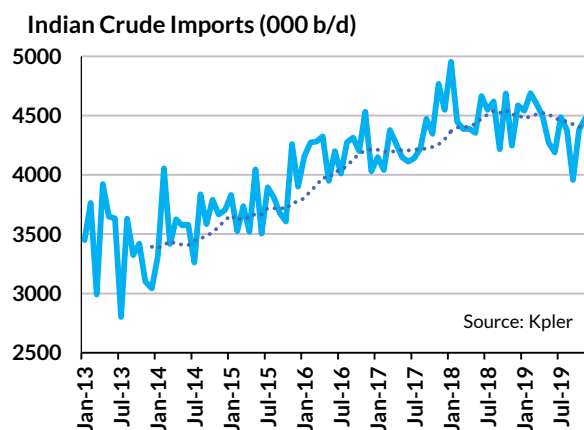


## Indian Upset

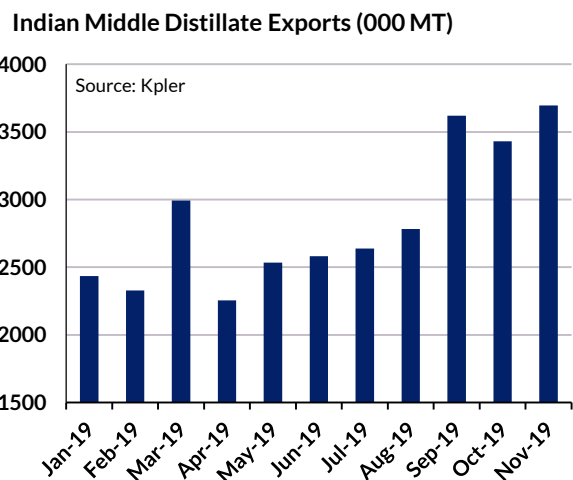
### Weekly Tanker Market Report

India, which is home to over 1.3 billion people was once heralded as one of the most important drivers behind oil demand growth. To put it into perspective, India has 1 billion more people than the United States but only consumes a quarter the amount of oil, underpinning its potential. However, slower economic growth rates are denting demand, impacting on both crude and products tanker trade. If Indian growth stays lower for longer, world oil demand expectations will need to be paired back. So how is this lower demand growth impacting the tanker market?



Firstly, the slower demand growth is clearly apparent in crude oil imports. Imports last year averaged 4.5 million b/d, but for the year to date are running lower at 4.4 million b/d, against outright demand of 5 million b/d. Quite simply, India has not been importing as much seaborne crude this year. However, even with sanctions on Venezuela, the country has been taking more Atlantic Basin crude in the face of OPEC+ cuts and Iranian sanctions. Assuming the status quo in terms of sanctions and OPEC+ cuts is maintained, India is likely to continue sourcing long haul barrels to fulfil its demand.

Secondly, on the CPP side, exports of refined products, most notably middle distillates, have increased year on year as domestic refiners have been forced to seek alternative outlets for their excess product. Over the first 8 months of the year, India exported an average of 2.57 million tonnes of middle distillates per month. However, for the 3 months September to November, exports jumped to average 3.58 million tonnes per month and look set to remain above 3 million tonnes in December.



To understand what crude and products trade is likely to look like next year, it is important to understand developments both in terms of refining and demand. Economic growth has slowed to 5.9% this year, although current projections are that GDP will rebound somewhat to 6.3% in 2020. Against this backdrop, demand is expected to rise by 180,000 b/d to 5.18 million b/d, assuming economic growth lives up to expectations. However, refining runs are forecast to be relatively stable year on year, which tends to point to crude imports staying relatively flat in 2020, whilst refined product exports should ease back in order to cater for rising domestic demand. Only limited new refining capacity is due to come online over the coming years which should limit any growth in exports out of the country and may also curtail crude import growth rates over the coming years.

Overall, continued growth in Indian crude imports is dependent on economic growth rebounding and, unless the economic situation dramatically improves, crude imports into India are likely to see only modest growth. Product exports may come under downwards pressure as demand rises ahead of domestic refining capacity expansions, meaning that the surge in product exports seen towards the back end of this year is unlikely to persist in the long term.

