

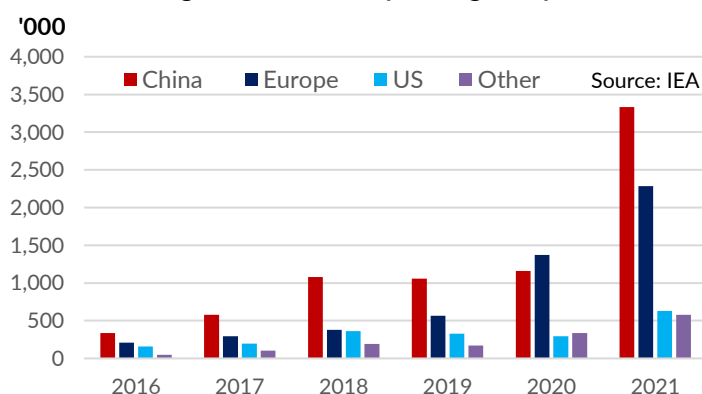
Electric Currents

Weekly Tanker Market Report

Electric vehicles (EVs) can rightfully claim to be a leading technology to reduce emissions. The uptake of EVs accelerated exponentially in recent years on the back of increases in driving range, improving infrastructure, subsidies, greater vehicle availability and rising demand. According to the latest IEA update, EV sales reached record levels in 2021, accounting for 9% of global new vehicles sales. The most impressive growth was seen in China, where electric car registrations (both battery and plug-in hybrid) jumped to 3.3 million last year, accounting for 16% of all sales. EV sales in Europe also grew strongly, with 2.3 million being sold and EV's market share climbing to 17%. In the US, EV uptake is lower in comparison, although growth rates are accelerating as well. Last year, 630,000 EVs were sold in the world's biggest oil consumer, seeing their market share double to 4.5%. Elsewhere, EV sales are showing the same trend, with uptake increasing. Globally, strong sales data during the 1st half of this year indicate that EVs could account for 13% of all sales in 2022.

It is worth mentioning, however, that despite this rapid growth, absolute numbers remain very small. The global light duty EV fleet (battery and plug-in hybrid) reached 16.2 mln in 2021, compared to a total fleet of over 1.4 billion. As such, for now, the impact on oil demand remains limited, with the IEA assessing that in 2021, EVs displaced just 0.3 mbd. Yet, future targets are very ambitious: the electric car fleet needs to displace 7 mbd by 2030 to be in line with Net Zero emission goals. It is questionable

Electric Car Registrations (Battery & Plug-in Hybrid)



whether these ambitious targets (which would require electric car fleet growing to over 300 million by 2030) are achievable, considering the need to expand the infrastructure network of charging points, the limited availability of critical metals and EV price levels.

Nonetheless, it is apparent that EV growth rates will continue to accelerate, gradually eating deeper into road fuel consumption. Investment in electrification, driven by EV sales, is already accounting for more than 65% of end use investment

in the transport sector and expected to reach 74% this year, meanwhile capital expenditure by listed battery manufacturers tripled in 2021 relative to 2020 levels.

Internationally, there is a growing trend of governments increasing their ambitions in terms of zero-emission vehicle targets. For example, the US set a target last year for EVs to represent 50% of all light duty vehicles sales in 2030, whilst the EU's Fit-for-55 package includes recently passed regulation on car fleet emission reductions, which effectively means that all new cars and vans sold from 2035 will need to be emissions free. Government subsidies also play an important role here, with the expenditure nearly doubling in 2021, with key consuming countries announcing new or extending existing support. The EU spent \$12.5 billion on subsidies last year and China was narrowly behind at \$12 billion.

In terms of existing limitations, recent technological advancements could lead to a declining need for critical metals for battery production. A notable growth has been observed in lithium-ion phosphate cathodes, which do not require nickel or cobalt. Similarly, sodium-ion batteries, that completely avoid critical metals, also show strong potential.

Of course, inflationary pressures are inevitably translating into higher EV retail prices, negatively affecting affordability. Yet, with crude benchmarks well above \$100/bbl earlier this year and the OPEC+ decision to cut production by 2 mbd earlier this week to support oil prices, one cannot help but wonder that upward pressure on oil prices will only speed up the transition to electric vehicles.

