



Crude Tanker Comments

The VLCC market moved through another week of mixed signals, with the Atlantic taking a far more prominent role than the East. The US Gulf was the clear driver of momentum, producing a steady stream of enquiry and a series of firm fixtures which allowed owners to post meaningful gains. By contrast, Brazil and WAFR have yet to follow with the same conviction, leaving some owners favouring USG opportunities while they wait for the rest of the Atlantic to catch up. Despite the strength with both Suezmax and Aframax markets surging sharply, VLCC rates did not enjoy the same uplift, which many were expecting. The anticipated spill-over effect never fully materialised, and while the market did stabilise compared to last week's softer tone, the boost was more measured than had been hoped.

In the East, the landscape remained subdued. The ongoing uncertainty surrounding the Strait of Hormuz continued to cloud sentiment and restrict activity. Only a handful of Yanbu and Fujairah cargoes were worked, and the lack of clarity on operational conditions kept both owners and charterers cautious. Attempts to interpret the changing narratives coming from various parties only added to the week's ambiguity. Overall, the market ends the week on a steadier footing than that on which it began, supported primarily by the USG. But with the East still constrained and other Atlantic regions yet to ignite fully, the VLCC sector remains in a holding pattern. The coming week will reveal whether fresh volume can broaden the upswing or whether the market continues to lean heavily on the USG for direction.

Suezmaxes had another crazy week, with rates continuing to firm exponentially across the board. CPC rates now lie at WS 475, up 125 points from Monday. The USG and Guyana regions followed a similar trajectory, with rates at WS 350 for USG-TA, 90 points above the value from the beginning of the week. Guyana has settled at WS 450 for UKCM discharge, a 195-point jump in the same period of time. WAFR, meanwhile, has been a slow burn compared with the rest of the market, and through rates theoretically lie between WS 405 and WS 410, the route requires testing. Given that VLCCs remain more competitive than Suezmaxes on freight and that there is increased Eastern demand for oil from the Atlantic following the closure of the Strait of Hormuz, WAFR should be quiet in the medium term as charterers scale up.

In the East of Suez, the market does not really exist at the moment aside from Yanbu and Bashayer exports from the Red Sea, with Suezmaxes again being outmuscled by the pesky VLCCs for volume share. As a result, rates are a bit softer, though they are still at extreme historic highs, with WS 450 now on subs for Yanbu-India, principally putting Yanbu-East about 20 points down. In a world this volatile, even Nostradamus and Baba Vinga would have trouble predicting what our market will do next week!

At the beginning of the week, the Med Aframax market was in overdrive, with rates soaring across the board. This continued as the days passed, though rates became increasingly dependent on dates and voyages. On Thursday and Friday, the TA market ensured that Med rates kept firming in its wake, and TD19 ends the week at WS 655. The North Sea also ended last week with incredible levels of activity, and Monday failed to provide a benchmark. Tuesday brought multiple fixtures and a wide range of rates, but it was clear that things were still on the rise. Still, the North Sea saw marginal increases compared to those in surrounding markets, so owners have begun ballasting in full force. TD7 now sits at WS 410, and the outlook is positive.

Product Tanker Comments

It was a very uneventful week for AG LR2s as the fourth week of the war in the Middle East comes to a close. Rates are practically untested across the board, and many owners have removed themselves from AG/WCI markets with a ballast to greener pastures – be it CPP or DPP – to areas including the US Gulf, WAFR, and the Red Sea. There have been a couple of fresh cargoes which are still yet to be covered, but it is no surprise to see that they are almost exclusively loading out of Sikka. BITR has printed TC1 at WS 410, which has gradually ticked up throughout the week – this is, of course, for AG loading, which many cannot do. It is on a case-by-case basis in the Duqm-Fujairah range. A Sikka-loading naphtha cargo was tested at WS 130, as a comparison. With the market being in such a deep state of paralysis and uncertainty, there is not much more to say about LR2s. There is a lot of verbal jousting between the US and Iran as to whether or not there has been any progress in de-escalating the tensions, but what will actually happen remains to be seen.

Unlike for their larger companions, it was the busiest week for AG LR1s since the beginning of the war, with the market showing more signs of life. As usual with the LR1s, it does not take much cargo to tighten the market, but this time around, there is the added pressure of the wave of ballasters leaving AG/WCI in search of more active and lucrative markets. As opposed to those of the LR2s, rates have been tested, or at least benchmarked, off other fixtures across the broader WCI/AC/Red Sea area. TC5 ex-Duqm paid WS 257.5, but one can only speculate as to what the market decides that the premium should be for Sohar- and, especially, Fujairah-loading stems. The Red Sea has been busier in all directions, but freight levels are yet to reach public knowledge at this point. If more cargo were to enter the market early next week, even out of WCI, it would not be a surprise to see rates push higher in the absence of tonnage.

It was another positive week for Med MR owners. With the vast majority of tonnage attracted to the US market, the list has been left bare, and at any given time, there have been a maximum of two prompt vessels and little else waiting in the five-day window. Owners have therefore put further upward pressure on all routes this week, and at the time of writing, 37 x WS 300 is the latest subbed and repeated for Med-TA, up 40 points from Monday. Greater firming has been seen on long-haul runs; Brazil and WAFR last subbed at WS 465 and WS 450, respectively, up about 100 points on the week. Furthermore, there are reports of Far East options on subs at USD 7.7 Mn, up USD 1 Mn from last Friday. In the last 48 hours, US rates have corrected, with a wave of ballasters arriving. While this could be a sign that Europe levels will stabilise next week, with little sign of significant tonnage replenishment, any flurry of activity will keep owners in the driving seat.

Med Handy owners have also benefitted from limited tonnage availability this week, and despite a quiet last few days, X-Med has managed to firm above the WS 600 mark, having begun the week at WS 520. Looking to next week, levels will likely stay above WS 600, considering weather conditions in the West, the potential of a pre-Easter rush, and what could be increased activity after the quiet nature of the last few days. Monday's front-of-list should be healthier, but tonnage will by no means be plentiful, which only helps maintain the bullish feeling currently in the market.

		BDTI	BCTI	
		3737	1947	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	442.3	448.0	449.8	
Δ W-O-W	3.9	4.5	4.1	
BALTIC TCE DIRTY				
	Route	Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	348,808	↓Softer
TD7	UKC / UKC	80,000	308,028	↑Firmer
TD15	WAF / China	260,000	127,497	↑Firmer
TD19	Med / Med	80,000	301,083	↑Firmer
TD20	WAF / Cont	130,000	212,188	↑Firmer
TD22	USG / China	270,000	149,175	↑Firmer
TD25	USG / Cont	70,000	239,336	↑Firmer
TD26	EC Mex / USG	70,000	372,978	↑Firmer
TD27	Guyana / UKC	130,000	232,007	↑Firmer
BALTIC TCE CLEAN				
	Route	Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	105,858	↑Firmer
TC2	Cont / USAC	37,000	32,734	↑Firmer
TC5	ME Gulf / Japan	55,000	75,135	↑Firmer
TC6	Algeria / EU Med	30,000	139,329	↑Firmer
TC7	Sing. / ECA	30,000	31,111	↑Firmer
TC8	ME Gulf / UKC	65,000	59,854	↑Firmer
TC14	USG / UKC	38,000	63,689	↓Softer
TC17	ME Gulf / EAFR	35,000	80,250	↑Firmer
TC20	ME Gulf / UKC	90,000	81,473	↑Firmer
TC21	USG / Caribs	38,000	83,414	↓Softer



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