



Crude Tanker Comments

The week began quietly for VLCCs, with limited enquiry and only a handful of fixtures, setting a softer tone early on. Momentum was lacking across regions, and owners started to feel the firmness of recent weeks easing. By Thursday, the market saw a sharp correction across the board. With a quiet backdrop, charterers took full advantage of the few market quotes that surfaced, pushing rates down noticeably. In the East, an end-March cargo tested the market heavily, reshaping expectations for a MAF/East run. The situation was made more difficult by the war in Iran, with the Strait of Hormuz still closed and only a handful of cargoes moving via the Red Sea or outside the AG, limiting normal flows and adding uncertainty.

With the MEG effectively off the table and enquiry thin, sentiment cooled steadily. Lists grew as Eastern volumes faltered and cancellations loomed, prompting owners to secure cover sooner than they would have liked. The softer tone carried into Friday with further corrections. With a Brazil/East fixture in the mid WS 150s appearing, owners seem to be stepping in to cover before sentiment weakens further. The market ends the week on a softer footing, with pressure now firmly on owners. Next week will show whether the correction stabilises or deepens as lists build, enquiry stays muted, and the AG/strait disruptions continue.

With the rates balloon for Suezmaxes that had been pumped up in the Atlantic following the start of the war and the related AG/Red Sea rate spike, it was inevitable that some air would eventually start to leak out. In West Africa, rates have now settled around WS 262.5, with WS 260 on subs basis Kriti/Rotterdam, which is usually a slight discount on TD20. While rates have depreciated, the wave of ships not AG/Red Sea-willing has yet to arrive in the fixing window and enquiry versus tonnage supply has balanced out as the week draws to a close. CPC has been quieter this week as there was some deferrals and cancellations in the load programme for end-March dates, but eventually there was a test and rates repeated twice at WS 350 levels for TD6. These CPC rates, coupled with healthy amounts of enquiry in the Americas market, provided a floor for rates in the rest of the Atlantic.

Medium-term, however, with Aframax in the USG cheaper per barrel than Suezmaxes and VLCCs crashing in the West, Suezmax rates should come under pressure. East of Suez rates remain around historical highs owing to all the drones and missiles flying around in the AG - but the initial rush of Suezmax enquiry has given way to the more efficient VLCCs overall and rates depreciated down to WS 470 for a Korea run, but the market remains volatile and sensitive to any further war-based risks.

Aframax in Europe had a strong start to the week, with rates rising in both the X-Med and North Sea markets, albeit only marginally. In the Med, TD19 climbed as high as WS 250 on Tuesday, supported by higher bunker prices. But, in truth, the market was quiet with dates well covered, despite there not being an abundance of obvious X-Med candidates. Sentiment cooled throughout the course of the week and at close on Friday, TD19 has stabilised at WS 335. In the North Sea, there was a sharp decline in rates on Wednesday, with X-North Sea ex-WC Norway falling to WS 195. The softening ex-USG market played a role, with only one vessel ballasting across the Atlantic as of mid-week (and several making U-turns). However, the Med continues to attract tonnage. Activity picked up as charterers moved to take advantage of the drop, forcing a rebound in rates and TD7 closes the week at WS 225.

Product Tanker Comments

It has been largely a carbon copy of last week. Vessels are not trading into the AG for well-documented reasons. Vessels have been struck by Iranian forces over the week which emphasises just how easy it has been for them to demonstrate how shipping can be used as collateral and contradict any comments that the war 'is nearly over' from the US. 33 per cent of the IEA reserves (400 Mn bbls) have been tapped into from 32 different nations to offer some breathing space in terms of domestic oil supply.

The Jones Act looks set to be waived for a short period, but this is more linked to a 'quick political win', where perhaps the pump price in the US would be a little less but has no impact on the Middle East conflict. OFAC also issued a statement last night allowing a 30-day reprieve of Russian-originated oil; clearly a gesture indicating just how compromised oil deliveries are and this reprieve of course is totally opposite to what the US administration has recently been championing.

