



## Crude Tanker Comments

For some players in the VLCC market this week, there might have been lengthy periods of thumb twiddling and radio silence, however it wasn't the case that nothing was going on at all, rather the majority being done privately and quietly. Details of fixtures or even vessels being covered on subjects definitely seemed to arrive with lag, but day-by-day, a decent number of vessels were being removed from tonnage lists, which look a little better for owners as we hit the weekend. Ratewise, it remained fairly flat, but charterers have managed to erode levels a little further: TD3C slipped another point or so to WS 49.5-50 levels whilst Brazil / South Korea covering at WS 53.5 on Thursday means that TD15 should fall in the WS 55-56 region despite not seeing any fresh test. Owners may be concerned that USG enquiry versus available (including prompt/early) Atlantic tonnage is still slightly imbalanced. Indicatively, TD22 fell below USD 8 Mn for the first time since early January, however TA enquiry so far held up in the mid USD 3 Mns. We think it would still take a notable bump in volume (perhaps in one region would be enough) to re-ignite this sector and give owners more confidence to hold and fight back, otherwise we may have to get used to more weeks like this.

Little enquiry is left outstanding worldwide on Suezmaxes; In WAF, a build of natural western ballasters totalling 23 is feasible over the weekend, with half of these sailing by Friday COB. This may spell a change in fortune for charterers off the back end of the fixing window.

Out east, a few additional vessels have gone on subs; however, the list still remains healthy and pressure from adjacent vessel sizes keeps the complexion of the market soft.

Sentiment in the US Gulf is softening by the day, with demand falling flat and owners left twiddling their thumbs. If the week ends on a quiet note, we can expect a strong downward correction as tonnage builds and ballasters arrive on the scene.

The week started with a long tonnage list for Afras in the Med, and owners' attempts to resist to repeat last week's lows were quite in vain as morale continued to worsen. Even with action going on, numerous owners continued to roll their tonnage seeing next to nothing. There is little outstanding on the surface as we close out a dreary week. The list remains accessible despite a record number of ships ballasting out the Med since 22 May, and overall momentum remains with the charterers.

The week started on a slow note in the North Sea, with a tight front of the list and the prospect of replenishment on later dates. However, around the mid-week point, some quiet action started to gradually thin out the list, mopping out the relets at the front and giving owners some hope. Despite this, as the week is coming to an end, we can see that the list is still building and with the cavalry of uncertain Forties vessels now coming free. As a result, the next window looks a lot more accessible for charterers, while rates remain in the WS 170 levels but have a toppy feeling.

## Product Tanker Comments

Demand this week has been much poorer with the standard LR2s seeing a lot fewer cargoes when so much of the ULSD and gasoil has been taken by the cleaned-up Suezmaxes and VLCCs. Open cargo demand has stayed the same over the last two days, with hardly anything new developing which should lead to up to three open stems that were floated to the market mid-week still being in play for Monday, with charterers' confidence and expectations of cheaper monies being the inevitable outcome for this round of fixing. Losses are small at this stage, especially when compared to the mad volatility we have experienced over the last two years. A 7.5-WS point slip on TC1 and a USD 100,000 drop on AG/UKC is nothing too drastic, so owners have done well not to capitulate this week, even if there is a sense that that might have to happen next week as there are still very good tonnage volumes coming into the fixing window.

The LR1 list has been super tight this week, which has naturally led to charterers looking to do their volumes under the radar a lot more the normal. Local markets in the AG have been busy with numerous Iraqi and UAE imports and exports going on. The TC5 market that was so quiet last week has seen a few more deals done at WS 240 as opposed to any less and the westbound trade has been active with levels out of West Coast India lifting a little to settle around the USD 4.55 Mn levels. The list is lean for Monday and while the more efficient LR2s will hold a lot of the space for those cargoes where there are no size restrictions, for those that have to take a LR1, this market will hold very well into Monday.

MR owners in Southeast Asia faced a challenging week, contending with an oversupply of vessels available to charterers. Freight rates have come under slight pressure with Singapore/Australia being tested and trickling downwards to get on subjects at WS 300. This abundance of available vessels signals a challenging week ahead, with freight rates likely to move sideways, leaning more towards a struggle for owners given the prevailing market conditions.

In Europe, TC2 runs have been softening slightly from WS 160 last Friday to WS 155 at the time of writing, amid less than favourable fundamentals. On the other side of the Atlantic, despite the list being tight for firm/approved units – poor weather in the USG/EC Mexico is creating some level of uncertainty to resupply – charterers looking for tonnage to WC or EC SAM will have been well supplied with competitive offers and to date they haven't had to break a sweat to achieve less than last done, as owners have continued to compete to lock in TCEs of circa USD 45,000 per day. USG-Chile dropped to USD 2.9 Mn and USG-WCCAM has priced at USD 2.175 Mn twice. With that in mind, USG-Brazil could be expected to trade below WS 300.

On the flipside, owners have shown great reluctance to offer short, suggesting they are worried about returning to softer markets, despite the run-in to the 4 July holiday looming. And, if there isn't any enquiry before the weekend, then charterers sat on 27 June and later dates could well find a much refreshed list on Monday and owners willing to do all sorts of trades.

		BDTI	BCTI	
		1218	799	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	525.2	533.1	539.2	
Δ W-O-W	-0.6	-0.5	-0.4	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	26,482	↓Softer
TD6	Black Sea / Med	135,000	48,371	↓Softer
TD8	Kuwait / Sing.	80,000	48,454	↓Softer
TD9	Caribs / US Gulf	70,000	58,528	↓Softer
TD14	Asia / Australia	70,000	40,342	↓Softer
TD20	WAF / Cont	130,000	44,093	↓Softer
TD22	USG / China	270,000	37,460	↓Softer
TD25	USG / Cont	70,000	49,240	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	49,306	↓Softer
TC2	Cont / USAC	37,000	14,319	↓Softer
TC5	ME Gulf / Japan	55,000	42,436	↑Firmer
TC6	Algeria / EU Med	30,000	10,243	↓Softer
TC7	Sing. / ECA	30,000	38,346	↓Softer
TC8	ME Gulf / UKC	65,000	54,695	↑Firmer
TC23	ARA / UKC	30,000	13,076	↓Softer