

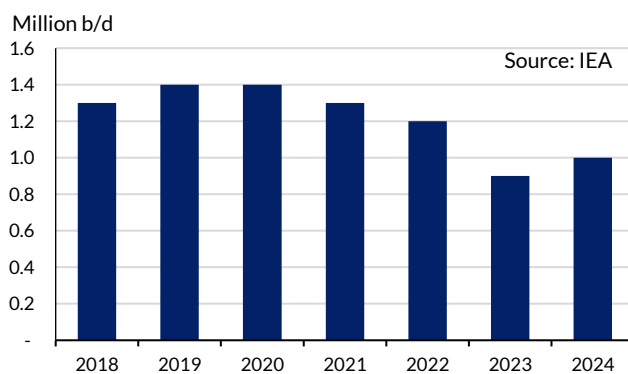
West to East

Weekly Tanker Market Report

Earlier this month the IEA released its medium-term outlook for the global oil markets, which provides analysis and the forecast of the key issues in demand, supply, refining and oil trade through to 2024. The report portrays a positive outlook for oil demand growth, which is expected to continue to increase at a healthy pace, in line with the average growth rate seen since 2000. The gains in oil consumption are projected to average 1.2 million b/d per annum between 2018 and 2024, driven by the expansion of the petrochemical industry and the fast-growing aviation sector. Asia Pacific will see the fastest growth in consumption, accounting for 62% of the total increase in demand.

In terms of oil production, the US is forecast to become a dominant supplier of incremental barrels. The country's output is anticipated to grow by more than 4 million b/d by 2024, accounting for 70% of the total increase in global production capacity. Expectations also are for a 1.2 million b/d growth in Brazilian oil output and a 0.6 million b/d production gain in Norway. Prospects also are strong for major output growth in Guyana, a country that currently does not produce any oil. Overall, indications are for a large-scale increase in the Atlantic Basin crude availability, despite expectations for declining production in

Growth in World Oil Demand



Mexico and Columbia, a highly uncertain outlook for Venezuela and a forecast for a major drop in crude exports out of Nigeria (and to a lesser extent out of other African countries) towards the end of the forecast period, following the start-up of new refineries, most notably the 0.65 million b/d Dangote oil refinery.

The picture is very different in Asia Pacific. Oil production is expected to decline in China, Indonesia and Malaysia as output at maturing fields continues to fall, while there are just a few new projects coming online over the

forecast period. Although the expectations are for some modest increases in Australian output and marginal gains in production in India, cumulatively oil supply in Asia is projected to fall by 0.6 million b/d by 2024. At the same time, expectations are for a notable growth in regional refining capacity, which is expected to increase by 5.3 million b/d over the forecast period. China accounts for most of the growth, with the country's capacity projected to increase by 3.6 million b/d, as several mega projects are scheduled to come online. Regional refining throughput is likely to see slower growth in order to avoid a product oversupply; however, coupled with an anticipated decline in oil production, Asia's net crude shortage is still forecast to grow by 3.4 million b/d between 2018 and 2024.

Where will this crude come from? An additional 1 million b/d is likely to be sourced from the Middle East, despite planned increases in regional refining capacity and throughput. The IEA points out to efforts being made by several Middle East countries, most notably Saudi Arabia to expand downstream operations overseas, mainly in Asia. Critically, even with more Middle East crude, Asia will still need to source the vast majority of its incremental crude demand from somewhere else. As most of additional oil production is expected to come from the US and Latin America, Asia is highly likely to rely on these barrels to meet rising demand. Some incremental volume is also likely to be imported from the Former Soviet Union (FSU), but with limited new crude pipeline capacity connecting FSU countries to the East, most of this trade is forecast to be sourced from export terminals in the Baltic and the Black Sea.

All in all, the latest IEA medium term report offers a bullish outlook for crude tanker demand, despite the threat of expanding refining capacity in some key crude exporting countries. The emphasis is clearly on long haul trade, with VLCCs the biggest winners.

Crude Oil

Middle East

With full April VLCC programmes quickly in hand, it could-or should-have been an active week, but 'easy' availability and an already uncertain marketplace, encouraged Charterers to keep the cargo flow upon drip-feed, and rates fell further away in consequence. Modern units to the Far East have slipped to ws 57, with runs to the West now moving in the low ws 20's. Activity may well pick up within short, but the trendline looks set. Suezmaxes started brightly with improved demand to the West, in particular, allowing rates for those runs to jump up to ws 45 although, East numbers failed to breach ws 75 and later in the week a slower scene developed to slightly deflate. Aframaxes enjoyed a busy week and enough momentum to force rates up to 80,000mt by ws 110 to Singapore, and could improve upon that over the near term too.

