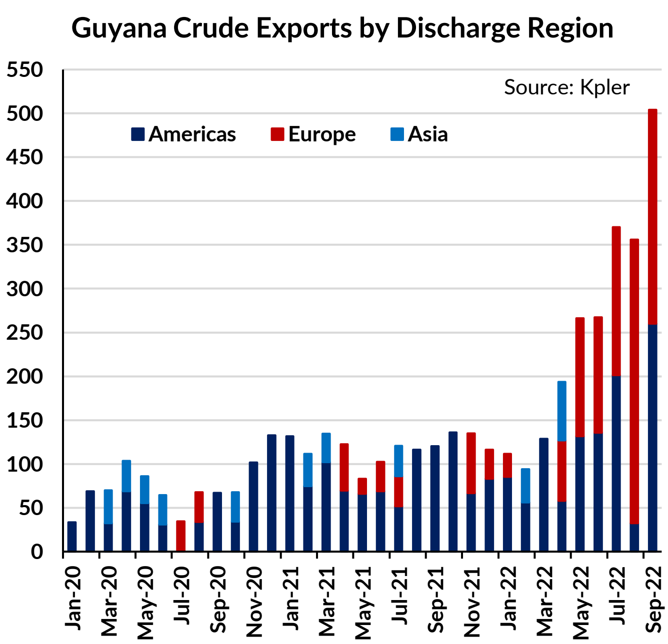
Onwards and Upwards

Weekly Tanker Market Report

Since the start of oil production in 2019, Guyana has been on a consistent upward trend in terms of crude exports. A big jump in exported volumes has been seen since April 2022 as the South American producer ramped up its production. The country is becoming an increasingly important source of future output growth. Guyana is estimated to hold recoverable reserves of approximately 11 billion barrels, and this could increase further as more offshore discoveries are made. This year's geo-political developments have made it even more important as traditional buyers of Russian crude seek alternative supplies, with Guyana well positioned to expand its market share in consuming regions such as Europe and the Far East. To develop its petroleum industry Guyana is working alongside a consortium of well-known international partners with $30 billion already committed in terms of investment.



As of July, Guyanese output reached 360 kbd with a target of 380 kbd by the end of 2022. Longer term, production is being targeted to reach 1.2 mbd by 2027. Thus far, production increases have been attributable to the ramp up of production from the 140 kbd Liza Destiny and 240 kbd Liza Unity FPSOs in the Stabroek Field. Trade flow data shows Guyanese crude exports are at record levels as of September 2022 with 505 kbd being shipped. This trend is reflected in our fixture data, which shows an increasing trend in the number of vessels fixed to load Guyanese crude. Traditionally, much of these volumes have been shipped regionally to Latin American importers, in particular Brazil and Panama where this crude is transhipped to the USWC via the Trans-Panama Pipeline. However, there has been a clear trend of increasing flows to Europe.

This has primarily benefitted larger Suezmax tonnage, although VLCCs are also playing an increasing important part with the latter being an important player in Guyanese trade on both shorter haul runs to the Americas as well as longer haul to European buyers. To raise production further, two further FPSOs are planned, which between 2023 and 2025 will add an additional 470 kbd of capacity. Further capacity increases and production optimisation will be critical in bringing overall output up to the 2027 target of 1.2 mbd. Guyana is also benefitting from having a lower carbon intensity in its upstream sector. On average, offshore Guyana production has a Co2e/boe of 9kg versus a global upstream sector average of 18kg which may make Guyanese crude grades more attractive for environmentally conscious buyers in Europe and Asia.

The current higher oil price environment and strong demand for non-Russian grades in Europe should help to support further investment and development in the nation's petroleum. Over the short to medium term once Europe's urgent need for non-Russian crude has been met and this demand becomes more manageable; additional Guyanese capacity should have come online, and these additional volumes will aid in growing Guyana's exports to Asia over the longer term. This should allow Guyana to reinvest the proceeds of its oil exports into national development and raising the living standards of its citizens. Fundamentally, Guyana remains an important opportunity for the global oil market in terms of future growth and will benefit larger, longer haul tankers as this output growth comes online.