On the shipping side, there is very little to say on the LR2s in terms of fresh deals. Yanbu exports remain active with USD 4.2 Mn being the last number agreed for UKC delivery and remaining healthy inline with the massive numbers for west LR2 loads which are pointing east to meet the shortfall from the AG situation. WCI has flirted with a couple of cargoes, which have either frittered away or covered quietly. More of the ships that have been floating in the Indian Ocean have decided to steam away via Cape of Good Hope or Singapore to look to business there and, when you bear in mind the spiking bunker prices everywhere in eastern markets, this gentle thinning down of tonnage as well as rising costs make it even harder to call prices when they are next tested again. Should bunkers be flat and supply remain consistent then of course we would see a fire sale when markets open with plummeting prices, at least for the short terms. We might well not be in that position, but speculation this far forward is useless as no one knows how long a piece of string is. We face more time with the status quo remaining 'no trade', so we wait and hope that those at sea are as safe as possible.

Overall, it has been a quieter week on the Med Handies, which have seen significant corrections. Having started at 30 x WS 430, X-Med now pays 100 points less at 30 x WS 330, though next test is expected to be lower. The list ends the week tight, and owners will be hopeful of a bounce on Monday as third decade laycans begin to be worked. For now, however, sentiment remains soft heading into next week.

By contrast, it has been somewhat a steady week on the MRs with TA and UKC worked at 37 x WS 310 and WS 240, respectively, throughout. After a quiet period, coupled with healthy tonnage, levels softened 5 points today, helped further by a weaker TC2 market. However, a strong USG market should prop up rates if owners are to be encouraged not to ballast. Far East arbs seem to remain open with USD 5.4 Mn subbed today. As on the Handies, a possible bounce is on the cards next week if volumes rise. In NWE, the week opened with softer sentiment on both TC2 and WAFR as activity levels eased and tonnage restocked. We had seen more stems begin to fail at the higher freight levels achieved previously, and as owners' positions/itineraries started to firm up, rates began to come under pressure early in the week. Toward the end of the week, new stems began clearing out prompt tonnage, lending some support to the market. At the same time, delays in Antwerp introduced uncertainty around vessel schedules, creating a more complex and less predictable tonnage list. As a result, rates have now stabilised, with TC2 freighted at WS 225 and WAFR repeated at WS 320.

		BDTI	BCTI	
		2586	1463	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	438.4	443.5	445.7	
Δ W-O-W	10.5	9.6	8.4	
BALTIC TCE DIRTY				
	Route	Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	411,379	↓Softer
TD7	UKC / UKC	80,000	120,409	↓Softer
TD15	WAF / China	260,000	115,112	↓Softer
TD19	Med / Med	80,000	125,438	↓Softer
TD20	WAF / Cont	130,000	119,459	↓Softer
TD22	USG / China	270,000	116,020	↓Softer
TD25	USG / Cont	70,000	55,535	↓Softer
TD26	EC Mex / USG	70,000	76,521	↓Softer
TD27	Guyana / UKC	130,000	127,870	↓Softer
BALTIC TCE CLEAN				
	Route	Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	77,515	↓Softer
TC2	Cont / USAC	37,000	17,761	↓Softer
TC5	ME Gulf / Japan	55,000	53,077	↓Softer
TC6	Algeria / EU Med	30,000	54,673	↓Softer
TC7	Sing. / ECA	30,000	16,561	↓Softer
TC8	ME Gulf / UKC	65,000	60,950	↓Softer
TC14	USG / UKC	38,000	54,693	↓Softer
TC17	ME Gulf / EAFR	35,000	35,858	↓Softer
TC20	ME Gulf / UKC	90,000	83,192	↓Softer
TC21	USG / Caribs	38,000	93,792	↓Softer



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