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WEEKLY TANKER SPOT AND PERIOD MARKETS REPORT

22ND JANUARY 2021

VLCC

In the MEG, VLCC rates have slipped even lower this week, with MEG-China earnings falling below zero on Tuesday, the lowest since June 2014. The bearish feel to the market has left charterers in no rush to fix vessels, with cargoes receiving multiple offers. Owners here continue to be under pressure, with rates settling in the low W30s for modern vessels heading East.

In West Africa, a firming Suezmax market has helped to support rates as VLCC tonnage proves to be a more economical option for combined cargoes. It remains to be seen how long the Suezmax rally will last, but while it does, the potential additional stems could support VLCCs. Earlier in the week we witnessed ships fixing out of the North Sea and USG, only to be released or re-fixed at slightly reduced levels. A lack of buyers in the East has caused tonnage here to build, suppressing rates.

Suezmax

Activity has picked up in the West African Suezmax market this week as the tonnage list tightened significantly and forced charterers to move slightly ahead of the usual fixing curve. As a result, rates have jumped up across the week, however with the first decade now fully covered charterers are likely to pause and try to take some of the momentum out of the market. The list remains tight looking ahead, making it likely that rates will hold steady. The Mediterranean and Black Sea markets have also benefitted from the progress in West Africa, firming off of the improving sentiment.

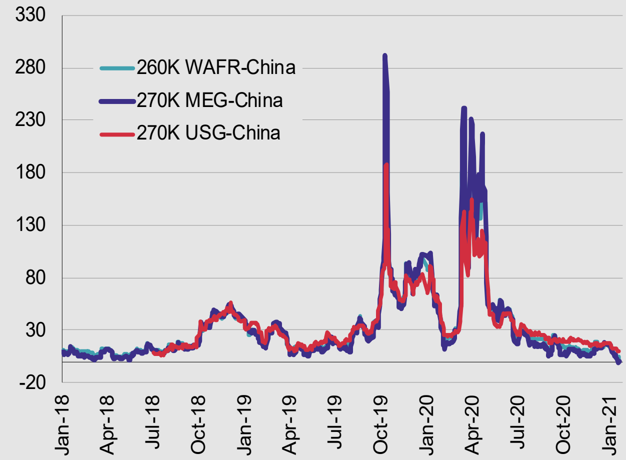
Aframax

Activity has been steady in the North Sea/Baltic region this week. Several routes continue to provide negative returns for owners but some charterers are being forced to fix forward in order to secure an ice compliant vessel, which could help to thin tonnage. In the Mediterranean/Black Sea, a lingering vessel oversupply continues to provide charterers with ample choice, leaving rates very weak.

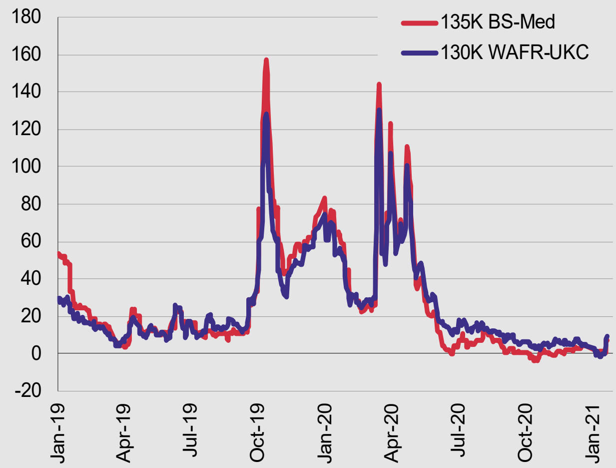
The USG Aframax market has edged higher this week, with some cargoes remaining uncovered and sentiment holding as fog delays leave itineraries uncertain. Heading into next week, rates could pick up alongside the emergence of first decade February stems.