West Africa

Suezmax Owners failed to turn their beleaguered ship, and then drifted to a very rocky bottom that brought TCE's into negative territory - 130,000mt at down to ws 42.5 to the USGulf, and no better than ws 50 to Europe. The best that can be said is that rates cannot now go any lower! Eventually there should be a degree of re-float, but it will take a little time yet. VLCCs existed upon a mainly Indian diet that fell short of providing the nutrition needed to counter the falling

AGulf scene. Rates to East Coast India eased to \$3.3 million and runs to the Far East are now marked at ws 55 - tops. Further readjustment likely over the coming week too.

Mediterranean

Aframaxes enjoyed a rash of improved mid-week attention to hoist rates up to slightly more respectable levels, but as the week closed, things had quietened, and hopes of pushing over 80,000mt by ws 97.5 X-Med, ws 102.5 ex Black Sea were put on hold. It's a 'last done' market into next week now. Suezmaxes tried to ignore the West African disaster but needed part cargo opportunity to counter the bad news. The end result was for little material change, as rates hovered at around 140,000mt by ws 67.5 from the Black Sea to European destinations, with runs to China marked now at a slightly lower \$2.6 million.

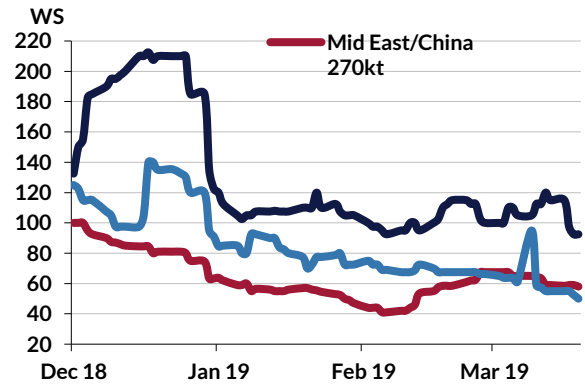
Caribbean

Aframaxes failed to build upon last week's slight gain, and then retreated back to 70,000mt by ws 95 upcoast as availability began to thicken once again. Charterers seem in easy control for now, and for a while yet. VLCCs saw very little and a longer queue of keen candidates began to negatively impact upon whatever was concluded. Rates from the USGulf to Singapore are marked down to \$4.75 million with discounting from that possible within short.

North Sea

A steady draw down in Aframax rates from 80,000mt by ws 120+ X-UKCont last week, to a more miserly ws 90+ this week, with 100,000mt ex Baltic now moving at down to ws 72.5. An easy looking tonnage list moving forwards is likely to continue to compromise even if improved activity does return next week. VLCCs were largely ignored and rate ideas had to track lower upon the USGulf weakness. Crude Oil from Hound Point to South Korea was covered at \$5.5 million with the 'arb' for fuel oil to Singapore still slammed shut.

Crude Tanker Spot Rates



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

Clean Products

East

A fantastically busy week for the MRs, where the supply of fresh stems entering the market has remained constant. The tonnage list is tight and the number of open cargoes as we head into the weekend remains long. There have been positive pushes on most rates, with some doing particularly well. EAF corrected quickly to 35 x ws 190 and sits tight for now. UKCont jumped around a little but closes at the \$1.45 million level. X-AGulf is trading at \$310k and into the Red Sea should pay around \$600k. TC12 saw a few stems and finishes at 35 x ws 130. With the current market sentiment, there are certain voyages that could be tested further, with EAF a prime candidate to push on to ws 200. X-AGulf and UKCont stems may struggle to gain much more traction as LR1 activity has been non-existent and LR1 Owners may be looking at MRs cargoes to get their tonnage moving. As everyone heads into the weekend and reflects on the week just had, one thing is for certain, the Owners will be looking forward to Monday morning.

A mixed bag for the larger ships this week. The LR1s had a day of activity and then threw the towel in, and since then have been very quiet and steady. TC5 sits at 55 x ws 115 and UKCont at \$1.875 million. But, given the lack of enquiry from Charterers, these rates could be under pressure as Owner look to get tonnage on the move. The LR2s conversely have been very active and woke up from their 2 week slumber. TC1 is on subs at 75 x ws 102.5 but ws 105 will be in the Owner's sights. UKCont stems are currently at \$2.075 million but similar to TC1 Owners ideas are in the \$2.2 million region. Expect that next week will see the momentum build on the LR2s, as with coming out of a period of quietness, expect that there will be a healthy supply of stems entering the market.

