

AFFINITY TANKER WEEKLY

20 December 2019

Affinity Research LLP,
44th Floor,
The Leadenhall Building
122 Leadenhall Street, London,
EC3A 8EE

T. +44 203 142 0100
F. +44 203 142 0101
E. research@affinityship.com
W. affinityship.com



Closing out the year on a high

TD3C rates were slowly dropping at the end of last week, but there was a sharp turnaround on Tuesday, when rates jumped WS 16 points on the day, and continued to increase through to Thursday, before flattening out. The Baltic Exchange currently assesses TD3C at over WS 120.

Scrubber-fitted VLCCs are earning over USD 100,000 per day as the spread between HSFO and LSFO widens. Average VLCC earnings, as assessed by the Baltic Exchange, for a non-scrubber fitted vessel are USD 78,668 per day. These earnings are the highest for the past two months, but still far short of what a scrubber-fitted vessel is currently earning. The LSFO / HSFO spread currently stands at USD 410 / T in Fujairah, where LSFO is 140 per cent the price of HSFO.

VLCC floating storage has seen a significant decrease over the past month, with confirmed storage down to 34 Mn from 70 Mn barrels, with the potential for another 30 Mn barrels currently unconfirmed, but tonnage is expected to start re-entering the market as this continues.

Suezmax markets have been firm throughout the week. The WAFR and USG/Caribs markets have risen significantly, with WAFR / East edging north of the WS 160 mark and USG / UKCM floating between the 145 - 150 mark. The AG market saw a significant jump in rates, with TD23 jumping over 20 points in one day, supported by relentless Indian short haul business and Shell having to replace off prompt dates. Med / Black Sea markets have been quiet but firm, with TD6 slowly climbing and Libya / East rates picking up, too. Overall sentiment has been strong.

After the impressive gains seen last week, the northern Aframax markets have been much steadier, with freight being slightly chipped away at to leave TD7 standing at WS 236, down 5 per cent w-o-w.

Cross-Med rates remain above WS 200, buoyed by a very active CPC programme. Bosphorus delays are edging up, with

southbound delays rising to 10 days and northbound to 8.

As for product tankers, the North Asia MR market has been muted this week, although tonnage was tight, there was also a lack of fresh enquiry. End of month cargoes are now pretty much covered and very few early January stems are available. There are two fixtures reported for Korea / USWC, one at USD 1.475 Mn and one at USD 1.5 Mn. The Singapore market is looking more positive with three Singapore / Australia fixtures reported at WS 225, WS 220 and WS 217.5 respectively.

MRs in the AG have seen a string of steady days, but the LR tonnage list is tight and the markets are set to firm. It's possible that the MRs will follow suit as Fridays have usually been busy and a very different market could emerge in 24 hours before we head into the holidays.

Unfortunately for owners in the USG, sentiment is softening and rates look to be taking a hit. Oversupply of vessels, fair weather and a constant worry about being undercut has made the lower bunker costs irrelevant. TC14 rose slightly mid-week, mostly off owners' optimism, but ended the week fairly flat at WS 125.

Coming off a fairly steady week, LR2s heading east of Suez are firming due to lack of available tonnage and cargoes appearing. TC1 currently stands at WS 158.75, up 3 per cent w-o-w. Average December earnings on TC1 are up 15 per cent y-o-y, standing at USD 32,986 per day.

Meanwhile, LR1 rates have seen a major resuscitation on Thursday, standing at WS 159.44, up 4 points on the day. This increase will be enough to cover the more expensive VLSFO bunkers. A lack of ballasting ships and tight schedules are sure to provide even more buoyancy.

Average earnings for LR1s on TC1 in 2019 saw a significant annual increase of 15 per cent on 2018, standing at USD 18,562 per day with just over a week left of the year. TC5 saw a more moderate y-o-y increase of 12 per cent, currently assessed at USD 13,948 per day.

