

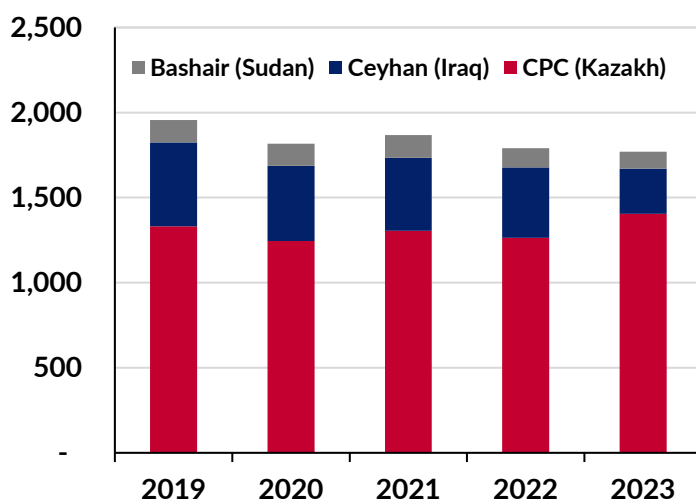
Lost in Transit

Weekly Tanker Market Report

Disruption to crude exports is nothing new, however recent geopolitical events have highlighted the precariousness of crude exports in some parts of the world, particularly where exports involve transiting another nation. In the past 12 months, disruptions have been observed on the Caspian Pipeline Consortium (CPC) and Kirkuk-Ceyhan pipelines, whilst unrest in Sudan threatens flows on the Greater Nile Pipeline.

Aside from its own crude production, Russia has the power to stop exports via the CPC pipeline, and some argue that Russia has already taken actions to disrupt CPC exports since the invasion of Ukraine. The terminal was forced to reduce exports to undergo repairs in August last year, whilst loadings were also disrupted in March and April 2022 due to suspected storm damage. Last June, operations were halted due to a search for unexploded ordnance. Despite the interruptions last year, volumes were broadly similar to the 3 year average,

Transit Crude Exports (kbd)



with export flows so far in 2023 averaging at record levels. However, for the market there remains a significant risk that Russia could disrupt a major source of oil supply and demand for the Aframax and Suezmax markets, should it wish to do so. Due to the perceived risk, Kazakhstan has explored exporting oil across the Caspian sea to Baku for injection into the Baku-Tbilisi-Ceyhan (BTC) pipeline, however, so far this has not exceeded 1-2 cargoes per month and is unlikely to expand much further given the logistical challenges and costs involved.

More recently, as covered in our report at the end of March, a spat involving Iraqi

Kurdistan, Baghdad and Turkey has led to all oil exports on the Kirkuk-Ceyhan pipeline ceasing. Whilst Erbil and Baghdad have finalised an agreement to resume flows, it remains unclear whether Turkey will be willing to facilitate shipments. A recent arbitration award at the international chamber of commerce ordered Turkey to pay \$1.5 billion in compensation to Baghdad, something Turkey contests. Whilst exports could resume this weekend if Turkey allows, the Aframax and Suezmax markets eagerly await the return of ~400kbd of seaborne crude flows.

Another lingering threat comes from Sudan, where fighting between rival Generals could lead to disrupted exports from South Sudan via Sudan to the Red Sea. So far exports have continued unabated but with the pipeline running close to key conflict zones including Khartoum, disruption to exports cannot be ruled out. Although the export volume is relatively low, averaging just over 110kbd last year, combined with other supply risks and a tighter oil market, the price impact could still be felt.

In essence, anywhere crude exports from one country rely on transiting another country, the risk of disruption persists, with the transit country having the leverage over the landlocked exporter, should their political goals not align.

Crude Oil

Middle East

VLCC got off to a bad start this week as a UK holiday and lots of reported COA's fixtures put pressure on Owners who were trying to find business for last decade. A few market quotes exposed the amount of available tonnage and rates dropped alarmingly. Yet, by the end of the week we seem to have bottomed and now started a recovery. This turnaround is mainly due to improvement in the Atlantic and while fundamentals in AG seem more in Charterers' favor, Owners are starting to push back, so we should see an uptick. Today we would expect 270 AG/China to fetch ws 41.5 and 280 AG/USG to go for at least ws 32 level.

Suezmax fixing levels for the AG/West have improved in mid-week trading this week, leaving rates for a standard TD23 sit around the ws 70 level. Owners looking to head East have seen limited enquiry when compared to West; however, regular enquiry into India has been witnessed this week. With a stable AG market, we expect the current market level for AG/East to remain balanced for the week ahead.

