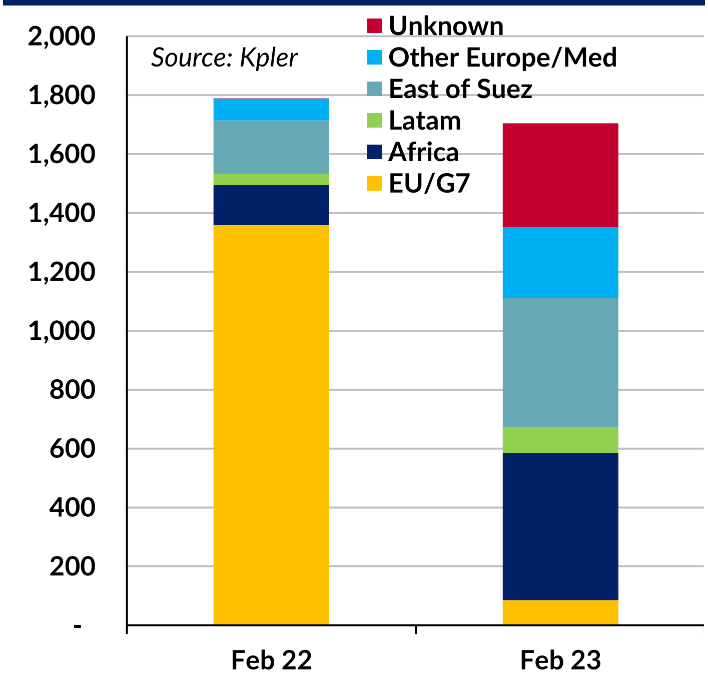
One Month On

Weekly Tanker Market Report

With the refined products price cap now in place for just over a month, the changes in trade flows as a result are stark. Many longer haul voyages are yet to be completed, but this only points to a clear trend of Russia being forced to divert cargoes to distant markets in order to maintain export volumes.

Until February, Europe had remained Russia's primary market for refined product exports; however, in the space of a month, a major pivot has been observed. Unsurprisingly, exports to Europe have dropped to almost nothing, with Africa and East of Suez emerging as Russia's largest buyers, followed by non-EU/exempt markets in the Mediterranean (i.e. Turkey). Surprisingly, less cargo than expected is destined for Latin America, whilst a large portion remains unaccounted for, suggesting these volumes are in transit to longer haul markets.

Russian CPP Exports by Destination (kbd)



Despite the need to find new markets for over 1 million b/d of clean products, the early signs indicate that Russia has been relatively successful, with volumes for February higher than the average for all of 2022. This has been aided by notable changes in the ownership of the product tanker fleet, and the willingness of some western players to participate in the Russian market, presumably within the price cap framework. Gibson has so far tracked over 120 MRs and Handies involved in Russian refined product exports and at least 21 LR2s, with more vessels signalling Russian load ports in the coming week.

Much of the product heading East is expected to end up in the Middle East, most notably unfinished products and blending components. The region could become a blending hub, whereby Russian components are transformed into on spec products for re-export across the world. If this materialises, traditional Western export markets could see "Middle East" gasoline competing with US and European supplies, perhaps even into the United States itself despite the origin of the finished grades' original components.

Looking ahead, the trends which have emerged in February are likely to become established for the foreseeable future, with some potential upside to Latin America. However, much depends on Russia's export strategy and ability to maintain refining runs and Western Government's willingness to allow Russian products to be rebranded and re-exported overseas. In any case, the refined products price cap has created additional inefficiencies in refined products trade, which are unlikely to be reversed anytime soon, if ever.

Crude Oil

Middle East

A great week for VLCC Owners as rates pushed to a yearly high as we saw a very busy end to the March program. Tonnage availability remains tight for end month and Owners will he hoping to carry this momentum into April as stems should come out next week. Today we expect 270 AG/China to get ws 100 and 280 AG/USG to fetch ws 62.

