



Crude Tanker Comments

It has been a largely uninspiring week for the VLCC market, with activity muted across most regions and sentiment weighed down by ongoing uncertainty out of the AG. Despite questions being asked inside the AG, with owners wanting protective wording and charterers the opposite, there is nothing which can realistically be done. TD3C getting voted to remain is an unusual outcome, but it is the case nonetheless. A handful of ships have disappeared quietly throughout the week, pointing to private fixing, but with very little detail surfacing, it has done little to shift overall sentiment away from one of a negative tone.

One notable development was a charterer reportedly covering multiple VLCCs ex-Fujairah, though only part of this has been confirmed and there is little evidence as of yet whether they are firm. In the Atlantic, the market has struggled to gain traction. Counts have crept higher as the West absorbs slack from the East, but this has not been sufficient to translate into any momentum. A Brazil market quote late in the week pointed to further softening and reinforced the lack of urgency among charterers. Tonnage lists remain broadly balanced for now, but with enquiry thin and limited catalysts on the horizon, the market heads into next week still searching for signposts.

The Suezmax market was active with both WAFR and Med-Black Sea busy last Friday to Monday, which left a more balanced-looking tonnage list. However, in the middle of the week, charterers began working quietly as tonnage had tightened and owners' sentiment was improving in the West, particularly as Guyana and the US Gulf began producing more cargoes.

Rates subsequently began to increase across the Atlantic as owners had to price in the increased demand, which – coupled with some restricted cargoes – saw rates for TD20 push to WS 215 levels. With outstanding cargoes still to cover and owners' sentiment getting stronger, the market ends the week on a firmer footing overall, with short-term momentum favouring owners.

At the end of last week, the Med Aframax market's momentum was held by the charterers. Rates were all over the place, with reports of WS 275 and of WS 312.5; sentiment was weak. Monday was busy, with more than four cargoes worked and WS 290 paid ex-Ceyhan. Most of the standouts had left, leaving a lack of obvious options for the end of the month.

Tuesday was quieter, and rates changed little, with charterers trying to maintain the pressure in the face of increasing resistance. By Wednesday, the position list was less straightforward than it appeared, and rates were stagnant. Owners are showing some resistance, but there is not enough local activity to back a rebound. TD19 ends the week at WS 300, and rates are expected to remain stable.

The North Sea Aframax list was very long at the beginning of the week. Quoted cargo was attracting serious interest, but sentiment remained soft, confirmed by a sharp decline to WS 250 on Monday. Rates fell again on Tuesday, but multiple cargoes were worked, tightening the list significantly. Vessels continued to ballast out to the firming US market, and if enough continue to exit the area, owners could see a reversal in fortune. TD7 sits at WS 235 on Friday.

Product Tanker Comments

There is not an awful lot to say about AG LR2s this week, as volumes remain pinned down by the war in the Middle East. Freight levels were finally tested with a Westbound cargo ex-Duqm which had been paid at USD 6.75 Mn via Suez, but there has not been any similar demand in the market for the week. WCI loadings have also been very quiet, but a naphtha cargo had been fixed to head East at WS 275, which provides further clarity around levels for a market which has been very quiet as of late. Red Sea-West stems have been busier, with 4 vessels being publicly fixed. Rates here tested downwards from last levels to USD 6.125 Mn. All are keeping a close eye on developments between the US and Iran, but for now, there is little change after some flip-flopping between both parties.

The LR1s were also quiet this week for the same reason; only a handful of fully fixed deals were seen in the market. Duqm-East naphtha fixed at WS 315 is one of the only marketed rates in the region. Much like the LR2s, the Red Sea market has been comparatively active, with some WS 430 deals being agreed for Yanbu-Japan and USD 1.75 Mn paid for Yanbu-Djibouti. Ultimately, the industry is still in a state of paralysis caused by everything going on in the Middle East, and there is no telling the outcome or the longevity of the situation.

Unlike their larger counterparts, AG MRs have had a solid week with firming. The lack of tonnage repopulation is really beginning to be felt, as surrounding markets continue to outperform the Middle East-WCI markets. TC12 has not seen much firming, but given the tightening list, the expectation is that it will price around WS 350 levels. TC17 has improved, with WS 380 levels on subs ex-Sikka at the time of writing. Sikka has been selling many more barrels on a FOB basis, so this has been where most of the volume has been seen. X-AG runs continue to fix around USD 2.2 Mn, which is good business for those vessels which are open within the AG. Westbound continues to be quiet ex-Fujairah and ex-Sohar, but we assess this at between USD 3.5 Mn and USD 4 Mn ex-Duqm. Looking towards next week, firming is expected, principally due to the shortage in tonnage supply.