The week started with sentiment soft, cargo enquiry low and tonnage list looking the healthiest it has been for some time. After Suezmaxes finally came back to life and few ppt LR2s abandoned plans to dirty up in the AG, rates were able to stabilize, which in turn gave Owners the chance to reassess. Other than a few runs X-Bashayer, the East has remained relatively quiet for Aframax as the week ends with TD8 at ws 175.

West Africa

Rates in WAF have finally started to pick up as we saw an upturn in activity especially for cargoes going East. While there are many East ballasters willing to work mid-June dates, the tonnage supply for earlier dates is more limited, as the USG has swallowed up most of the Atlantic based ships. Today we are expecting a 260 WAF/China to for ws 45. Sentiment in the West Africa Suezmax market has seen a marked improvement in the rates this week amid improved enquiry and a tightening list. Combined with the USG firming and ships being picked off quietly, owners continue to feel optimistic that rates can remain firm. Market levels for TD20 have pushed up and remain firm as we see last done at ws 115. The current premium to head East sits around ws 10-15 points but the market has remained untested this week.

Mediterranean

Suezmax Owners in the Med found themselves in a stable market this week, with rates plateauing. Even amid a warming Aframax market, we are seeing rates for TD6 remaining steady; however, for select stems some Owners have not been overly keen to jump on marketed enquiry. Runs into the East are still infrequent and with only select Owners willing this direction, we expect some resistance at last done levels.

A balanced week for Aframax in the Med. Enquiry remained relatively uninspiring for Owners. The thin position list did the hard work in preventing much rate erosion, with Ceyhan voyages achieving ws 160-162.5 levels in the main. CPC cargos met some resistance,

with ws 205-207.5 levels being sought from the few willing units. As the week progressed and neighbouring markets went from strength to strength, Owners have arrived at the week's end with renewed optimism. Charterers have sensed this and so have entered the market in numbers, ensuring a firmer feel into next week.

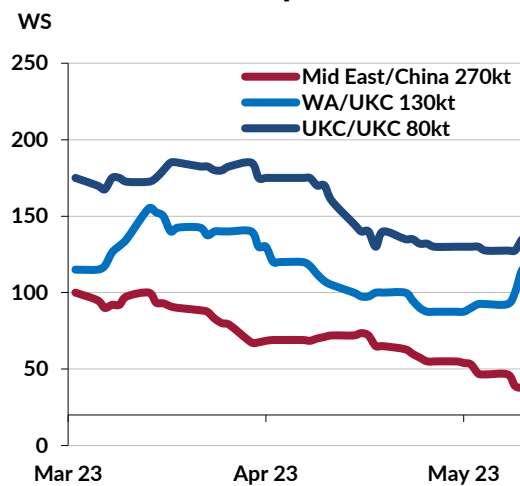
US Gulf/Latin America

There has been a huge turnaround in the USG VLCC sector, as we saw a plethora of enquiry for UKC runs at the beginning of the week, followed by more Eastbound enquiry towards the end of the week, which has resulted in freights rising very quickly, with some expectations that rates still have some way to go before we reach the top and there is a large number of uncovered cargoes. Today a USG / China run will make in excess of \$7m. The Aframax market continued its resurgence, with enquiry levels booming and Owners recovering their confidence and hoping to carry this positivity into next week.

North Sea

The week rounds off looking slightly rosier than it started. We have seen a few ballasters to the warmer climate of the US market, which has helped trim the units and polish the sentiment of Owners in Northern Europe. The market is now trading at ws 145 levels and looks likely to push upwards as we move into next week.

Crude Tanker Spot Rates



*All rates displayed in graphs in terms of WS100 at the time

Clean Products

East

It was a slow start the week for the LR2s, but that changed at the mid-week point with a lot of units being taken out and really thinning the list. Rates fluctuated as the market was trying to find where last done was and what levels were on subs, but as the dust settled and the attention swung towards the MRs, rates are in need of testing, but we assess a UKC run is at the \$4.0m level with TC1 at 75,000mt x ws 160 levels.

