AFFINITY TANKER WEEKLY

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Crude Tanker Comments

The story of the week for VLCCs was the peak of almost WS 70 for both TD3C and TD15 on Wednesday, which charterers immediately tried to stifle, and quite successfully. In fact, while the lists did look a touch tighter, there still were ample options for charterers to cover first decade MEG stems comfortably, especially with little volume developing in the Atlantic.

As a result, levels have softened since, with TD3C closing the week at around WS 63 levels. On the bright side, the descent hasn't been so ruinous, and we still are a couple of points above last Friday's COB levels. The same cannot be said for TD15 and TD22, where the week ends exactly where it started, at WS 62 and USD 8.3 Mn levels, respectively.

It was very much the week that could have been for Suezmax owners, with tonnage on the tighter side. Atlantic weather was poor and sentiment bullish from all the action last week. Alas, charterers sat on their cargoes to take the sting out the Atlantic market and now owners will have a fight on their hands next week to hold onto the gains made so far this year.

TD20 lost about 5 WS points since Monday, settling just above WS 90 levels. However, TCEs remain quite substantial, around the USD 34,000 per day levels for an ECO vessel. It has been a similar story stateside, with rates softening by about 4 WS points to WS 87 for TD27, while earnings close the week very near last Friday's levels at around USD 24,000 per day.

East of Suez remained rather uninspiring, with not all that much action. Rates made some very marginal gains, but that was from a very low point – we are closing the week at WS 90. Looking ahead, all eyes are on which dates the next batch of cargoes will come from Basrah.

Aframaxes in the Med had a slow start to the week, while positions continued to build as charterers played the waiting game with end-month cargoes being sat on. The lack of delays in the Turkish Straits and low volumes ex-CPC haven't helped owners' case – also there have been rumours of a potential 30 per cent reduction in CPC exports for March. As such, it was almost inevitable for the week to end on a slow note, with CPC settling at WS 140, and X-Med flat around the WS 132.5 mark. Natural candidates still populate the early side of the list, although there has been a reasonable clear-out.

Meanwhile, the North Sea had a fairly active week, especially compared to the previous ones. However, despite the uptick in action, enquiry hasn't been enough to move the needle, and rates remain pretty much flat, at around WS 110 off natural dates. The front end of the list is tight with limited options, but unfortunately for owners, relets continue to populate the list. And with dates now in March, vessels are expected to repopulate. Still, with US markets earning USD 10,000-15,000 more than the North Sea, we can expect a few ballasters going over in search of better fortunes.

Product Tanker Comments

The AG LR2 market this week has had rather a drab time of it. We started out with an older, smaller unit with Russian history dropping the Westbound market with USD 3.25 Mn agreed on subjects for laden passage via Cape, which represents a drop of around USD 350,000 to the previously agreed level last week for this compromised unit. We then saw a clear indicator as to how this level was not repeatable, with the same owner agreeing USD 3.5 Mn for a more modern ship, but in the back half of the week we have only seen demand really start to slow down. To compound things, our mid-week position list revealed a decent amount of good tonnage ballasting into the window, which was in part responsible for a WS 2.5 drop on TC1, with the rate last agreed being WS 122.5. Red Sea exports are due another test that we are sure will happen next week but, as of now, it would be our suggestion that the last reported level of USD 2.7 Mn would be looked at closely by some of the usual owners and perhaps a little cheaper could be appropriate in light of a flat western loading markets.

It has been a story of two halves for the LR1 market this week. We came out of the gates in strong position with a welcomed volume of fresh cargo on Monday and Tuesday, and there had been a large clear-out of the tonnage list with last week's vessels being fixed away. Freight rates did firm initially, but we then saw a two-day hiatus with almost no fresh cargoes being quoted on Wednesday and Thursday, so rates weren't able to push as far as many expected. Ultimately, with higher levels being untested, TC5 closed the week at WS 137.5 for an uncompromised vessel. It has been interesting to see that a vanilla AG/UKC has been pretty much untested, so we can only use the latest done Sikka/UKC fixed at USD 2.65 Mn as a metric for the week, although this figure was agreed on Tuesday when there was much more to talk about in the market. We do end the week with a flat/soft view, and we can see vessels set to replenish in the next natural fixing window from 5 March onwards, so there's every chance that confidence, sentiment, and rates could start to decline.

The week began with strong sentiment for long-haul routes in Southeast Asia MRs, supported by limited availability of suitable vessels. By midweek, the market activity had diminished noticeably, with no new cargoes or deals reported. The overall tone became more subdued, with downward pressure starting to build on freight rates. The week ended quietly, with a lack of new fixtures and rate levels remaining largely flat in the WS 195 area. If demand remains low, some softening could follow.

MRs in Europe have been slow all week; however, tonnage remains quite tight and a flurry of activity at the very end sees firm sentiment at the close. TC2 is assessed around WS 160, but it looks like there is potential for freight to climb further as we go into the next week. Also, WAF and Brazil runs have firmed on the back of the stronger TC2 market, with levels now around WS 185.

Med Handies started the week busy, and with the list heavily under-supplied, levels climbed to reach WS 225 by Tuesday COB. Following this, activity has been minimal, and tonnage now looks healthy for early March dates, which charterers are likely holding off until Monday to quote. A Sines-UKC run has been arranged today at WS 205 on a relet vessel, indicating WS 195 for TC6, however, until this is repeated, standard runs are still assessed around the WS 210 mark.

	BDTI	BCTI
	911	717
Δ W-O-W	↑Firmer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	451.3	456.2	458.9
Δ W-O-W	-3.0	-3.5	-3.5

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	41,739	↑Firmer
TD7	UKC / UKC	80,000	28,265	↑Firmer
TD15	WAF / China	260,000	41,181	↓Softer
TD19	Med / Med	80,000	32,235	↓Softer
TD20	WAF / Cont	130,000	36,391	↓Softer
TD22	USG / China	270,000	41,827	↓Softer
TD25	USG / Cont	70,000	31,967	↑Firmer
TD26	EC Mex / USG	70,000	23,249	↑Firmer
TD27	Guyana / UKC	130,000	33,657	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	22,845	↓Softer
TC2	Cont / USAC	37,000	16,090	↑Firmer
TC5	ME Gulf / Japan	55,000	17,748	↑Firmer
TC6	Algeria / EU Med	30,000	30,786	↑Firmer
TC7	Sing. / ECA	30,000	20,260	↑Firmer
TC8	ME Gulf / UKC	65,000	20,906	↑Firmer
TC14	USG / UKC	38,000	8,395	↑Firmer
TC17	ME Gulf / EAFR	35,000	19,347	↑Firmer
TC20	ME Gulf / UKC	90,000	26,143	↓Softer
TC21	USG / Caribs	38,000	10,681	↑Firmer