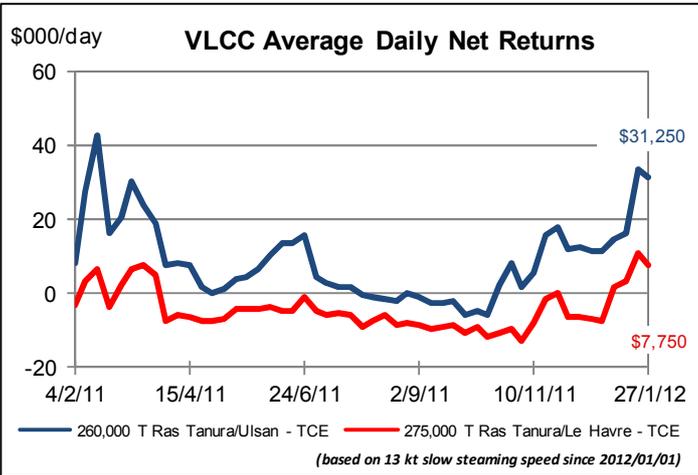




# TANKER NEWSLETTER

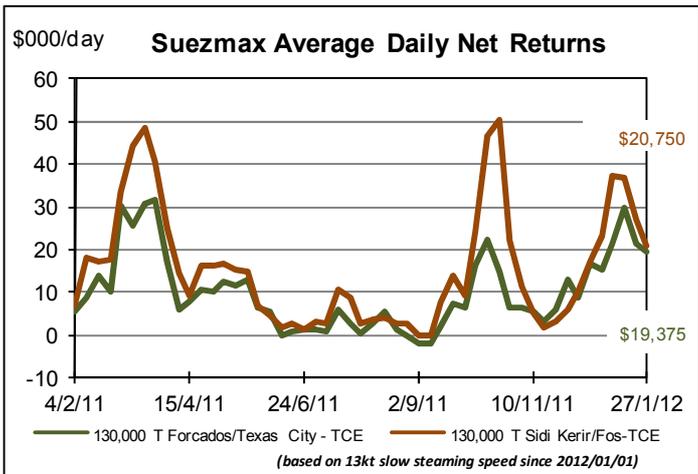
BRS Tanker Newsletter is a summary for BRS clients of current market trends and developments.

N° 758 – January 27th, 2012



At least as far as **VLCC** tonnage is concerned, the Chinese New Year celebrations had a significant impact on the market. Global demand was rather silent but had been sufficiently anticipated with strong previous week's activity to avoid too strong a decrease on rates. On an average basis, rates for voyages from the Middle East Gulf to the Far East dropped by 5 points at about WS60 which is still equivalent to daily returns close to USD 27,500 on the basis of a reduced speed of 13 knots. While potential Iranian threats on the local traffic persist, one anticipates demand to quickly resume over next few days and rates should stay fairly stable. Although tonnage in natural position in the western hemisphere remains pretty scarce, demand for such sizes of ships mainly deals with traffic to the East. Worldscale rates achieved or lump sums concluded are still providing daily returns substantially higher than whatever is fixed from the Middle East.

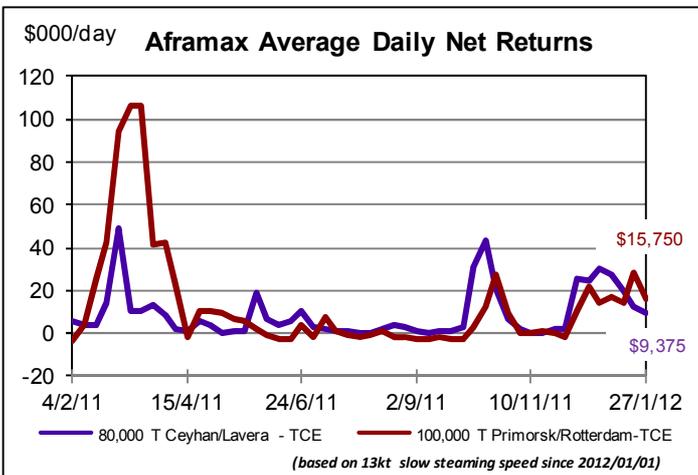
**VLCC Middle East Gulf** → ↘



Generally speaking, the **Suezmax** market has been quiet last week. The 'highest' activity has been recorded from West Africa where we have seen some instability. However, fluctuations have been limited to few points only with rates, on an average basis, remaining around WS80 for Wafr/US. We feel, though, that the weakness of the market is evident and a couple of fixtures below WS80 have now been concluded. Simultaneously, the Med and Black Sea markets were literally dead. That was the week when Turkish straits' delays were reduced to a minimum. That means that charterers can now work Black Sea cargoes only 10/12 days before the laycan compared to the 20 days at least they needed earlier. The amount of cargoes worked from Med was not enough to give any brace to the market. Basis present market of 135,000t at WS82.5, the return on Black Sea/Med route is hardly fetching USD 20,000 per day.