A tightening tonnage list in the Indonesia region has pushed up rates slightly this week, as a flurry of end-month cargoes have emerged. Owners were quick to capitalise on this, but earnings remained poor and in negative territory on the benchmark TD14 index. Rates are set to remain steady next week, with the majority of enquiries already covered. Despite market activity staying relatively subdued in Australia, Northwest Shelf rates edged up as owners successfully pushed for higher freight to shield against rising bunker prices. In Kozmino, the rallying rates experienced last week amidst poor weather and ullage issues proved to be short-lived as the delays at North China ports eased over the weekend. Levels here have tumbled, and there may be renewed downward pressure as we move into the next fixing window.

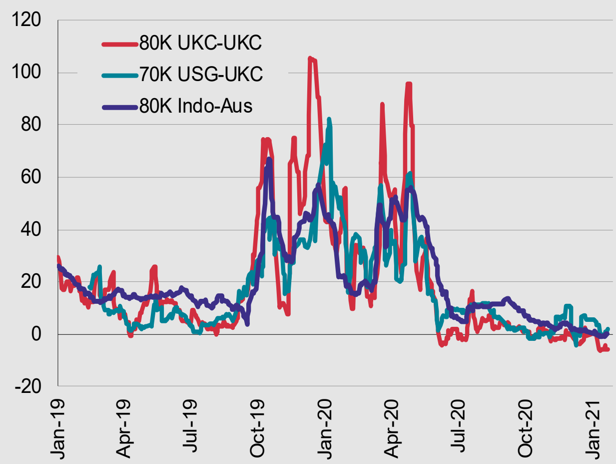
VLCC Spot Rates $‘000/day



Suezmax Spot Rates $‘000/day



Aframax Spot Rates $‘000/day



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MR

North Asian MR rates rose this week and the momentum is set to continue as there could be a rise in pre-Lunar New Year fixing, as well as an anticipated increase in gasoil and gasoline exports out of China in February. Rates in Southeast Asia have slipped slightly, however there is the potential that some future support may come from Indonesia's gasoline demand, with imports here expected to surpass pre-pandemic levels this year, according to Reuters citing Indonesian energy ministry data.

After dropping off last week, activity in Northwest Europe has recovered slightly with TC2 lifting back to WS110. It is unlikely that rates will continue to push past this level however, as momentum has begun to stall as tonnage has built up in the region, offering charterers flexibility. Sentiment is steady looking ahead.

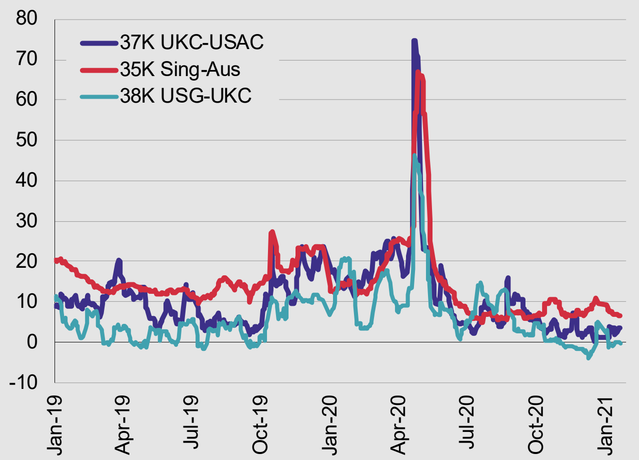
It has been a very underwhelming week in the USG with the tonnage supply now heavily outweighing demand, amid a very slow market in terms of cargo volume. Rates are expected to slip below last done as we move into next week.