Suezmax activity in the AG set the building block last week for owners to maintain last done level. Throughout this week this has been very much the case as we continue to crab walk sideways here.

Aframax Owners sentiment is on the front foot in the AG region for the first time in a while, following a decent week of fixing which has trimmed the AG tonnage list. TD8 continues to inch up and a short run AG/WCI reported at ws 80 x 215 indicates rates are moving collectively up. AG/East closes the week at 80 x ws 200-205 level.

West Africa

Rates began to pick up on VLCCs here after a slow start to the week, as tonnage supply got limited, with heavy activity in AG and the USG taking a lot of ships away from this zone. The Owners' sentiment is bullish here and today we are expecting 260 WAF/China to go in the region of ws 97.5.

On Monday, fresh tonnage lists set out very clearly what we were expecting, a long position of potential units in the natural window. As a result we report of lows of ws 110 on subjects.

Looking ahead sentiment looks to remains week in the short term as the availability of units remains healthy.

Mediterranean

Sentiment in the Mediterranean on the Suezmax's this week is starting to be chipped away at, where the lack of enquiry and steady trading in surrounding sizde tonnage leaves little inspiration for change here.

A mixed bag for Aframaxes this week. Owners initially looked to build on a firm end to the last week, with X-Med rates looking to push towards ws 200; however, with the passage of time and with the list beginning to look fuller, more ships began to pop out of the woodwork ready to erode last done somewhat. Mainly this happened for longer X-Med runs: ws 180 was achieved for Libya to Spain and then 172.5 for a Ceyhan loader with a good flat rate. CPC rates remain rangebound at ws 250 levels, with the lack of delays hurting Owners' returns and preventing rates from falling in sympathy. There are still ships to fix over the next days, so a rebound looks a distant hope for Owners next week as things stand.

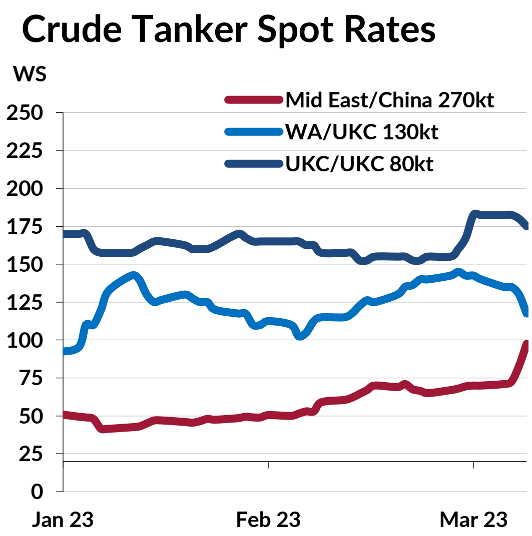
US Gulf/Latin America

VLCCs enjoyed a busy start to the week, as we saw a plethora of cargoes enter the market for 2nd decade April. While reports of some ships failing may have taken the shine off a bit, fundamentals here remain positive for Owners and today we expect a USG to China to fix in the region of $11m.

Aframax market here started the week strongly carrying on from last week's uplift, but by week's end rates were starting to tail off as enquiry levels dropped hitting Owner sentiment.

North Sea

A decent week of growth as ballasters paved the way for the market to push. Levels are now trading in the low ws 180s, with sentiment continuing to warm. Surrounding markets are still hot and we can expect to see further rate gains into next week.



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

GIBSON SHIPBROKERS

Clean Products

East

LR2s have stalled slightly while the LR1s have taken some of the strain. But the steady fixing added to by Med stems has continued to clear tonnage and the result is a list that looks thinner and Owners will no doubt try to push rates into next week. Owner have $5.0m in their sights for West bound, (some rumours saying it's on subs but nothing confirmed). With not a lot of stems uncovered as we head into the weekend, its unlikely we will see dramatic rises, but a gentle push may be feasible.

