



Crude Tanker Comments

The VLCC market ends the week on a high with a tight list, growing demand for prompt crude, and firming East of Suez. The rapid strengthening in the Atlantic Suezmax market has been a key contributor, with a WAFR-UKC Suezmax on subs at four figures. In the Atlantic, a WAFR-East voyage went on subs at WS 600 today, up 80 points. East of Suez activity has also built steadily, with cargoes emerging regularly and charterers under increasing pressure to cover. This has yet to translate into the record-breaking levels seen recently, with Fujairah-East slowly progressing to the high WS 700s, as such owners have become increasingly wary. With many willing to wait for next week, little is likely to surface today, with a stronger flow expected into next week.

Charterers secured relatively stable levels out of Yanbu despite the risks; however, despite a longer list, sentiment is bullish for next week. All in all, VLCC sentiment is firm at the end of the week due to strengthening Atlantic Suezmax rates, a tightening prompt VL list, and renewed East of Suez activity. While rates have yet to return to recent record levels, owners are increasingly holding back. With crude supply recovering and routing constraints still in place, the expected activity next week could quickly eliminate available tonnage, possibly bringing rates back to record levels.

On this day in 1836, Charles Darwin returned to England after a five-year trip aboard HMS Beagle, with his observations onboard leading to the groundbreaking discovery of evolution. It has also been a historic week for Suezmaxes, with rates absolutely soaring in the Atlantic. Enquiry was very active and tonnage remained tight even with dates working more forwards than usual. WAFR rates started the week at WS 440 but have now reached WS 1,000 for UKCM and WS 900 for East. Guyana rates have seen similarly explosive gains, also firming from WS 440 to a last done of WS 1,000.

The USG has also been busy, with rates for TA firming to WS 395, but volume for this route has been lacking, with Aframaxes seemingly preferred. Most volume comes from tenders for USG-East, with rates having hit USD 26.5 Mn on an ex-DD ship. CPC rates have climbed by 400 points to WS 900, but this now feels undervalued compared to the rest of the Atlantic. With the list comprised mostly of two bullish owners, rates look set for massive gains. East of Suez remains the black sheep of the Suezmax market, with rates keeping sideways at WS 725 for East and little to report in the open market. Still, with ships increasingly looking to ballast West and chase the earnings there, rates in the East will have to rise to remain attractive to owners.

The Mediterranean Aframax market opened this week steady after a quieter close to the last one, with charterers holding back to let the list breathe and US developments expected to keep rates supported. Levels remained date- and voyage-dependent, with short runs ex-Libya holding firm premiums. TD19 was well-established at WS 630, repeated several times. By Thursday, restraint had allowed the list to replenish, and with a relatively healthy list, charterers had the opportunity to test lower levels. But USG business makes sentiment here firm, and TD19 ends the week at WS 645.

The North Sea Aframax market began the week firm after a Friday with nothing concluded in the open market, as recent TD25 dynamics pointed to upside potential. Charterers held off, hoping that some available tonnage would leave the area, while rates awaited a fresh test. A continued lack of activity allowed the position list to replenish slowly, and the US Gulf quietened down. Still, a recovery in USG activity late in the week makes ballasting look likely. TD7 sits at WS 410 on Friday.

Product Tanker Comments

Supply of suitable AG LR2 tonnage remained extremely tight at the start of the week, and rates have continued to build on last week's momentum, with enquiry carrying over into this week. As a result, owners' control over the market has become even more pronounced, with rates strengthening further. WS 485 is now on subjects for 75,000 of naphtha from STS Oman to Japan, equating to approximately USD 7.6 Mn and representing a 15-point increase on the last done. Westbound deliveries have strengthened further, with USD 10 Mn confirmed for Sikka-West Africa via Cape of Good Hope, while USD 11 Mn is also on subjects for Sikka-UKC via Suez. Demand appears quieter on the surface, but with most cargoes now being covered off-market, silence can be deceptive. Considering how difficult it is to secure firm tonnage within the required loading window, it is not surprising to see so much product reappearing in the MR sector.

The Far East market, which has been a key driver for LR2 demand over the last two weeks, may well take a breather. This is due not only to Golden Week next week but also to the recent announcement from Beijing regarding restrictions on Chinese product exports, as there is a growing view that rebuilding domestic stockpiles should become a priority again. If these restrictions remain in place over the medium to long term, more ships could ballast towards WCI and Oman, which may provide some relief for charterers and introduce greater competition into the market. It remains too early to draw firm conclusions, and today's outlook remains firmly positive. However, this is certainly a development worth monitoring closely into next week and beyond.

It was also another positive week for AG LR1s, with continued firming taking place. On the surface, it has not been the busiest week – not helped by the various rumours suggesting additional fixtures at higher levels – but this has not detracted from the already firm sentiment.

The list remains tight, and pressure is being maintained by additional vessels being sniped off quietly. With each public fixture, rates take noticeable steps on freight. There are several plausible rumours of WS 550 being agreed for a naphtha run heading East, and others suggest that WS 600 has been agreed, though this is unconfirmed. Westbound business has been largely operating in the shadows this week, but a rate of USD 8 Mn could be suggested for WCI or STS Oman-UKC via Bab-el-Mandeb. Short-haul and Red Sea business have been limited this week, so fresh testing is needed all round.

In terms of MRs, Southeast Asia maintained its bullish trajectory, with Singapore-Australia advancing to WS 525 before being pushed to WS 570. Persistent terminal congestion and uncertain itineraries have continued to disrupt vessel schedules, and sustained strength across the Middle East and WCI markets has given owners compelling alternatives and reinforced their resistance to discounting. They retain the upper hand, though the market appears to be edging towards its ceiling.

It was a highly successful week for European MRs and Handysizes, especially when considering their recent relative misfortune when compared with other regions and sizebands. TC2 and TC6 leapt by dozens of points on the week, with the former rising from WS 175 last Friday to WS 210 this one, and the latter jumping from WS 260 to WS 345 in the same period. Sentiment here is firm going into next week.

		BDTI		BCTI
		6586		2414
Δ W-O-W		↑ Firmer		↑ Firmer
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		503.9	512.3	515.5
Δ W-O-W		-0.6	-0.8	-0.6
BALTIC TCE DIRTY				
Route		Qty	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	1,286,655	↑ Firmer
TD7	UKC / UKC	80,000	305,166	↓ Softer
TD15	WAF / China	260,000	645,324	↑ Firmer
TD19	Med / Med	80,000	292,576	↑ Firmer
TD20	WAF / Cont	130,000	500,149	↑ Firmer
TD22	USG / China	270,000	426,756	↑ Firmer
TD25	USG / Cont	70,000	249,280	↑ Firmer
TD26	EC Mex / USG	70,000	292,749	↑ Firmer
TD27	Guyana / UKC	130,000	478,367	↑ Firmer
BALTIC TCE CLEAN				
Route		Qty	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	269,672	↑ Firmer
TC2	Cont / USAC	37,000	14,577	↑ Firmer
TC5	ME Gulf / Japan	55,000	196,155	↑ Firmer
TC6	Algeria / EU Med	30,000	57,494	↑ Firmer
TC7	Sing. / ECA	30,000	73,019	↑ Firmer
TC8	ME Gulf / UKC	65,000	180,225	↑ Firmer
TC14	USG / UKC	38,000	52,004	↑ Firmer
TC17	ME Gulf / EAFR	35,000	116,097	↑ Firmer
TC20	ME Gulf / UKC	90,000	263,317	↑ Firmer
TC21	USG / Caribs	38,000	57,886	↑ Firmer



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