	BDTI	BCTI	
	1419	879	
Δ W-O-W	↑Firmer	↑Firmer	
BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	374.6	371.6	365.3
Δ W-O-W	3.0	2.4	0.0

BALTIC TCE DIRTY				
	Route	Qnt	USD / Day	Δ W-O-W
TD1	ME Gulf / US Gulf	280,000	53,031	↑Firmer
TD3C	ME Gulf / China	270,000	104,305	↑Firmer
TD6	Black Sea / Med	135,000	68,258	↑Firmer
TD8	Kuwait / Sing.	80,000	54,659	↑Firmer
TD9	Caribs / US Gulf	70,000	66,300	↑Firmer
TD14	Asia / Australia	70,000	49,396	↑Firmer
TD17	Baltic / UKC	100,000	90,753	↑Firmer
TD20	WAF / Cont	130,000	61,728	↓Softer

BALTIC TCE CLEAN				
	Route	Qnt	USD / WS	Δ W-O-W
TC1	ME Gulf / Japan	75,000	33,356	↑Firmer
TC2	Cont / USAC	37,000	17,923	↓Softer
TC5	ME Gulf / Japan	55,000	23,692	↓Softer
TC6	Algeria / EU Med	30,000	WS 308	↑Firmer
TC7	Sing. / ECA	30,000	23,615	↑Firmer
TC8	ME Gulf / UKC	65,000	WS 33	↑Firmer
TC9	Baltic / UKC	30,000	WS 220	↑Firmer



Bunker Prices								
(USD/T)	Fujairah	Δ*	Houston	Δ*	Rotterdam	Δ*	Singapore	Δ*
IFO 380	295	↑	351	↑	270	↑	332	↑
VLSFO	630	↑	605	↑	560	↑	640	↑
MGO	713	↑	644	↑	588	↑	637	↑

EXCHANGE RATES			CRUDE PRICES		
	Value	Δ*	(USD/Bbl)	Price	Δ*
EUR-USD	1.11	↓	Brent	66.52	↑
GBP-USD	1.30	↓	WTI	61.30	↑
USD-JPY	109.35	↑			
EUR-GBP	0.85	↑			
USD-KRW	1,159.57	↓			
USD-SGD	1.36	↑			
GBP-SGD	1.77	↓			

GDP GROWTH					
(%)	EU	India	US	China	World
Q2 2019	1.1	5.7	2.1	6.2	3.0
Q3 2019	1.5	6.1	2.4	6.1	3.0

	Demolition		New Contracts	
	2019 YTD	2018	2019 YTD	2018
Handysize	4	12	0	3
Medium Range	14	23	37	91
Panamax / LR1	4	7	0	17
of which LR1:	3	3	0	14
Aframax / LR2	5	45	40	24
of which LR2:	1	7	10	12
Suezmax	7	22	24	16
VLCC	3	32	22	47
Grand Total	37	141	123	198
			Y-O-Y% Δ*	-38%

Tankers	Fleet					Deliveries			Orderbook				
	2015	2016	2017	2018	Nov-19	Delivered 2017	Delivered 2018	Delivered 2019	2019	2020	2021	Total Orderbook (Through to 2021)	% of Fleet
Handysize	560	575	586	582	594	18	8	16	2	9	1	12	2.0%
Medium Range	1431	1522	1574	1607	1681	66	56	89	10	78	33	127	7.6%
Panamax / LR1	412	429	444	449	458	21	12	13	9	9	6	24	5.2%
of which LR1:	343	358	372	381	389	18	12	11	5	5	6	16	4.1%
Aframax / LR2	920	966	1003	1009	1054	64	51	50	2	29	48	89	8.7%
of which LR2:	291	324	353	364	390	34	18	27	0	11	10	23	5.9%
Suezmax	484	511	558	568	587	57	32	26	5	29	26	62	10.2%
VLCC	641	686	726	732	795	50	39	66	7	41	19	71	8.9%
Grand Total	4,448	4,689	4,891	4,947	5,169	276	198	260	35	195	133	385	8.5%

Δ* : Change Week on Week



World Oil	Demand			Supply		
	Actuals (Mn bpd)	2019	Q3-2019	Q4-2019	2019	Q3-2019
OECD						
Canada	2.46	2.56	2.55	5.43	5.44	5.50
Europe	14.13	14.45	14.11	-	-	-
Japan	3.69	3.46	3.82	-	-	-
Other OECD	6.45	6.40	6.43	4.68	4.59	4.79
U.S. (50 States)	20.54	20.65	20.89	19.67	19.63	20.75
Mexico	-	-	-	1.92	1.91	1.93
Total OECD	47.39	47.63	47.94	31.70	31.57	32.98
As % of World	47.01	46.97	47.13	31.44	31.40	32.33

