AFFINITY TANKER WEEKLY

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Crude Tanker Comments

It has been an interesting week in the VLCC sector, where fundamentals have overtaken the strong sentiment that was driving proceedings early on. In the AG, charterers did well to manage rounding off their late July cargoes as the August dates were released, and there is seemingly no rush to cover despite Saudi stems and the balance of dates now out. A Korea-bound cargo fetched WS 53.5 on an older vessel on Tuesday, putting TD3C equivalent at around WS 56.5, but it never kicked on from there. Wednesday followed with a short east voyage covering a modern ship at WS 54, giving charterers license to apply further downward pressure.

The Brazil complex has also experienced downward corrections, with a Wednesday market quote shaving almost 2 WS points on a similar voyage done Monday, reflecting the softening sentiment in the Atlantic. The WAFR market is in need of testing, but WS 55 being recorded twice recently might give owners some cause for optimism. The USG market has held a touch steadier, however, with limited options still on the front-end of the list causing rates to move sideways for now. All in all, it feels as though the ball is in charterers' court, and next week might present an uphill task for owners to make ground.

WAFR laycans for Suezmaxes shifted onto August dates this week, and the cargoes that came out first were all either awkward or not as desirable. Owners managed to capitalise and pushed rates to WS 87.5 now on a TD20-style run. The WAFR programme for August so far remains heavily skewed to Suezmaxes, so this market is only just getting started, frankly. CPC saw a prompt replacement pay 5 points above market, and the list in the Med in particular is very tight owing to both maintenance at Trieste and Fos, as well as generally a broader uptick in enquiry, with a Ceyhan cargo paying WS 98.25.

The USG, by comparison, is a damp squib, as the dreadful Aframax market beneath us is sucking the volume away from a Suezmax market which would have had potential if volume had been there. East of Suez has been more lively this week, which is a welcome change! Rates have hit WS 100 on local India business with the usual local players in limited supply for the current window. The benchmark east and west rates, however, remain steady/flat; they sit at WS 95 for east and WS 47.5 for west basis Cape and WS 97.5 for basis Suez. To finish off the weekly comment regarding the market east of Suez, I shall quote the French writer and journalist Jean-Baptiste Alphonse Karr, who said: "The more things change, the more they stay the same."

As for Aframaxes in the Med, it was a tight list at the start of the week. This changed little as time passed, leaving owners to drive rates higher. Despite the numbers, a rate increase was not seen until Wednesday, when a restricted X-Med went for WS 140. July has essentially been covered, and the list continues to be limited as we close the week, but there has been a drop-off in activity as charterers let sentiment settle.

It has been another lacklustre week in the North Sea. The Monday list was full of options, seeing nine ships opening compared to the Med's two. The recent trend of charterers pushing their tonnage in search of better rates continued, leading to a test down on Tuesday to WS 115, where rates have since remained. As the days went on, the list still featured many natural options who chose not to ballast out and was packed with relets.

Product Tanker Comments

Activity this week has put immense pressure on the L2 tonnage list, effectively clearing out almost all vessels available for before 25 – 26 July dates basis Fujairah. As a result, freight rates have steadily climbed across most routes, reaching what appears to be a peak for this period. However, with tonnage gradually replenishing into August laycans, we may be nearing a turning point. TC1 firmed to WS 125 and has been repeated multiple times, suggesting that this is the benchmark level for the week.

Westbound demand has also strengthened, with the latest done via COGH at USD 3.7 Mn. Suez-routing options are becoming increasingly difficult to secure, as certain charterers face mounting transit risks. This was underscored by recent Philippine legislation granting Filipino seafarers the right to decline Red Sea passages. While availability has been extremely limited this week, tonnage begins to open up after 25–26 July, potentially paving the way for some softening. For now, though, the market feels stable.

It has been another positive and active week for LR1s. The list has remained tight, which has kept rates elevated and largely unchallenged. TC5 has seen some fluctuation, but the most recent fixture reached WS 147.5 for a well-approved vessel. Westbound enquiry has picked up, especially for LATAM-bound cargos, which had been largely absent for a long time. We assess AG/UKC at around USD 3 Mn today. Looking ahead, the outlook remains firm. Unlike that of the LR2s, the LR1 tonnage list is not expected to replenish quickly, and cargo demand remains healthy.

There was an uptick in activity seen on the MRs in the Med this week, though a lot of the business was done under the radar. Levels have pushed back upwards above the WS 100 mark alongside TC2, and at time of writing, the latest test is a relatively prompt replacement at WS 140. Owners may look to build on this level when offering tonnage next week, though it is likely that, as the window moves to dates closer to the end of the month, more availability allow levels to settle around the WS 125 mark.

In the AG, MRs have had a positive week with a tightening position list raising freight and sentiment. TC17 has firmed, with a high of WS 222.5 on subs. Westbound remains circa USD 2.3 Mn for a modern unit, but less can be achieved with flexibility on the quality of the unit. TC12 has been fixing circa WS 160, but with TC1 and TC5 moving up, firming is possible. Shorthauls have also moved up, with USD 425,000 on subs ex Iraq into Jebel Ali. Next week, given the tight list, rates will likely continue to improve. The North Asia MR market had an active week, with tight tonnage supply for end-month loading dates helping to keep freight rates stable. Backhauls traded around USD 625,000, while Korea/Australia runs corrected and stabilised at WS 198.

There was healthy activity on the handysizes in the Med this week, and available tonnage quickly contracted to well below-average counts. With the help of replacements to cover, owners were able to fix up at WS 190 levels; however, standard runs have settled more towards the WS 160 mark today, with this repeated twice on compromised tonnage. Most charterers have held off on quoting end month dates now in order to let the list repopulate over the weekend.

	BDTI	BCTI
	925	619
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	417.1	421.1	421.6
Δ W-O-W	-7.9	-7.3	-8.7

BALTIC TCE DIRTY

	Route	Qty	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	32,705	↑Firmer
TD7	UKC / UKC	80,000	24,914	↓Softer
TD15	WAF / China	260,000	33,977	↑Firmer
TD19	Med / Med	80,000	30,087	↑Firmer
TD20	WAF / Cont	130,000	34,760	↑Firmer
TD22	USG / China	270,000	37,567	↑Firmer
TD25	USG / Cont	70,000	25,050	↓Softer
TD26	EC Mex / USG	70,000	20,776	↓Softer
TD27	Guyana / UKC	130,000	30,358	↑Firmer

BALTIC TCE CLEAN

	Route	Qty	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	25,647	↑Firmer
TC2	Cont / USAC	37,000	9,032	↑Firmer
TC5	ME Gulf / Japan	55,000	21,188	↑Firmer
TC6	Algeria / EU Med	30,000	15,395	↑Firmer
TC7	Sing. / ECA	30,000	20,668	↓Softer
TC8	ME Gulf / UKC	65,000	23,619	↑Firmer
TC14	USG / UKC	38,000	8,717	↓Softer
TC17	ME Gulf / EAFR	35,000	23,114	↑Firmer
TC20	ME Gulf / UKC	90,000	30,288	↑Firmer
TC21	USG / Caribs	38,000	13,753	↓Softer

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