WEEKLY TANKER SPOT AND PERIOD MARKETS REPORT

SIMPSON | SPENCE | YOUNG

8TH JANUARY 2021

VLCC

The first week of 2021 has been underwhelming, with less activity in the market than expected when entering the new year. Pressure has been sustained due to slowed fixing across the holiday period, as well as a lengthening tonnage list and softening market sentiment. Little new activity has been reported in the MEG, and rates have edged down. The bulk of MEG loadings have been completed on COA but elsewhere TD3C hasn't had a regular test.

In West Africa, there have been a handful of fixtures headed East at a new benchmark rate of W39 basis 2021 (WS32.5 basis 2020) with the number of Eastern ballasters and oil company relets heading for the Cape of Good Hope allowing charterers to soften rates. Some fixing has been completed out of the USG after a lengthy period of flat market conditions in the Atlantic. The shift in sentiment across other major load areas has resulted in a slight decrease to earnings however.

Suezmax

Moderate activity has been reported out of West Africa this week, however the excess tonnage supply has kept sentiment soft/flat. A competitive sentiment prevails here, with emerging cargoes attracting multiple offers. This market appears to be nearing its bottom. Activity in the Black Sea has been fairly subdued this week, with much of the end month programmes being covered internally. Things have been busier in the Mediterranean however , particularly for Eastbound cargoes, with last done for a voyage from Malta to Singapore being fixed at a $1.575M lumpsum.

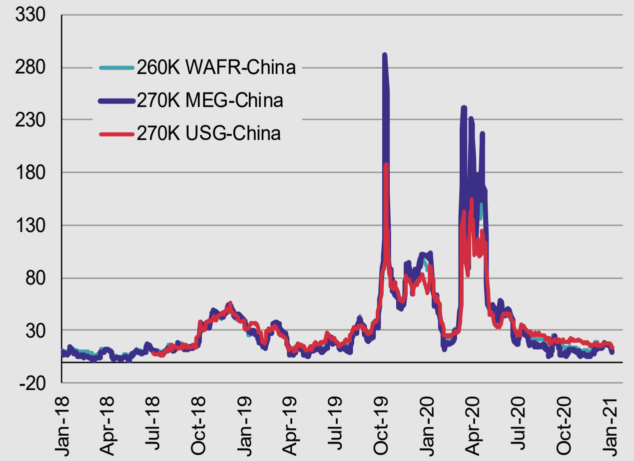
Aframax

The North Sea/Baltic Aframax market has been flat this week, with any cargo volumes being covered internally or on relets. The quiet market is expected to hold until toward the end of the month where more enquiry is anticipated and rates could begin to lift. There has been healthy activity reported in the Mediterranean/Black Sea, however the overhang of prompt tonnage has meant that no significant progress has been registered.

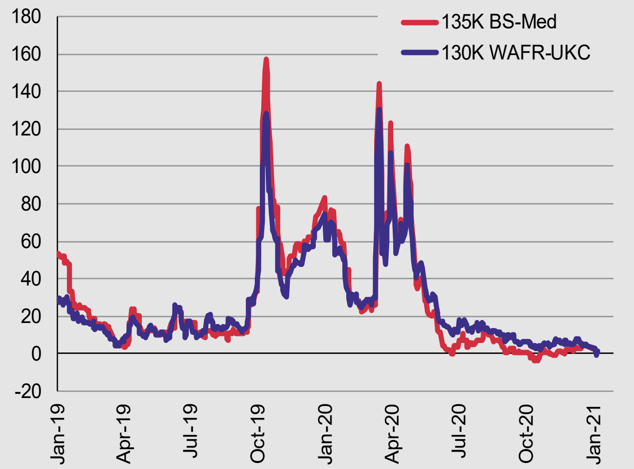
Rates in the USG were largely flat this week despite multiple cargoes emerging. Most of these fixed vessels are headed for local voyages however, meaning they should repopulate the tonnage list in the next ten days. This market is expected to soften slightly as we head into next week, as only one cargo remains, and charterers look to Suezmax tonnage for more attractive prices.

