes leaves charterers reliant on local supplementation, which brings some sensitivity if we were to see an influx of fresh volumes.

What little there was to report seemed either local or Eastbound in the AG. The list remains bloated with a variety of FOC Basrah-suitable vessels workable within the 2nd — 3rd May fixing window. In light of recent escalations between Iran and Israel, and the fact that Westbound cargoes have been few and far between out of the AG, owners ex-East are already getting stuck in with Angola volume and others will likely be weighing up the prospect of ballasting to WAF also.

The Med Afra market took a slight breather in the first half of this week, with X-Med rates testing off the peak. Rates have softened slightly from Monday's WS 190 levels, down to WS 187 at the time of writing as the market seemed to take a breather around the mid-week point, shaving off a few WS points to WS 185 levels, before gaining some of the ground lost amid a flurry of activity. Natural options for X-Med do still exist while dates shift on. The weather remains poor with widespread delays worth noting, but North Sea ballasters continue to arrive.

Fixing in the North Sea has been very much cargo-dependent this week. The list has been pretty slim throughout, with Butinge especially tight. However, shuttles remain apparent if able to fix their desired runs. Competitive numbers seem to be the norm now, with X-North Sea around WS 140 - 145 levels, but the Med is still attracting tonnage. Certain cargoes need caution.

Product Tanker Comments

After last week's surge in LR2 volumes, owners were primed and ready to go this week and have had success. Consistent demand has aided owners and charterers have bought into it. Consequently, the main routes have moved from WS 162.5 to WS 200 on TC1 and westbound has also lifted from last week's number of USD 5.5 Mn being fixed out of Sikka to USD 6.4 Mn being confirmed on subs out of Kuwait yesterday. East African imports have been a little quieter, but we can expect to see improvements on the last done of WS 190 and Yanbu/West got a decent 'shot in the arm' with a move up from USD 3.425 Mn to USD 4 Mn. Earnings are strong and, with demurrage being agreed at over USD 70,000, we can only expect a bright owners' disposition come Monday.

Tonnage demand has been sufficient to lead to improved earnings on the LR1 sector, but this is more due to the recurring fact that good ships remain hard to find in this older fleet sector of the clean market, so it doesn't take much cargo flow to bring positive change. The list did start long overall on Monday, with a lot of sub-optimal tonnage off the prompt position. A steady trickle of demand has led to successful cover being found for most of these units with Red Sea importing being notably busier for those that can trade there. The westbound trade has hardly been tested; we should see an improved number from last done of USD 4 Mn last week, estimates of USD 4.5-4.7 Mn might be a more realistic range moving forward. Other routes have improved well to WS 225+ for TC5, Red Sea imports to USD 2.25 for Djibouti and USD 2.7 Mn for Ain Suknha. The overall outlook is positive into next week.

It has been a positive week for MRs in Southeast Asia as enquiries have increased alongside a surge of fresh stems quoted in the market. Particularly noteworthy is the presence of long-haul Singapore/Australia runs, which helps to reduce tonnage availability for an extended duration. Additionally, the AG market has shown strong support with freight rates gradually edging upwards. The list has significantly diminished on the front end with a notable absence of well-maintained approved vessels, inserting additional pressure onto charterers.

This was an uninspiring week for the UKC MRs as cargo enquiry has been limited allowing the tonnage list to replenish at the front end, a small number of these ships have only wanted to look at TA bound cargoes have done sharp deals but TC2 has found more rhythm around WS 180-185 levels. West Africa stems have been minimal with owners still stretching some 20-30 WS points over transatlantic. The list has slowly taken some shape and with a stronger Med market there is more optionality for owners to consider. The USG market has endured a dreadful week with rates on their knees and TC14 at WS 150, so it's surprising that many owners still want to head in that direction, but some remain hopeful a recovery can be quick on in the USG.

	BDTI	BCTI
	1114	1022
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	517.8	526.5	532.9
Δ W-O-W	3.6	1.5	3.5

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	35,740	↓Softer
TD6	Black Sea / Med	135,000	42,288	↓Softer
TD8	Kuwait / Sing.	80,000	39,195	↓Softer
TD9	Caribs / US Gulf	70,000	37,034	↓Softer
TD14	Asia / Australia	70,000	33,182	↑Firmer
TD20	WAF / Cont	130,000	39,404	↓Softer
TD22	USG / China	270,000	41,471	↓Softer
TD25	USG / Cont	70,000	40,397	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	52,097	↑Firmer
TC2	Cont / USAC	37,000	19,277	↓Softer
TC5	ME Gulf / Japan	55,000	40,000	↑Firmer
TC6	Algeria / EU Med	30,000	51,422	↑Firmer
TC7	Sing. / ECA	30,000	33,236	↓Softer
TC8	ME Gulf / UKC	65,000	57,568	↑Firmer
TC23	ARA / UKC	30,000	35,516	↑Firmer