The LR1s have been publicly very quiet all week, a few cargoes were quoted to the market and the usual turnover of contract liftings ensure the list remains balanced heading into the weekend. Given the state of activeness on the MRs we are seeing the LR1s come into play for MR short haul cargoes and expect this to continue. Owners are really hoping to be able to ride on the sentiment from both the LR2s and MRs to see rates positively pushed. For now, TC5 sits at the 55,000mt x ws 180 levels and a UKC run is priced at the \$3.5m levels. However, both need to be tested next week.

With the East to West arb slammed shut all this spare AG and WCI distillate needs a home. As a result, we have seen one of the busiest weeks in the MR market since early last year and one of the few times where the market goes up 25-40 ws pts in one fixture... not down. We have two ballasters with firm itins and which are good ships for the next 10 days, and less than five for the next two weeks. We are already seeing vessels in SAFR on subs with ETA's two weeks out. With the front end of the Singapore list not overcrowded, any respite for the next window by the supply of Singapore

ballasters looks unlikely. We will, however, see more Med ballasters this weekend as earnings are almost double in the Red Sea. Expect shorthauls to go on LR as MRs now price themselves up to 550k levels. Most Owners want EAFR in this market as the lure of +40k/day is too much to ignore. An Argie/West run remains unwanted given the weakening West market, whilst TC12 has been quiet publicly all week. Therefore, most of the attention is focused on sending spare distillate WCI barrels into Chitt/Sing/Oz.

Mediterranean

All in all, it's been another lacklustre week for the Handies here in the Mediterranean as we see rates continue to trade at the bottom. We saw some positive enquiry levels at the start of the week but with the list well-supplied on the front-end Owners were unable to push and therefore we see 30,000mt x ws 150 continue to be repeated for X-Med. Black Sea activity has been fairly slow, but a fresh test midweek saw rates track at +50 on X-Med. Better enquiry is needed next week if rates are to pick up off the floor.

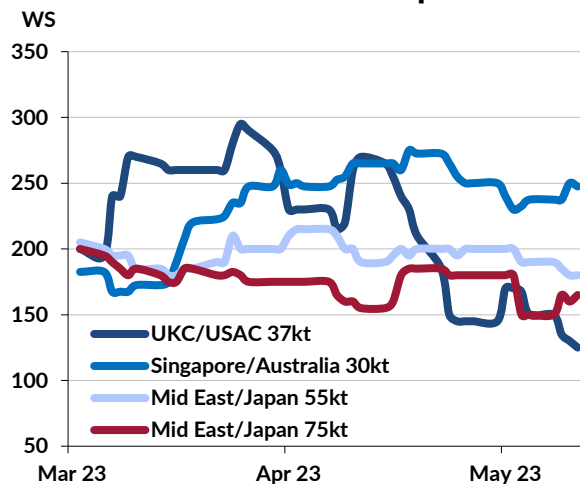
Finally, to the Med MR's where rates have been able to hold a slight premium on TC2 thanks to some good enquiry and a firming East market. We began the week with rates trading at the 37,000mt x ws 145 mark but with TC2 under pressure we were soon dragged down to 37,000mt x ws 135 with WAF tracking at +10 points. However, Owners remain positive here as the firming East market is attracting many through the Suez Canal which should see the list improve in Owners favour.

UK Continent

Another tough week for the MR Owners here in the UKC as we see a further 20 points knocked off TC2 from 37,000mt x ws 145 on Monday down to the ws 125 levels come Friday. With the States market offering so little at the moment it's no surprise to see excess ballast units heading our way, which in turn drowns any market enthusiasm keeping Charterers in control. The small positives we can start piecing together are that with these low rates, a few more WAF stems have appeared later in the week as rates become more competitive than the larger LR's and with that market doing well in the East and in turn seeing MR's improve also, we could see a few more ships ballasting through the canal that direction. These are small positives but could well be enough to keep us stable and offer a glimmer of hope for the Owning fraternity ahead.

It has been a week to forget for Handies in the North as a lack of activity partnered with an abundance of prompt units' forces X-UKC to soften to 30,000mt x ws 115-117.5. Russian refineries are now out of maintenance with Owners hopeful of a few units now disappearing under the radar and supporting the supply side to shrink. An Influx of cargoes is required early next week if Owners are to stop the slide. Pressured.

