



Have the markets caught a cold?

After a small mid-week rebound, VLCC earnings have fallen below USD 60,000 per day on TD3C, rates are currently at WS 80. As well as floating storage re-entering the market, the impact that COSCO being allowed to enter the market again would be profound. Despite the rumours, COSCO did not have its sanctions removed and instead, the US added more names. There are a large number of vessels already available in the MEG and in WAF so the returning COSCO fleet would have depressed rates further. Moreover, the recent outbreak of the coronavirus in China is likely to lower oil demand by 2-8 per cent in January, when compared to the same period last year, according to Goldman Sachs, adding insult to the already injured VLCC market. There hasn't been any manifestation of these reduced flows in the market yet but that will likely show in the coming weeks.

Rates for Suezmaxes out of WAF have held steady, rates on TD20 are at WS 130, whilst TD6 continued its decline over the past week, standing at WS 140. TD20 is suffering from the knock-on effects of Libya's decreased exports, several FOC ships were cancelled and have added to the ample supply of tonnage. The same is true for TD6 but with the added handicap of little enquiry, rates are being forced down.

Exports out of Libya are slow to a trickle as oil fields cut production due to exports being halted by forces loyal to Khalifa Haftar. Production has been at 1.3 Mn bpd over recent months but has already been cut by 800,000 bpd, with more likely to follow, around only 72,000 bpd is expected to stay online if exports continue to be halted. As a result, Aframaxes in the Med have had a string of quiet days, and with no resolution to the conflict looking like it's coming any time soon, sentiment is weakening further. Rates on TD19 are currently at WS 146, average earnings for January are still up at USD 42,000 per day with the market set to soften further that will decrease slightly over the next few days.

The situation in Libya comes at a time of subdued European oil demand whilst refinery maintenance is ongoing, adding to the downwards pressure on Aframax rates. It's possible that US and WAF exports could fill the supply void left but it is yet it all hinges on how long exports are halted for.

The 323.5 current HSFO-LSFO spread in Fujairah stands at USD 323.5 per T and USD 222.5 per T in Rotterdam, the spread has decreased significantly over the past week, due to increasing availability of the low sulphur fuel.

Similar to last week, the overtonnaged markets will struggle to get alleviated by the attractive US market. Currently, TD9 is still earning Aframax owners over USD 90,000 per day, not quite the USD 118,000 per day that this market was commanding just a week ago.

LR2s in the AG continue to drop freight at every available opportunity, one cargo heading west fetched USD 2 Mn, there were originally six offers on that cargo with it only taking one counteroffer to reach that price. TC5 dropped 26 points overnight to stand at WS 91, bleak times for LR2 owners at the moment. Despite better demand than LR2s, earnings for LR1s have also dropped across the week, east-bound cargoes are at WS 99 and westbound cargoes are fetching USD 1.75 Mn. Average earnings for TC5 this month are just USD 14,000 per day, and for TC1 they're USD 19,000 per day, both down USD 10,000 per day on what they were earning in December.

MRs in the AG are set to head the same way, now that so much freight has dropped off the LRs. For now, tonnage is looking a little tight so owners hoping not to be pushed too much lower than last done levels. TC17 is currently at WS 187, it's lost 12 points week-on-week.

Chinese New Year is just a day away now and owners were busy this week trying to get their ships fixed, tonnage lists were a little lengthy as a result causing freight to come off a little. Korea-Singapore is currently on subs at USD 510,000, and Korea-Japan on at USD 325,000.

	BDTI	BCTI	
	1190	639	
Δ W-O-W	↓Softer	↓Softer	
BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	393.7	391.7	389.3
Δ W-O-W	3.2	3.9	4.0

BALTIC TCE DIRTY				
	Route	Qnt	USD / Day	Δ W-O-W
TD1	ME Gulf / US Gulf	280,000	25,762	↓Softer
TD3C	ME Gulf / China	270,000	56,456	↑Firmer
TD6	Black Sea / Med	135,000	59,598	↑Firmer
TD8	Kuwait / Sing.	80,000	21,948	↓Softer
TD9	Caribs / US Gulf	70,000	94,042	↑Firmer
TD14	Asia / Australia	70,000	20,325	↓Softer
TD17	Baltic / UKC	100,000	47,514	↑Firmer
TD20	WAF / Cont	130,000	54,138	↑Firmer