LR1s are busier and most predict a shift up in the coming days. TC5 is on subs at 55,000mt x ws 200 on the 2004 build indicates where this market is going. ws 210 is on the horizon. West rates are being forced by Owners nearer the $4.0m mark, although not yet achieved, it's coming. With a lot of cargoes open heading in the weekend it's going to be a fast and furious Monday!

MRs have seen increased activity over the course of the week and rates are firming, however, with Asian markets still soft there is a limit to what Owners can ask for and there is potential for us to see the market swamped with Eastern ballsters. EAFR is up to 35,000mt x ws 215 but Owners will be eyeing up ws 220. A MEG/UKC run is up and sitting about the $2.5m levels. Overall Owner will be buoyed and with a number of open cargoes we enter the weekend in a much better position than previous weekends.

Mediterranean

Overall, an active week for the handies here in the Med which has seen rates begin to improve. We started the week with X-Med trading at the 30,000mt x ws 180 mark but with busy enquiry on both Monday and Tuesday the list soon tightened up and Owners grew positive. The equivalent of 30,000mt x ws 250 went on subs for a tricky Med/UKC run which has seen vanilla X-Med voyages begin to follow suit with 30,000mt x ws 215 repeated a few times yesterday. The market is positive as we approach the weekend.

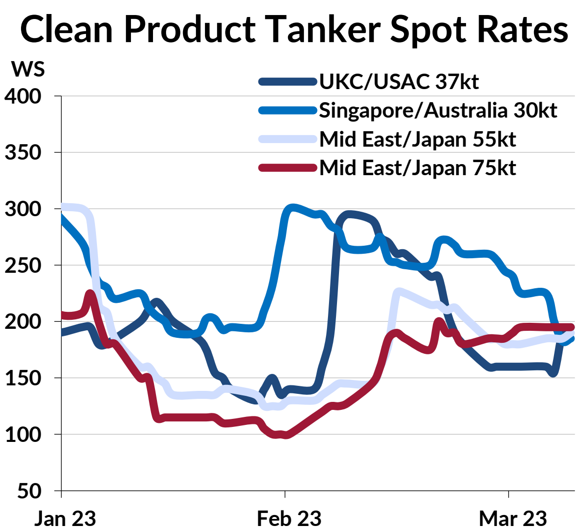
Finally, to the MR's here in the Mediterranean where it has been a great week for Owners with rates jumping around 70 points. 37,000mt x ws 170 was the call for Med/TA on Monday but with a lack of suitable tonnage (Nap/Jet/Cln) and an influx of fresh enquiry we now see rates at the 37,000mt x ws 240 mark with WAF tracking at +10 points. At the time of writing a handful of cargoes remain so expect Owners to be bullish into the weekend.

UK Continent

This week started with a stutter as despite market fundamentals suggesting improvement was around the corner, a few too many prompt ships kept Owners belief at bay. This was until Tuesday evening when the lack of tonnage in the Mediterranean turned heads with 37,000mt x ws 200 put on subs for TA, and it wasn't long till bullish rates were shown to Charterers.

This combined with a dozen or so fresh cargoes on Wednesday pushed rates up and 37,000mt x ws 195 became the new call. Charterers subsequently managed to stifle further gains with a number of stems being WDWF but the sentiment still runs true with limited ballasters and a stronger Med market, and we can expect rates to hold steady around this mark into next week.

There has been a steady flow of cargoes this week in the Handy sector which has enabled Owners to bounce freight back to 30,000mt x ws 170 for X-UKC. The MR market has also been pivotal in Owners achieving this as the positive sentiment has had a domino effect down to the 30kt clips. A few cargoes still remain uncovered here with levels expected to trade sideways into the weekend.



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

Dirty Products

Handy

In the Continent levels sit up from where the week began, with a flurry of activity in the midweek phase tightening supply for anyone whose fixing window fell after this event. Levels elevated into the ws 290's with Owners looking to build further, especially if there is even the slightest hint of a restriction involved.