The first week of the year has been significantly busier in Asia, with a greater proportion of Aframax enquiries being for long distance voyages. Tonnage supply remains abundant however, and owners are struggling to push for higher rates despite a hike in bunker prices. Rates in Australia remained largely steady but earnings here have also come under increased pressure from higher bunker prices. Sentiment is steady looking ahead. There has been some potential for rates to be lifted in Kozmino this week, however owners have instead prioritised fixing their vessels to avoid having to wait for later cargoes, ultimately accepting last done levels.

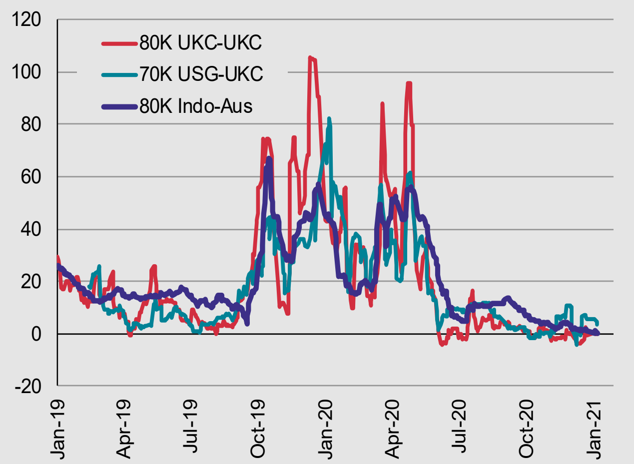
VLCC Spot Rates $'000/day



Suezmax Spot Rates $'000/day



Aframax Spot Rates $'000/day



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MR

North Asian MR rates slipped this week on the back of excessive vessel supply and a weaker LR market. There is the potential for the market to strengthen in the coming weeks however, with fuel import demand to Australia. The Southeast Asian market also weakened this week despite firm demand in Indonesia, as cargoes were fixed on older tonnage, undercutting the ability for owners to push for an uplift in rates.

Rates in Northwest Europe have jumped this week, with activity picking up primarily for short haul voyages. Sentiment looking ahead is steady, as increased competition from Handysize tonnage has capped progress, and a withdrawal of vessels from short-term storing adds to the tonnage supply in the region.

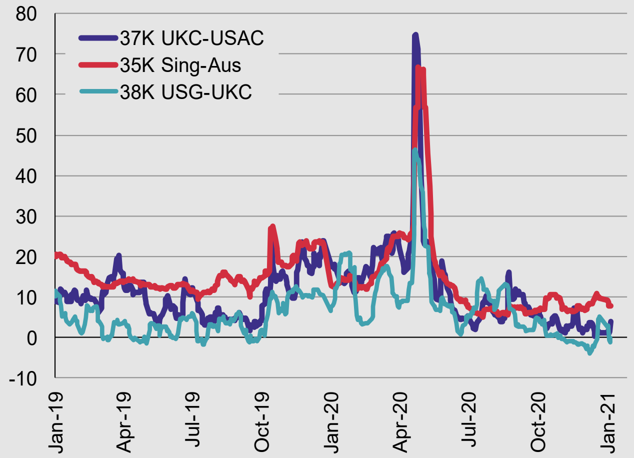
In the US Gulf, activity has been steady with a number of cargoes surfacing across the week, tightening the tonnage list and allowing owners to apply resistance. Cargo volumes have continued to emerge despite entering the back end of the week and laycans moving forward, suggesting the momentum will hold into next week.

LR

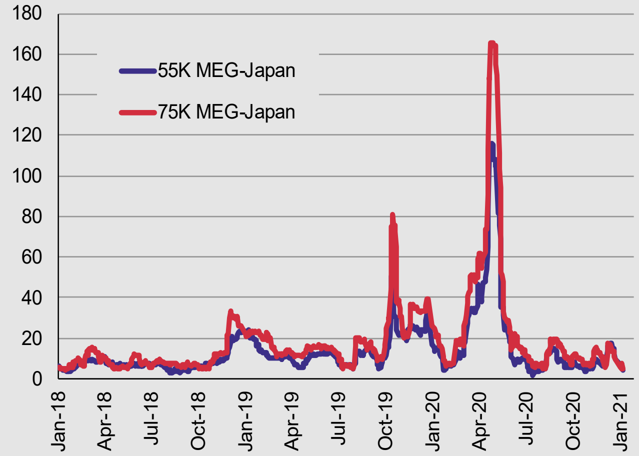
The LR2 market East of Suez has seen a mixed bag this week with rates initially starting to soften, but now looking to improve. Owners are bullish in their next done ideas with a healthy amount of cargo outstanding which will inevitably lead to a stand off. The fleet list is fairly balanced so sentiment for next week is steady/firm.

