



Crude Tanker Comments

A quiet start to the week set the tone for the VLCC market, with very little visible activity and charterers taking advantage of the lull to apply pressure. A few fixtures from the back end of last week provided some direction early on, but momentum faded quickly as the week progressed. Midweek, a Brazil market quote confirmed the softer tone, with owners showing a willingness to secure preferred routes and cover tonnage ahead of any further correction. Despite the quieter surface, a good amount of business was clearly being worked behind the scenes, with a number of ships disappearing quietly and several reported on subs without much detail emerging.

Brazil and the East saw pockets of activity, with Fuj-Goo particularly busy, led by one charterer taking a significant position. This helped steady the market in the East, even as global rates wobbled. The consistent flow out of Brazil also provided some support, preventing a sharper drop. Looking ahead, if this level of volume continues, it could help arrest the recent softness and bring the market back onto a steadier footing. There is even potential for a modest rebound next week, though much will depend on whether enquiry remains consistent and translates more visibly into fixtures.

Elvis Presley was noted for starting his performances off with high intensity. Unfortunately, the same cannot be said of the western Suezmax markets this week, as the muted start allowed charterers to squeeze rates down, with WS 192.5 paid for an East run ex-Ghana. Rates, however, have since rebounded to a WS 195 conference rate for TD20 owing to renewed levels of enquiry from the region beginning midweek. Guyana rates have also similarly depreciated, with a voyage to Scanden attracting plenty of interest and then being snapped up by a ship with interests in opening close to the Baltic; rates currently land at about WS 190 for TD27. CPC rates were awaiting a correction as tonnage had built up, and charterers had mostly held back this week, awaiting the dates for the June load programme. Rates have subsequently sunk by 20 points to WS 240 on a ship opening within the Black Sea.

The AG market continues to see plenty of ships parked up outside the HRA awaiting cargoes ex-Fujairah or -Yanbu, and as a result, the one cargo quoted ex-Yanbu this week attracted 16 offers and rates dropped 60 points to WS 225 for a Sikka run. Elvis once said, "When things go wrong, don't go with them," and the quote is particularly relevant concerning the aftermath of the Yanbu fixture, given the subsequent uptick of vessels ballasting towards the Cape of Good Hope seeking employment. Regarding hopes of a sudden opening of the Strait of Hormuz and a return to meaningful levels of enquiry to the East of Suez market, one could say that "Elvis has left the building".

Med Aframax rates fell significantly last week as charterers took advantage of the long tonnage list to push rates lower despite respectable levels of activity. At the beginning of this week, it was expected that the process would continue, and rates did indeed soften with every fixture. There remained too many vessels in the area, and the plunges were such that by midweek it was difficult to guess where the bottom was. The week ended with little activity, and TD19 sits at WS 175, 65 WS points below last Friday's level. The North Sea had slightly better fortunes, though rates were flat going into this week. The tonnage list was long, and drops in TD19 and TD25 made a decline in TD7 look unavoidable. There was limited activity in the ensuing days, and while it is expected that seven vessels will have ballasted TA this week, the list is still very long. TD7 had reached WS 180 by Friday.

Product Tanker Comments

The story continues this week with the closure of the Strait of Hormuz prohibiting regular market flow. Activity levels from the AG have been pinned down, and the Red Sea has become more of a feature at the expense of WCI/AG loadings, though both areas were quiet this week. General market sentiment is weakened by the growing supply of tonnage and the absence of cargo to match. The AG LR2 segment has endured an especially drab week, as not only has Hormuz stayed closed; the periphery cargoes from STS Sikka or Oman also seem not to have come to fruition over the last five days. As such, the market finds itself in a situation in which Red Sea shipments remain the only source of cover from Suez to Singapore. Considering the lengthy number of vessels which can now track into the Red Sea from the East – as the Houthis threat remains minimal so far – freight rates have held up quite well recently, with USD 5 Mn last done.

Once again, westbound demand has been lacking, but highly competitive freight levels are expected. Short-hauls have also barely featured publicly, but there will undoubtedly be a high frequency of X-AG voyages. Red Sea freight levels have been fairly steady but require a fresh test now after USD 1.1 Mn was agreed several times last week and fully fixed early this week. Still, as with broader sentiment, it could trade down. All in all, the market is still at the mercy of the closure of the Strait of Hormuz, and there are not many options left for those in the area; other markets are also suffering after a highly successful period during the war. When a vanilla Yasref-West cargo comes along again, USD 4.5 Mn can be treated as an appropriate estimate, especially when keeping in mind the much more lacklustre Med and DPP markets in Europe. Flat-to-poor remains the outlook, with the Arabian Gulf closed for business.

MR rates in Northwest Europe have steadily corrected downwards throughout the week, with increasing pressure stemming from a growing tonnage list in the Continent. This has largely been driven by a rise in ballasters arriving from SAFR, WAFR, and South America, as TC14 has seen a significant correction, now trading around WS 155. Owners have looked to reposition vessels towards both the Med and NWE, further adding to the oversupply and compounding downward pressure. ARA-WAFR rates have softened, with last done at WS 327.5 and on the descent. TC2 and ARA-Med have also slipped, closing the week at WS 212.5 and WS 285, respectively. Overall, market sentiment is softer, with limited activity seen in the past few days.

It was a front-heavy week for Med MRs, which was not unexpected as Ascension Day was celebrated around the market on Thursday. Tuesday saw the highest level of activity, with four of five stems worked and more reported off-market. Of the stems seen, naphtha was the product most in demand. With supply outweighing demand, rates tested down to WS 207.5 this week, but a trickier stem was covered at WS 215 yesterday. In general, it feels like the market has stabilised going into the weekend; however, looking into next week, many ballasters will enter Europe from WAFR. At the time of writing, eight vessels are already on their way, and if WAFR activity remains subdued, more could follow suit. There is the potential for more pressure in this market.

		BDTI	BCTI	
		2375	1726	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	458.5	462.9	464.9	
Δ W-O-W	-1.0	-0.7	-1.5	
BALTIC TCE DIRTY				
	Route	Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	448,979	↓Softer
TD7	UKC / UKC	80,000	73,551	↓Softer
TD15	WAF / China	260,000	106,207	↓Softer
TD19	Med / Med	80,000	34,309	↓Softer
TD20	WAF / Cont	130,000	81,153	↓Softer
TD22	USG / China	270,000	105,898	↓Softer
TD25	USG / Cont	70,000	54,082	↓Softer
TD26	EC Mex / USG	70,000	66,704	↓Softer
TD27	Guyana / UKC	130,000	82,785	↓Softer
BALTIC TCE CLEAN				
	Route	Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	147,560	↓Softer
TC2	Cont / USAC	37,000	15,457	↓Softer
TC5	ME Gulf / Japan	55,000	115,722	↓Softer
TC6	Algeria / EU Med	30,000	55,333	↓Softer
TC7	Sing. / ECA	30,000	34,888	↓Softer
TC8	ME Gulf / UKC	65,000	111,495	↓Softer
TC14	USG / UKC	38,000	6,526	↓Softer
TC17	ME Gulf / EAFR	35,000	89,986	↓Softer
TC20	ME Gulf / UKC	90,000	143,673	↓Softer
TC21	USG / Caribs	38,000	4,134	↓Softer



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