AFFINITY TANKER WEEKLY

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Affinity Research LLP, 44th Floor,
The Leadenhall Building, 122 Leadenhall Street,
London, EC3A 8EE, United Kingdom

T. +44 203 142 0100
F. +44 203 142 0101

E. research@affinityship.com
W. affinityship.com

Crude Tanker Comments

VLCC owners are in the driving seat as we close out the week, with a hefty WS 85 locked in for a short East run on an older vessel, and with some cargoes still out there to cover before shutting up shop. On the other side of Suez, however, a reasonably competitive WS 69 has been placed on subs, which will most likely be beaten come next week with the opportunity.

As long as volume keeps rolling in, there is always the possibility for owners to push further into the green across all regions, with mysteries suggesting that there is plenty to get stuck into also under the radar. All in all, the Atlantic remains quiet on the surface, with MEG stealing the show accentuated by the current geopolitics, forcing the ability for owners to create sturdy foundations for next week. It'll be interesting to see where the dust settles, if at all, come Monday. There are still many mixed messages on whether further escalation will follow, so the situation is still fluid.

With all the goings on in the Middle East, Suezmax owners' sentiment was strong at the start of this week as they looked to capitalise on geopolitical uncertainty and push rates up across the board. In the Atlantic, WAFR wasn't busy by usual standards as the programme is light for first decade June, but cargoes that worked saw a limited number of punchier offers, yet charterers held their nerve and drew out trades. In the end, with the fundamentals on their side, they managed to cover at around last done levels. CPC rates did nudge up this week however and rates should hold at their new benchmarks of WS 105.

USG has been slow on Suezmaxes as Aframaxes remained the preferred option for USG/TA moves. But with rates in the gutter, this has had an effect on tonnage as ships are not ballasting over given the poor earnings, so the market looks sensitive tonnage-wise looking ahead to next week. In the AG, enquiry has been slow, with most of the action consigned to the VLCCs, but AG/East has paid WS 119, up from WS 90 on a 'grey fleet' ship. Owners who are happy to call the AG remain bullish as the geopolitical situation heats up.

Aframaxes in the Med started the week where they left off last. Cargoes rolled over from Friday and there were roughly nine Libya stems that needed to be covered prior to July. Owners held back, reluctant to make the first move in case rates soared, with many keeping an eye on events in the Middle East. But on Tuesday, a Libya/Trieste cargo was done at WS 140, which felt like a bit of an anticlimax.

By midweek, tonnage was restocked and Wednesday was a slow day, with all June laycans seemingly covered. TD19 seems to have settled at WS 140 levels as charterers are managing to repeat their deals comfortably.

The North Sea has been considerably less eventful by comparison. The list replenished over the weekend and the lack of enquiry meant that rates have been consistently repeated at WS 120. The comparatively underwhelming Med market has also meant that rates have been capped here, not offering enough incentive for owners to ballast their vessels across. As a result, TD7 is poised to end the week where it started – at WS 120 – as tonnage remains abundant amid little activity, while charterers have been more concerned with their own tonnage in the area.

Product Tanker Comments

After the madness of late last week, a public deal was finally done for TC1 in midweek, with WS 207.5 agreed for 75kt naphtha AG/Japan. This was the same figure bid by a charterer on Tuesday, so it was little surprise to see it reappear. Westbound, charterers were willing to pay USD 4.4 – 4.6 Mn for AG/West via Cape, but owners were instead asking for USD 5.3 – 5.5 Mn.

Despite the big discrepancy, owners have enjoyed the sudden shift in sentiment and their sudden control of timings of trades, giving little regard to the position list that still contained several good units with which charterers could work. Through to the end of the week, TC1 has held around WS 210 – 215 levels, while AG/UKC has climbed to USD 5.3 Mn.

Meanwhile, LR1s happily rode the coattails of the larger LR2s, boosted further by the amount of TC5 business done from Tuesday afternoon onwards. The list is leaner, but no shorter than average, yet TC5 has continued to hold around WS 215 – 220 as we close out the week.

West of Suez, this week has been far less exciting. In the Cont, TC2 has continued to trend downwards over the course of the week, closing between WS 115 – 120. Rates have continued to slide, despite there being more cargoes entering the market and more fixtures being done. Short-haul trips are still paying +10 WS points, while the WAFR premium is at 20 WS points.

On the Handies, it has also been a slow week, with X-UKC trading around WS 140 by at the week's close. The lack of fresh cargoes in the market has caused rates to stagnate, accurately reflecting the weak level of movement in the market.

In the Med, the MR market has remained stable. Med/TA runs have been fixed around the 37kt x WS 130 mark throughout the week, while a decent volume of on- and off-market activity has tightened the list well below typical counts, so it feels stable as we move into next week.

On the Handies, it has been another uncharacteristically flat week, with standard X-Med runs paying 30kt x WS 130 throughout. After an active Monday, which saw approximately 17 units go on subs, owners were confident in raising rates by COB Tuesday and thus initial offers became ambitious. Too much so for charterers, and we entered a serious stand-off throughout mid-week during which TC6 went untested for almost 48 hours. In the end, charterers made the right call in holding their nerve and subsequently WS 130 continued to be repeated.

Now, at time of writing, the list is tight for the five-day window, and the small flurry of stems we have seen quoted today for the 26-28 window may struggle for coverage this side of the weekend (already WS 135 has been paid on a replacement in these dates). However, from 26 June onwards, the list begins to open up once more, even before considering replenishment we see over the weekend which, given the high number of fixtures at the beginning of the week, is likely to be significant. Charterers will therefore likely see a healthier list than expected if quoting end-month stems on Monday and manage to keep a lid on any gains. Copenhagen is also looming, and thus the desire for early coverage next week might prompt owners to be less aggressive.

		BDTI	BCTI
		1054	708
	Δ W-O-W	↑Firmer	↑Firmer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	438.2	442.3	442.8
Δ W-O-W	-10.0	-9.4	-9.2

BALTIC TCE DIRTY

	Route	Qty	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	64,272	↑Firmer
TD7	UKC / UKC	80,000	29,689	↓Softer
TD15	WAF / China	260,000	53,835	↑Firmer
TD19	Med / Med	80,000	29,294	↓Softer
TD20	WAF / Cont	130,000	34,522	↑Firmer
TD22	USG / China	270,000	39,254	↑Firmer
TD25	USG / Cont	70,000	31,121	↓Softer
TD26	EC Mex / USG	70,000	30,997	↑Firmer
TD27	Guyana / UKC	130,000	32,058	↑Firmer

BALTIC TCE CLEAN

	Route	Qty	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	53,860	↑Firmer
TC2	Cont / USAC	37,000	7,559	↓Softer
TC5	ME Gulf / Japan	55,000	37,511	↑Firmer
TC6	Algeria / EU Med	30,000	6,831	↓Softer
TC7	Sing. / ECA	30,000	24,105	↑Firmer
TC8	ME Gulf / UKC	65,000	44,163	↑Firmer
TC14	USG / UKC	38,000	17,706	↑Firmer
TC17	ME Gulf / EAFR	35,000	42,889	↑Firmer
TC20	ME Gulf / UKC	90,000	58,791	↑Firmer
TC21	USG / Caribs	38,000	28,451	↑Firmer

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Affinity (Shipping) LLP, 44th Floor,
The Leadenhall Building, 122 Leadenhall Street,
London, EC3A 8EE, United Kingdom

T. +44 (0) 20 3696 7110
F. +44 (0) 20 3696 7111

E. affinity@affinityship.com
W. affinityship.com