AFFINITY TANKER WEEKLY

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Crude Tanker Comments

It was a lively week on the VLCC front, with the market charging ahead and owners firmly in the driving seat. TD3C printed at WS 68 on 22 August, capping off a strong run which saw sentiment build day by day. The tonnage list has tightened, enquiry has increased, and the mysteries list has grown – the classic ingredients for a bullish cocktail. Things kicked off quietly on Monday, but the market was already optimistic for a big week.

By midweek, the pace had picked up with fresh cargoes, firming rates, and plenty of talk. Owners did not miss a beat, pushing levels higher and keeping charterers on their toes. Across the pond played its part too, with Brazil and WAFR showing signs of life and helping fuel the momentum. On Friday, the brakes were gently applied. Charterers are taking a breather, likely hoping to cool things down after this recent surge. With a UK bank holiday on Monday, the timing is perfect for a tactical pause. That said, there is still a decent chunk of first decade September cargo to be covered, so it is far from over. If enquiry returns after the weekend, the market could regain momentum. For now, it pauses, but the energy is still bubbling under the surface.

On the Suezmaxes, the market in WAFR has being steady this week, paying 2.5 points more than last up to WS 110 now for TD20. With first decade WAFR working late dates now, the second decade might have started working quietly or should pick up from next week. CPC reached very high levels this week, with rumours of WS 147.5 being paid to Med, but things had quietened by the end of the week with charterers seemingly working quietly but sentiment is still strong.

On the other side of the pond, USG and Guyana rates going TA moved upwards, reaching levels of WS 97.5 and WS 103.75. However, enquiries slowed down ex-USG by the end of the week and Hurricane Erin blocked transit for USAC and ECC ballasters. Moving over to the East of Suez, the start of the week was busy in the AG, with quite a few AG/India cargoes and one WCI run paying WS 115 and one ECI paying WS 98. Rates out of BOT also skyrocketed with WS 60 paid westbound several times and a rumour of an AG/East run paying up to WS 135, pushing freight up to par with VLCCs.

Last Friday was very quiet in the Med Aframax market, and the list looked healthy with numerous standout FOC vessels. At the beginning of this week, things looked bearish, and it was indeed a slow Monday; replacement business was the only real action. For natural dates, the list had standout options in good supply, and it seemed like rates would lower. As the week went on, replacements continued to be the talk of the market, adding some “fuel” to an otherwise slow, mundane situation. The list has healthy tonnage for natural dates and, although the Suezmax market is firing, the Aframax market lacks volume.

Similarly to in the Med, in the North Sea, it was also a quiet Friday last week. This let the dust settle at the end of a rare firming week for owners. The front end of the list was accessible for charterers, and Lundqvist and Neste had multiple positions. Monday was quiet too, but rates were steady with Lundqvist and Neste having at least two ships. Looking back on the week, rates experienced a yo-yo effect, jumping at the end. The list presents very few natural options, even when looking into 1-5 September dates. Sentiment is very much with owners as the weekend approaches.

Product Tanker Comments

It was an unusual week in the AG LR2 market. Mid-week, there were 18 vessels over the following 20 days, much lower than the running average of 30. Still, the cargo count coming in was steady enough for owners to engage in stems and agree small discounts. This is explained by the YTD averages of WS 136 for TC1 and USD 3.67 Mn for AG/West via the Cape of Good Hope; this week’s numbers were above those levels, and there is still decent money to be made.

However, over the last 24 hours, charterers looking for cheaper levels have been running out of time as demand has crept in. The tightness of the list became unavoidable, and rates began to revive at week’s end. 75,000 T naphtha cargoes dropped to WS 137.5, but they have since returned to last week’s levels of WS 142.5. 90,000 T into EAFR also sank to WS 125 for a dirty history vessel but then rose to WS 130 for a ship with no sire and then WS 132.5 for a fully-approved clean ship. Westbound hit USD 3.90 – 4 Mn for clean and modern tonnage, but an older unit managed USD 3.85 Mn for Kuwait/UKC via COGH on subs on Thursday. Owners will try to seek out further gains following the fledgling revival starting to form.

AG LR1 activity was lower than that of previous weeks, with softer market sentiment and freight levels. The tonnage count grew from Monday as vessels have been repopulating in the next 15-day window basis Fujairah much more quickly than demand could clear the top of the list, so it is unsurprising to see rates edge from flat to soft. TC1 closes the week at WS 140. Westbound enquiry has been very thin, so a fresh test is required in light of recent softening, but it would be reasonable to suggest that a market rate for AG/UKC is USD 3.25 Mn via Cape of Good Hope and USD 3.10 Mn via Suez. Short hauls have been much less busy than normal, and freight levels have fallen. Demand needs to improve substantially from this week’s levels for the market to tighten, but for now, it is not all bad.

In the West, it was a quiet week for Med MRs, though multiple naphtha requirements provided some stability in the face of a healthy list. The current Med/TA rate is 37KT x WS 125 for standard runs, with a 5-10-point premium for trickier grades.

There was strong Med Handysize activity seen at the beginning of the week, with off-market fixtures particularly prominent. However, with tonnage supply well-placed to absorb volumes, X-Med has traded sideways at the WS 135 mark throughout and remains here at close. Though counts suggest the list looks healthy going into next week, the front of the list is dominated by compromised tonnage, which could favour owners, depending on the strictness of enquiries. A quiet start is expected with the UK bank holiday looming, but end-month stems should emerge soon afterwards.

UKC MRs saw solid activity this week, helping clear out some tonnage on prompt dates. TC2 rates began at WS 105 and, with fresh stems entering the market, freight trailed upwards and settled at WS 120 by week’s close, with the WAFR premium still at +20. Market sentiment remains tight, and any prompt cargoes can expect to see a high number from the little tonnage available. There was a good level of Handysize activity with an increase in ARG runs paying USD 975K and Med runs paying WS 140. The week opened for X-UKC at WS 140 with outstanding tonnage available, but as the list began to shorten and stems were taken for Med options, rates trailed upwards to WS 150 at week’s close and market sentiment remains steady.

	BDTI	BCTI
	1042	618
Δ W-O-W	↑Firmer	↑Firmer

BDA (USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	418.8	425.0	427.4
Δ W-O-W	2.3	2.9	3.7

BALTIC TCE DIRTY

	Route	Qty	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	51,501	↑Firmer
TD7	UKC / UKC	80,000	53,884	↑Firmer
TD15	WAF / China	260,000	49,608	↑Firmer
TD19	Med / Med	80,000	33,804	↓Softer
TD20	WAF / Cont	130,000	50,655	↑Firmer
TD22	USG / China	270,000	40,894	↑Firmer
TD25	USG / Cont	70,000	37,836	↑Firmer
TD26	EC Mex / USG	70,000	32,835	↓Softer
TD27	Guyana / UKC	130,000	48,458	↑Firmer

BALTIC TCE CLEAN

	Route	Qty	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	31,308	↓Softer
TC2	Cont / USAC	37,000	10,156	↑Firmer
TC5	ME Gulf / Japan	55,000	24,687	↓Softer
TC6	Algeria / EU Med	30,000	7,871	↓Softer
TC7	Sing. / ECA	30,000	23,022	↑Firmer
TC8	ME Gulf / UKC	65,000	26,990	↓Softer
TC14	USG / UKC	38,000	28,698	↑Firmer
TC17	ME Gulf / EAFR	35,000	22,705	↓Softer
TC20	ME Gulf / UKC	90,000	35,376	↓Softer
TC21	USG / Caribs	38,000	46,472	↑Firmer

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