BALTIC TCE CLEAN				
	Route	Qnt	USD / WS	Δ W-O-W
TC1	ME Gulf / Japan	75,000	9,380	↓Softer
TC2	Cont / USAC	37,000	15,869	↓Softer
TC5	ME Gulf / Japan	55,000	4,984	↓Softer
TC6	Algeria / EU Med	30,000	WS 170	↑Firmer
TC7	Sing. / ECA	30,000	14,231	↓Softer
TC8	ME Gulf / UKC	65,000	WS 28	↑Firmer
TC9	Baltic / UKC	30,000	WS 189	↑Firmer



Bunker Prices									Demolition				New Contracts	
(USD/T)	Fujairah	Δ*	Houston	Δ*	Rotterdam	Δ*	Singapore	Δ*	2019	2018	2019	2018		
IFO 380	299	↓	341	↓	301	↑	363	↑	4	12	0	3		
VLSFO	623	↓	528	↓	508	↓	618	↓	15	23	56	91		
MGO	708	↑	581	↓	523	↓	623	↓	5	7	0	17		
									3	3	0	14		
									5	45	49	24		
									1	7	12	12		
									7	22	37	16		
									3	32	34	47		
									39	141	176	198		
											Y-O-Y% Δ*	-11%		

EXCHANGE RATES			CRUDE PRICES		
	Value	Δ*	(USD/Bbl)	Price	Δ*
EUR-USD	1.10	↓	Brent	62.19	↓
GBP-USD	1.31	↑	WTI	55.51	↓
USD-JPY	109.51	↓			
EUR-GBP	0.84	↓			
USD-KRW	1,167.44	↑			
USD-SGD	1.35	↑			
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	

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 Actuals (Mn bpd)	Demand			Supply		
	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		Avg 2019		Avg 2020		3-Year		5-Year	
	W-O-W	→	→	→	→	→	W-O-W	→	W-O-W	→
VLCC	48,000	→	35,482	48,667	35,000	↑	33,000	↑		
Suezmax	35,000	→	26,339	35,167	29,500	→	25,500	↑		
LR2	24,000	↓	21,481	27,333	22,500	→	21,000	→		
Aframax	28,000	↑	21,100	24,833	23,000	→	21,000	→		
LR1	19,250	→	16,342	19,250	17,000	→	16,000	→		
MR	16,500	→	14,644	16,500	15,500	↓	14,500	→		
Handysize	15,000	→	13,457	15,000	14,000	→	13,500	→		

Non-OECD						
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		Resale		5-YO		10-YO	
	W-O-W	→	W-O-W	→	W-O-W	→	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	→	15.00	↑



INDICATIVE VOYAGE FIXTURES										
Cargo Quantity	Grade	Load	Discharge	Vessel	Charterer	Laycan	Rate	Status	Comment	
VLCC										
270,000 MT	CRUDE	MEG	CHINA	C. PASSION	UNIPEC	12-14 FEB	WS 80	SUBS	SOFT	
260,000 MT	CRUDE	WAFR	CHINA	ASCONA	UNIPEC	19-21 FEB	WS 87.5	SUBS	STEADY	
Suezmax										
130,000 MT	CRUDE	CLOV	UKCM	NORDIC CROSS(EX DD)	PETROGAL	9-10 FEB	WS 125	SUBS	SOFT	
135,000 MT	CRUDE	STS MALTA	SINGAPORE-NINGBO	NEW TRUST	NEWTON	8 FEB	USD 4.4 - 4.8 Mn	SUBS	SOFT	
Aframax										
80,000 MT	CRUDE	ALGERIA	AUGUSTA	NORDPENGUIN	SONATRACH	29-31 JAN	WS 145	SUBS	STEADY	
100,000 MT	CRUDE	UST LUGA	UKC	KYRAKATINGO	ST	2 FEB	WS 132.5	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)	167	77,971	-6%	-11%	92,273	9,130	
TD1	280,000 MT	ME Gulf / US Gulf	610	60,488	-5%	12%	65,831	-5,234	
TD3C	265,000 MT	ME Gulf / China	114	95,455	-6%	-11%	118,715	23,493	
Suezmax		(TD6 & TD20)	82	47,427	-11%	-41%	79,904	23,123	
TD6	135,000 MT	Black Sea / Med	142	100,099	-10%	7%	111,104	32,586	
TD20	130,000 MT	West Africa / Cont	-13	-5,246	0%	-108%	48,703	13,660	
Aframax		(TD8, TD14 & TD17)	120	56,496	-9%	-22%	65,078	16,108	
TD8	80,000 MT	Kuwait / Sing.	165	54,348	-13%	-13%	72,141	13,914	
TD9	70,000 MT	Caribs / US Gulf	353	109,659	-18%	35%	119,221	13,319	
TD14	70,000 MT	Asia / Australia	140	46,453	-24%	-16%	60,364	13,998	
TD17	100,000 MT	Baltic / UK Cont	91	68,688	9%	-31%	62,730	20,413	