## Crude Oil

### Middle East

Tight early dates last week had led to a rebound for VLCCs and initially, this week, fresh peaks were scaled but as December requirements began to fizzle out, owners quickly found themselves on the defensive and rates retreated from up to ws 115 to the Far East towards ws 105, and further settling may yet be seen before any January push gets underway. That said, early dates are now very tight once again, and any replacement needs would face potential premiums, and would provide a catalyst for another repeat snap back. Owners can only hope. Suezmaxes remained solid on the surface but, with little serious volume, and some easing looks on the cards within short. 140,000mt at ws 140 to the East, again, with rates to the West dipping into the high ws 50's. Aframaxes kept active and managed to push rates to an average 80,000mt by ws 180 to Singapore, with above ws 200 payable for tight early positions. Owners will be hopeful for good things next week too.

### West Africa

Suezmax rates are broadly where they left off last week, 130,000mt by ws 140 to Europe and a little under that to the US Gulf, but Owners have had (lost) opportunities to break higher and are now more alert to any slip up from Charterers and will be looking to make a stronger play over the coming period. VLCCs found the going on the slow side whilst watching the leading AGulf ease off. Rates settled back into the low ws

100's to the Far East, with \$6.4 million the last seen from Angola to East Coast India. Wider Atlantic interest does lend underpinning support, however.

### Mediterranean

Aframaxes steadily built a more solid - and higher - rate platform as availability trimmed on the fixing position, and medium term lists also thinned. Rates have inflated to 80,000mt by ws 205+ X-Med and up to ws 220 from the Black Sea, with perhaps even more to come over the short term. Suezmaxes remained 'on point' at 140,000mt by ws 145 for European destinations and to \$6.1 million to China, and Owners will be ready to squeeze the market higher next week if activity picks up even only modestly.

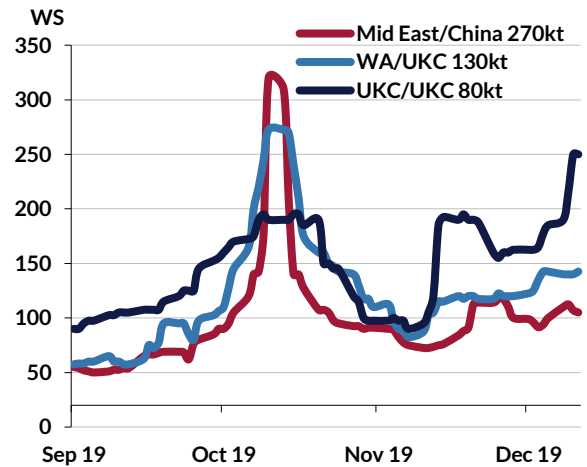
### US Gulf/Latin America

Aframaxes kept their plate spinning nicely through the week, with Transatlantic needs dominating and rates for Europe moving towards 70,000mt by ws 190 and to ws 205 upcoast. For now, all is rosy in the Aframax garden. Naturally positioned VLCCs remain very tight and the constant need for ballasters from the Far East means that rates are quickly dictated by Middle Eastern fortunes. Rates therefore initially moved higher to \$10.5 million -plus - from the US Gulf to Singapore before sliding sideways again as the AGulf retreated. More largely positive push-and pull-in the coming week/two.

## North Sea

Aframaxes had already moved to a finer balance, and a very active week propelled rates to significantly higher marks - 80,000mt by ws 250 X-UKCont now, and 100,000mt by ws 215 from the Baltic too. Ice season is nearly upon the market to add extra zip/problematics. VLCCs saw less than last week but there was occasional fixing concluded at steady numbers nonetheless. \$10.5 million - or close to that - for crude oil to South Korea/China, and little meaningful change on the near term forecast.

## Crude Tanker Spot Rates



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

## Clean Products

### East

Another busy week for the MRs in the East. The list remains tight and, with a number of open cargoes still uncovered, rates will continue to be positively tested. EAF progressed and closed at 35 x ws 215, with TC12 at 35 x ws 185. UKCont also saw a much-needed test at \$1.65 million but next done will be closer the \$1.7 million mark. X-AGulf is on subs at \$265k but again this could be nearer the \$300k mark as tonnage becomes thin on the ground. Owners will be hoping for a strong push next week before we start seeing people head off for the holiday season.