Crude Oil

Middle East

The week began with a drop of almost 10 points compared to last week as cargoes were drip fed into the market. Charterers were able to take advantage of a longer position list and squeeze rates downwards. However, with an active mid-week, Owners made progress in their battle to recoup some of the losses. The week comes to an end and there are still a handful of cargoes outstanding. We can expect levels to continue to press onwards and upwards. Last done to the East is 270,000mt x ws 81.5 on a modern approved unit. Voyages to the West remain few and far apart, with rates estimated to be around 280,000mt x ws 47 to the USG via Suez. Suezmax markets in the Middle East have been very flat this week and there has been very little movement, rates stand around 140,000mt x ws 64 for Basrah/Med. We have seen a few runs into the East this week and the levels remain where we started the week at 130,000mt x ws 140. Limited resistance from Owners hoping to re-position back in the West is seeing rates in general slip south, even with the Med seeing an upside this week. Lists remain thin and an uptick of activity might see rates rebound. AG-East ends the week at 80 x ws 192.5-195 level.

West Africa

This week the Suezmax markets in WAF remain soft and we have seen part cargoes becoming more attractive off early dates due to the tighter list of Aframax. West Africa seems to have bottomed and naturally placed tonnage has thinned out, which could cause some upwards pressure here next week.

For now, levels stand at 130,000mt x ws 127.5. Runs into the East (though not preferred) have stayed at a level of 130,000mt x ws 140. With the early week downwards correction in VLCC rates in the AG, more and more Owners were looking to grab the higher TCE rates from WAFR. However, AG has bounced back at the end of the week, closing the earnings between WAFR and AG, so there is a slight upward pressure on rates in this region. We expect next done to be around 260,000mt x ws 83.5 to the Far East.

Mediterranean

Sentiment remains firm for Med Aframax after an active week. Cross Med started the week around ws 220 level and, with the list in the Med growing tighter and a healthy number of cargoes to be covered, Owners were bullish and hopeful to drive rates forward. However, Suezmaxes came to Charterers rescue, as numerous Afra stems were secured by the larger tankers, preventing the roof from being blown off. The Med seems to have found its place for now, with 80,000mt x ws 220 being concluded on numerous occasions as the week comes to a close. Black Sea activity remains under the radar as Owners remain drawn towards the premiums. An early test next week will determine if the heat in the Med is here to stay.

The market in the Med has remained quiet this week and for a Ceyhan-Augusta voyage levels are approximately 130,000mt x ws 130. Rates for runs into China have stayed rather stagnant and levels remain a shade under \$5m.

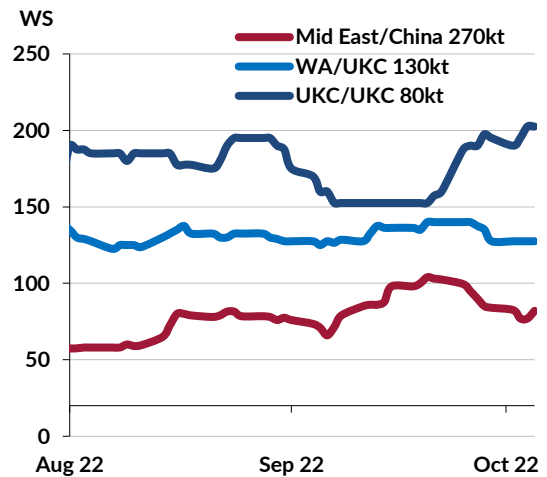
US Gulf/Latin America

The USG market isn't quite as hot as the surrounding regions for Afras, leaving owners to ponder whether it's worth ballasting. Nothing has been seen yet but, if Europe continues to outperform, then there could be an exodus. Local rates are fixing at ws 190 levels and TA circa ws 205. VLCC rates in the USG have remained on the firm side, with the pool of tonnage remaining similar to recent times. There was an opportunity for Eastern ballasters to take advantage of the higher returns, when comparing to the AG, but this has been eroded with the bounce back. Last done levels are at \$9.875m from the USG for Far East and the interest in USG/TA remains, which prevents much downside in these levels.

North Sea

A solid week as North Sea earnings creep closer to the Baltic, with levels fixing around ws 200. Baltic cargoes continue to work away quietly, with new entities still coming to play, rates fixing at ws 220 levels. Further growth likely on the cards next week.