Non-OECD						
China	14.42	14.30	14.51	4.95	4.94	4.97
Europe	0.76	0.77	0.77	-	-	-
FSU	4.97	5.13	5.08	14.65	14.61	14.67
Other Asia	14.11	13.92	14.22	-	-	-
Other Non-OECD	19.17	19.64	19.18	14.28	14.76	14.48
Total OPEC	-	-	-	35.22	34.66	34.90
Total Non-OECD	53.43	53.77	53.77	69.10	68.97	69.02
As % of World	52.99	53.03	52.07	68.56	68.60	68.63
Total World	100.82	101.40	101.71	100.80	100.54	101.42

Time Charter Rates

	1-Year	W-O-W	Avg 2018	Avg 2019	3-Year	W-O-W	5-Year	W-O-W
VLCC	48,500	↑	23,611	35,482	36,500	→	34,000	→
Suezmax	34,500	→	17,044	26,339	29,000	→	24,000	→
LR2	25,000	→	14,962	21,481	22,500	→	20,500	→
Aframax	26,500	↑	14,927	21,100	23,000	→	20,500	→
LR1	19,000	→	12,895	16,342	16,750	→	15,750	→
MR	16,000	→	13,069	14,644	15,500	→	14,500	→
Handysize	14,750	→	11,624	13,457	14,000	↑	13,500	→

Asset Values

	Newbuilding	W-O-W	Resale	W-O-W	5-YO	W-O-W	10-YO	W-O-W
VLCC	90.00	→	99.00	→	74.00	↑	51.00	↑
Suezmax	61.00	→	70.00	↑	52.00	↑	36.00	→
Aframax	50.50	→	54.50	→	39.00	→	29.50	↑
LR2	52.00	→	55.50	→	40.00	→	30.50	↑
LR1	42.00	→	41.50	→	31.00	→	18.00	→
MR	35.00	→	39.00	→	30.00	→	19.00	→
Handysize	33.00	→	35.00	→	24.50	→	13.75	→



INDICATIVE VOYAGE FIXTURES										
Cargo Quantity	Grade	Load	Discharge	Vessel	Charterer	Laycan	Rate	Status	Comment	
VLCC										
270,000 MT	CRUDE	MEG	CHINA	EAGLE VANCOUVER	UNIPEC	8-10 JAN	WS 118	SUBS	FIRM	
260,000 MT	CRUDE	WAF	EAST	FRONT DISCOVERY	EQUINOR	23 JAN	WS 110	SUBS	FIRM	
Suezmax										
130,000 MT	CRUDE	UKCM	EAST	SIENNA	BP	14-16 JAN	WS 160	SUBS	FIRM	
135,000 MT	CRUDE	NOVO	UKCM	GEORGE S	TRAFIGURA	02-03 JAN	WS 148.5	SUBS	FIRM	
Aframax										
100,000 MT	FUEL	UST-LUGA	UKC-USG	SEASTAR	TOTAL	28-29 DEC	WS 190-135	SUBS	FIRM	
80,000 MT	CRUDE	RAS LANUF	GENOA	ALONISSOS	ENI	30-31 DEC	WS 200	SUBS	FIRM	
Panamax										
55,000 MT	DPP	TALLINN	UKC - USG	STENA PRESIDENT	TOTAL	29-31 DEC	WS 242.5 - 200	FIXED	FIRM	
50,000 MT	CRUDE	GABON	UKC - MED	LONDON STAR	TOTAL	14-15 JAN	WS 250 - 267.5	FIXED	FIRM	

Spot Market									Affinity Index: Percentage change of our TCE compared to the base day: 7/01/2015 =100	
Cargo Quantity	Route	Affinity Index*	Affinity TCE (\$/Day)	Δ* WOW	Δ* MOM	Average Year to Date (\$/day)	Average 2018 (\$/day)			
VLCC										
	(TD1 & TD3C)	227	106,052	15%	40%	30,799	9,138			
TD1	280,000 MT	ME Gulf / US Gulf	875	86,746	12%	38%	18,180			
TD3C	265,000 MT	ME Gulf / China	150	125,358	16%	41%	43,418			
Suezmax										
	(TD6 & TD20)	156	90,535	8%	26%	36,764	23,130			
TD6	135,000 MT	Black Sea / Med	146	102,325	8%	23%	46,410			
TD20	130,000 MT	West Africa / Cont	190	78,745	9%	29%	27,117			
Aframax										
	(TD8, TD14 & TD17)	180	84,741	9%	39%	27,487	16,114			
TD8	80,000 MT	Kuwait / Sing.	225	74,023	30%	51%	25,454			
TD9	70,000 MT	Caribs / US Gulf	288	89,691	41%	81%	24,890			
TD14	70,000 MT	Asia / Australia	195	65,020	15%	54%	24,195			
TD17	100,000 MT	Baltic / UK Cont	153	115,181	-3%	26%	32,813			