It was another steady week for Med MRs, with levels trading sideways throughout. Whilst TC2 slipped, Med-TA has been supported by a thin tonnage list and maintained 37 x WS 290 levels, with UKC remaining 100 points above at WS 390. Far East enquiry has dwindled, with no such route reported on subs. WAFR has seen an uptick this week and currently pays approximately 37 x WS 425. High Handysize rates attracting larger sizes into short-haul voyages should aid in replenishing the list next week; however, charterers are still likely to face tonnage shortages, which will prevent any significant corrections, even if early May laycans are quiet.

NWE MRs had a steady start to the week, with more vessels being cleared out for TC2 stems and X-UKC voyages. As the week has progressed, the number of stems quoted has slowed, and tonnage is now set to build and recirculate into NWE following increased X-UKC voyages fixed both this week and last. TC2 remains owners' preferred route; however, with earnings on X-UKC voyages looking attractive, freight ideas have become more individual than market-based, driven by specific opportunities and vessel positioning. By week's end, market sentiment remains quiet, with only one stem covered today and one outstanding heading into next week.

		BDTI	BCTI	
		2812	2197	
Δ W-O-W		↓Softer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	458.4	462.6	465.3	
Δ W-O-W	6.9	6.1	6.6	
BALTIC TCE DIRTY				
	Route	Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	453,227	↑Firmer
TD7	UKC / UKC	80,000	126,913	↓Softer
TD15	WAF / China	260,000	104,294	↓Softer
TD19	Med / Med	80,000	103,004	↓Softer
TD20	WAF / Cont	130,000	98,909	↑Firmer
TD22	USG / China	270,000	100,179	↓Softer
TD25	USG / Cont	70,000	97,793	↑Firmer
TD26	EC Mex / USG	70,000	134,119	↑Firmer
TD27	Guyana / UKC	130,000	104,240	↑Firmer
BALTIC TCE CLEAN				
	Route	Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	153,488	↓Softer
TC2	Cont / USAC	37,000	26,413	↓Softer
TC5	ME Gulf / Japan	55,000	131,200	↑Firmer
TC6	Algeria / EU Med	30,000	126,842	↑Firmer
TC7	Sing. / ECA	30,000	44,394	↓Softer
TC8	ME Gulf / UKC	65,000	112,861	↑Firmer
TC14	USG / UKC	38,000	57,940	↓Softer
TC17	ME Gulf / EAFR	35,000	92,363	↑Firmer
TC20	ME Gulf / UKC	90,000	146,825	↑Firmer
TC21	USG / Caribs	38,000	61,085	↓Softer



Disclaimer

The information contained in this report is the property of Affinity (Shipping) LLP, and may not be reproduced in any format by anyone without prior written approval from Affinity (Shipping) LLP. None of the information contained in this document constitutes or forms, and should not be construed as constituting or forming an invitation or inducement to engage in investment activity.

This document should not be relied upon as being an impartial or objective assessment of the subject matter and is not deemed to be “objective research” for the purposes of the FSA rules. This document has been issued by Affinity (Shipping) LLP for information purposes only and should not be construed in any circumstances as an offer to sell or solicitation of any offer to buy any security or other financial instrument, nor shall it, or the fact of its distribution, form the basis of, or be relied upon in connection with, any contract relating to such action.

The information, including projections, contained herein is based on publicly available materials and sources that have been obtained and compiled in good faith from sources Affinity (Shipping) LLP believes to be reliable. Any opinions expressed are Affinity (Shipping) LLP’s current opinions as of the date appearing on this document only. Any opinions expressed are subject to change without notice and Affinity (Shipping) LLP is under no obligation to update the information contained herein.

Affinity (Shipping) LLP makes no representation or warranty, either express or implied, in relation to the accuracy, adequacy, completeness, fairness or reliability of the information contained herein and expressly disclaims any liability for any errors or omissions. As such, any person acting upon or in reliance of this document does so entirely at his or her own risk. Any projections or other forward-looking statements regarding future events are not necessarily indicative of, and may differ from actual events.

To the fullest extent allowed by law, Affinity (Shipping) LLP, its members, officers and employees shall not be liable, whether in tort (including negligence), breach of contract or otherwise, for any direct, indirect or consequential losses, damages, costs or expenses of whatever nature (including, without limitation, any consequential, indirect or unforeseeable loss or loss of opportunity or profit or damage of any kind, even if foreseeable) incurred or suffered by you or any third party arising out of or in connection with the information in this document.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons unto whose possession this document comes should before proceeding inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdictions.