AFFINITY TANKER WEEKLY

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Crude Tanker Comments

It has been a relatively lacklustre week on VLCCs, which was somewhat expected after a busy week 12, but it has not been without some areas of intrigue. The AG has been slow, and with most of the first decade April cargoes covered last week, charterers didn't feel the need to rush in with second decade dates, instead opting for the drip feed approach to slowly push levels south. Owners have done well to not shed too many points off freight and will be confident there should be much more volume to come, albeit with charterers having ample options on the tonnage list come next week.

The USG has been the main point of interest where a few end-April/early May cargoes are being touted against the backdrop of a very tight list prior to 10 May. We have seen a few TA voyages fetch improved figures, with USD 4 Mn the most recent report, although this has not been verified. It will be interesting to see how charterers move with the finite options available ex-USG. All signs suggest an uptick in activity next week with more volume to cover, but for the AG, Brazil and WAF, rates may get worse before they get better.

Suezmaxes have somehow remained around WS 95 levels for much of the week, after the USG has moved up from WS 80-82.5 levels to now WS 95 on subs for TA. WAFR/UKCM has paid WS 102.5, but that seems to be on a 'throwaway' trader option. Tonnage remains tight in the Atlantic, but CPC has been pretty quiet this week, and this has hamstrung the market as momentum comes mostly from CPC these days.

East of Suez has been its usual dreary self for most of this week, with east rates initially going up, then the ships who got paid better money failed subjects to leave us back at square one more or less. Westbound rates also remain immovable at the mid WS 50s mark depending on the precise discharge options.

Meanwhile, it's been a very strong week for Aframax owners in the Med, with rates soaring over the past few days. TD19 is up to WS 200 levels, surging past its previous 2025-high of WS 160 in mid-February. Owners took full advantage of the prompt-ish short cargoes that hit the market early in the week, which were met with a short tonnage list. Rates kept rising through Wednesday and Thursday and, as we head towards the weekend, the list remains very short.

However, charterers are now fairly well covered and Suezmaxes have started to get in on the action, so rates have now probably topped out. Earnings on an ECO ship are now around USD 70,000 per day, the highest they've been on the route since June last year.

Even the North Sea market, after months of trundling along, has started to move. On Wednesday, volumes finally appeared, met by a very limited list of tonnage after 10 vessels ballasted out earlier in the week. TD7 has climbed to WS 125 – 127.5 levels, a hike of almost 20 points from the start of the week. Earnings of over USD 40,000 per day may pale compared to the Med market, but it is the highest earnings have been on the route since October last year.

Product Tanker Comments

It has been a more unusual week on the LR2s. The list started out very lean and enough demand came in to realistically expect owners to push freight higher. However, the opposite happened, with TC1 coming off from last week's peak of WS 165 down to WS 150. One possible explanation as to why this took place (which is out of sync with usual supply/demand fundamentals) is that last week's peak of WS 165 returned USD 41,000 per day for full roundtrip and, with next week potentially quietening down due to Eid, taking a cargo on dates at WS 150 should still return USD 36,000 per day levels. These are good returns; however, this was short-lived as, last night, a charterer had to lift freight again for cover on the last ship offering in with WS 155 now as the last agreed number. Westbound trade has been calmer two units could make good sense of USD 3,950,000 on subs for Kuwait/UKC, which is down USD 200,000 from the same agreed last week. The list into Monday is very tight so, even with the calmer week expected, we expect owners' optimism to remain robust.

The cargo count for the LR1s this week has been weak as numbers slip well below average levels. Most fixtures seen this week have been short haul business, with variations of X-AG, AG/Pakistan, or X-Red Sea, so tonnage won't necessarily be out of the market for too long in the coming weeks. Majority short haul business, coupled with a low cargo count, does not bode well as tonnage will build up much quicker and suppress rates further. Westbound enquiry has not really been tested this week, so it anyone's guess as to what the real market value is right now, but we would suggest that AG/West could be priced at USD 3,700,000 routed via the COGH, or USD 3,500,000 via Suez. TC5 has been on a fairly aggressive decline throughout the week, dropping roughly 30 points to WS 150 at last done. Unfortunately, the outlook for the next few weeks is not promising given the conditions at play, especially if cargo volumes remain this low. We are however conscious of the uncertainty and potential costs associated with US port calls for Chinese vessels, and various clauses/wording that are currently being agreed, but this will certainly shift demand away from westbound cargo and towards eastbound or short haul.

Activity has been quieter overall in NW Europe compared to the week previous and, with less in the market, tonnage levels have been allowed to slowly populate, and the market feels toppy going into the close. WS 180/185 is the call for TC2 to close the week, with the expectation that next week the market could come under pressure.

Unsurprisingly, it has been a quieter week overall in the Med for the Handies compared to the week previous (42 fixtures last week against 37 this week)m and of this most of the activity this week was seen in the first half, with a quiet couple of days to close things out. Tonnage is beginning to build, and rates are coming under pressure with WS 235 the latest reported to be on subs. Some bad weather is expected over the weekend, so there will be an eye on itineraries on what has been fixed over the last couple of days. Looking forward to next week the expectation is that rates should come under further pressure here.

Meanwhile, MR tonnage remains tight, and enquiry equally remains relatively limited. A few cargoes are on the list but with a couple of them having gone quiet today and one rumoured to have wdwf, activity is slow. WS190 remains the number subbed and repeated Med/UKC keeping the market somewhat stable for now.

	BDTI	BCTI
	1105	789
Δ W-O-W	↑Firmer	↑Firmer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	452.4	455.5	459.1
Δ W-O-W	5.4	4.3	6.1

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	39,868	↓Softer
TD7	UKC / UKC	80,000	46,424	↑Firmer
TD15	WAF / China	260,000	41,827	↓Softer
TD19	Med / Med	80,000	67,856	↑Firmer
TD20	WAF / Cont	130,000	45,044	↑Firmer
TD22	USG / China	270,000	47,028	↑Firmer
TD25	USG / Cont	70,000	50,085	↑Firmer
TD26	EC Mex / USG	70,000	51,394	↑Firmer
TD27	Guyana / UKC	130,000	43,506	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	35,553	↓Softer
TC2	Cont / USAC	37,000	23,270	↑Firmer
TC5	ME Gulf / Japan	55,000	23,091	↓Softer
TC6	Algeria / EU Med	30,000	38,763	↓Softer
TC7	Sing. / ECA	30,000	19,671	↓Softer
TC8	ME Gulf / UKC	65,000	30,092	↓Softer
TC14	USG / UKC	38,000	14,234	↑Firmer
TC17	ME Gulf / EAFR	35,000	24,791	↓Softer
TC20	ME Gulf / UKC	90,000	38,120	↓Softer
TC21	USG / Caribs	38,000	29,301	↑Firmer

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