



Que Sera Sera

VLCC earnings have continued to come off the boil, with TD3C shedding points to now stand at around WS 85. Earnings have slumped to USD 60,000 per day, as much as USD 40,000 down on what they were at the beginning of the year. According to the IEA, refinery runs have been falling since December, with margins flailing due to a lack of heating demand, and that is now making itself felt in the tanker markets.

Moreover, floating storage has been decreasing over the last few weeks, allowing tonnage to re-enter the market and add to the downwards pressure on rates. The signing of the first phase of the US - China trade deal signals some hope, with a part of the agreement that China will purchase more oil from the US, but quantities remain unclear.

Rates for Suezmaxes have also decreased over the week, with a large chunk being taken out of TD20, leaving rates at WS 130. TD6 has also fallen, slipping to WS 153. Refinery demand in Europe is falling, courtesy of strike action in France and falling margins.

The European Aframax markets have had a tougher week, with rates on cross-Med voyages sliding to just WS 147, more than 20 points down on the week. Activity has been muted, while tonnage continues to build. Towards the end of the week, CPC's second decade programme has injected more life, but rates remain flat at the moment.

The US markets continue to draw ballasters out of Europe, but this has yet to alleviate the currently overtonnaged markets. The ballasting vessels are seeking TA fixtures, however, so inevitably some pressure has been applied to TD25. Rates are down to a modest WS 224, while the localised TD9 market remains the real winner, with earnings still well above USD 100,000 per day.

East of Suez, LR2s are finally dropping off the proverbial cliff that they have been teetering on for so long now. Despite

owners' sentiment keeping the market fairly buoyant through such a long period of inactivity, rates on TC1 are down WS 22 points on the week, losing over WS 12 points in a day on Wednesday, leaving it standing at WS 121.

LR1s are still just about on the cliff, rates look to be softening but the market is not quite as slow as it is for the LR2s. TC5 is only down by around WS 7 points on the week, noticeably less eastbound cargoes have left rates standing at WS 138.

Despite sentiment being positive at the beginning of the week, owners of MRs in the AG are a little less optimistic now. LR1s aren't seeing a lot of activity and refinery turnarounds begin in February, so it seems a little unlikely that MRs can continue this upward trajectory.

Supply of MRs in North Asia is a little greater than expected this week so rates have been pushed down a point or two, but cargoes are also in healthy supply so owners aren't in trouble just yet.

In the West, it was a slow start to the week for MRs, with news that the TA arb had closed, putting pressure on rates, with levels dipping below 37x160. Incentive remains for many owners to head stateside, as the USG market continues to perform, which will only reduce any ballasters heading back to Europe for now (TC14 - 38x185 and tight!). A surge of cargoes to West Africa helped shape the list, with rates recovering marginally to 30x167.5 for TC2 runs for week's end, and West African voyages are around 37x197.5 levels

The Handy rates bottomed this week, ex-Baltic is at 30x170 and cross-Cont runs at around the 30x155 level, although it's looking tighter end of month, but early February cargoes will only be released next week. For the LR1s, the sentiment is weak, and rates slipped, with ARA - WAFR at 60x150-155, although untested should be next done. The LR2s lost momentum, perhaps due to quieting down of the DPP market, with Med - Japan softer at USD 2.65 Mn.

	BDTI	BCTI	
	1305	720	
Δ W-O-W	↓Softer	↓Softer	
BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	390.5	387.8	385.3
Δ W-O-W	10.7	10.0	14.9

BALTIC TCE DIRTY				
	Route	Qnt	USD / Day	Δ W-O-W
TD1	ME Gulf / US Gulf	280,000	27,284	↓Softer
TD3C	ME Gulf / China	270,000	60,955	↑Firmer
TD6	Black Sea / Med	135,000	68,626	↑Firmer
TD8	Kuwait / Sing.	80,000	28,577	↓Softer
TD9	Caribs / US Gulf	70,000	117,738	↑Firmer
TD14	Asia / Australia	70,000	33,339	↓Softer
TD17	Baltic / UKC	100,000	41,423	↓Softer
TD20	WAF / Cont	130,000	52,793	↑Firmer