The LR1 market East of Suez has been quiet for the most part with rates continuing to soften. This has been due to a lack of enquiry and a long tonnage list. There will be 11 ships prompt in the MEG/WC India area by Monday and currently only two cargoes outstanding in the market. It will take a substantial influx of cargo to stop rates from falling further. Sentiment for next week is flat/soft.

MR Spot Rates $'000/day



LR Spot Rates $'000/day



Size	Voyage	WS/$LS Today	+/- w-o-w	WS/$LS ytd avg	TCE Today	TCE +/- w-o-w	TCE ytd avg
VLCC	270K MEG-China	40.0	2.5	41.9	10,211	-3,682	12,377
	270K USG-China	4,600,000	-400,000	4,750,000	13,208	-3,442	15,011
	260K WAFR-China	39.0	3.0	39.9	9,770	-3,605	10,938
	Triangulated (MEG-USG/WAFR-China)				7,845	-4,930	9,828
Suezmax	130K WAFR-UKC	41.5	3.0	40.5	1,277	-3,393	935
	135K BSEA-MED	59.0	4.0	60.0	886	-3,275	1,546
Aframax	80K cross-UKC	86.5	6.5	86.5	-251	2,687	-177
	80K cross-MED	70.0	10.0	69.9	-1,775	-1,121	-1,783
	70K USG-UKC	77.0	9.5	80.2	2,122	-1,969	4,750
	80K Indo-Aus	62.5	10.0	64.2	-111	-1,308	629
MR	37K UKC-USAC	110.0	35.0	95.5	4,018	3,629	1,832
	38K USG-UKC	77.5	-2.5	81.5	1,055	2,515	640
	30K Sing-Aus	139.0	14.0	141.4	7,755	-2,063	8,221
	40K MEG-UKC	1,050,000	-125,000	1,080,000	1,241	-1,526	1,914
	Triangulated Atlantic				7,486	3,547	6,752
LR 1	55K MEG-Japan	85.0	-15.0	91.8	3,955	-13,363	5,544
	65K MEG-UKC	1,300,000	-275,000	1,355,000	1,055	-7,250	2,198
	60K UKC-WAFR	112.5	27.5	113.5	12,394	7,104	12,739
LR 2	75K MEG-Japan	75.0	-2.5	78.0	4,810	-8,354	5,833
	90K MEG-UKC	1,550,000	-250,000	1,615,000	611	-5,728	1,937
	80K Med-Japan	2,300,000	300,000	2,160,000	5,400	3,236	3,661

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Period Market

As we end the first week of the new year, there has been very little TC activity. VLCC spot rates are flat and if anything, pulled back a little although on the crude TC side there has been a small handful of ongoing enquiry with one notable deal fixing and failing. There was nothing fresh reported for Suezmaxes and Aframaxes with just a couple of ongoing enquiries that have been trading for a number of weeks now. On the CPP side, for the LR1s and LR2s there has been some positive movement, more significantly on the LR2s which look comparatively stronger. MRs have not seen a vast amount of fresh action.

Weekly Timecharter Fixtures

Irini N Lemos (NS Lemos) , 319dwt, 19blt, 12mos, usd 30,000, delv Spore PPT, Unipec - Failed

Ex Sea Lion TBR, 319dwt, 03blt, 3+3mos, RNR, Spore PPT, delv Spore 15/12, Shell - storage

Asian Progress VI (Aramo) 312dwt, 19blt, 12mos, usd 30,000, dely Feast 25/Dec '20, Equinor - fully fixed

Nissos Ios (Kyklades NB), 158dwt, 21blt, min 9 / max 12 mos, usd 23,000, dely ex-yard SKorea ely/Jan, Vitol - reported