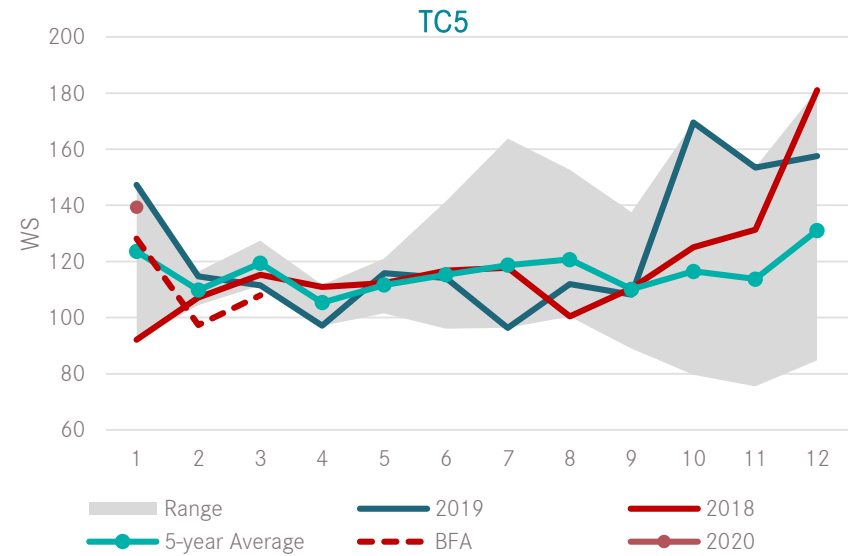
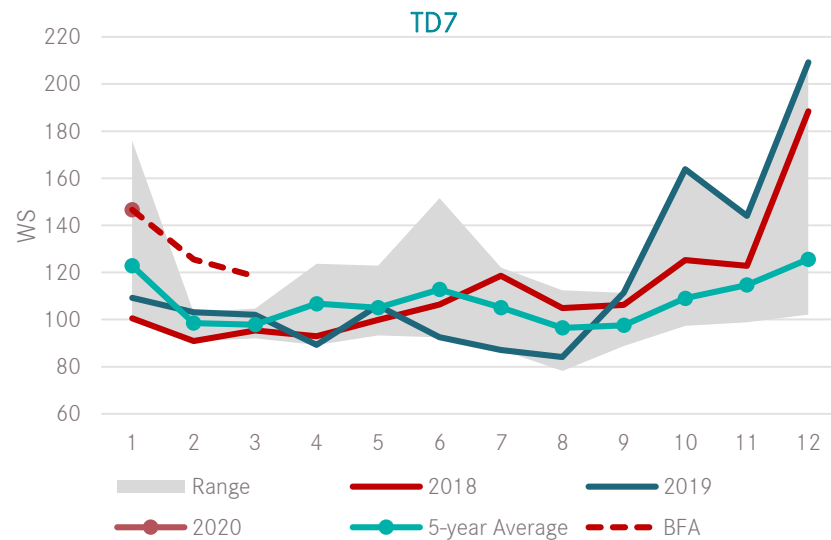
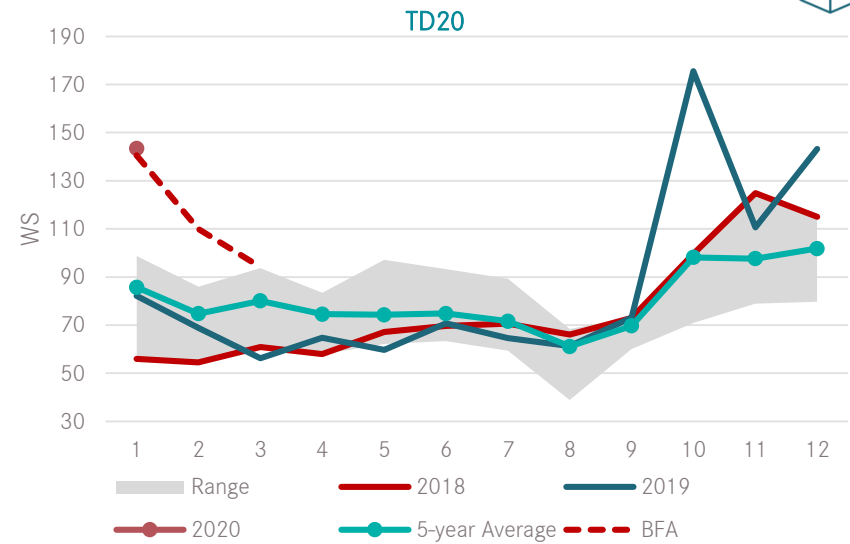
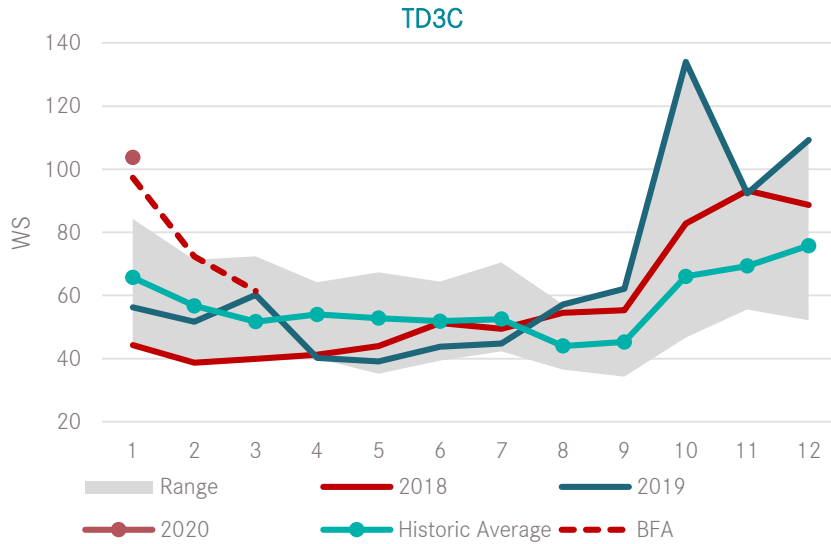
*Affinity Index: Base day is 07/01/2015. The Affinity Index is calculated based on our freight rate estimates of the above routes. Starting on 7 January 2015, the Affinity index registers the freight rates from each day and then compares them to the base rate of the start date.