BALTIC TCE CLEAN				
	Route	Qnt	USD / WS	Δ W-O-W
TC1	ME Gulf / Japan	75,000	16,122	↓Softer
TC2	Cont / USAC	37,000	14,952	↓Softer
TC5	ME Gulf / Japan	55,000	15,367	↓Softer
TC6	Algeria / EU Med	30,000	WS 209	↑Firmer
TC7	Sing. / ECA	30,000	14,572	↓Softer
TC8	ME Gulf / UKC	65,000	WS 34	↑Firmer
TC9	Baltic / UKC	30,000	WS 168	↑Firmer



(USD/T)	Fujairah	Δ*	Houston	Δ*	Rotterdam	Δ*	Singapore	Δ*
IFO 380	310	↓	342	↓	285	↓	352	↓
VLSFO	710	↓	590	↓	533	↓	660	↓
MGO	748	↑	632	↓	555	↓	662	↓

EXCHANGE RATES			CRUDE PRICES		
	Value	Δ*	(USD/Bbl)	Price	Δ*
EUR-USD	1.11	↑	Brent	64.78	↓
GBP-USD	1.31	↑	WTI	58.63	↓
USD-JPY	110.23	↑			
EUR-GBP	0.85	↑			
USD-KRW	1,157.15	↓			
USD-SGD	1.35	↓			
GBP-SGD	1.76	↓			

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	

	2019	2018	2019	2018
Handysize	4	12	0	3
Medium Range	15	23	56	91
Panamax / LR1	5	7	0	17
of which LR1:	3	3	0	14
Aframax / LR2	5	45	49	24
of which LR2:	1	7	12	12
Suezmax	7	22	37	16
VLCC	3	32	34	47
Grand Total	39	141	176	198
			Y-O-Y% Δ*	-11%

Tankers	Fleet					Deliveries			Orderbook				
	2015	2016	2017	2018	Dec-19	Delivered 2017	Delivered 2018	Delivered 2019	2020	2021	2022	Total Orderbook (Through to 2021)	% of Fleet
Handysize	560	575	586	582	594	18	8	16	1	0	0	12	2.0%
Medium Range	1431	1522	1574	1607	1683	66	56	91	42	6	1	134	8.1%
Panamax / LR1	412	429	444	449	458	21	12	14	8	1	0	24	5.2%
of which LR1:	343	358	372	381	389	18	12	11	8	0	0	16	4.1%
Aframax / LR2	920	966	1003	1009	1055	64	51	51	49	12	3	95	9.0%
of which LR2:	291	324	353	364	390	34	18	27	11	2	0	25	6.4%
Suezmax	484	510	557	568	587	57	32	26	29	5	0	67	11.4%
VLCC	641	686	726	732	797	50	39	68	24	5	0	73	9.5%
Grand Total	4,448	4,688	4,890	4,947	5,174	276	198	266	153	29	4	405	9.0%

Δ* : Change Week on Week



World Oil	Demand			Supply			
	Actuals (Mn bpd)	2020	Q1-2020	Q2-2020	2020	Q1-2020	Q2-2020
OECD							
Canada	2.48	2.48	2.42	5.59	5.58	5.56	
Europe	14.22	13.90	14.09	-	-	-	
Japan	3.67	4.10	3.36	-	-	-	
Other OECD	6.41	6.46	6.32	5.05	5.05	5.07	
U.S. (50 States)	20.75	20.43	20.59	21.21	20.92	21.24	
Mexico	-	-	-	1.88	1.93	1.91	
Total OECD	47.64	47.48	46.88	33.73	33.48	33.78	
As % of World	46.64	46.93	46.15	32.98	33.09	32.99	

Time Charter Rates								
	1-Year	W-O-W	Avg 2019	Avg 2020	3-Year	W-O-W	5-Year	W-O-W
VLCC	48,000	↓	35,482	49,000	34,000	↓	32,500	↓
Suezmax	35,000	↓	26,339	35,250	29,500	→	25,000	↑
LR2	25,000	↓	21,481	27,000	22,500	↓	21,000	→
Aframax	27,000	→	21,100	25,250	23,000	→	21,000	→
LR1	19,250	→	16,342	19,250	17,000	→	16,000	→
MR	16,500	→	14,644	16,500	15,750	→	14,500	→
Handysize	15,000	→	13,457	15,000	14,000	→	13,500	→