LR

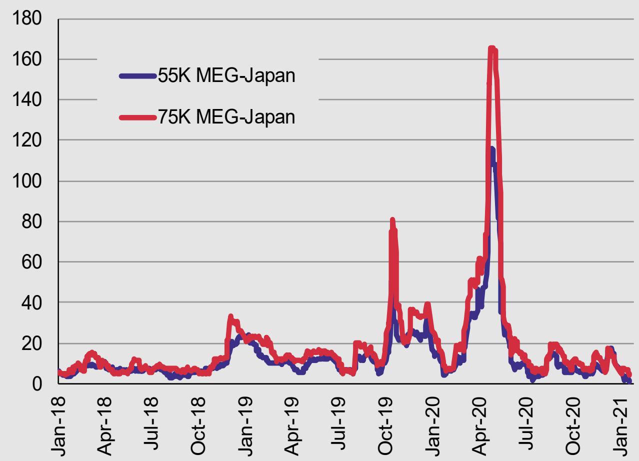
The LR2 market East of Suez has been very quiet for the most part this week. There are currently no cargoes outstanding and ample tonnage is available. With earnings at these levels owners will be hoping that rates can't fall too much further. However with VLCC earnings now negative for some routes, rates could really be tested. Sentiment for next week is flat/soft.

After a burst of activity during the middle of last week the LR1 market East of Suez has remained quiet, and inevitably rates have softened. Similarly to the LR2s there no outstanding cargoes and there is ample tonnage available. It does not look positive ahead for owners, with earnings already very low. 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	31.0	-4.0	36.6	94	-13,799	6,154
	270K USG-China	4,200,000	-300,000	4,523,333	9,222	-7,428	12,352
	260K WAFR-China	35	2.0	36.3	4,627	-8,748	6,458
	Triangulated (MEG-USG/WAFR-China)				3,604	-9,171	5,701
Suezmax	130K WAFR-UKC	60.0	20.0	42.8	9,235	4,565	1,224
	135K BSEA-MED	70.0	10.0	61.3	7,342	3,180	1,978
Aframax	80K cross-UKC	77.5	0.0	80.7	-5,928	-2,990	-3,966
	80K cross-MED	72.5	2.5	71.1	-1,374	-719	-1,674
	70K USG-UKC	72.5	10.0	71.9	4,870	779	1,919
	80K Indo-Aus	65.0	2.5	63.6	-32	-1,229	-165
MR	37K UKC-USAC	110.0	10.0	103.5	3,416	3,027	2,626
	38K USG-UKC	80.0	0.0	80.5	-1,834	-373	-9
	30K Sing-Aus	135.0	-2.0	138.1	6,665	-3,153	7,354
	40K MEG-UKC	1,000,000	-75,000	1,063,333	-174	-2,941	1,249
	Triangulated Atlantic				7,251	3,312	6,924
LR 1	55K MEG-Japan	75.0	-10.0	83.1	1,252	-16,066	3,254
	65K MEG-UKC	1,175,000	-75,000	1,268,333	-1,834	-10,139	160
	60K UKC-WAFR	100.0	-10.0	107.2	8,588	3,298	10,625
LR 2	75K MEG-Japan	75.0	-10.0	81.2	4,146	-9,018	6,247
	90K MEG-UKC	1,525,000	-115,000	1,602,667	-504	-6,843	1,214
	80K Med-Japan	2,000,000	-350,000	2,230,000	545	-1,619	4,033

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Period Market

There has not been any significant change in market trends this week. While the crude spot market remains mostly subdued with the odd positive, albeit uncertain, uptick in some areas, we are at least possibly seeing signs of a very gradual shift towards forward thinking on the TC side. The VLCC segment has probably been the most active in recent weeks, although not a great amount has been concluded, with charterers predominantly put off by the even poorer spot market since the eve of 2021. The same charterers continue to seek VLCCs for TC off forward positions, although the number of owners willing to fix ahead has seemingly slowed for now. As of this week a small number of Suezmax enquiries have been seen, whilst on the Aframaxes one oil major quoted for eco vessels. We suspect there are one or two more questions of longer more significant length TCs for modern Aframaxes also being asked. All of the long term enquiry appears to be for eco-tonnage, perhaps due to charterers bearing the future regulations surrounding vessel efficiency and the environment in mind.