Crude Tanker Spot Rates



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

Clean Products

East

A busy week for the MRs - where we have seen rates firming particularly on TC17. To be quite frank this is sentiment driven for one, and secondly because earnings on TC17 at these levels lag far behind those available X-Southeast Asia, and these runs were gaining no traction with Owners at the previous footing. 35 x ws 292.5 was last done off a prompt window - but we will see the bounce continue as we move into the next week. A faster bounce will be curtailed by the fact that LR2s will absorb longhaul, and LR1s shorthaul - as an overhang of unemployed tonnage looks to snap up shorthaul to reposition into the next window. TC12 was last done at 35 x ws 225, moving East as we go into Q4 (a stellar move). For AG/UKC we would rate this at 2.8m levels although this remains untested; with an Argentina run on subs at \$3.2million but looking cheap already. Look out for some serious volume on Monday and Tuesday...

LRs have had a mixed week. The Lr1s looked overtonnaged until mid-week when the LR2 stems were resized down as well as more short hauls off the early dates quoted. So, an initial dip saw \$100-150k taken off short runs but this has been more than made back today and we now sit just above where we were a week ago. A 60,000 mt Jet run was at \$2.75-2.8 million earlier this week but is now on subjects at 3.0 million, with Owners now unwilling below \$3.2 million. A 55,000 mt Naphtha AG/Japan voyage has edged back some ground after hitting a low of ws 170 on Thursday and Owners are now looking for over ws 200. Volume will be needed next week to continue this bounce, but signs are that it should do.

LR2s have also seen a tough week, but as the days have gone by, more cargoes have been quoted and there is a feeling more is there behind the scenes. KPC are now in the market for AG/UKC and it will surely test where we are.

But with 75,000 mt, Naphtha AG/Japan having bottomed at ws 160 is now being pushed to ws 190-195 levels by Owners and so should see other rates rise. The overall feeling is that we have seen rates bottom out and now should see a recovery in the coming weeks.

Mediterranean

All in all, it's been a pretty active week for Handies in the Med, with good levels of enquiry throughout. X-Med rates have bounced around between 30 x ws 315-325 for the majority. Yet, as we near the weekend, rates have started to settle at 30 x ws 317.5 X-Med, with this now on subs a handful of times. Black Sea has also seen some action this week, with non-Russian still trading at the 30 x ws 375 mark and Russian levels at a premium (30 x ws 500-550 range). At the time of writing, we see little left outstanding here. However, as the list is still fairly tight, expect rates to hold.

It's been a busy week for the MRs in the Mediterranean, with good enquiry tightening up the list, especially for cargoes requiring last CPP tonnage. We began the week with rates at the 37 x ws 250 mark Med/TA, but an influx of enquiry on Tuesday/Wednesday, including a handful of Jet stems, caught a few Charterers out and rates soon firmed up to the 37 x ws 270 levels. We have now seen rates begin to settle around the 37 x ws 265 mark for a vanilla Med/TA run; yet, with ws 250 now on subs ex Sines and TC2 under pressure, we may see some negativity come Monday.

UK Continent

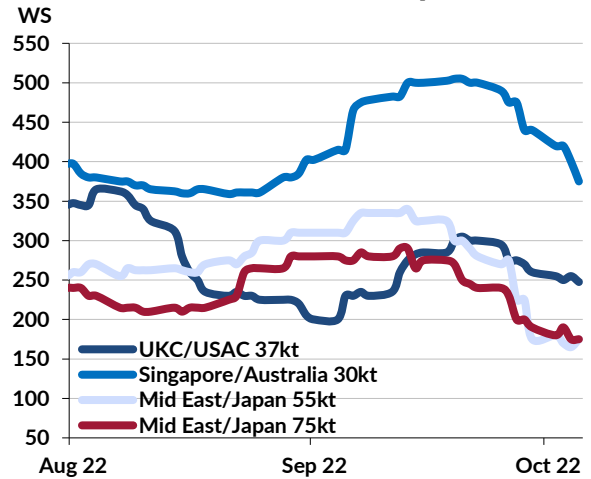
Owners knew life was always going to be tricky once the hefty tonnage list was drawn on Monday morning; but thankfully, we saw reasonable levels of enquiry for Transatlantic and South America, clipping out some weight.

Owners were pleased to see limited effect on market fixing levels, with 37 x ws 250 Transatlantic being the call for the majority of the week, with the usual non CPP discounts seen.

Yet, with LR2s dominating the WAF runs and the States market falling, a little more pressure is seen on Owners' shoulders come Friday. Expect Charterers to press into the 240's with the minimal remaining cargoes and Owners to scramble for arguments against it. Remains pressured.