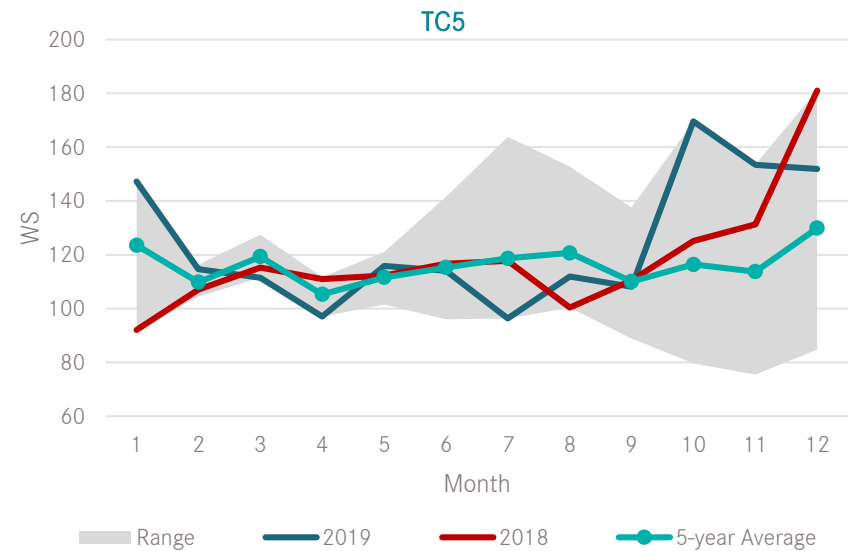
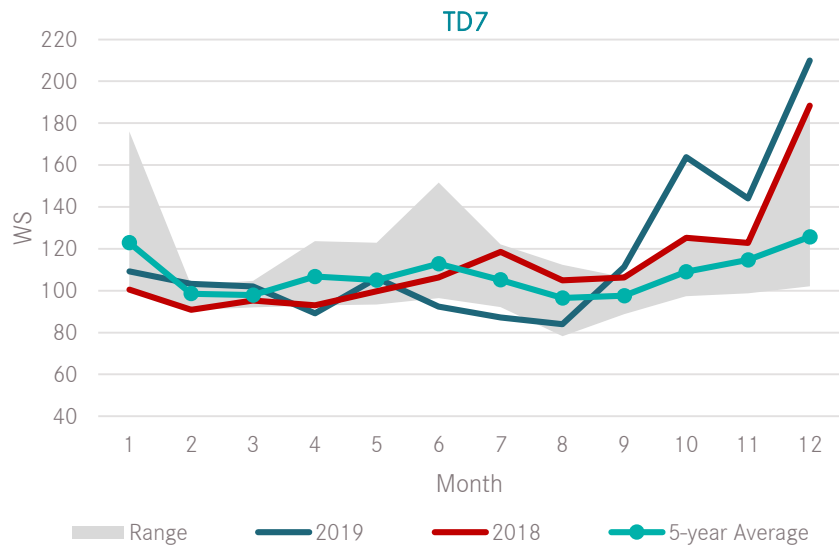
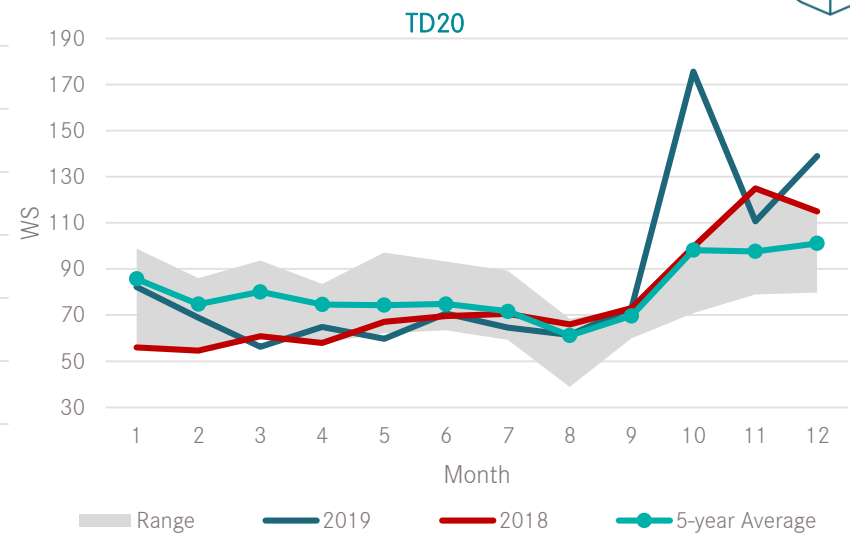
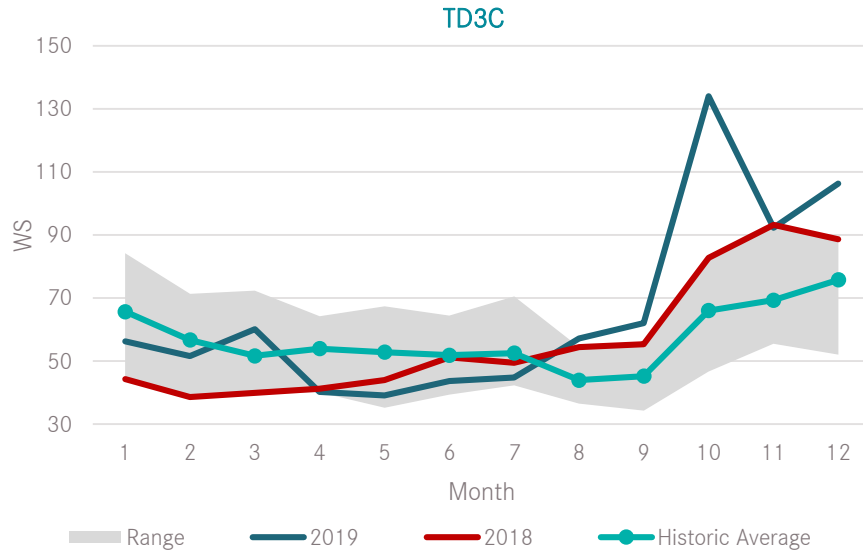
*Affinity Index: Base day is 07/01/2015. The Affinity Index is calculated based on our freight rate estimates of the above routes. Starting on 7 January 2015, the Affinity index registers the freight rates from each day and then compares them to the base rate of the start date.