LR1s started the week as expected, with a good volume quoting and accordingly rates moved up a level quickly. Owners have been frustrated though, as just too many ships have been available and rates have been kept steady after that move. 55,000mt naphtha AGulf/Japan is now ws 155 but for now looks steady. 65,000mt jet AGulf/UKCont has bounced back to \$2.075 million but again it is tough to see Owners pushing it much further. LR2s have seen enough volume to see rates overall remain flat. 90,000mt jet AGulf/UKCont weakened slightly but by today was back at \$2.975 million. 75,000mt naphtha AGulf/Japan has also seen a slight late improvement up to ws 155 and, with lists tight could see a touch more added in the coming week.

### Mediterranean

A combination of strong enquiry, a thinning list and uncertain itineraries allowed Owners to pull strings this week, with the market firm throughout. With X-Med incrementally increasing to 30 x ws 250 throughout Monday-Thursday, a ws 50 point jump was then seen due to only a couple of ships with firm itineraries available for 17-19 dates. At the time of writing, a positive correction is inevitable ex Black Sea, with 30 x ws 315-320 likely as next done. Considering outstanding cargoes are very healthy, there is room for improvement still in this market. Come Monday, with end month Black Sea stems still yet to enter the market (which we normally see a fair few), this will give Owners the hope to build on the momentum seen during Week 50 and go into the festive period with a spring in their steps.

Owners enjoy the benefits of a strong Handy market and a flow of MR cargoes, keeping this market swinging in their favour. A couple of Black Sea smaller cargoes have been taken out by the larger MRs, keeping tonnage short. Yet, with the UKCont not offering much assistance, Owners have had to keep their options open. Pushing forward the temptation for smaller stems will be present but, with Christmas around the corner, Owners will have to make the commitment shortly to avoid a prompt ship over the festive period.

## UK Continent

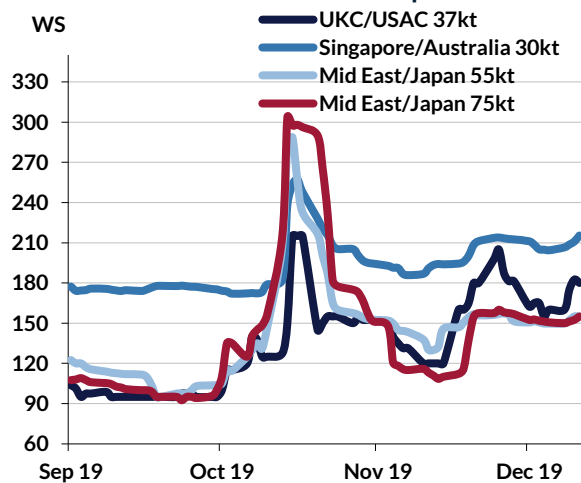
A lack of fresh activity over the past couple of days has seen TC2 soften to 37 x ws 170. On the back of this WAF has also headed south, with last done now at ws 190. Despite this softening, with the holidays approaching, next week should see strong enquiry as Charterers look to clear the decks. The list is, however, well stocked for the 3rd decade; so it is very much in the balance as to whether rates will improve even with a busy week, which we should see. By the same token, it looks unlikely that rates should soften much more either as long as that cargo list performs as expected.

It has been a positive week for Handy Owners plying their trade in the North as good demand from the Baltic and the Continent has kept Owners in the driving seat. Partnered with a stripped back tonnage list, liftings ex Baltic have risen to 30 x ws 210 and X-UKCont is expected to follow suit and land around the 30 x ws 195-200 mark. One point to note is that any prompt exposure this week has been met with bullish fixing ideas. With continued bad weather strikes expected, Owners are likely to remain positive here.

Following suit with the firming Handy market, it's been a positive week for Flexi Owners. Owners' ideas have increased over the course of the week, which sees us close out the week with X-UKCont now at the 22 x ws

255 mark. With more cargo enquiry on the Flexis this week and the Handy market looking to continue its upward trajectory, further gains could be made next week.

## Clean Product Tanker Spot Rates



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

## Dirty Products

### Handy

The North has continued to enjoy a comfortably robust level, with the fundamentals keeping the region balanced for the majority of the week, with just a small improvement of ws 5 points. The story in the North shows no signs of a drastic change, with few firm units to match very few cargoes as we end the week. Looking ahead into next week and the festive period, should there be a rush to fix next week, Owners may find themselves in a position to push for one last gain before 2019 is out.