GIBSON SHIPBROKERS

Crude Oil

Middle East

VLCC Owners have had a busy productive week, with Charterers concentrating on their 1st decade October program. Rates have edged up as the week progressed, with levels currently standing at 270,000mt x ws 106.5 into Thailand. Longer Eastern runs would be a shade below this, but regardless Owners go into the weekend in a far happier position. Voyages to the West remain infrequent but again last done levels need to be tested and we estimate rates in the region of 280,000mt x ws 51 for the US Gulf (via Suez). Suezmax markets in the Middle East have stayed steady/firm for West runs, with current market levels at 140,000mt x ws 65 for a generic Basrah/Med voyage and Owners feeling bullish, looking to push levels on. Reluctance to send ships East has pushed levels to 130,000mt x ws 147.5. With the sound of glasses clinking away at some early APPEC events, Aframax Owners will be looking forward to the back of this week. In truth, it is little surprise to see a correction to Aframax rates in the East, it has been bubbling off the back of a quiet 2nd half of September. Further concern for Owners, however, is the likely slow start to next week as APPEC hits full swing. We close the week with rates for AG/East around the 80,000mt x ws 210-215 level.

West Africa

Suezmax Owners are starting to reap the rewards of a tightening position list. Fewer Eastern ballasters have given Owners the chance to push for more here, with a voyage East now commanding levels in the region of 130,000mt x ws 152.5. Western runs similarly have ticked up, with rates currently standing at around 130,000mt x ws 140 to the UK Cont. VLCC Owners have not had too much to work with this week, but as other areas strengthen, Owners will also need to see similar comparable returns here. A generic WAFR/East run should currently stand at around 260,000mt x ws 100 level.

Mediterranean

A topsy turvy week for Med Aframaxes. The week began with a bank holiday in the UK but despite this, a section of the market decided that the list was too thin to ignore after ships leaving and port delays. Some Charterers pounced off forward dates, forcing rates from mid ws150's to ws 182.5 for vanilla Ceyhan runs. Others took the bait and followed this up with ws 190s ex Libya. There was some consolidation at these levels but, as the week drew to a close, some were wondering if the emperor was indeed wearing any clothes at all… Dates are moving forward and the tonnage is more fruitfully stocked there. Indeed 80,000mt x ws 177.5 has now been achieved for a Sidi Kerir to Livorno run and all bets are off for next week. The Med has remained rather quiet with marketed enquiry and levels trending sideways since the start of the week. However, off market enquiry continues to steadily turn over units in the region. Today, Owners for a short voyage ex Med will be looking for something around the 130,000mt x ws 170 mark.

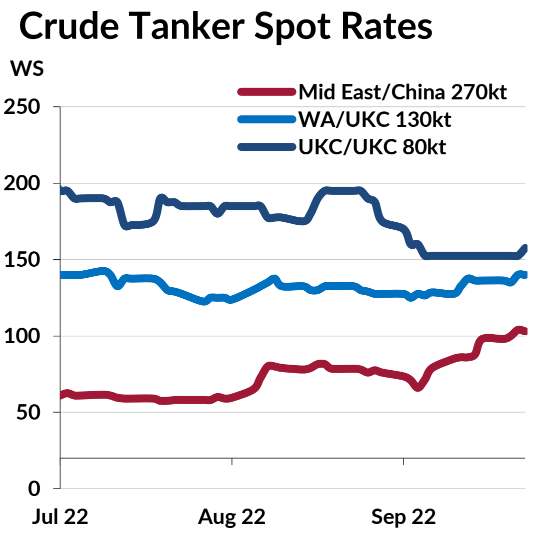
The rates for Med/East have also trended somewhat sideways but, with Owners remaining optimistic, current levels are approximately $5.3m for a run into China.

US Gulf/Latin America

Aframax levels have dipped as the week progressed due to a general slowdown of enquiry. Potential expected weather delays could quickly reverse this negative trend but as things stand today, rates hold at around 70,000mt x ws 230 for a short run and ws 210 Transatlantic. This week has not been so busy with VLCC enquiry and as such some Owners have felt the need be a little more considerate to Charterers' ideas. On this basis, we estimate a US Gulf to the Far East to be around $10m.

North Sea

It has been a positive week in the North as Aframax rates continue to slowly climb. Although there has been little activity reported, X-North Sea has inched up, having traded at 80,000mt x ws 157.5, even for an older unit. With the window shrinking for X-Russian Baltic cargoes, Owners are keen to make the most of these rates whilst they still can. With much of the activity still under the radar, levels remain circa 100,000mt x ws 180.



