



Crude Tanker Comments

It was a dynamic week in the VLCC market, with both owners and charterers trying to pinpoint fair value. The week began quietly but with a firm undertone, as thin lists and low counts kept charterers under pressure. Solid tests out of the AG and Brazil early on helped set a baseline, with an AG-Vietnam run at WS 133 keeping TD3C firmly in the high WS 130s and owners giving very little away.

Today brought a shift in sentiment out of the US Gulf, where several tender-linked fixtures failed. Charterers were clearly trying to get ahead of any further uptick, but the lack of follow-through stalled momentum. A WS 117 Brazil run cooled the tone slightly in the West, though the broader fundamentals remain strong, and lists are tight enough that any fresh enquiry could quickly flip sentiment back towards the owners. Charterers managed to squeeze out a few competitive numbers, but this was short-lived as options tightened and availability thinned. Owners held firm throughout, supported by the strong underlying structure of the market.

Heading into next week, the market looks well-positioned as March stems start to roll out fully. Chinese New Year may slow the opening, but these dates will still need covering. With lists this thin, achieving any significant correction will be difficult, and it would not take much fresh enquiry for owners to regain full momentum.

As for Suezmaxes, rates are stable at WS 155 for TD20 as charterers have quietly picked off ships at last-done levels. WS 160 has been paid, but this was for a charterer which most owners do not fix, so it is an outlier. USG rates have been tested lower on the back of a ship which had to redeliver back TA, and rates now linger at WS 137.5; whilst owners do not see the rate as representative, it is hard to imagine charterers agreeing to pay much more, particularly since the rest of the Atlantic seems lacklustre.

Guyana rates need testing in the open market, since enquiry here is so far minimal. CPC, meanwhile, has been quiet off early March dates, as the market is currently between load programmes, but rates remain sideways at WS 200. The AG market remains uninspiring, with rates a touch softer at WS 77.5 for Basrah-UKCM via Suez and WS 155 for AG-East. Still, one should exercise a degree of caution as tensions between the US and Iran continue to simmer.

At the end of last week, Med Aframax charterers successfully pushed rates down. Still, the bad weather which had prevented steep declines was still a concern on 9 February, leading many to expect rates to remain flat. There was indeed no clear change on Monday, as reported rates were all over the place, and this inconsistency continued through the middle of the week. The strong USG market moved several vessels to ballast out, which made the list noticeably tighter by Thursday. This joined with the ceaseless bad weather and growing enquiry to steady sentiment, and a strong comeback took place at the end of the week, with TD19 reaching WS 250.

The North Sea, which experienced volatility of its own last week, finally set a benchmark on Friday. The beginning of the week was quieter than in the Mediterranean, but the relatively high TA rates allowed TD7 to remain stable around WS 190. By Thursday, there was still sufficient tonnage to repeat last-done levels for natural dates, but developments in the US Gulf were leading charterers to be cautious. Owners felt more optimistic about rates on Friday, though TD7 stayed at WS 190.

Product Tanker Comments

AG LR2s had a dismal week. Demand was piecemeal, and this came off the back of closed arbs and with the clear upside of the value of the cheaper MRs. The week ends with several offers on each of the three stems in open play, and charterers are taking as much time as they need to investigate cheaper levels at week's end. AG LR2 demand over the last three weeks has been low, but this week, the supply of vessels stretched comfortably beyond the average count into Fujairah, unlike during the rest of the year so far, in which it has been leaner. With this change, a shift in approach can be detected. In previous weeks – which featured thinner supply – it was understandable for owners to hold back, since holding levels is easier with fewer ships in the window and there is expectation of a quick renewal of success when demand comes back around. This week, however, levels might well be better than those of next week, as supply has clearly outstripped demand over the last five days.

The last on subs for 75,000 MT AG-Japan is WS 170, down from WS 205, and charterers have ideas of a drop to WS 165. Westbound via Cape of Good Hope was secured between USD 4.275 Mn and USD 4.3 Mn, but today an assessment of USD 4.15 Mn seems appropriate. Earnings are still decent, and February is usually quiet, but with Chinese New Year starting on Monday – bringing with it slowdowns of trading and of naphtha stems in the OSN Asian markets – there is little in the way of confidence of better fortunes just yet especially given vessel supply.

It was a poor week for the AG as a whole; LR1s also took a turn for the worse, though it can be argued that the nature of this sector means that it does not take much extra fixing for it to tighten up and bounce back. The LR1 market is therefore in slightly better shape than those of LR2s and MRs. Demand and freight levels have dropped, but there are still good earnings available, so it is not all doom and gloom. TC5 now sits around WS 180, though there is admittedly room to drop further at next done when looking at the list and a diminishing arb. Westbound business has not exactly been the flavour of the week, with only a few deals being agreed, but a fair assessment of runs into UKC is USD 3.3 Mn via Suez and USD 100,000 lower via Cape of Good Hope. Short-haul business has also been limited, but rates are in decent shape, with Bahrain-Jebel Ali being agreed at USD 525,000. Chinese New Year could hurt demand, and a clear-out of tonnage is necessary for the market to improve.

At the beginning of the week, NWE MR rates had firmed as the market grappled with an uncertain and disrupted tonnage list, heavily influenced by the aforementioned adverse weather across Europe which restricted vessel options. As a result, tonnage demand outpaced reliable supply, supporting firmer levels across TA, WAFR, and X-UKC voyages. More vessels are starting to come into NWE and building the tonnage into the next natural window, and there are fewer fresh enquiries, so rates have started to soften, with TC2 now at WS 140 and WAFR at WS 205. With next week's itineraries expected to firm up – resolving some prior delays – and as vessels regain schedule integrity, more prompt tonnage is expected to build. This will likely place additional pressure on rates unless fresh tonnage demand materialises.

Despite delays, Med MRs have remained stable throughout, with WS 185 being subbed Med-UKC followed WS 202.5 for WAFR. All eyes remain on itineraries over the weekend and how the tonnage list looks on Monday. Sentiment is stable going into the weekend.

		BDTI		BCTI
		1719		846
Δ W-O-W		↑ Firmer		↓ Softer
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	424.0	430.2	433.8	
Δ W-O-W	5.9	6.1	5.0	
BALTIC TCE DIRTY				
	Route	Qty	\$/ Day	W-O-W
TD3C	ME Gulf / China	270,000	122,496	↓ Softer
TD7	UKC / UKC	80,000	92,761	↓ Softer
TD15	WAF / China	260,000	106,380	↓ Softer
TD19	Med / Med	80,000	91,237	↑ Firmer
TD20	WAF / Cont	130,000	69,912	↑ Firmer
TD22	USG / China	270,000	93,303	↑ Firmer
TD25	USG / Cont	70,000	81,018	↑ Firmer
TD26	EC Mex / USG	70,000	124,225	↑ Firmer
TD27	Guyana / UKC	130,000	69,523	↓ Softer
BALTIC TCE CLEAN				
	Route	Qty	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	37,331	↓ Softer
TC2	Cont / USAC	37,000	9,941	↓ Softer
TC5	ME Gulf / Japan	55,000	26,976	↓ Softer
TC6	Algeria / EU Med	30,000	27,877	↓ Softer
TC7	Sing. / ECA	30,000	22,824	↓ Softer
TC8	ME Gulf / UKC	65,000	22,880	↓ Softer
TC14	USG / UKC	38,000	28,346	↓ Softer
TC17	ME Gulf / EAFR	35,000	16,220	↓ Softer
TC20	ME Gulf / UKC	90,000	31,927	↓ Softer
TC21	USG / Caribs	38,000	52,077	↓ Softer



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