A similar tough week for Handy Owners as tonnage began to build, with market enquiry too slow to prevent a decline. By midweek we had slipped 15 points to 30 x ws 250 for X-UKC. As we close the week, it appears another 10 points has been lost and expect still more to come by COB. This obviously has affected Baltic numbers, which continue to be dominated under COA moves; however, Owners will be hoping the floor will be reached soon to rebuild next week.

Clean Product Tanker Spot Rates



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

Dirty Products

Handy

In the North we have seen an injection of pace and cargo volume this week with coverage being taken up to mid-October. Sentiment has remained firm throughout the week with Owners taking an increasingly bullish stance. Charterers have been left with no other option but to dig a little deeper into their pockets as we see levels rising to ws 390+. An interesting week as we have also seen a more active feel to UKC/Med run with cargoes clipping away units and taking them out of the region despite resistance from some Owners.

The Med has suffered another week where enquiry has just about managed to keep the top of the list ticking over. With rates corrected down at the start of the week under the radar fixing was the theme to try and stem the flow of negative sentiment further dragging rates down. Going forward, unless an injection of pace is seen early on next week there is potential for the units at the top of the list to be tested.

MR

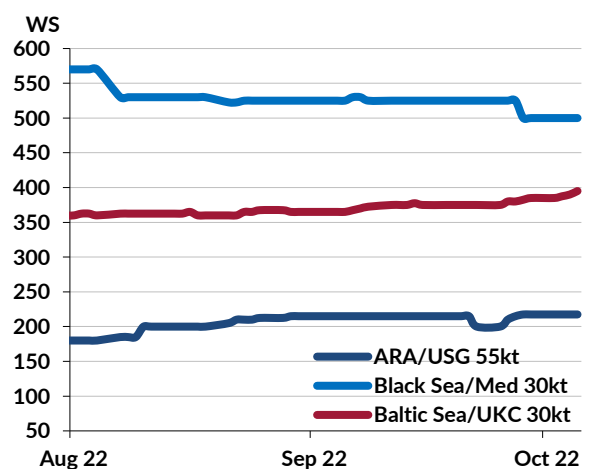
Favourable conditions on the Handies in the North are giving Owners with MR tonnage to fix in the region a reason to take part cargoes. Marketed tonnage is tight for full stems coverage and we have seen one Charterer

pull in a ballaster from the West Med to cover a stem. Going forward, we expect levels in the region to remain firm off the back of tight availability. In the Med, the opposite is being experienced with enquiry sluggish at best and Owners are hoping for a turnaround in traction.

Panamax

A lack of tonnage availability and firm levels across the pond continue to make it very difficult for any traction to be gained in Europe. With potential for last done to be tested should a willing candidate surface we wait for next week to see if anything will surface.

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	Oct 6th	Sep 29th	Last Month*	FFA Q4
TD3C	VLCC	AG-China	-4	81	85	71	86
TD20	Suezmax	WAF-UKC	-11	125	136	125	139
TD7	Aframax	N.Sea-UKC	+3	200	197	153	150

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

			wk on wk change	Oct 6th	Sep 29th	Last Month*	FFA Q4
TD3C	VLCC	AG-China	-8,750	41,500	50,250	34,500	48,000
TD20	Suezmax	WAF-UKC	-8,000	36,750	44,750	37,000	45,750
TD7	Aframax	N.Sea-UKC	250	71,000	70,750	34,500	36,250

Clean Tanker Spot Market Developments - Spot Worldscale

			wk on wk change	Oct 6th	Sep 29th	Last Month*	FFA Q4
TC1	LR2	AG-Japan	-25	169	194	280	
TC2	MR - west	UKC-USAC	-17	250	267	232	290
TC5	LR1	AG-Japan	-45	171	216	331	280
TC7	MR - east	Singapore-EC Aus	-85	373	458	479	380

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

			wk on wk change	Oct 6th	Sep 29th	Last Month*	FFA Q4
TC1	LR2	AG-Japan	-11,000	26,250	37,250	66,750	
TC2	MR - west	UKC-USAC	-4,250	22,250	26,500	18,750	30,000
TC5	LR1	AG-Japan	-13,000	17,250	30,250	59,000	44,250
TC7	MR - east	Singapore-EC Aus	-16,000	40,500	56,500	60,500	42,000

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

ClearView Bunker Price (Rotterdam VLSFO)	+35	646	611	641
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