Non-OECD						
	2020	Q1-2020	Q2-2020	2020	Q1-2020	Q2-2020
China	15.04	14.98	15.18	4.98	4.95	4.98
Europe	0.78	0.77	0.78	-	-	-
FSU	5.11	4.88	4.96	14.59	14.64	14.53
Other Asia	14.27	14.27	14.43	-	-	-
Other Non-OECD	19.31	18.78	19.35	14.65	13.85	14.82
Total OPEC	-	-	-	34.34	34.28	34.29
Total Non-OECD	54.51	53.68	54.69	68.55	67.71	68.62
As % of World	53.36	53.07	53.84	67.02	66.91	67.01
Total World	102.15	101.16	101.57	102.28	101.20	102.40

Asset Values								
	Newbuilding	W-O-W	Resale	W-O-W	5-YO	W-O-W	10-YO	W-O-W
VLCC	90.00	→	105.00	↑	74.00	→	51.00	→
Suezmax	61.00	→	70.00	→	52.00	→	36.00	→
Aframax	50.50	→	56.50	↑	40.00	→	29.50	→
LR2	52.00	→	57.50	↑	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	ANBAR	UNIPEC	05-07 FEB	WS 85	SUBS	SOFT	
260,000 MT	CRUDE	WAFR	CHINA	BIRDIE	UNIPEC	17-19 FEB	WS 75	SUBS	SOFT	
Suezmax										
130,000 MT	CRUDE	WAF	UKCM	EAGLE SAN PEDRO	BP	03 FEB	WS 135	SUBS	SOFT	
135,000 MT	CRUDE	CEYHAN	ARZEW	CHENNAI	IOC	10 FEB	USD 4.59 Mn	SUBS	SOFT	
Aframax										
80,000 MT	CRUDE	WEST COAST NORWAY	UKC-MED	NORDTULIP	EQUINOR	20-21 JAN	WS 135 - 130	SUBS	SOFT	
80,000 MT	CRUDE	LIBYA	SPAIN	ALFA ALANDIA	REPSOL	27-29 JAN	WS 145	SUBS	SOFT	
Panamax										
55,000 MT	FUEL	ALGERIA	GIBRALTAR	MEGANISI	PENINSULA	17-18 JAN	USD 480,000	SUBS	STEADY	
55,000 MT	FUEL	GOTHENBURG	MED - WAFR	STENA PENGUIN	PREEM	20-22 JAN	WS 210 - 250	SUBS	STEADY	

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)	177	82,753	-24%	-1%	96,141	9,130	
TD1	280,000 MT	642	63,629	-1%	2%	66,696	-5,234	
TD3C	265,000 MT	122	101,877	-33%	0%	125,587	23,493	
Suezmax								
	(TD6 & TD20)	92	53,220	-9%	-30%	72,934	23,123	
TD6	135,000 MT	159	111,687	-8%	25%	112,937	32,586	
TD20	130,000 MT	-13	-5,246	0%	-108%	32,932	13,660	
Aframax								
	(TD8, TD14 & TD17)	132	62,136	-19%	-11%	68,565	16,108	
TD8	80,000 MT	190	62,529	-31%	11%	79,148	13,914	
TD9	70,000 MT	430	133,647	0%	95%	125,500	13,319	
TD14	70,000 MT	183	61,055	-14%	18%	65,325	13,998	
TD17	100,000 MT	83	62,823	-7%	-38%	61,223	20,413	