INDICATIVE VOYAGE FIXTURES										
	Cargo Quantity	Grade	Load	Discharge	Vessel	Charterer	Laycan	Rate	Status	Comment
LR2										
TC 1	75,000 MT	GTL	RAS LAFFAN	WEST	UST LUGA	SHELL	09-10 JAN	USD 2.975 Mn UKC	SUBS	FIRM
LR1										
TC 5	55,000 MT	NAP	MEG	JAPAN	VELOS RUBY	MARUBENI	25 DEC	WS 180	SUBS	FIRM
TC 8	60,000 MT	ULSD	SIKKA	WEST	FLAGSHIP PRIVET	BP	29-30 DEC	USD 2 Mn UKC - USD 2.075 Mn WAFR - USD 2.45 Mn Brazil	FIXED	FIRM
MR										
TC 12	35,000 MT	JET	KOREA	USWC-USG	VELOS FORTUNA	VALERO	02 JAN	USD 1.5 Mn	SUBS	POSITIVE SENTIMENT
TC 2	37,000 MT	UMS	ARA	TA	ZEFYROS	EXXON	16-18 DEC	WS 185	FAILED	TIGHTER
TC 6	30,000 MT	ULSD	AGO	MED	CAPE BEIRA	ATC	26 DEC	WS 300	SUBS	TIGHT, FIRM
TC 7	35,000 MT	CPP	QUANZHOU	OZ	FPMC 34	AMPOL	24-26 DEC	WS 230	FXD	STEADY
TC 9	30,000 MT	ULSD	PORVOO	UKC	SCROPIO TBN	NESTE	30-31 DEC	WS 220	SUBS	SOFTER

