AFFINITY TANKER WEEKLY

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Crude Tanker Comments

VLCCs have seen gradual improvements, with the foundations now established to continue the upward trajectory. TD3C passed the WS 60 threshold mid-week as June stems were released and some recent fixtures suggest next done should land in the mid WS 60s, basis a modern, well-approved ship. On the other hand, we have seen a couple of deals that counteract the prospect of this surge many expect. Yesterday, the market was fuelled by rumours, most of which were unverified, but today some tangible evidence of improvement will please owners. WS 62 has been confirmed on an ex-dry-dock ship for AG/SKorea – equivalent to WS 65 basis modern TD3C – and with plenty more volume to cover, charterers will need to be diligent in their approach. This afternoon, however, another SKorea voyage secured WS 59.5 on a 15+ YO ship, showcasing charterers' ability to find value and thwart firming sentiment. On balance, it still feels like we will continue to see advancements next week in the AG.

The WAF complex has been active of late, albeit with rates holding a touch steadier for eastern voyages. WS 63 is last done on a modern unit, but given recent volume has sapped the supply of eastern ballasters, there's a strong chance of it firming into next week, along with Brazil, which has just paid WS 61.5 on a China run today. The USG has been somewhat subdued this week, causing rates to taper off slightly, as charterers seem comfortable with the sufficient options on the list for the time being. We may see a few more mid-June cargoes come out stateside next week as charterers aim to take advantage of this lull and safeguard against the firming sentiment making its way to the USG.

On Suezmaxes, the West has been dominated mainly by off-market fixing and, with the colossal number of ships on subs, it was inevitable that owners would eventually start asking for more than last done - a slightly early Ivory Coast cargo paid WS 90 and TD20 equivalent then followed suit paying WS 87.5 off natural dates on Thursday. USG rates are a little bit scattergun at the moment, but the natural floor should be WS 75 for the benchmark TA. East of Suez in contrast, whilst seeing an influx of enquiry, was hamstrung by the level of tonnage available. Rates have dipped to WS 92.5 (albeit on an ex-dry dock 23-year-old ship) and WS 45 on AG/West! The market requires either more early June volume or a combination of more western ballasters and part cargo cannibalism for a floor to be found.

As predicted at the end of last week, Aframax rates in the West were tested down at the start of this. After closing the week at WS 145 levels, Monday saw charterers chip away at TD19, reducing rates by 10 points down to around WS 135, and it is a trend that has continued throughout the week. Charterers have been faced with an extensive tonnage list, with each quoted cargo attracting numerous offers. By midweek, X-Med dates were well covered, and CPC enquiry has been non-existent. As we enter the weekend, TD19 is down to WS 120 levels, marking a 20-point drop on the week, with the feeling that the market has now bottomed.

The North Sea Afras have suffered a similar, albeit less dramatic, fate. Despite a large number of vessels ballasting out of the region, the tonnage list presented plenty of options for charterers through the early part of the week amid very little enquiry. By Wednesday, however, activity picked up and rates steadied. TD7 is hovering around WS 115 levels as we close out the week, a drop of around 10 points since last week.

Product Tanker Comments

The AG LR market firmed throughout the week and, despite little in terms of fresh deals emerging towards the end, strong sentiment among owners continues to keep rates high. On Thursday, TC1 jumped to WS 140 levels, before rising further on Friday to close the week at WS 145. This marks an increase of over 30 points on the week.

The LR2 list remains tight and, whatever numbers are secured now will be more than what we saw earlier in the week. The Red Sea is looking a little softer now, however, while the West markets are a little bit more removed from the strength of the AG market.

On the LR1s, numbers in the AG/WCI leapt on Thursday, with replacement deals also laying beartraps for charterers. On Thursday, TC5 jumped 10 points to WS 160, before closing the week at WS 162.5 on Friday, marking a rise of 27.5 points on the week. As on the LR2s, the LR1 tonnage list remains lean, and both segments are poised to continue rising.

All the action has been in the East markets this week with depressingly little to report in the West. Red Sea export levels on LR2s dropped by USD 150k and the weight of the list in the West is putting pressure on rates on this side of Suez. The Baltic LR2 market remains quiet, leaving the front end of the list heavily populated by those vessels who can trade from that region. LR1s look incredibly tight but weakness in the surrounding markets will cap any upside for owners.

MRs in the Cont have rallied towards the end of the week despite a lacklustre start. We end the week with 37 x WS 130 on subjects for TC2, although this is for an arb-driven ULSD TA move, which historically is fragile. Handies have remained fairly flat throughout however, picking up slightly towards the end of the week up to 30 x WS 135 for X-UKC movements.

On the Med Handies, it has been an uncharacteristically steady week, which has seen TC6 runs fixed at the 30 x WS 140 mark throughout, with a balanced list matching moderate volume. As we have moved through the week, however, the list has significantly tightened and, at the time of writing, just one marketed available unit sits prompt. Owners have managed to capitalise on this today and, at the time of writing, last done is now 30 x WS 150, with a x-Italy run also fetching 30 x WS 165. Sentiment therefore feels firm heading into next week, in which owners will be looking to push rates higher.

It has also been a steady week for the MRs, which ended where we began at 37 x WS 120 levels for standard Med/TA and Med/UKC runs, with WAFR commanding 20-point premiums. Like the Handies, the list is showing far less tonnage availability than we've seen in recent weeks, and the consensus therefore is that rates have a higher chance of improving for owners next week, provided volumes are there, especially given TC2 has seen somewhat of a rebound in the last 24 hours.

	BDTI	BCTI
	988	629
Δ W-O-W	↓Softer	↑Firmer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	457.2	460.4	461.5
Δ W-O-W	-3.2	-3.4	-3.5

BALTIC TCE DIRTY

	Route	Qty	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	45,909	↑Firmer
TD7	UKC / UKC	80,000	27,663	↓Softer
TD15	WAF / China	260,000	45,563	↑Firmer
TD19	Med / Med	80,000	23,670	↓Softer
TD20	WAF / Cont	130,000	35,010	↓Softer
TD22	USG / China	270,000	42,898	↓Softer
TD25	USG / Cont	70,000	32,299	↓Softer
TD26	EC Mex / USG	70,000	31,958	↑Firmer
TD27	Guyana / UKC	130,000	32,911	↓Softer

BALTIC TCE CLEAN

	Route	Qty	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	32,192	↑Firmer
TC2	Cont / USAC	37,000	11,001	↓Softer
TC5	ME Gulf / Japan	55,000	25,124	↑Firmer
TC6	Algeria / EU Med	30,000	11,398	↑Firmer
TC7	Sing. / ECA	30,000	21,509	↑Firmer
TC8	ME Gulf / UKC	65,000	28,608	↑Firmer
TC14	USG / UKC	38,000	2,936	↓Softer
TC17	ME Gulf / EAFR	35,000	27,520	↑Firmer
TC20	ME Gulf / UKC	90,000	36,823	↑Firmer
TC21	USG / Caribs	38,000	6,064	↓Softer

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