

WEEKLY TANKER ROUND-UP



WEEK 25
19 JUNE 2020

A second wave of Corona hits Beijing whilst Economies around the globe reopens businesses. Despite the pandemic slowdown, Tanker transit through the Suez Canal hit record highs. Oil sentiments rise as bosses at Vitol and Trafigura comment on healthy demand recovery. Freight market moves sideways with the balance tilted in charterers favour.

VLCC

It has been a slightly busier week than the previous two weeks in the Middle East as a result of which we saw the rates come down a notch to WS57 mark – down three points from last week. The long-haul trip to USG and the Atlantic sector reported no fixture activity thereby exerting downward sentiment on the rates. Greek ship owners association has confirmed being pardoned by US and escaping a mass sanction. VLCC earnings settles around \$ 43000 per day.

SUEZMAX

Some positive news to write back home. Activity picked up across geographies however did not help the freight as there is a long tonnage list that needs to be shortened. In the Middle East, there has been good activity as we saw VLCC cargoes to East being split on to Suezmax vessels. As a result, the rates now for 140,000mt Middle East Gulf to Med have fallen a couple of points to low WS20s. Brokers expect some improvement in the rates, predominantly in the West - especially if this activity keeps up. TCE's still hover between \$12-16K levels.

Aframax

Should probably leave this space empty to mirror the income of Aframax owners. Owners appear reluctant to fix at current levels choosing to idle it out – a strategy I believe is fundamentally flawed! No upside is expected in the short term and the market is expected to move sideways going forward. In the West the situation is similar to East, although there is some activity from charterers, there is not enough cargoes in the market to remove ships from the long list. TD19 is currently trading around WS 60 giving owners a return below OPEX levels – TCE equivalent to 3700\$ to 4000\$ per day.

Clean

The situation remains grim for owners in the Clean segment. Despite cargo activity reported across sectors; rates continued their downward trajectory owing to excessive open tonnages. LR2(75k dwt) TCE is at about \$18000 PD and MRs are in the region \$15-16000 PD.

Specialised Tankers/Chemicals/Edibles

Consolidation news surpassed market news this week in the segment. 2 new Tanker Pools are in the making; aggregating MR tankers and vessels below 25k dwt. Any such business model evolutions are considered good for the segment that has long suffered from fragmentation problems. Reopening of economies and people returning to work, office, factories and roads means cargo activity in the specialised segment – that provided petrochemical and edible feedstock to our daily life – has returned. Rates remain in charterers favour this week; but we may see owners getting their occasional laugh in the days to come.

Weekly Verdict: Freight rates remain in charterers favour; however owners may get to enjoy a pint at the pub in the coming weeks as tonnages begin to be taken off the open list.

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BUNKER PRICES

| PORTS | MFO 0.5% | IFO 380 CST | IFO 180 CST | MGO (0.1%) |
|----------------------|------------------|-----------------|-----------------|------------------|
| Asia Pacific | | | | |
| Singapore | \$320.00(-5.00) | \$224.75(-6.00) | \$235.75(-6.00) | \$360.00(-5.00) |
| Hong Kong | \$342.00(+12.50) | \$255.00(-5.00) | \$266.00(-5.00) | \$365.00(-10.00) |
| Shanghai | \$340.00(+5.00) | \$275.00(-5.00) | \$286.00(-5.00) | \$405.00(-5.00) |
| Busan | \$333.00(+13.00) | \$292.00(-3.00) | \$303.00(-3.00) | \$390.00(-21.50) |
| Colombo | \$355.00(-2.50) | \$293.00(-3.00) | \$304.00(-5.00) | \$420.00(-5.00) |
| Mumbai | \$320.00 (0.00) | \$285.00(-3.00) | \$296.00(-5.00) | \$415.00(-4.00) |
| Middle East & Africa | | | | |
| Fujairah | \$313.00(-7.00) | \$225.00(0.00) | \$236.00(0.00) | \$410.00(+10.00) |
| Jeddah | \$294.80(0.00) | \$245.00(0.00) | \$257.00(0.00) | \$378.00(0.00) |
| Durban | \$370.00(-20.00) | - | \$265.00(-5.00) | \$475.00(-5.00) |
| Port Elizabeth | \$373.00(-2.00) | - | - | \$490.00(-15.00) |
| Port Louis | \$387.00(0.00) | - | \$300.00 (0.00) | \$540.00(0.00) |
| Las Palmas | \$313.00(-2.00) | \$258.00(-1.00) | \$271.00(-1.00) | \$376.00(+10.00) |
| Europe | | | | |
| Antwerp | \$292.00(0.00) | \$233.00(+3.00) | \$254.00(+3.00) | \$355.00(-2.00) |
| Rotterdam | \$292.00(0.00) | \$233.00(+3.00) | \$254.00(+3.00) | \$355.00(-2.00) |
| St. Petersburg | - | \$216.00(+6.00) | \$246.00(+6.00) | \$335.00(+5.00) |
| Gibraltar | \$312.00(-3.00) | \$258.00(-2.00) | \$271.00(-2.00) | \$376.00(+10.00) |
| Istanbul | \$326.00(0.00) | \$262.00(+2.00) | \$265.00(+2.00) | \$376.00(+8.00) |
| Piraeus | \$346.00(+13.00) | \$246.00(-6.00) | \$249.00(-6.00) | \$371.00(+11.00) |
| Americas | | | | |
| Los Angeles | \$326.00(+5.00) | \$248.50(+1.00) | \$295.50(+1.00) | \$399.50(+2.00) |
| New Orleans | \$310.50(0.00) | \$258.50(+9.00) | \$284.50(+9.00) | \$360.50(-5.00) |
| Panama Canal | - | \$290.00(+4.00) | \$310.00(+4.00) | \$384.00(+3.00) |
| Houston | \$305.00(+11.00) | \$249.00(+9.00) | \$287.00(+9.00) | \$350.00(-4.00) |
| Santos | \$301.00(+3.00) | \$288.75(-6.00) | \$320.25(-6.00) | \$410.00(-8.00) |
| Zona Comun | \$337.50(+5.00) | - | - | \$492.50(-5.00) |

*Delivered Indications of Previous Day.