Clean Product Tanker Spot Rates



*All rates displayed in graphs in terms of WS100 at the time

Dirty Products

Handy

A slower trend persists in the North, where despite Owners' recent struggles to hold on to last done levels at ws 260, a combination of tonnage lists building and idle days stacking up has seen the inevitable decline in rates. To summarise events, the week got off to a worrying start for Owners as a ws 5 point drop from last done came quickly. Plenty of tonnage still showing in the region suggested possible further negativity over the next few deals. However, up until now, activity levels picked up a tad, with tonnage replenishment slow enough to resurface quickly enough for Charterers to capitalise on sentiment. The two consecutive bank holiday weekends finally took a toll on the current levels in the Mediterranean after addressing the elephant in the room (the length of the tonnage list). Given the present circumstances, it was expected that Charterers would test the market and benefit from availability across the region. After some further rate reductions, Owners faced additional pressure as rates for X-Med dropped below ws 240. Moving forward, those who need to fix end decade cargoes can expect similar conditions on Monday.

MR

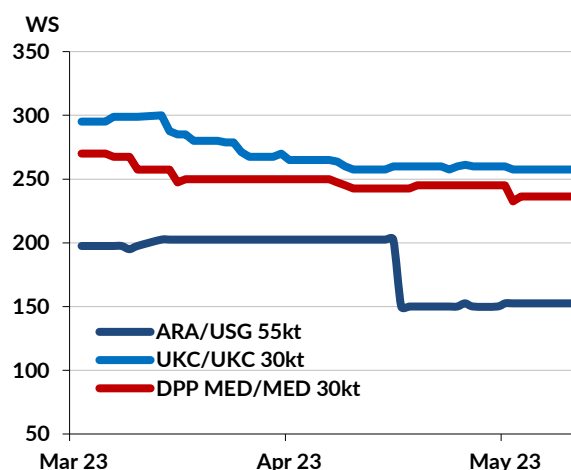
This week, there has been minimal progress with MRs in the North, with activity moving at a snail's pace. However, it's important to mention that availability is looking tighter as we approach next week, giving Owners some hope. A similar theme in Med regarding slow activity, although a recent test on an ex-drydock ship resulted in ws 177.5, leaving several Owners asking

where next done will conclude. It is unlikely current cargo volume will be able to swiftly change sentiment in Owner's favour in the short term.

Panamax

Absent anything significant to report this week, we look to the surrounding sectors for guidance, as Aframax again set question marks over what we can expect to see for a next done. Prorating at less than last done, perhaps for Owners it is a good thing availability lacks, although there are some green shoots of recovery. The US markets have rallied this week gaining over ws 40 points at time of writing.

Dirty Product Tanker Spot Rates



*All rates displayed in graphs in terms of WS100 at the time

Dirty Tanker Spot Market Developments - Spot Worldscale

			wk on wk change	May 11th	May 4th	Last Month*	FFA Q2
TD3C	VLCC	AG-China	-6	40	46	73	52
TD20	Suezmax	WAF-UKC	+25	117	92	109	107
TD7	Aframax	N.Sea-UKC	+6	136	130	171	152

Dirty Tanker Spot Market Developments - \$/day tce (a)

			wk on wk change	May 11th	May 4th	Last Month*	FFA Q2
TD3C	VLCC	AG-China	-9250	16,250	25,500	57,750	33,000
TD20	Suezmax	WAF-UKC	+15500	53,500	38,000	45,250	47,250
TD7	Aframax	N.Sea-UKC	+4500	43,750	39,250	70,000	57,000

Clean Tanker Spot Market Developments - Spot Worldscale

			wk on wk change	May 11th	May 4th	Last Month*	FFA Q2
TC1	LR2	AG-Japan	+7	155	148	159	
TC2	MR - west	UKC-USAC	-44	126	170	251	175
TC5	LR1	AG-Japan	-15	176	191	199	185
TC7	MR - east	Singapore-EC Aus	+10	251	241	262	244

Clean Tanker Spot Market Developments - \$/day tce (a)

			wk on wk change	May 11th	May 4th	Last Month*	FFA Q2
TC1	LR2	AG-Japan	+2250	39,250	37,000	39,250	
TC2	MR - west	UKC-USAC	-11000	10,250	21,250	37,250	21,500
TC5	LR1	AG-Japan	-5000	33,250	38,250	38,250	36,000
TC7	MR - east	Singapore-EC Aus	+1750	33,000	31,250	33,750	31,500

(a) based on round voyage economics at 'market' speed, non eco, non scrubber basis

Bunker Price - Rotterdam VLSFO	+8	528	520	597
Bunker Price - Fujairah VLSFO	-6	550	556	617
Bunker Price - Singapore VLSFO	-8	564	572	620
Bunker Price - Rotterdam LSMGO	+37	670	633	769

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