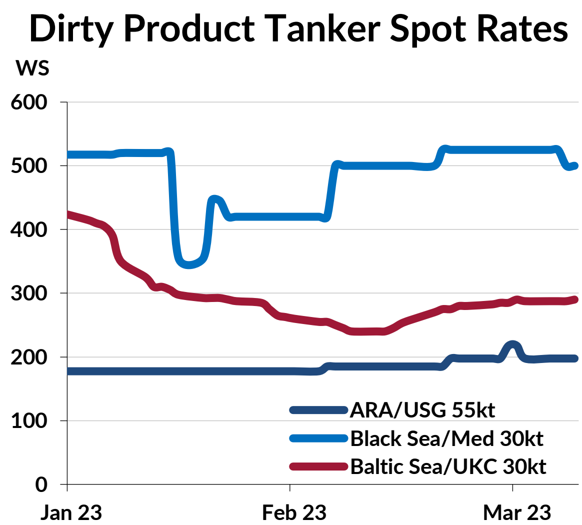
In the Med, levels have traded flat with only a slight 2.5 difference between the upper and lower range this week, but some Charterers are sensing that a test is coming. In this region, Owners can be thankful that activity was just enough to keep the list from stagnating, and with a number of units delayed, immediate supply has been limited.

MR

A similar behavioural pattern developed here on the MR's as what was seen on the Handies. Units delayed at both load and discharge, combined with uncertain voyage orders are helping to keep the lists tighter than we would expect. That said, as far as the week's trading activity goes, it has been a rather patchy week with deals being concluded at conference rates. Despite this, the sector will show some resilience if next week slows down where forward availability is yet to show on any of the lists.

Panamax

Drip fed requirement is all we can expect as of late in this sector with numbers flat around last done despite certain Owners having expressed their clear desire to exit the area. This begs the question as to whether we could see softer rates for the right cargo and given their scarceness of liquidity a scenario developing where all parties are kept happy. Elsewhere, over in the US we see levels slightly correcting down but still very pleasing from an Owners perspective and whilst this disparity remains, it will continue to offer a floor where Owners are prepared to fix here in Europe.



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Dirty Tanker Spot Market Developments - Spot Worldscale

			wk on wk change	Mar 9th	Mar 2nd	Last Month*	FFA Q1
TD3C	VLCC	AG-China	**+29**	99	70	53	66
TD20	Suezmax	WAF-UKC	**-28**	116	144	111	122
TD7	Aframax	N.Sea-UKC	**-5**	175	180	163	166

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

			wk on wk change	Mar 9th	Mar 2nd	Last Month*	FFA Q1
TD3C	VLCC	AG-China	**+40250**	96,250	56,000	28,750	50,250
TD20	Suezmax	WAF-UKC	**-18500**	51,250	69,750	46,500	55,000
TD7	Aframax	N.Sea-UKC	**-3000**	75,250	78,250	64,250	67,500

Clean Tanker Spot Market Developments - Spot Worldscale

			wk on wk change	Mar 9th	Mar 2nd	Last Month*	FFA Q1
TC1	LR2	AG-Japan	**+8**	195	187	124	
TC2	MR - west	UKC-USAC	**+44**	199	155	289	206
TC5	LR1	AG-Japan	**+8**	189	181	143	190
TC7	MR - east	Singapore-EC Aus	**-46**	189	235	282	244

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

			wk on wk change	Mar 9th	Mar 2nd	Last Month*	FFA Q1
TC1	LR2	AG-Japan	**+3500**	54,500	51,000	23,250	
TC2	MR - west	UKC-USAC	**+10250**	25,500	15,250	46,000	27,250
TC5	LR1	AG-Japan	**+2750**	36,000	33,250	20,250	36,500
TC7	MR - east	Singapore-EC Aus	**-9250**	19,500	28,750	36,750	30,750

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

Bunker Price - Rotterdam VLSFO	**+1**	576	575	594
Bunker Price - Fujairah VLSFO	**+18**	621	603	645
Bunker Price - Singapore VLSFO	**-8**	598	606	661
Bunker Price - Rotterdam LSMGO	**-38**	775	813	789

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