Starting the week with a well-stocked West Med position list, there were some rumblings in the market that this week could see a negative correction. However, Owners managed to hold fast on current levels. Once the cargo tap was turned on mid-week, the region steadied. Bad weather swept across the Med, creating delays and congestion in some areas. As such, any safe itineraries were snapped up, tightening tonnage once again. Black Sea continues to trade at ws 350, with possible improvement on the horizon for Owners, if stems present early next week. Added to this, the surrounding firm Aframax market could also have an impact going forward, if Straits delays tick up.

### MR

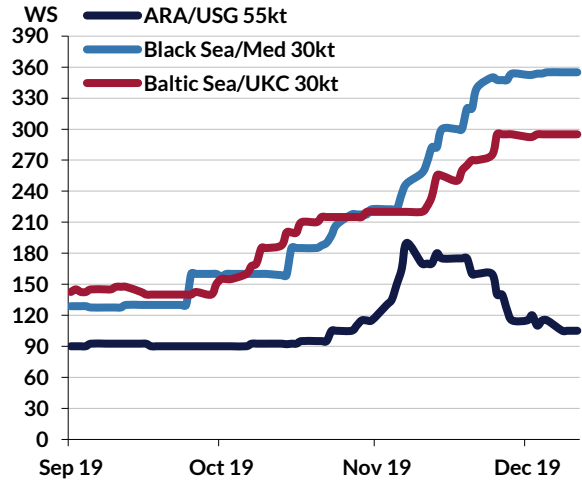
With very little in terms of tonnage replenishment, the week once again started off with a tight tonnage list in the North. Despite some fixing and failing seen early in the week, it didn't take long for the firmest units to be taken up at ws 210. From here, ballasters were the only viable option with one unit coming from WMed for a longer voyage back to the Med. Going into next week, there is some hope of itineraries firming in order to replace some of the tonnage that has been fixed away.

In the Med, this week the Handies have continued to lead the charge and prop up market activity as MR enquiry slowed in pace, with the majority of firm tonnage appearing a long way down the list. As such dates are being forced on to catch up with firm itineraries and the market is edging towards 2020 dates.

## Panamax

After week 49's activity, this Monday we were presented with limited natural tonnage this side of the Atlantic. As a result, early trading witnessed a ws 5 point gain in levels from where last week finished. Adding to this, the US markets continued to firm on the back of the larger Aframax sector tightening. This in turn is only putting further pressure on trading this side of the pond as tonnage replenishment is looking very unlikely before this year is done. Expect early next week tonnage left close to our shores to become hot property, as the Aframaxes here too are making gains and momentum continues to be strong.

## 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	Dec 12th	Dec 5th	Last Month	FFA Dec
TD3C	VLCC AG-China	+12	106	94	75	102
TD20	Suezmax WAF-UKC	+3	141	138	111	140
TD7	Aframax N.Sea-UKC	+72	248	176	183	190

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

		wk on wk change	Dec 12th	Dec 5th	Last Month	FFA Dec
TD3C	VLCC AG-China	+11,750	88,750	77,000	58,250	102
TD20	Suezmax WAF-UKC	+1,250	56,750	55,500	41,000	140
TD7	Aframax N.Sea-UKC	+51,750	123,250	71,500	75,250	190

## Clean Tanker Spot Market Developments - Spot Worldscale

		wk on wk change	Dec 12th	Dec 5th	Last Month	FFA Dec
TC1	LR2 AG-Japan	+3	154	151	108	
TC2	MR - west UKC-USAC	+24	182	158	120	186
TC5	LR1 AG-Japan	+7	157	150	133	162
TC7	MR - east Singapore-EC Aus	+11	215	205	194	218

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

		wk on wk change	Dec 12th	Dec 5th	Last Month	FFA Dec
TC1	LR2 AG-Japan	+0	23,250	23,250	22,500	
TC2	MR - west UKC-USAC	+4,500	22,000	17,500	10,250	22,750
TC5	LR1 AG-Japan	+750	25,250	24,500	21,250	26,750
TC7	MR - east Singapore-EC Aus	+2,250	24,500	22,250	21,000	24,750

(a) based on round voyage economics at 'market' speed

ClearView Bunker Price (Rotterdam HSFO 380)	+10	261	251	256
ClearView Bunker Price (Fujairah 380 HSFO)	+25	293	268	245
ClearView Bunker Price (Singapore 380 HSFO)	-22	301	323	300
ClearView Bunker Price (Rotterdam LSMGO)	+5	558	553	563



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