Spot Market								Affinity Index: Percentage change of our TCE compared to the base day: 7/01/2015 =100		
	Cargo Quantity	WS/LS	Affinity TCE (\$/Day)	Δ* W-O-W	Δ* M-O-M	Average 2019 YTD (\$/day)	Average 2018 (\$/day)			
LR2										
AG / Japan	75,000 MT	155.00	22,596	-1,272	-8,527	19,528	10,020			
AG / UKC	80,000 MT	2.98	35,255	-1,675	1,018	26,283	12,564			
AG / EA	80,000 MT	155.00	23,900	-64	-4,988	20,670	11,505			
LR1										
AG / Japan	55,000 MT	155.00	14,151	-470	-9,494	13,624	7,985			
AG / UKC	65,000 MT	2.05	21,319	-2,534	-8,320	21,014	10,783			
AG / EA	65,000 MT	155.00	19,221	-51	-8,782	18,450	11,540			
MR										
AG / UKC	40,000 MT	1.65	20,209	-804	-2,666	17,108	10,046			
WCI / Red Sea	35,000 MT	0.63	15,274	-1,375	-2,967	14,569	6,841			
WCI / Japan	40,000 MT	175.00	9,551	-2,281	-8,929	8,928	4,646			
AG / EA	35,000 MT	190.00	12,841	-1,983	-4,194	12,606	8,583			

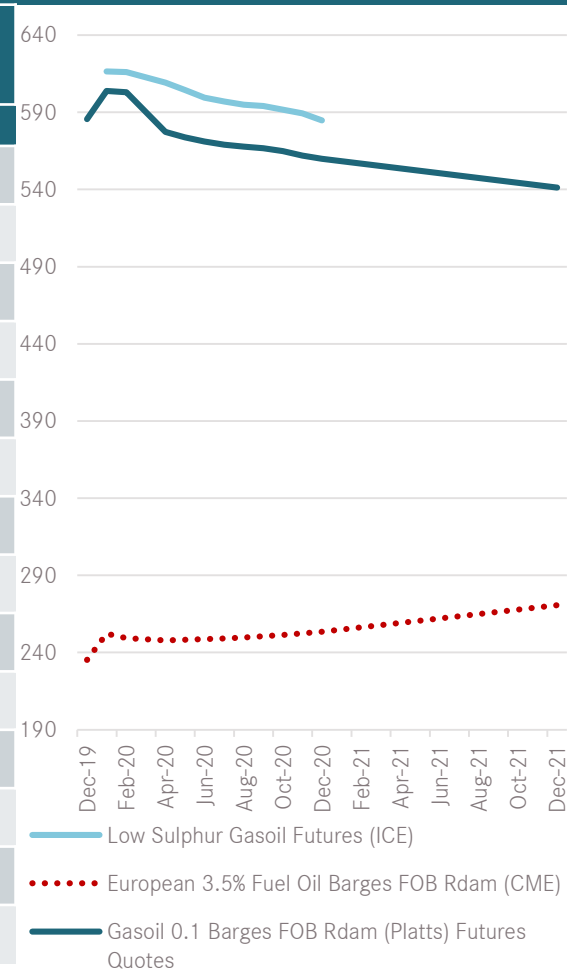
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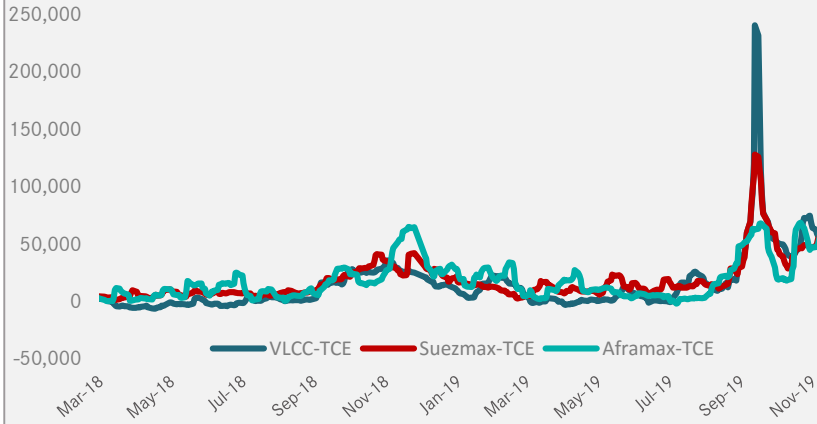
Rotterdam Futures