**SUEZMAX West Africa** →

**SUEZMAX Mediterranean** → ↘

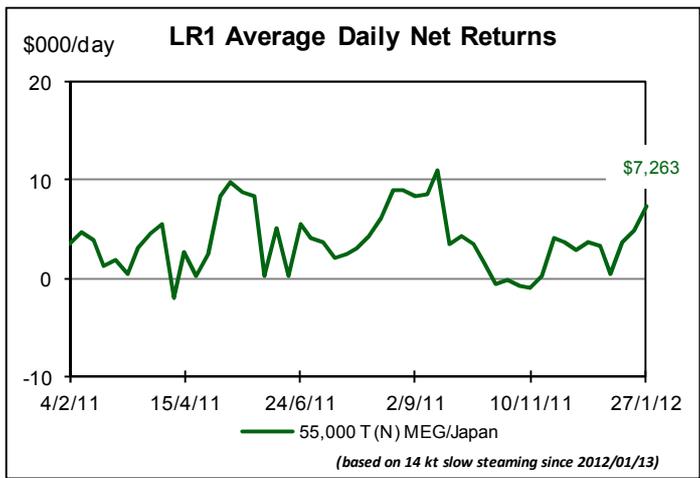


**Aframax** owners in the North tried to dig in their heels, but an oversupply of tonnage still created a soft sentiment. Even though weather is getting colder, enquiry on ice tonnage is not intense enough to create any pressure. 100,000t ex Baltic lies at about WS82.5 and 80,000t cross-North Sea pays around WS95 (around USD 15,000/day). It has been a very slow week in the Black Sea/Med markets. Rates gradually fell and the cheapest numbers concluded this week were reported around WS80. The majority of fixtures on quality tonnage though have been fixed around WS85/87.5 (hardly USD 5,000 per day) but due to the quick turnaround ex Black Sea, we fear that rates won't improve for the time being. After strong ups and downs, the short Caribbean voyages have ended the week on a rather strong tone with rates between WS135 and WS140 (about USD 20,000/day).

**AFRAMAX Mediterranean** → ↘

**AFRAMAX North Sea** ↘ →

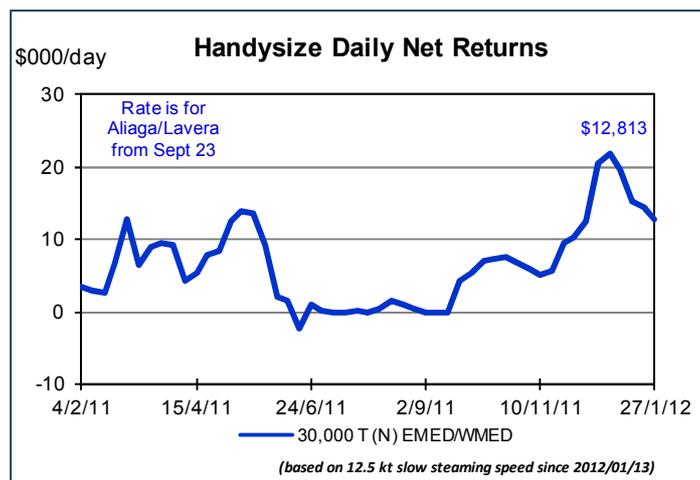
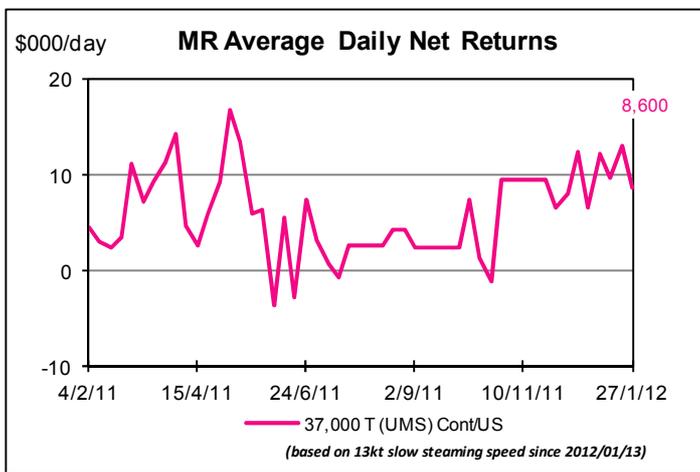




Little change was witnessed in the **MEG** market. Requirements are still coming in slowly but are not keeping up with the long (prompt) position list. Owners are fixing forward and taking sometimes 4-6 waiting days to secure the cargoes. Freight levels are still low compared to previous months. Expectations (and hopes) are that February will see a slow and gradual improvement in terms of cargo movements, followed by a general improvement in the second quarter. Cross-MEG is now fixing in the USD 170,000 lumpsum levels. 35,000t cpp from MEG to East Africa goes for WS180, while the east run with 35,000t naphtha is trading at WS107.5. 75,000t naphtha from MEG to Japan is trading at WS90, and LR1s 55,000t naphtha MEG/ Japan are going for WS105 levels.

This week was a perfect copy of the previous for the **Med** cpp market. It was tedious and void of interest, owners refusing the fight and charterers not even bothered enough to take advantage of it. This resulted in rates coming off by 5 points by mid week and another 5 at the end resulting in a flat WS170 for Med and Black Sea fixtures. The only interesting element was the demand, although limited for MRs for Middle Eastern destinations.

The **NWE** markets started off the week at a slow pace. Due to a lack of activity, the TC-2 route fell during the week from WS165 to WS140 (TCE slightly above 6,500 USD/day) by end of the week for the 37,000t stems ARA/USAC. Despite a good fixing activity on Thursday, the available tonnage on the continent was still unbalanced. The market will need more of fresh cargoes in order to expect any improvement in rates. The cargoes to WAfr have been almost nonexistent with only a couple of LR1s fixed at WS125/130. Baltic/Cont cargoes were traded at WS185 basis 30,000t and flexies at WS217.5 basis 22,000t.



- PRODUCT LR1 → ↗
- PRODUCT MR → ↘
- PRODUCT Handysize → ↘