On the CPP side, the MRs have seen a diminished amount of action compared to previous weeks, although questions have been asked for TCs of up to a year. Similarly we await to see how a market quote develops over the coming weeks for a 12 option 12 month requirement. LR1s and LR2s have also not seen a vast amount of action over the past week.

Weekly Timecharter Fixtures

Baltic Glory (Sinokor), 309dwt, 05blt, min 3 max 12 mos, TD3C minus 8pct floating rate, Trafigura

Baltic Sunrise (Sinokor), 309dwt, 05blt, min 3 max 12 mos, TD3C minus 8pct floating rate , Trafigura

Eagle San Juan (AET), 158dwt, 12blt, 30-120days, RNR, ex-DD Tusla 25/1, Trafigura - subs

Atlantic Blue (EPS), 110dwt, NB, scrubber, 6+6mos, upto 2mos @ usd 15,000 / 2-4mos @ usd 19,500 / opt 6mos @ usd 25,000, dely ex-yard 1-3/Feb '21, ST Shipping - fxd

Kastelorizo (Eletson), 110dwt, 19blt, ICE 1A, DPP, 60-120days, upto 60 days @ usd 15,750 / balance @ usd 17,250, dely Cont Jan '21, Trafigura - fxd

Asterion (Socatra), 37dwt, 11blt, 12+12mos, usd12,750/13,000k, del Europe PPT, Maersk - old

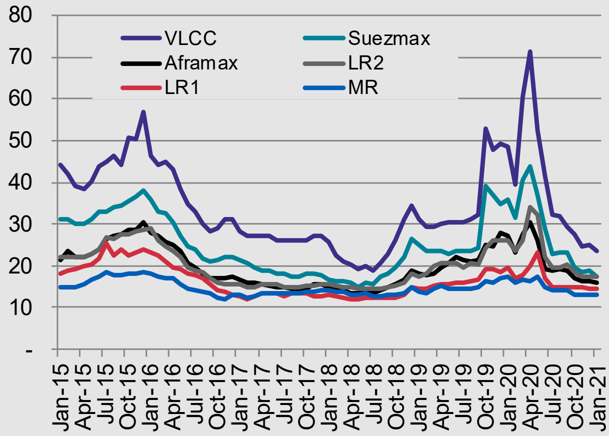
Timecharter Rate Estimates: $'000/day

1 Year	non-ECO	ECO	
Crude			
VLCC	23,500	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	16,000	↔
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	34.487	6.287
Suez/TD20 BITR	1Q2021	47.110	6.652
Afra/TD7 BITR	1Q2021	96.054	5.648
MR/TC2 BITR	1Q2021	119.301	14.686
LR1/TC5 BITR	1Q2021	86.931	17.786

Data from Baltic Exchange as of cob 21 January '21

Financial Indicators

Spot Prices		
Brent	55.17	$/bbl
WTI	52.15	$/bbl
Gasoil	447.00	$/t

Delivered IFO 380		
Fujairah	339.50	$/t
Singapore	348.50	$/t
Houston	322.00	$/t
Rotterdam	326.50	$/t

Delivered VLSFO		
Fujairah	453.00	$/t
Singapore	455.50	$/t
Houston	419.50	$/t
Rotterdam	420.00	$/t

WATCH OUT FOR…

Shortly after being inaugurated on Wednesday, US president Joe Biden announced a series of immediate measures aimed at tackling climate change and reforming the US fossil fuel industry. At the forefront of these initiatives was the re-engaging of the United States into the Paris climate accord, after previously exiting the agreement in November under Donald Trump's presidency, Reuters report.

Furthermore, Biden has also formally revoked the permit required to build the Keystone XL pipeline, which was due to carry as much as 830K b/d of crude oil from Alberta to Nebraska once complete.

Other executive orders include a review of vehicle fuel efficiency standards and methane emission curbs, as well as a temporary suspension of the permitting of oil and gas drilling on federal lands and waters.

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