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

GIBSON SHIPBROKERS

Clean Products

East

Overall, a pretty lacklustre week for both the LR2s and LR1s. With minimal cargoes being quoted across the board there has been as expected a negative correction on both sizes. TC1 sits at 75 x ws 240 and TC5 at 55 x ws 290. UKC stands at $4.6m and $4.2m respectively, however, all rates on both segments needs a fresh test. With one open stem on the LR2s and nothing outstanding on the LR1s, tonnage is building, and Charterers will be able to take advantage of exposed Owners. We are missing cargoes and so we wait with baited breath to see when it comes and what the damage will be for Owners.

A very slow week on the MRs, where earnings have suffered from a lack of cargo volume and the list of unattended units builds. TC17 into EAFR has been knocked down to 35 x ws 350 - which brings other routes down sympathetically. AG/ UKC is untested but would trade at $2.9-$3m. TC12 is also untested but will move to ws 300 (a good relocation cargo into the firm East segment for Q4). It's important to note that the Med market has picked up, so there will be no resupply of units from the Med or Singapore - it's now just a waiting game to see the volume to address the list.

Mediterranean

Busy week for the Handies here in the Mediterranean, which has seen rates firm throughout. Good levels of enquiry all week has tightened up the front end of the list, with 30 x ws 285 now being repeated X-Med. Black Sea levels are also expected to positively correct off the back of these improved TC6 levels. As we approach the weekend, expect Owners to remain bullish with their ideas with 300 levels likely coming next week.

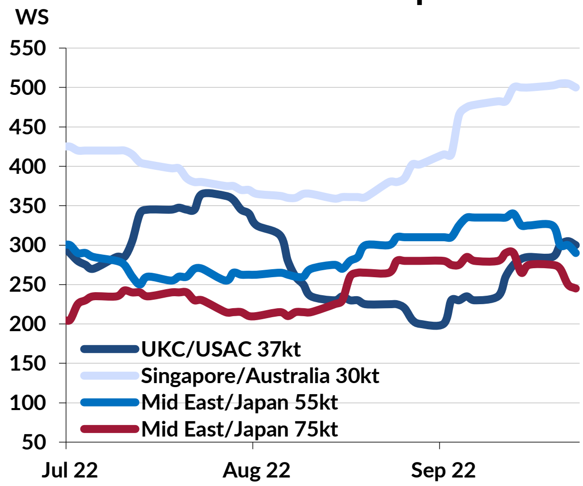
Not a vast amount to discuss in this Mediterranean market this week for the MRs, with rates essentially tracking that of the Continent, perhaps with a small 5 point premium holding. The potential for less ballasters on the horizon from the States will also give additional hope for Owners that this market still holds and even has some more to give still.

UK Continent

A fairly placid week passes for the MRs in the Continent, with some extra spice being added through some good levels of South America runs quoted, whether market or not. Adding to this some fix/fails, we saw reasonable rates achieved midweek for Brazil up to 37 x ws 340. Yet, come Friday with some hangovers post Copenhagen Dinner, we see 37 x ws 327.5 on subs. Transatlantic has managed to bumble around the 300-305 mark with WAF holding around 10 points higher. However, with the States market having a late in week resurgence, we can anticipate lack of ballasters heading our way over the weekend. A slightly tighter tonnage list ahead will give Owners some optimism.

Off the back of continued interest for STS off the UKC coast, we see Owners taking their opportunities to push rates throughout the week. We now see X-UKC push up to 30 x ws 205 now and with that we can also anticipate Russian Baltic rates to move towards the 30 x ws 350 mark (for those ones that get reported). Expect this positivity to push into early next week as we await the end month cargoes needing coverage.