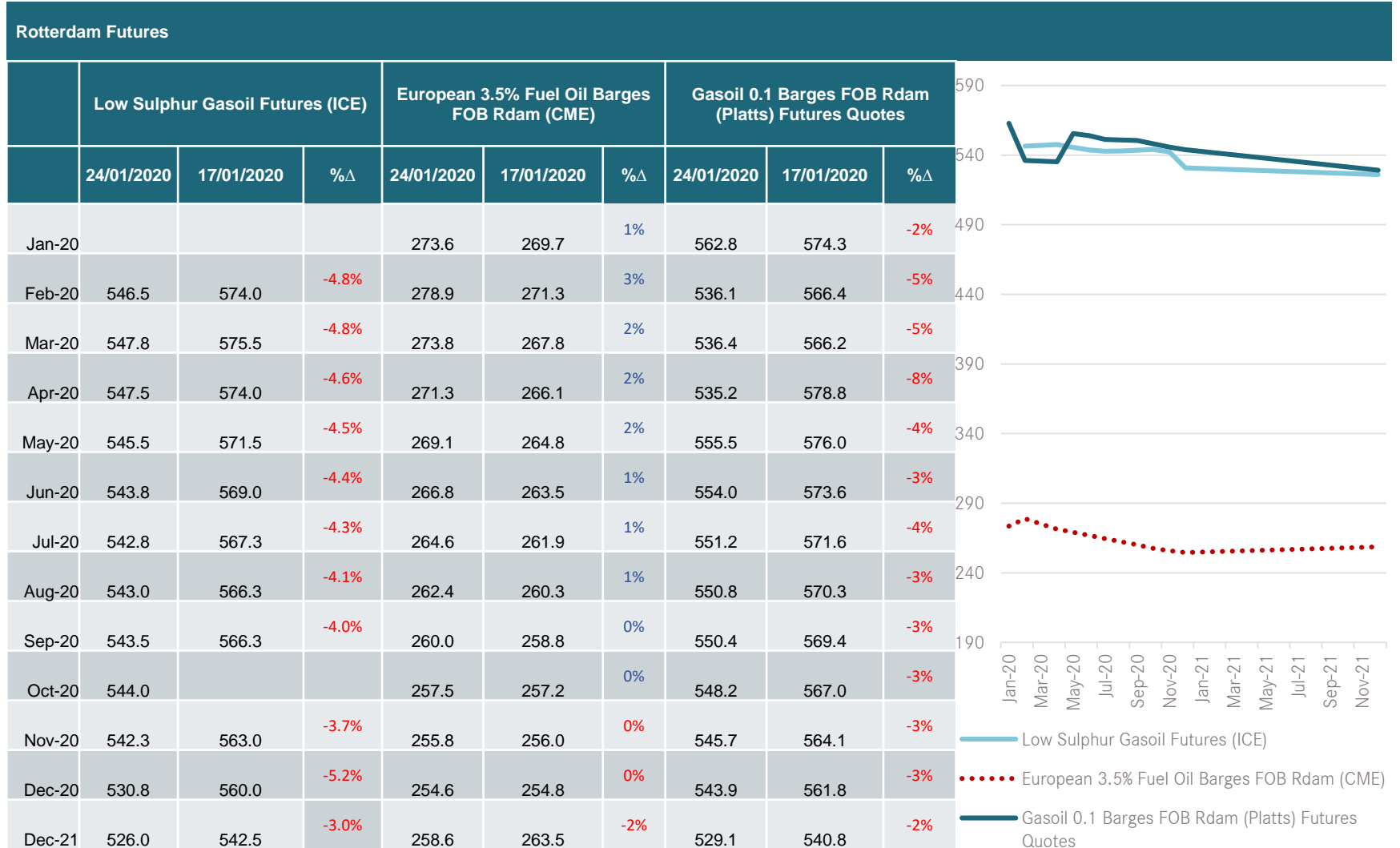


INDICATIVE VOYAGE FIXTURES										
	Cargo Quantity	Grade	Load	Discharge	Vessel	Charterer	Laycan	Rate	Status	Comment
LR2										
TC 1	90,000 MT	JET	KWT	WEST	HANOVER SQUARE	KPC	5-7 FEB TBN 2	USD 2 Mn	SUBS	WEAK
LR1										
TC 5	55,000 MT	NAP	AG	JAPAN	BW JAGUAR	ATC	26 JAN	WS 165	SUBS	WEAK
TC 8	60,000 MT	JET	SIKKA	WEST	CIELO DI ROTTERDAM	BP	30-31 JAN	USD 2.15 Mn	FXD	WEAK
MR										
TC 12	40,000 MT	GTL	NEW MANGALORE	AG-WEST-BRAZIL-SING-HKG	BW KESTRAL	SHELL	27-29 JAN TBN 1	USD 1.625 Mn UKC / 205 SING, 450K FUJA	FXD	CALM
TC 6	30,000 MT	ULSD	ALIAGA	MED	TORM GYDA	CORAL	31 JAN	WS 157.5	SUBS	SLOW, WEAK
TC 7	35,000 MT	CPP	KOREA	OZ	STI TRIBECA (EX DD)	BP	29-31 JAN	WS 190	FXD	STEADY
TC 9	33,000 MT	NAP	BROFJORDEN	UKC	SCORPIO TBN	PREEM	1-3 FEB	WS 182.5	SUBS	TIGHT

