AFFINITY TANKER WEEKLY

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Crude Tanker Comments

We've seen the VLCC market hit the bottom this week, with owners now optimistic of further improvement. In a sense, the weekend comes a bit too soon for owners just as they were starting to make ground and apply some upward pressure on rates, but there is good reason to believe this trend should carry into next week.

Early signs of improved sentiment came after an untested WAF market showed strong resilience on Tuesday with over four fixtures failing to break the WS 60 barrier basis WAF/East, albeit on options cargoes. These were also covered on the larger fleets, suggesting limited appetite to compete at these levels. 3rd decade March had felt light for a while ex-WAF, but it now appears fully covered after these fixtures and charterers currently working first decade April dates.

The stage was set for charterers to sap what they could from the market on Wednesday, culminating in the lows of WS 54 registered on an AG/East run and USD 7.3 Mn on a USG/East voyage, finally providing a benchmark where the muted and untested USG market stands. Since then, owners have managed to make steady gains in the AG, with WS 58 repeated for East today, after a few lingering vessels on the front end of the list had been booked. Other regions need a bit more volume to determine the ultimate direction, but it feels as though owners will continue to move the needle for the time being.

On the Suezmaxes, Monday started slow with the Greek bank holiday and the list looked overabundant, with WAF dropping to WS 82.5. However, charterers who opted to wait until Tuesday for Greek owners to all come back ended up coming out with their cargoes on top of each other in WAF and Med, which helped owners stabilise the market and rates rebounded back to WS 85 for TD20.

Activity was very consistent and CPC early April cargoes also finally came out and that helped the market push on with WS 87.5 reported paid three times from WAF. We end the week on a firmer note with the list much shorter and owners expecting a very active end-March WAF window and active CPC programme.

Med Aframaxes started the week on a positive note, with rates inching higher on smaller flats. A healthy list for charterers meant last done levels on repeat, with X-Med ticking along in the low WS 120s. CPC activity remained very quiet with typical CPC tonnage left FOC on the list. As the weekend looms, enquiry remains humdrum and the list is now widely accessible for charterers with standout tonnage in abundance. Downward corrections look unavoidable after the weekend.

Once again lacklustre enquiry persists in the North Sea. The front end of the list continues to grow, itineraries firm up, and minimal adverse weather only adds to charterers' appetite to test rates down for upcoming cargoes. Rates remain in the WS 110 levels for X-North Sea.

Product Tanker Comments

LR2s in the AG are ending the week with a market that has the hallmarks of further improvements in the near future and there has been some progress over the last five days, but the gains are only happening very slowly overall. We are aware of eight stems for TC1 that have been well reported in the market, but even with a thinner list, the ambitions (and the levels agreed) were muted with only 5 WS points being added to last week's level, with WS 130 being agreed on five occasions. Westbound cargoes have been less traded this week as the arbs do not support a huge amount of flow; one market call garnered a lot of interest, but owners would have been a little encouraged to see a little improvement there too, with USD 3.325 Mn being agreed via the Cape of Good Hope, which represents a USD 75,000 improvement overall. There have been gains in the Red Sea with three stems being worked leading to three ships agreeing USD 2.5 Mn for Yanbu/West, which is a USD 300,000 move up from last done. The usual hunting ground for Yanbu-loading tonnage remains in the West of Suez markets, which have been busier with a notable uplift in Russian-loading cargos, which has taken several ships out of Baltic. Our tonnage list is likely to present a thinner perspective come Monday, so owners are well-placed to see if more freight can be generated should demand be more forthcoming than what we have seen since Monday.

It has been a very dull week for the LR1 market, with minimal fresh stems and fixtures being reported. However, there has been a noticeable shift with a higher proportion of long-haul fixtures this week after several weeks dominated by short-haul, so we may see a delay in replenishing the tonnage list after the completed voyages. TC5 has been tested several times, ultimately settling at WS 137.5 to close the week. The AG/West enquiry remains limited, though the latest New Mangalore/UKC fixture was rated at USD 2.6 Mn, offering a useful benchmark. Despite the volume of public cargoes/fixtures being low, we have seen a decent number of ships being fixed away quietly, so the tonnage list is verging on the tighter side and does look poised should cargo demand take off next week.

The Southeast Asia MR market started the week actively, with a surge in long-haul cargo enquiries, though a limited supply of quality tonnage made securing ships difficult, putting upward pressure on rates. Short-haul stems remained the preferred option, keeping long-haul availability tight. To end the week, TC7 went on subs at WS 205, but activity slowed down. Looking ahead, sentiment is expected to remain firm, especially for long-haul cargoes. Market direction next week will depend on sustained demand and the emergence of additional long-haul stems to maintain rate pressure.

Coming off the back of IE week, the UKC MRs had a number of vessels available at the top of the list and, with activity not getting off to the quickest of starts, rates came under pressure and WS 150 was subbed. The market remained quiet, and rates ticked down to WS 135, which saw cargoes begin to enter the market once again and tighten up the top of the list quickly. For now, TA closes at WS 140 and we expect the market to remain relatively stable next week with tonnage looking balanced for the next fixing window.

	BDTI	BCTI
	879	663
Δ W-O-W	↓Softer	↓Softer

BDA (USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	446.0	450.6	453.7
Δ W-O-W	-2.3	-2.2	-1.9

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	38,196	↑Firmer
TD7	UKC / UKC	80,000	26,248	↓Softer
TD15	WAF / China	260,000	40,274	↑Firmer
TD19	Med / Med	80,000	29,298	↓Softer
TD20	WAF / Cont	130,000	36,921	↑Firmer
TD22	USG / China	270,000	36,187	↓Softer
TD25	USG / Cont	70,000	33,327	↓Softer
TD26	EC Mex / USG	70,000	23,052	↓Softer
TD27	Guyana / UKC	130,000	35,228	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	27,846	↑Firmer
TC2	Cont / USAC	37,000	14,337	↓Softer
TC5	ME Gulf / Japan	55,000	19,388	↑Firmer
TC6	Algeria / EU Med	30,000	23,726	↑Firmer
TC7	Sing. / ECA	30,000	22,534	↑Firmer
TC8	ME Gulf / UKC	65,000	21,305	↓Softer
TC14	USG / UKC	38,000	4,443	↓Softer
TC17	ME Gulf / EAFR	35,000	20,913	↓Softer
TC20	ME Gulf / UKC	90,000	27,469	↑Firmer
TC21	USG / Caribs	38,000	5,396	↓Softer