Mediterranean

Week 12 has been a period of positivity for Owners, with the momentum building throughout. Enquiry has been consistent and has left the front end of the list tight, especially around EMed and Black Sea, where the majority of cargoes are entering the market from. At the time of writing, X-Med is trading around the 30 x ws 170 mark, ws 25 points higher than it was on Monday and there are legs in this market, with potential to see north of this number. Black Sea sentiment has followed suit and given there are around 5 cargoes off end month dates still outstanding, expect Owners ideas to be bullish and the opportunity for a few more points on offer in return for safer itineraries. Come Monday, if we continue to see cargoes come out the woodwork, then there is no reason why this market can't continue to firm.

Finally, to the MRs in the Mediterranean, where despite a slowing in WAF runs, Owners found themselves on the front foot, and rates have continued to remain positive throughout the week. Transatlantic held fast bouncing between 37 x ws 167.5-170 and, with WAF having to be theoretically heading towards the ws 180-185 mark. Midway through the week, sentiment did begin to feel Charterers were slowly gaining some ground, but this seems to be more through direct deals, than actual fixing levels and by the time of writing, Owners manage to gain further and reach ws 175 for transatlantic ex Huelva. Owners will once again be taking the positivity home with them this weekend, and come next week, Charterers will be hoping for some additional ballast tonnage to dilute any possibility of further gains ahead.

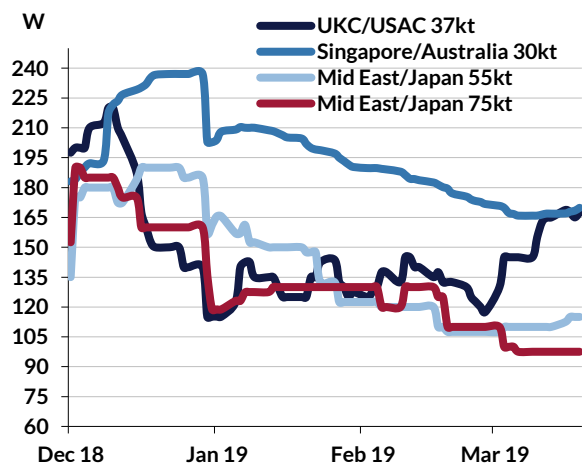
UK Continent

For the most part of this week, the numbers haven't quite reflected the positivity that has been ingrained in the NWE MR market, up until Friday, we had traded relatively sideways 37 x ws 167.5 TC2 and ws +12.5 points for WAF. Charterers have played their hand wisely, meaning that market firming has been held back until Friday and at the time of writing, 37 x ws 175 has been put on subs twice for TC2, with other routes expected to follow in line with same improvements. Normally a weekend would be a cause for concern for Owners, 2 days for the tonnage list to grow and cargoes to dwindle, however, in the current situation there are still plenty of uncovered stems and, with the USGulf market making improvements, it's unlikely that we will receive enough ballasters to make any substantial dent in sentiment or achievable rates in the opening stages of next week.

The Handy market has gone from strength to strength this week, rates seem more akin to those expected in January and February, although Owners will no doubt be happy with the week closing out at 30 x ws 197.5 Baltic/UKCont and X-UKCont voyages following suit (although a little less busy) 30 x ws 175-180. Owners have comfortably had their bullish hat on, with the tonnage list tipped in their favour for the duration of the week and, with fresh enquiry being consistent and not too far ahead, the rates have pushed up on each fixture. A few late runners in the mix have done their part to add another spicy element to the market and, with the first few days of the Baltic programme expected to be worked early next week, Monday looks to stay positive. There are conversations creeping in about the market reaching its peak and, with units starting to be recycled we may not hit 30 x ws 200.

Although, the Flexi market has lost its market share compared with a few years ago, it is still a worthy talking point, particularly when the Handies get busy and firm, as Charterers look to utilise the smaller tonnage, as a get out of jail free option, or to improve on dollar/ton deals where necessary. As a result, we have seen market quotes, private cargoes and COA requirements all clip units away this week, and whilst the majority of these are being done on lumpsum basis ideas stem from pro-rated Handy levels, with 22 x ws 220-230 being the ball park, Owners are deriving their ideas. Future sentiment is based on what the Handy sector decides to do - keep a keen eye on them early next week.

Clean Product Tanker Spot Rates



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

Dirty Products

Handy

This week, the Handy market in the north effectively peaked too soon, with Monday's headlines telling of a flood of enquiry and units that had built being clipped away. With tonnage looking tighter for the rest of the week, enquiry soon dried up - fast forward to Friday and reported enquiry has slowed to just two units being taken up in the rest of the week. Tonnage is now inevitably building and the fixing window moves closer to opening dates. Some fingers will be crossed over the weekend for a repetition of Monday's activity.