	Low Sulphur Gasoil Futures (ICE)			European 3.5% Fuel Oil Barges FOB Rdam (CME)			Gasoil 0.1 Barges FOB Rdam (Platts) Futures Quotes		
	20/12/2019	13/12/2019	%Δ	20/12/2019	13/12/2019	%Δ	20/12/2019	13/12/2019	%Δ
Dec-19				235.2	224.4	5%	585.5	573	2%
Jan-20	616.5	591.8	4.2%	252.3	226.3	11%	603.8	577.2	5%
Feb-20	616.0	591.5	4.1%	249.3	226.8	10%	603.1	575.9	5%
Mar-20	613.8	590.0	4.0%	248.1	228.4	9%	599.6	573.6	5%
Apr-20	609.3	586.5	3.9%	247.8	230.2	8%	577.3	569.8	1%
May-20	604.5	583.5	3.6%	248.2	232.3	7%	573.8	566.5	1%
Jun-20	599.5	580.0	3.4%	248.7	234.1	6%	571.1	564.1	1%
Jul-20	597.0	578.8	3.2%	249.2	235.8	6%	569.1	562.5	1%
Aug-20	595.0	577.0	3.1%	249.8	237.3	5%	567.8	561.4	1%
Sep-20	594.0	576.0	3.1%	250.6	238.8	5%	566.7	560.6	1%
Oct-20		575.5		251.5	240.3	5%	564.8	558.5	1%
Nov-20	589.3	573.0	2.8%	252.5	241.7	4%	562.0	555.8	1%
Dec-20	584.8	570.0	2.6%	253.5	243.4	4%	559.9	554.0	1%
Dec-21				270.6	268.7	1%	541.3	538.8	0%

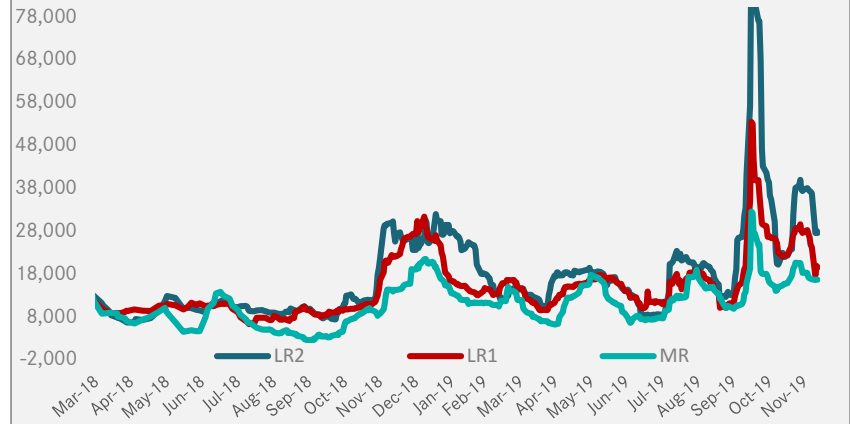




Baltic Crude Oil Tanker Average Earnings (USD/day)



Affinity Clean Tanker Average Earnings (USD/day)



FFA Dirty

	Routes	Dec	Jan	Feb	Mar	Apr	May
TD3C	ME Gulf / China	125.3	89.1	81.5	78.4	68.4	52.7
TD7	North Sea / Cont	130.6	103.1	102.7	95.6	92.1	85.3
TD8	Kuwait / Sing.	195.3	177.6	177.4	133.4	121.9	118.6
TD17	Baltic / Cont	133.4	107.5	120.0	95.2	88.5	80.7
TD19	Baltic / Cont	190.8	167.6	169.2	133.3	127.1	115.0
TD20	West Africa / Cont	195.0	125.0	130.8	116.0	107.4	101.6

FFA Clean

	Routes	Dec	Jan	Feb	Mar	Apr	May
TC2	Cont / UAC	141.8	179.8	192.1	183.9	178.7	170.9
TC5	ME Gulf / Japan	186.6	176.7	173.8	182.0	172.2	159.5
TC6	Algeria / EU Med	164.9	210.3	236.0	228.4	198.4	175.3
TC7	Sing / ECA	195.8	207.1	216.1	200.6	196.9	199.4
TC9	Baltic / UKC	149.9	189.5	198.3	181.0	176.1	172.1
TC12	WCI / Japan	191.6	196.7	210.7	174.7	168.5	166.1
TC14	USG / Cont	111.0	143.2	160.9	128.2	126.6	121.3
TC15	Skikda / Chiba	137.6	114.7	121.9	108.2	99.4	98.3

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44th Floor, The Leadenhall Building, 122 Leadenhall Street, London EC3A 8EE, United Kingdom

Tel +44 (0) 20 3142 0100

Email research@affinityship.com