



Tanker Market Summer Outlook

June 11 2025

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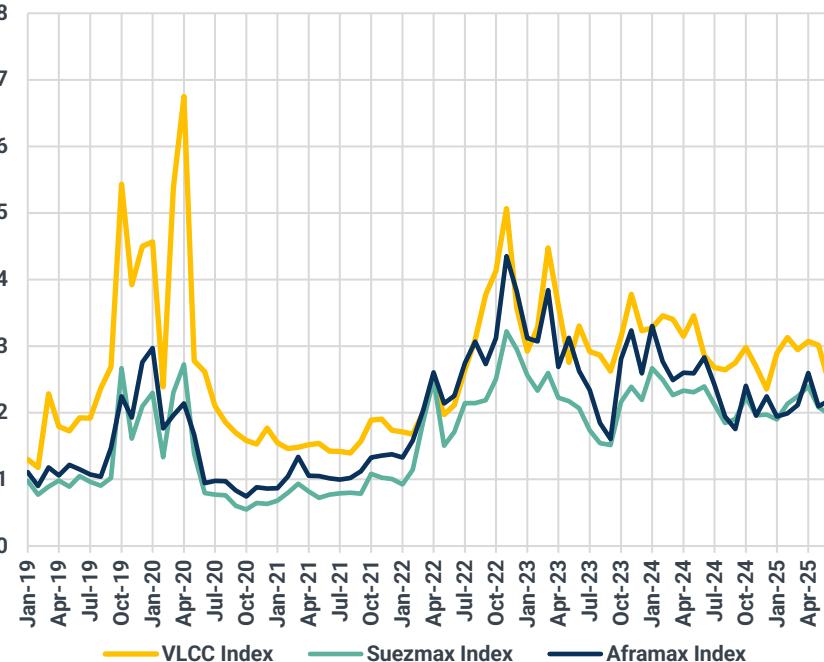


Dirty rates have shed most of the earlier gains

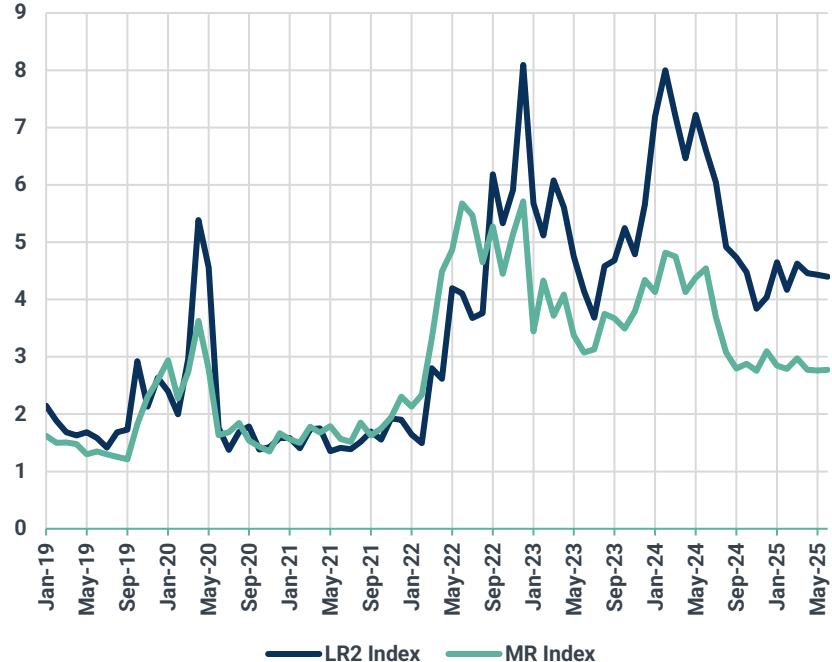
Clean LR rates remain constricted while MRs continue to suffer

2

Dirty Tanker rates (\$/bbl)



Clean Tanker rates (\$/bbl)