*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

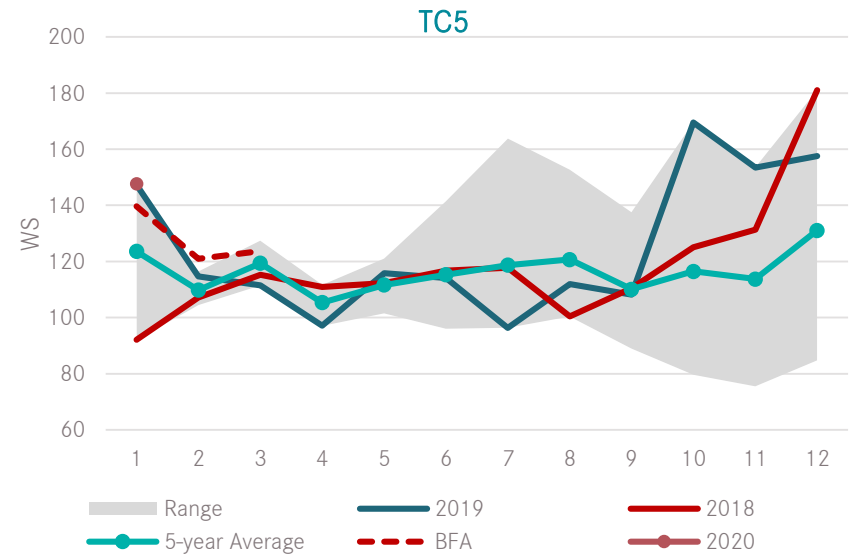
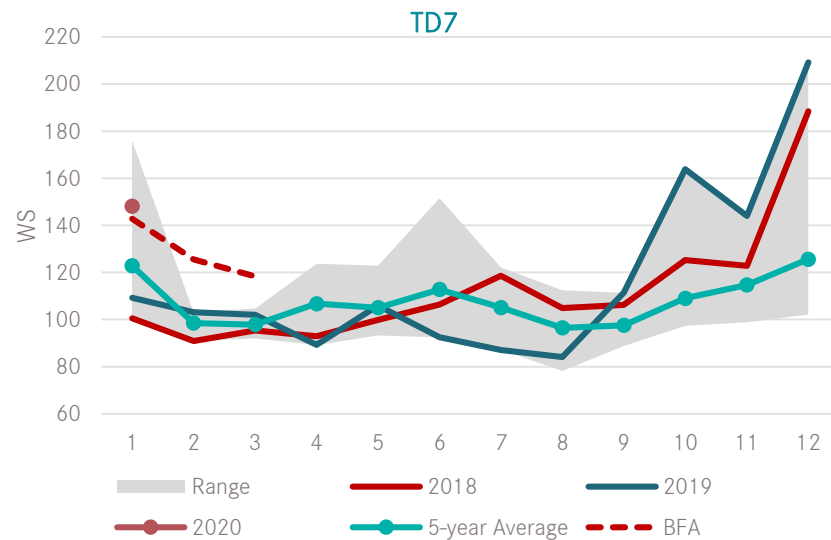
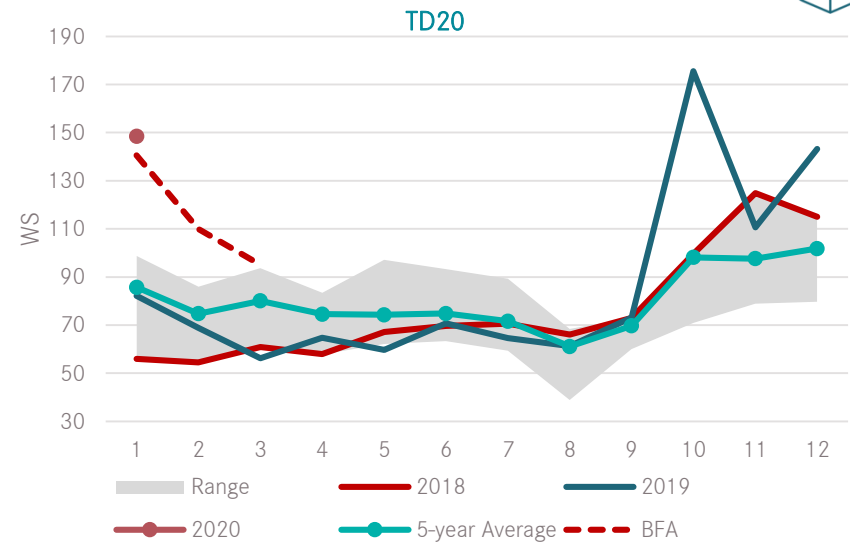
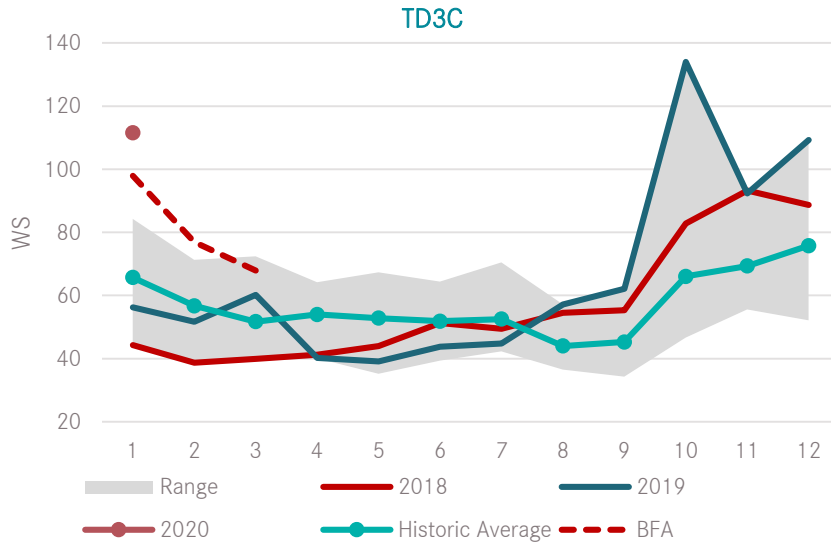
	Cargo Quantity	Grade	Load	Discharge	Vessel	Charterer	Laycan	Rate	Status	Comment
LR2										
TC 1	90,000 MT	ULSD	SIKKA	UKC	RONG LIN WAN	CLEARLAKE (RELIANCE STEM)	22-24 JAN	USD 2.8 Mn	SUBS	SOFTER
LR1										
TC 5	55,000 MT	COND	AG	EAST	NAVE ATROPOS	HANWHA TOTAL	20-21 JAN	WS 145 JAPAN	FAILED	SOFTER
TC 8	60,000 MT	JET	SIKKA	WEST	CIELO DI ROTTERDAM	BP	30-31 JAN	USD 2.15 Mn	SUBS	SOFTER
MR										
TC 12	40,000 MT	GTL	RAS LAFFAN	WEST	ALPINE MOMENT	SHELL	15-17 TBN1	USD 1.575 Mn	SUBS	POSITIVE SENTIMENT
TC 6	30,000 MT	ULSD	SICILY	MED	STIM CAMDEN	LITASCO	25-26 JAN	WS 205	SUBS	SLOW, WEAK
TC 7	35,000 MT	CPP	SINGAPORE	OZ	HAFNIA TBN	BP	28-30 JAN	WS 182.5	SUBS	STEADY
TC 9	33,000 MT	NAP	BALTIC	UKC	MAERSK ETIENNE	LITASCO	28 JAN	WS 170	SUBS	BOTTOMED, TIGHTER

