AFFINITY TANKER WEEKLY

14 FEBRUARY 2025

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Crude Tanker Comments

While this week appeared to be fairly quiet on the surface, in reality it looks like most of the action has been done quietly to keep a lid on any drastic uptick in sentiment. That said, it's looking much tighter East of Suez and owners are looking to hold around WS 60 for a vanilla TD3C voyage, but it could be a tough job to get any owners to commit today prior to the next batch of MEG stems releasing next week. The back half of week seven has seen owners do a good job of building resolve, providing a steady foundation from which they will hope to further develop with the assistance of fresh, firm March opportunities that should quote early next week.

The West still seems reasonably well supplied, so there is more work to be done to get rates up off the floor in the USG especially, with TD22 still relatively stagnant around the lower USD 8 Mn levels. The optionality available for cargoes in the Americas and WAF will be crucial if owners are to drive rates back toward the high USD 8 Mn and even USD 9 Mn mark on TD22, and well into the WS 60s for TD3C and TD15. So far, the list has stemmed any real gains in the West but, with a more limited MEG list and week eight showing potential, it should give owners less reason to look to the Cape on their Eastern ballasters, maybe providing a more balanced market.

Suezmaxes in WAF had a slow start to the week – quite a predictable occurrence, given the mad rush seen the previous week. Charterers did well to keep a lid on WAF action coming to surface, with freight rates correcting accordingly, which maybe was to be expected after so many WS 95 options cargoes failed. Towards the end, a trader relet has further shaved the market with a TA run ex-WAF subbed at WS 82.5. Still, owners have been pushing back and gaining some of the ground lost – WS 95 is reportedly on subs for TD20 as the week draws to a close. Going forward, the increased levels of export will tighten tonnage supply in the UKCM region and will make the other Atlantic load areas lighter on tonnage options in the future. It is firm also in the Med, with CPC action showing no sign of abating - eight cargoes have been worked today alone, and levels have shot up, with USD 6.5 Mn being paid for a Korea run!

There is very little to report from the East of Suez. Freight-wise, this market has been propped up by positive sentiment in the Atlantic and expectations for first decade Basrah cargoes to come, and only towards the end of the week has there been a little bit of westbound action. Still, this wasn't enough to give rates a substantial boost and levels remain steady as we enter the weekend.

On the Med Afras, last week's momentum continued at the beginning of this one, with cargo enquiry constant, high offers being shown and rates peaking at WS 165 levels for X-Med. However, around the mid-week point, the pace of fixing slowed, and the list started to lengthen substantially, aided by North Sea ballasters. With a very slim CPC programme for March Afras, rates are set to begin testing back down – having already fallen to WS 145 at COB on Friday.

It has been another week of limited activity in the North Sea, with rates repeating in the WS 107-108 area. There has been a large number of ballasters heading for the Med, with now over 15 ships since Monday 3 February. Local options remain on the list, with relets being pushed out widely.

Product Tanker Comments

We started on Monday with some optimistic aspirations in the AG LR2 sector after last week's flurry of deals. We drew up one of the shorter position lists of 2025 thus far and owners started to amp up their ideas accordingly. TC1 climbed progressively to WS 110 and then WS 120, before closing the week at WS 125 agreed on subs. We have seen fewer westbound deliveries this week, but there has been an increase in interest in laden voyages going via Suez. To that end, we are only seeing a very small increase in owners who will consider Bab El Mandeb passage, and this does not include the most prominent owners who make up most of our market. As of now, the ships we see doing laden passage through the Red Sea are from those who were willing to do this route last year, which reinforces our view that it is charterers' cargo insurance that has relaxed, rather than owners' insurance. Yanbu exports had a flat week in terms of fresh demand and, given the state of western markets, we would assess rates in the USD 2.6-2.7 Mn levels.

It has been a positive week for LR1s in the AG, given the volume of fresh cargoes and fixtures seen until the very end. What is worth pointing out, however, is that gains this week have mainly been incremental given the surprising availability of tonnage. There was an expectation that tonnage would be on the leaner side given the activity from the previous couple of weeks, yet by our counts, tonnage is almost exactly in line with the average over the last six months. That said, there are at least 17 ships currently on subs from what we know, so next week's tonnage list should be noticeably thinner in theory. The latest TC5 had been agreed at WS 127.5 on Wednesday but it is not farfetched to suggest new levels marginally exceed this next week. A vanilla AG/West hasn't been truly tested this week, but it would be fair to freight it at USD 2.6 Mn at the time of writing for a modern approved ship free of Russian trading history. While we don't expect the market to completely take off next week, we would lean towards the belief that things will keep improving, provided average demand is forthcoming. Also, as expected, the uptake of ships returning to the Red Sea is yet to get going, especially given the uncertainty of whether the ceasefire agreement will be sustained.

It has been a steady week for Southeast Asian MRs, with a good number of long-haul enquiries in the market this week. With most quality tonnage picked off for the earlier loading dates, a few stems on the front end were left struggling to find cover, resulting in a roughly 40 WS-point jump on a prompter Muara/Australia stem at WS 215. The outlook now remains on the firmer side, while WS 175 has been done for more forward loading dates, owners will be looking to apply some pressure next week, and we should see slightly higher numbers being asked.

UKC MRs had a slow start to the week off the back of a 30 WS-point drop on TC2 last Friday. Rates continued to slide as we went from WS 150 down to WS 115. One fixture at the bottom encouraged activity and a flurry of fixing on Thursday and Friday had the tonnage list cleared out and rates back up to where we started, at WS 150.

It has been a week of two halves on the Med Handies. Monday-Wednesday showed very little activity ,which eventually saw TC6 fall to WS 165 from WS 200. From mid-week onwards, volumes have ramped up, and with the help of a lot of private fixing the list has contracted to well below average supply, which has helped push rates back up to WS 180. Tonnage will be thin when we return on Monday, and owners will be optimistic of pushing higher.

		BDTI	BCTI
		910	666
	Δ W-O-W	↑Firmer	↓Softer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	454.3	459.7	462.5
Δ W-O-W	-1.4	-1.9	-1.4

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	38,682	↓Softer
TD7	UKC / UKC	80,000	26,568	↓Softer
TD15	WAF / China	260,000	42,126	↓Softer
TD19	Med / Med	80,000	41,516	↑Firmer
TD20	WAF / Cont	130,000	38,810	↓Softer
TD22	USG / China	270,000	42,173	↓Softer
TD25	USG / Cont	70,000	31,428	↑Firmer
TD26	EC Mex / USG	70,000	17,294	↓Softer
TD27	Guyana / UKC	130,000	35,475	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	24,215	↑Firmer
TC2	Cont / USAC	37,000	14,553	↓Softer
TC5	ME Gulf / Japan	55,000	15,796	↑Firmer
TC6	Algeria / EU Med	30,000	23,171	↓Softer
TC7	Sing. / ECA	30,000	19,565	↑Firmer
TC8	ME Gulf / UKC	65,000	19,446	↑Firmer
TC14	USG / UKC	38,000	4,786	↓Softer
TC17	ME Gulf / EAFR	35,000	16,603	↑Firmer
TC20	ME Gulf / UKC	90,000	29,528	↑Firmer
TC21	USG / Caribs	38,000	4,988	↓Softer