Clean Product Tanker Spot Rates



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

Dirty Products

Handy

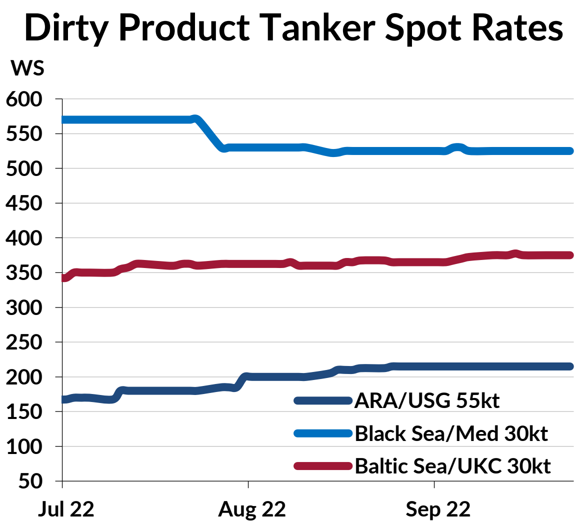
Numbers in the Continent continue to go from strength to strength as the downcycles of inactivity fail to bring around any notable tonnage replenishment, meaning when things do pick up, we see these current levels being built upon. Ws 375 has being repeated this week in the Continent and Owners are well positioned to push again next week. In the Med however we have seen some corrections bucking recent trends. A number of units fell outside of their fixing windows and with this came an opportunity for Charterers to sharpen levels a tad. Owners won't be losing much sleep over 5 points in a ws 340 market however idle time is worth more these days, and that does have an impact on the physiology of the market.

MR

The resilience of MR's is clear to see as values remain firm, despite taking note of the above comments on the surrounding Handies. Availability has been drip fed in this region whereby managing the supply of tonnage, Owners have done well not to succumb to surrounding pressure. In the Continent however this market (just like the Handies). speaks for itself. Charterers are having to tread carefully and plan well in advance of a potential move.

Panamax

In absence of a recent test or current fixing window availability we are now having to place a large degree of assumption on what is likely to happen. Taking the strength of the surrounding Afras today versus where they were last done, the pro-rated level suggests Panamax peaks are no longer! perhaps falling back below ws 200! Yet without a ship in position by the time we see a test this cycle could well be irrelevant.



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

Dirty Tanker Spot Market Developments - Spot Worldscale

			wk on wk change	Sept 22nd	Sep 15th	Last Month*	FFA Q3
TD3C	VLCC	AG-China	**+16**	104	88	81	73
TD20	Suezmax	WAF-UKC	**+5**	140	135	131	131
TD7	Aframax	N.Sea-UKC	**+8**	159	151	193	174

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

			wk on wk change	Sept 22nd	Sep 15th	Last Month*	FFA Q3
TD3C	VLCC	AG-China	**17,500**	71,000	53,500	39,000	35,000
TD20	Suezmax	WAF-UKC	**3,750**	46,000	42,250	35,750	41,250
TD7	Aframax	N.Sea-UKC	**5,500**	42,750	37,250	58,250	53,250

Clean Tanker Spot Market Developments - Spot Worldscale

			wk on wk change	Sept 22nd	Sep 15th	Last Month*	FFA Q3
TC1	LR2	AG-Japan	**-48**	240	288	267	
TC2	MR - west	UKC-USAC	**+18**	302	284	230	289
TC5	LR1	AG-Japan	**-49**	289	338	289	291
TC7	MR - east	Singapore-EC Aus	**+9**	507	498	361	414

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

			wk on wk change	Sept 22nd	Sep 15th	Last Month*	FFA Q3
TC1	LR2	AG-Japan	**-16,000**	52,000	68,000	58,000	
TC2	MR - west	UKC-USAC	**3,500**	32,250	28,750	15,250	30,000
TC5	LR1	AG-Japan	**-12,250**	47,750	60,000	45,250	48,250
TC7	MR - east	Singapore-EC Aus	**1,500**	64,500	63,000	37,500	48,750

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

ClearView Bunker Price (Rotterdam VLSFO)	**-43**	631	674	740
ClearView Bunker Price (Fujairah VLSFO)	**+6**	696	690	810
ClearView Bunker Price (Singapore VLSFO)	**+6**	701	695	779
ClearView Bunker Price (Rotterdam LSMGO)	**+28**	981	953	1199

www.gibsons.co.uk

London
Audrey House
16-20 Ely Place
London EC1N 6SN

T +44 (0) 20 7667 1247
F +44 (0) 20 7430 1253
E research@eagibson.co.uk

Hong Kong
Room 1401, 14/F,
OfficePlus @Wan Chai,
303 Hennessy Road.
Wanchai. Hong Kong.

T (852) 2511 8919
F (852) 2511 8901

Singapore
8 Eu Tong Sen Street
12-89 The Central
Singapore 059818

T (65) 6590 0220
F (65) 6222 2705

Houston
770 South Post Oak Lane
Suite 610, Houston
TX77056 United States

Mumbai
Office 128, Level 1, Block A,
Shivsagar Estate,
Dr. Annie Besant Road, Worli,
Mumbai, Maharashtra, 400018,
India
T +9122-6110-0750