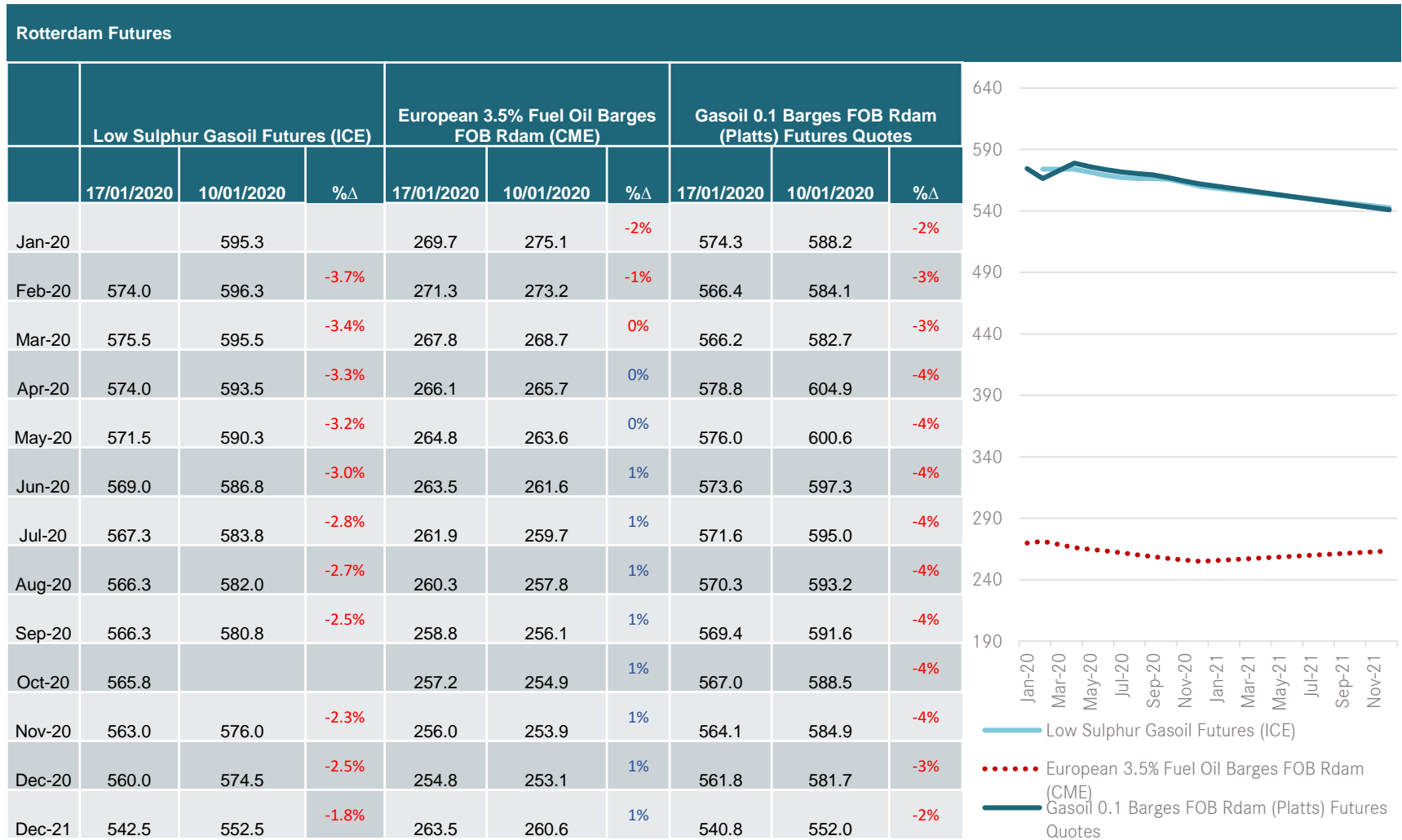
Spot Market

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	120.00	17,767	-2,780	-4,806	19,500	9,775
AG / UKC	80,000 MT	2.70	29,363	8,816	-6,460	26,795	12,896
AG / EA	80,000 MT	125.00	18,151	-2,395	-5,837	20,793	11,568
LR1							
AG / Japan	55,000 MT	140.00	16,212	5,246	1,791	13,864	8,119
AG / UKC	65,000 MT	2.30	28,853	17,886	6,674	21,787	11,341
AG / EA	65,000 MT	142.50	19,492	8,526	222	18,535	11,575
MR							
AG / UKC	40,000 MT	1.70	22,335	256	1,482	17,656	10,433
WCI / Red Sea	35,000 MT	0.73	20,017	-2,061	3,602	15,472	7,488
WCI / Japan	40,000 MT	160.00	11,346	-10,732	1,624	9,024	4,737
AG / EA	35,000 MT	210.00	18,521	-3,558	5,660	12,630	8,597

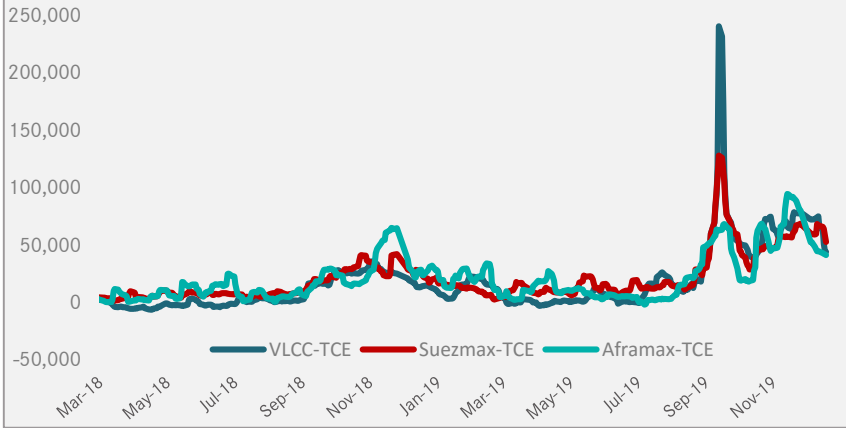
*Affinity Index: Base day is 07/01/2015. The Affinity Index is calculated based on our freight rate estimates of the above routes. Starting on 7 January 2015, the Affinity index registers the freight rates from each day and then compares them to the base rate of the start date.