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	100.00	11,015	-13,964	-13,877	19,499	9,775
AG / UKC	80,000 MT	2.30	20,310	-4,669	-15,598	26,793	12,896
AG / EA	80,000 MT	110.00	14,109	-10,870	-7,272	19,265	10,717
LR1							
AG / Japan	55,000 MT	115.00	9,588	-6,347	-3,606	13,269	7,774
AG / UKC	65,000 MT	2.00	21,993	6,058	231	21,786	11,341
AG / EA	65,000 MT	122.50	14,863	-1,072	-2,321	17,174	10,725
MR							
AG / UKC	40,000 MT	1.60	20,268	-1,550	308	17,655	10,433
WCI / Red Sea	35,000 MT	0.70	19,903	-1,915	5,335	15,473	7,488
WCI / Japan	40,000 MT	160.00	11,254	-10,564	3,128	8,643	4,538
AG / EA	35,000 MT	190.00	16,075	-5,743	4,124	12,161	8,276

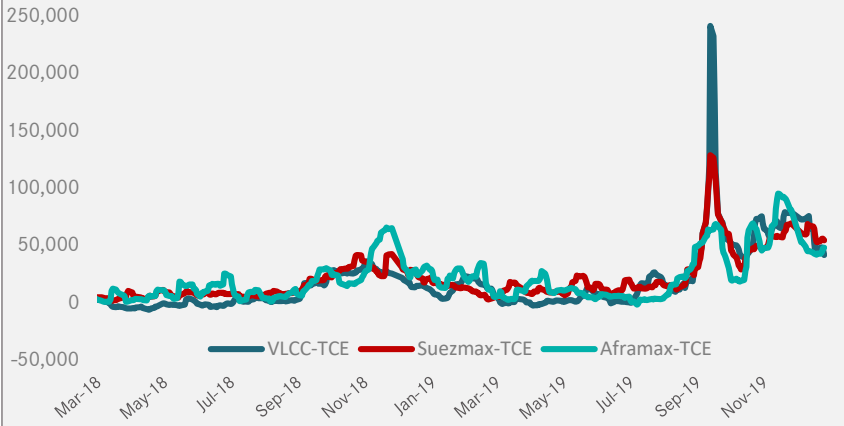
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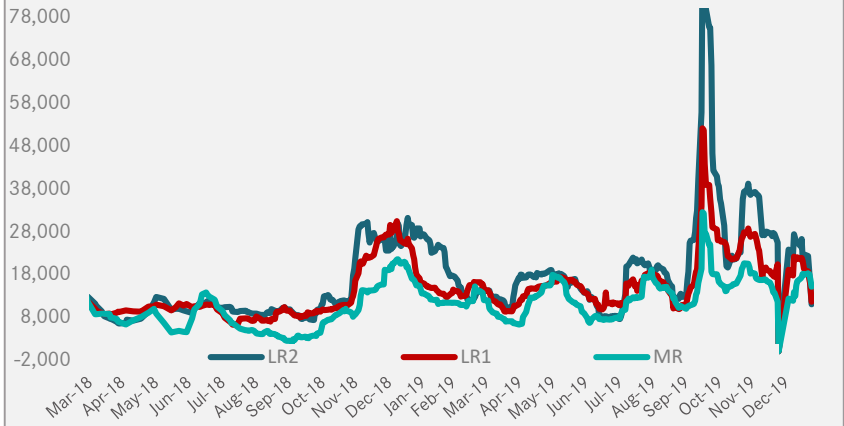




Baltic Crude Oil Tanker Average Earnings (USD/day)



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

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