A slightly different story in the Med where we have seen a steady flow of enquiry each day. However, with tonnage being fairly well supplied, the market remains well balanced for now. Rumours abound of ws 130 X-Med closing the week, however, having started the week at ws 127.5 positive sentiment is clearly lacking. Movement from the Black Sea could be blamed for the current over supply of tonnage, with only a handful of cargoes reported to the market this week.

MR

Starting the week with short tonnage availability, it comes as no surprise that the North has seen a less active few days. Those units that were showing got picked off early in the week but fixed within the region, so are expected to be shown again soon. For now that is as far as tonnage replenishment goes. However, heading into week 13, the expectation is for much the same level of enquiry, unless ballast units can make sense of being pulled away from the Med.

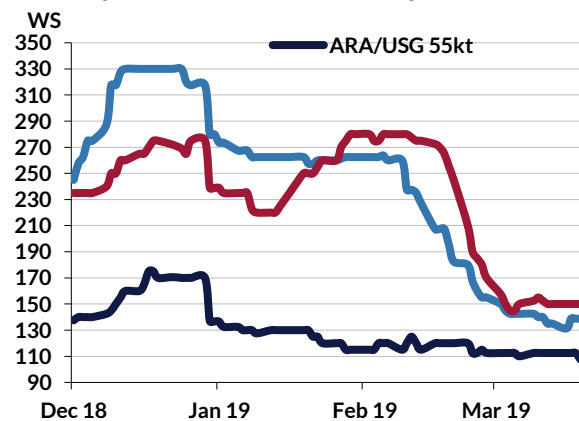
Owners would probably agree we are enduring a period rolling up the sleeves and doing what's needed to get front end tonnage moving. Part cargoes, bottom rung numbers

and TCE's to look at on paper with fingers covering your eyes. That's enough of the negatives though, as with what has transpired this week, floors seem to have been cemented and with April barrels now being covered, the momentum has picked up slightly.

Panamax

Week 12 offered the sector a fair bit of consolidation. Although levels from here in Europe have seen a spread of ws 15 points being fixed, lows of 100 go some way to illustrate the problems Owners faced, with both an oversupply and poor performing surrounding markets. That said, the tonnage lists now look rather trimmed and, with the continent seeing the higher end of the scale come the closing stages of the week, there is renewed optimism that rates will now hold closer to the "Pre Dip" levels we started the week with.

Dirty Product Tanker Spot Rates



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Dirty Tanker Spot Market Developments - Spot Worldscale

		wk on wk change	Mar 21st	Mar 14th	Last Month	FFA Q1 (Bal)
TD3C VLCC	AG-China	-3	58	61	58	54
TD20 Suezmax	WAF-UKC	-7	49	56	68	52
TD7 Aframax	N.Sea-UKC	-23	94	117	114	91

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

		wk on wk change	Mar 21st	Mar 14th	Last Month	FFA Q1 (Bal)
TD3C VLCC	AG-China	-4,250	28,500	32,750	29,750	25,250
TD20 Suezmax	WAF-UKC	-3,250	6,250	9,500	16,000	8,000
TD7 Aframax	N.Sea-UKC	-16,250	11,000	27,250	25,000	9,250

Clean Tanker Spot Market Developments - Spot Worldscale

		wk on wk change	Mar 21st	Mar 14th	Last Month	FFA Q1 (Bal)
TC1 LR2	AG-Japan	+2	99	98	113	
TC2 MR - west	UKC-USAC	+2	168	165	134	169
TC5 LR1	AG-Japan	+4	115	111	109	115
TC7 MR - east	Singapore-EC Aus	+3	170	167	179	

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

		wk on wk change	Mar 21st	Mar 14th	Last Month	FFA Q1 (Bal)
TC1 LR2	AG-Japan	+500	12,500	12,000	17,250	
TC2 MR - west	UKC-USAC	+500	17,500	17,000	10,750	18,000
TC5 LR1	AG-Japan	+1,000	11,500	10,500	10,250	11,500
TC7 MR - east	Singapore-EC Aus	+750	16,750	16,000	18,500	

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

ClearView Bunker Price (Rotterdam HSFO 380)	-5	409	414	410	
ClearView Bunker Price (Fujairah 380 HSFO)	+4	435	431	430	
ClearView Bunker Price (Singapore 380 HSFO)	-6	433	438	428	
ClearView Bunker Price (Rotterdam LSMGO)	+1	580	579	581	

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