Torm Hilde (Torm), 114dwt, 18blt, CPP, scrubber, min 4 max 6 months, usd 21,500, delv Gib ely/Jan, Trafigura

Kythira Warrior (Polembros), 115dwt, 06blt, DPP, v short t/c, RNR, Exxon - ext of spot voy

Electa (Millenia), 51dwt, 09blt, CPP, 12-18mos, usd 12,250 nett, Spore 2H/Jan, Trafigura - fully fxd

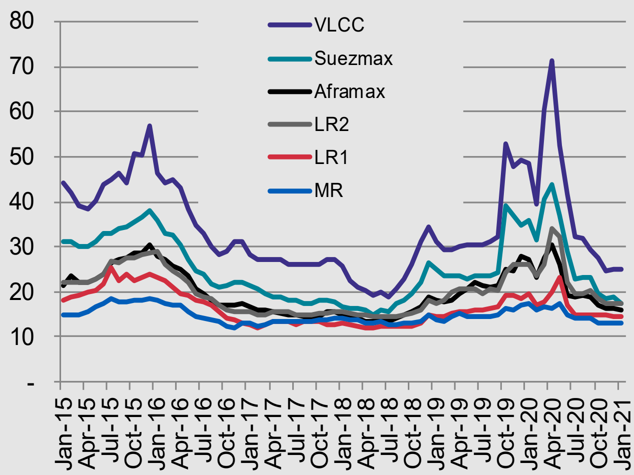
Timecharter Rate Estimates: $'000/day

1 Year	non-ECO	ECO	
Crude			
VLCC	25,000	27,500	↔
Suezmax	17,500	20,000	↔
Aframax	16,000	17,000	↔
Panamax	14,500	16,000	↔
Products			
LR2	17,500	19,500	↔
LR1	14,500	16,500	↔
MR	13,000	14,500	↔
Handy	12,750	13,500	↔

3 Year	non-ECO	ECO	
Crude			
VLCC	27,500	32,000	↔
Suezmax	22,500	25,500	↔
Aframax	19,000	21,500	↔
Panamax	15,000	17,000	↔
Products			
LR2	19,000	22,000	↔
LR1	15,000	17,000	↔
MR	14,000	15,500	↔
Handy	13,000	14,000	↔

Rate assessments for evaluation purposes only. Arrow indicates trend rather than weekly rate change. Assessments basis: NON ECO MAX 10YRS, ELY DELV, MR IMO CLASS, AFRAMAX-LR2 115DWT, HANDY 37DWT

Timecharter Rate Estimates: $'000/day



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FFA Forward Curves (WS and $/t)

Route	Period	Worldscale	US$/t
VLCC/TD3C BITR	1Q2021	36.813	6.711
Suez/TD20 BITR	1Q2021	42.854	6.051
Afra/TD7 BITR	1Q2021	103.282	6.073
MR/TC2 BITR	1Q2021	119.838	14.752
LR1/TC5 BITR	1Q2021	92.483	18.922

Data from Baltic Exchange as of cob 7 January '21

Financial Indicators

Spot Prices		
Brent	55.17	$/bbl
WTI	51.48	$/bbl
Gasoil	441.75	$/t

Delivered IFO 380		
Fujairah	333.50	$/t
Singapore	346.50	$/t
Houston	313.50	$/t
Rotterdam	321.50	$/t

Delivered VLSFO		
Fujairah	433.00	$/t
Singapore	433.00	$/t
Houston	404.00	$/t
Rotterdam	402.00	$/t

WATCH OUT FOR…

The return to strict lockdowns across Europe is expected to severely slow the pace of the recovery in oil demand, Reuters report.

Germany and the UK, two of the largest gasoline consumers in Europe, introduced new measures at the start of the year in order to restrict peoples movements.

Eurobob oxy gasoline fell to a $1.90/bl premium to North Sea Dated crude according to Argus, on 5 January, the first day of the new lockdown measures in the UK, down from $4.70/bl — the highest since late-October — the previous day.

Demand for middle distillates is also expected to be hit. Northwest European diesel cargoes averaged a premium of $6.08/bl to Dated last month, the firmest since July, but slipped below that to around $5.80/bl by the close on the 5th.

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