



Crude Tanker Comments

It has been a quiet and cautious week for the VLCC market, shaped largely by ongoing geopolitical uncertainty and a lack of clear cargo flow. Following Easter Monday, activity resumed slowly, with little momentum early on. A lone Brazil cargo bound for India hinted at a slight downtrend, though Western lists remained relatively tight following last week's activity in the US Gulf and Brazil. Atlantic enquiry came in dribs and drabs as the lists began to replenish, along with the return of Suezmax availability eroding the limited support previously helping to underpin the VLCC market.

Sentiment was initially bolstered by developments in the Middle East, firstly by news of Basrah loadings looking possible and then by the announcement of a ceasefire on Tuesday night, with the Strait of Hormuz ostensibly reopened. A flurry of prompt AG market quotes followed the next day, but they appeared to be more opportunistic than workable, with owners still assessing the situation while discussing the risks with underwriters. It is still unclear how feasible Strait of Hormuz transit will be next week, but perhaps US-Iran talks over the weekend can provide some clarity. The week ends quietly, with participants largely waiting for clearer signals in the Middle East. Apart from a few Brazilian market quotes, enquiry has been fairly muted, leaving the market range-bound and cautious heading into next week.

On this day in 1912, the Titanic set sail on her maiden voyage. While the market has not been as disastrous for tanker owners as that iceberg was for the White Star Line, rates have depreciated across all the Western markets. West Africa remains very slow going, as most volume has upsized onto VLCCs with the increased appetite for Western crude in the East. TD20 has been tested, though, and rates have come down to WS 285. With earnings still north of USD 150,000 a day, this is still very good for early Q2 in historical terms. USG rates have also come down, but – as ever with a market this random and trader-sensitive – rates have had a mini-rebound to WS 285 up from WS 275. That last Guyana rates tested down to 145 x WS 262.5 with a smaller flat rate shows that the USG remains a strange and wonderful place.

Med rates have also come down, with WS 290 done for an Arzew-UKC voyage; meanwhile, CPC requires testing, but given the depreciation elsewhere, rates will likely correct. In the AG, there was initial excitement after the ceasefire between the US and Iran allowed the Strait of Hormuz to reopen, but this was short-lived, since the waterway is closed to tankers as Iran maintains its newly-exercised chokehold on it. But rates basis Fujairah now have a Suezmax benchmark of WS 395 for East.

Even with the quantity of ships ballasting TA, the Med Aframax list opened the week longer than it had been for some time. This meant, of course, that sentiment was low, which was proven right on Tuesday as TD19 fell by 60 points. After double-digit declines over the following two days, Thursday saw rates dip below WS 500 for the first time in three weeks. TD19 ends Friday at WS 450, and minimal activity leads to the expectation that charterers will continue to put pressure on rates. The North Sea was no better at retaining ships. On Monday, 27 had ballasted to the Americas in the preceding week, and 10 more were expected to do so this week. A correction was expected, but things remained stable through Wednesday, and rates were largely flat; WS 400 was repeated multiple times. WS 390 was repeated on Thursday, and there are enough positions to make a further drop seem inevitable. TD7 currently sits at WS 385.

Product Tanker Comments

Much like last week, AG LR2 volumes are pinned down by the war. There had been much anticipation as to what could happen late on Tuesday and early on Wednesday due to a planned deadline from Trump which could have led to a massive escalation or de-escalation of the situation. The two-week ceasefire agreed by both parties seemed like a step in the right direction, as it was supposed to reopen the Strait of Hormuz and allow traffic to pass; however, the waterway remained open for about half a day, so owners and charterers did not make headway in organising their movements. Essentially, the market is back at square one on this front. Unsurprisingly, there has only been demand ex-Sikka and ex-Red Sea for LR2s, and there is no shortage of tonnage just outside the AG as vessels are starting to build in the absence of consistent demand. Freight estimates are all over the place, which is to be expected in conditions like this – estimates will likely only firm in light of the continued war.

There has been a bit of demand for AG LR1s, but they have understandably struggled to pick up momentum. Sikka loadings have certainly dominated the fixing this week, and one can see market rates slowly being established with more clarity compared to the chaos in Fujairah, Sohar, and Duqm. Sikka-East at WS 250 provides an actual basis to use moving forward. This said, many of the Sikka loadings agreed this week – as well as other private deals – have been conducted direct, so some of the details are yet to be seen in the market. There is definitely enough tonnage around to satisfy demand at this time as owners still wait for the paid ticket out of the area. Ultimately, one must keep a close eye on how the situation in the Middle East unfolds.

NWE MRs were active this week, with more vessels seen fully fixed and cleared out as TA demand has increased; the voyage is now assessed at WS 305 and firmer. If other optionality is required, TA will freight higher, with SAFR, EAFR, and Far East stems also continuing to be quoted and covered. Tonnage looks set to open up more from 16 April; however, if current demand continues into the next fixing window and tonnage remains tight, rates will likely rise. TC14 also remains firm, now freighted at WS 550. With more vessels in both NWE and the Med considering ballasting towards the US Gulf, tonnage could tighten more, placing more pressure on freight levels.

It was a quiet week for Med MRs with ever-changing news emerging about the war, and the market seemed unsure of how to react throughout. Activity has largely consisted of West Med exports, and while two more stems with Japan options at USD 7.7 Mn and USG 7.8 Mn were lifted at the beginning of the week, it has been the more typical TA-UKC-Med options quoted in the back end. Though healthier than in the previous week, tonnage counts remain tight, and this has aided owners in holding levels and, in some instances, capitalising on naphtha enquiries.

Furthermore, with TC14 seeing record highs this week, owners in WAFR and West Med have needed incentivising not to ballast for such attractive earnings. Med-TA therefore fixed around the 37 x WS 300 mark from Monday, with WS 295 repeated today and WS 315 seen on a naphtha stem. Med-UKC maintains a 100-point premium over TA at 37 x WS 395, and WAFR tested today at 37 x WS 440, with Brazil likely paying similar. Sentiment is steady going into next week as the market awaits developments in the Middle East. If no significant escalation drives sentiment, enough tonnage should be present to absorb what owners will hope is a busier period.

		BDTI	BCTI	
		3561	2106	
Δ W-O-W		↓Softer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	451.4	456.5	458.6	
Δ W-O-W	9.2	8.5	8.9	
BALTIC TCE DIRTY				
	Route	Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	450,308	↑Firmer
TD7	UKC / UKC	80,000	277,941	↓Softer
TD15	WAF / China	260,000	127,011	↓Softer
TD19	Med / Med	80,000	301,083	↓Softer
TD20	WAF / Cont	130,000	138,445	↓Softer
TD22	USG / China	270,000	113,219	↓Softer
TD25	USG / Cont	70,000	173,672	↓Softer
TD26	EC Mex / USG	70,000	305,354	↓Softer
TD27	Guyana / UKC	130,000	141,231	↓Softer
BALTIC TCE CLEAN				
	Route	Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	148,472	↑Firmer
TC2	Cont / USAC	37,000	36,261	↑Firmer
TC5	ME Gulf / Japan	55,000	109,786	↑Firmer
TC6	Algeria / EU Med	30,000	111,849	↓Softer
TC7	Sing. / ECA	30,000	36,104	↑Firmer
TC8	ME Gulf / UKC	65,000	86,461	↑Firmer
TC14	USG / UKC	38,000	89,572	↑Firmer
TC17	ME Gulf / EAFR	35,000	87,175	↑Firmer
TC20	ME Gulf / UKC	90,000	128,180	↑Firmer
TC21	USG / Caribs	38,000	133,332	↑Firmer



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