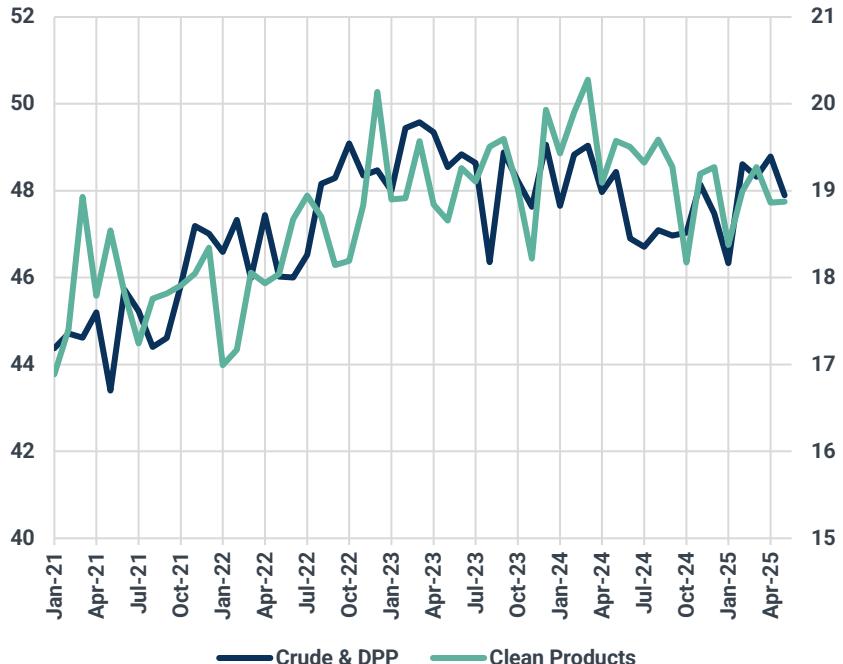
Baltic Exchange, Kpler

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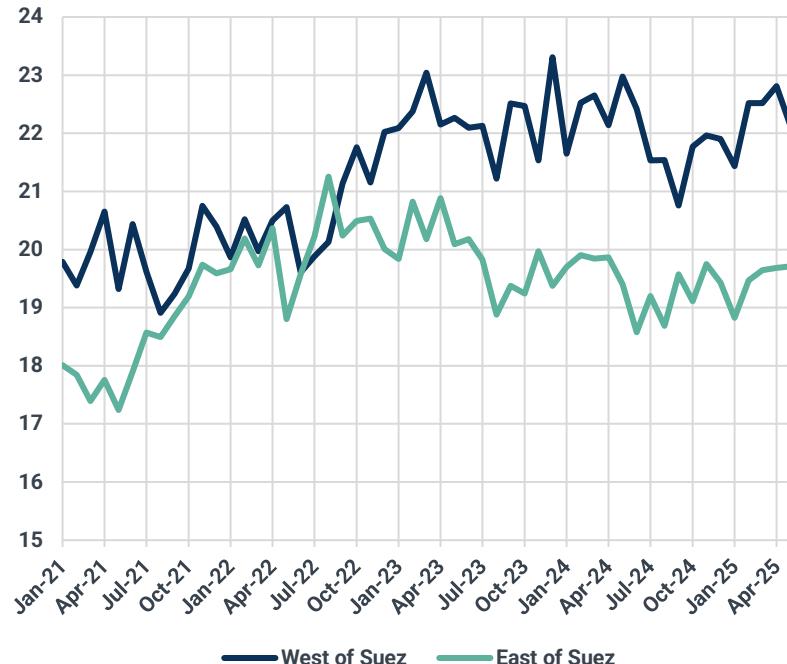
Oil export rally has slowed

OPEC+ supply growth may put a halt to growth in long haul flows from West to East

Global oil exports Mbd (Crude and Total RHS, Clean LHS)



Crude exports by region (Mbd)