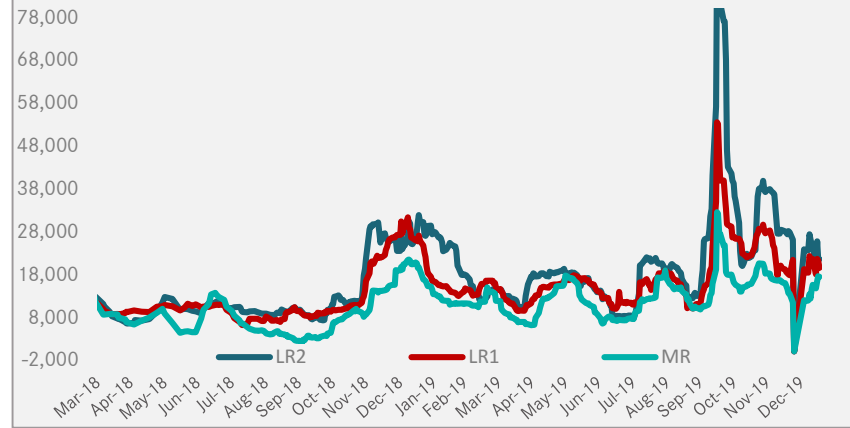




Baltic Crude Oil Tanker Average Earnings (USD/day)



Affinity Clean Tanker Average Earnings (USD/day)



FFA Dirty

	Routes	Jan	Feb	Mar	Apr	May	Jun
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	Jan	Feb	Mar	Apr	May	Jun
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

AFFINITY GLOBAL OFFICES



LONDON



OSLO



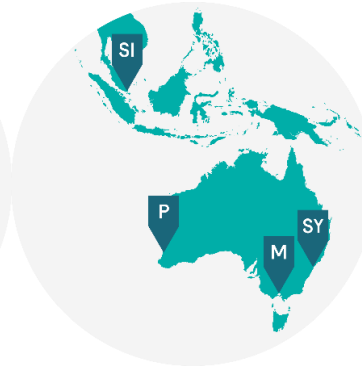
SEOUL



BEIJING



HONG KONG



SINGAPORE



SYDNEY, MELBOURNE & PERTH



HOUSTON



SANTIAGO, LIMA & MONTEVIDEO



DISCLAIMER



The information contained within this report is given in good faith based on the current market situation at the time of preparing this report and as such is specific to that point only. While all reasonable care has been taken in the preparation and collation of information in this report Affinity (Shipping) LLP (and all associated and affiliated companies) does not accept any liability whatsoever for any errors of fact or opinion based on such facts.

Some industry information relating to the shipping industry can be difficult to find or establish. Some data may not be available and may need to be estimated or assessed and where such data may be limited or unavailable subjective assessment may have to be used.

No market analysis can guarantee accuracy. The usual fundamentals may not always govern the markets, for example, psychology, market cycles and external events (such as acts of god or developments in future technologies) could cause markets to depart from their natural/usual course. Such external events have not been considered

as part of this analysis. Historical market behaviour does not predict future market behaviour and shipping is an inherently high risk business. You, should therefore, consider a variety of information and potential outcomes when making decisions based on the information contained in this report.

All information provided by Affinity (Shipping) LLP is without any guarantee whatsoever. Affinity (Shipping) LLP or any of its subsidiaries or affiliates will not be liable for any consequences thereof.

This report is intended solely for the information of the email recipient account and must not be passed or divulged to any third parties whatsoever without the written permission of Affinity (Shipping) LLP. Affinity (Shipping) LLP accepts no liability to any third parties whatsoever. If permission is granted, you must disclose the full report including all disclaimers, and not selected excerpts which may be taken out of context.

© 2020 Affinity Research LLP

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

Tel +44 (0) 20 3142 0100

Email research@affinityship.com