AFFINITY TANKER WEEKLY

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Crude Tanker Comments

This week's VLCC rates continued to ease across the board. In the MEG, East runs have kept slipping with little pushback from owners. The position list remains long, and a light flow of enquiry has not been enough to shift the balance. Charterers remain in control and any attempts by owners to firm rates have been short-lived. The final reported MEG fixture of the week was concluded at WS 45.5 for a short East run to Thailand, a level that reflects the lack of urgency in the market.

WAFR has seen some more activity, with eastbound runs fixing around WS 50–52. While firmer than MEG levels, this appears to be more a result of slightly tighter tonnage in the Atlantic rather than any broader shift in sentiment. The West/East arbitrage remains closed, limiting any big incentive for ballasters to reposition. Notably, there have been fewer mysteries this week compared to last, and overall counts remain on the lower side. This adds to the sense of transparency but also shows the lack of urgency and limited momentum in the market.

In the Americas, activity has been dull. The last reported fixture out of Brazil sat at WS 47 for an East run, in line with recent levels. Overall, the region has been quiet, with limited fresh cargoes and no signs yet of a shift in sentiment. With August fixing well underway but still light, the focus is shifting to the mid-month window. Owners hope for a stronger second decade to help steady the market, but for now, the tone remains soft. We hope this week marks the bottom, and with more cargoes expected to surface, there is cautious optimism that next week brings some improvement.

For Suezmaxes in the West, the shift to second decade August dates shows more options for charterers. WAFR levels dipped to WS 77.5 for UKC-Med, and it feels softer approaching next week. Charterers have kept CPC rates at WS 97.5, as the Med is still plagued by tonnage tightness and uncertain itineraries, but charterers have had to bend their cargo history rules or take ships on – let us say – "optimistic" itineraries.

USG Suezmax tonnage supply remains on the tighter side, but things have been slow for another week in the area, with rates reverting to WS 65 after a brief rise to WS 70. In the AG, frankly you could have compared Monday-Wednesday market conditions to the pitch drop experiment as things were moving that slowly. Market fundamentals remain wobbly when looking at the expected number of ships around for next week, but AG market rates very rarely moves downwards from these sort of levels once they have been set... much like the aforementioned pitch drop experiment!

The Med Aframax market started this week as the last ended – slowly. Few natural candidates failed to secure business, while some covered quietly. Last week's firming sentiment waned, and the list was balanced early on. Inactivity continued as time passed; the only notable fixture was a CPC trip at WS 152.5. Charterers tested rates lower, with a WS 135 TD19 fixture featured Wednesday. Dates look well-covered into early August, and the list has few ships and little demand.

In the North Sea, TD7 sat at WS 115 at the beginning of the week, and the list looked accessible. Many non-relets ballasted out early on, but the US offered little respite. Towards the end of the week, the front end of the list had cleared out, but some options remained. Rates are unlikely to change soon, anchored at WS 115, while the US market stays lacklustre, and charterers have several options from which to choose.

Product Tanker Comments

Although tonnage is inbound for early August dates basis Fujairah and most would have thought rates would suffer this week, in reality, the AG LR2 market has held up well, courtesy of the strong activity levels. Almost all rates have, in fact, firmed a touch throughout the week; TC1 edged up to WS 130 and felt pretty stable despite some minor discounts here and there for older or less approved units. Lots of owners feel that perhaps this number is too low and that there could have been an opportunity to push more, but even if that were the case, the opportunity has likely passed.

Westbound enquiry has been strong, and freight has also crept up, with USD 3.75 Mn being the latest level agreed via COGH. East Africa fixing has been a much more prominent feature this week compared to normal – rates did spike 10 points on a prompt replacement, with WS 135 being last done. All in all, it has been a positive week when looking at a fundamentally long tonnage list, so it would not be out of the question to suggest that the week ahead might be at softer levels.

It was a robust week for the LR1s with steady activity throughout. The list has remained tight at the front but, similarly to the LR2s (though perhaps less severe), tonnage does start to replenish into early August. Given the tightness at the front end, rates have either held well or even firmed a touch – TC5 edged up to WS 150 at last done, and USD 2.95 Mn was agreed for a New Mangalore/West run. This likely puts AG/West at roughly USD 3.1 Mn, but a fresh test is likely needed. On balance, the LR1s could well remain steady going into next week provided that cargo demand is there, but either way, the market feels healthier than that of the LR2s.

On the MRs, cargo management was king this week, despite the fundamentals being there to push the market. The cargo count matched that of last week and was well above the three-month average. Many routes were stable, though TC17 rose briefly from WS 225 to WS 227.5 and TC12 reached WS 170. Regional short-haul activity supported rates in the Southeast Asia MR market.

This week was a busier one for the MRs in the UKC, with two TC2 rates trading upwards to WS 135 early on. With the week closing out, rates have begun settling at WS 125, and the premium being paid on WAFR remains consistent at +20. Market sentiment can be seen as tight.

In the Med, it was a quiet end to a positive week for owners, with programmes likely covered for the week now. WS 180 was latest seen subbed and repeated, and with tonnage light, levels feel stable in the UKC as the week draws to a close. Congested tonnage is due to open up next week, and the general feel is that charterers will be able to apply some pressure. The paper also supports this, trading down to the WS 140s for August.

It was a busier week for the Handysize market in the UKC, with more fixtures being observed. Rates have seen a progressive increase, with TC23 settling at WS 150-155. The overall market sentiment can also be seen as tight as the week comes to an end. On the MRs, nothing is left outstanding on the surface, but after a good week of on-and-off market activity, tonnage is tighter, and levels have moved up. Things are date- and grade-dependent out there, but the feeling is that the Med/TA route sits stable around WS 135-140 heading into next week.

	BDTI	BCTI
	882	644
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	415.4	420.0	420.4
Δ W-O-W	-6.0	-4.5	-5.6

BALTIC TCE DIRTY

	Route	Qty	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	24,877	↓Softer
TD7	UKC / UKC	80,000	25,798	↑Firmer
TD15	WAF / China	260,000	28,955	↓Softer
TD19	Med / Med	80,000	26,637	↓Softer
TD20	WAF / Cont	130,000	27,348	↓Softer
TD22	USG / China	270,000	32,748	↓Softer
TD25	USG / Cont	70,000	23,846	↓Softer
TD26	EC Mex / USG	70,000	15,254	↓Softer
TD27	Guyana / UKC	130,000	26,338	↓Softer

BALTIC TCE CLEAN

	Route	Qty	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	27,160	↑Firmer
TC2	Cont / USAC	37,000	10,091	↑Firmer
TC5	ME Gulf / Japan	55,000	22,345	↑Firmer
TC6	Algeria / EU Med	30,000	19,246	↑Firmer
TC7	Sing. / ECA	30,000	20,820	↑Firmer
TC8	ME Gulf / UKC	65,000	25,152	↑Firmer
TC14	USG / UKC	38,000	18,449	↑Firmer
TC17	ME Gulf / EAFR	35,000	23,390	↑Firmer
TC20	ME Gulf / UKC	90,000	31,956	↑Firmer
TC21	USG / Caribs	38,000	25,273	↑Firmer

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