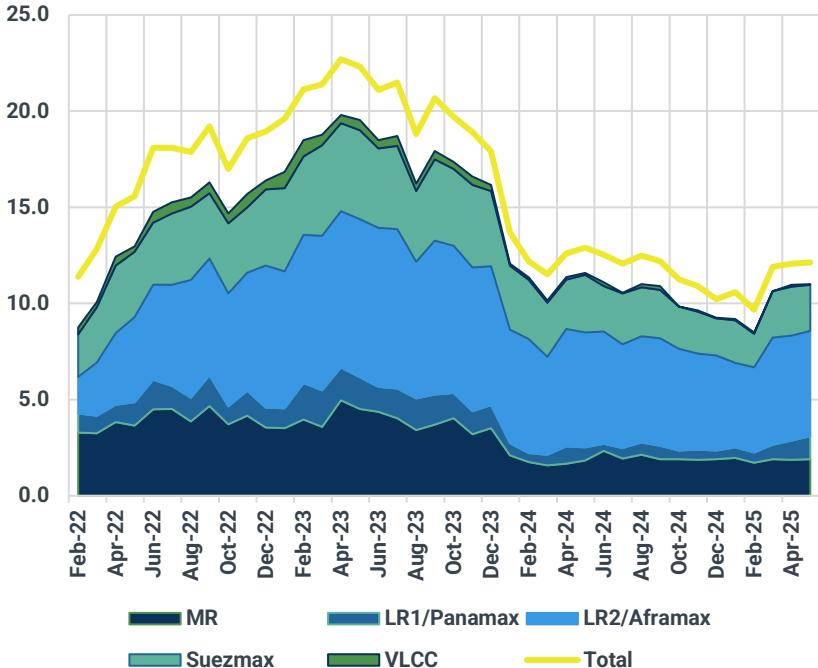
Source: Kpler

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Suez Canal transits are edging higher led by clean products

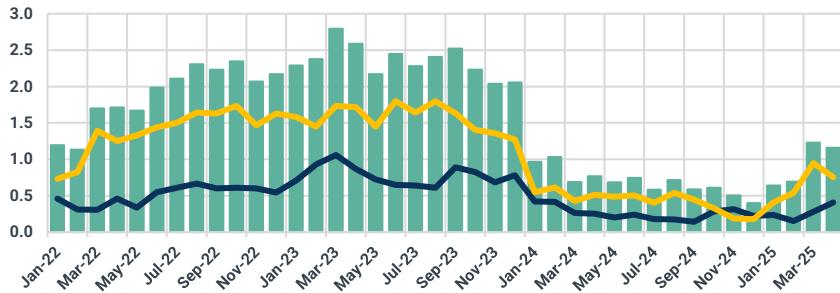
The majority is from Russia, but it also includes higher Indian diesel and Iraqi crude

Number of tanker transits of the Suez Canal per day

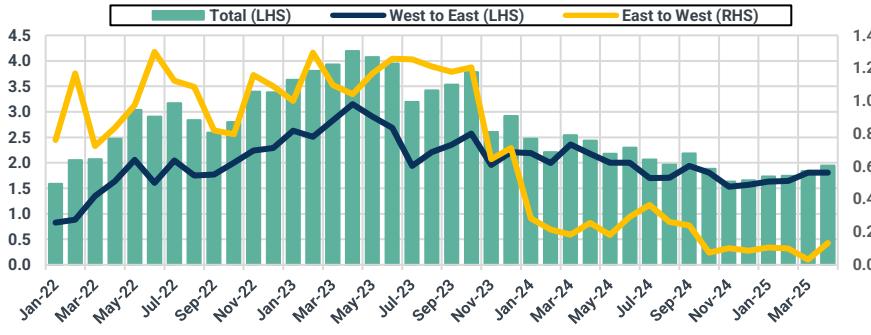


Source: Kpler

Clean product exports via the Suez Canal (Kbd)



Crude & DPP exports via the Suez Canal (Kbd)



Source: Kpler

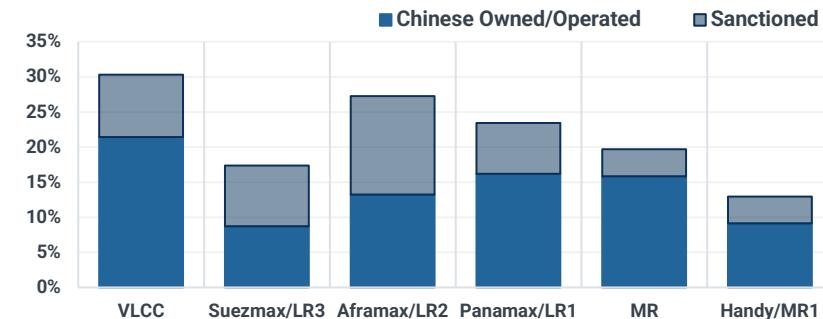
Chinese owned/operated VLCCs and MRs most affected by USTR port fees

There are many exceptions for Chinese built vessels, but it would have applied to 9% of crude imports in 2024

2024 share of US flows by Chinese owned/operated vessels and total trade (RHS) kbd



Share of fleet that is Chinese owned or sanctioned

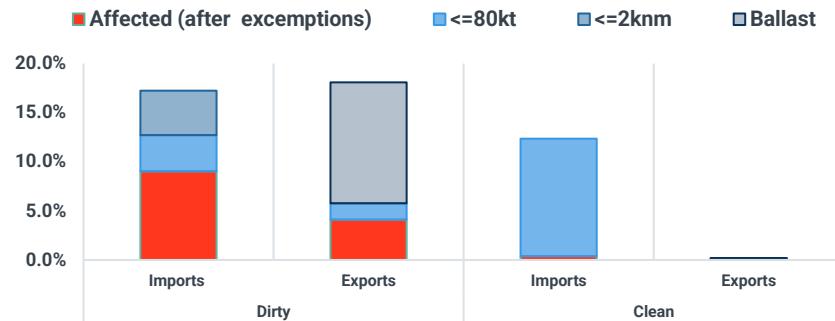


Additional cost (LHS) and percentage uplift on freight rates (RHS)



Source: Kpler

Share of 2024 US oil trade affected by restrictions on Chinese built ships



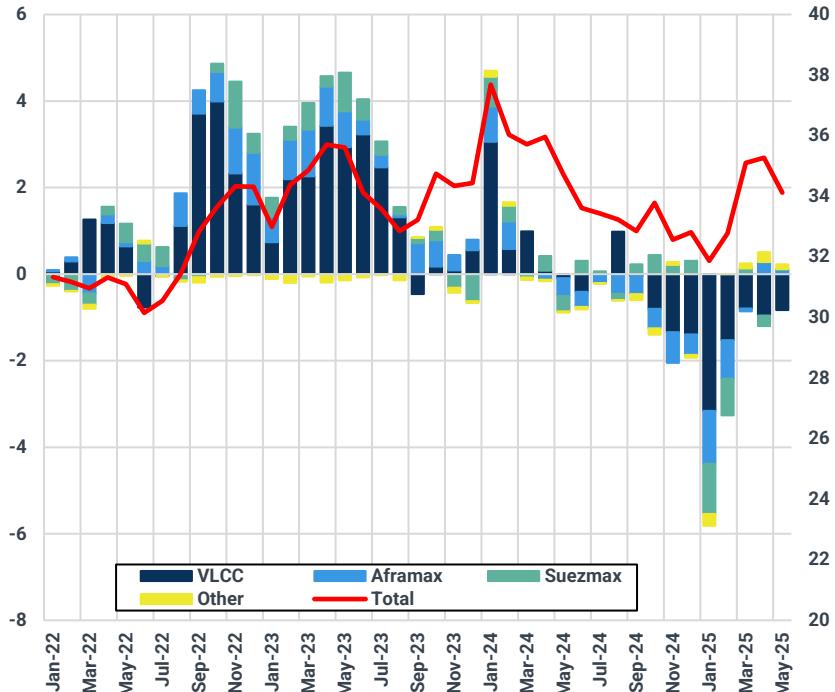
Source: Kpler

Dirty ton-mile rally hits the brakes

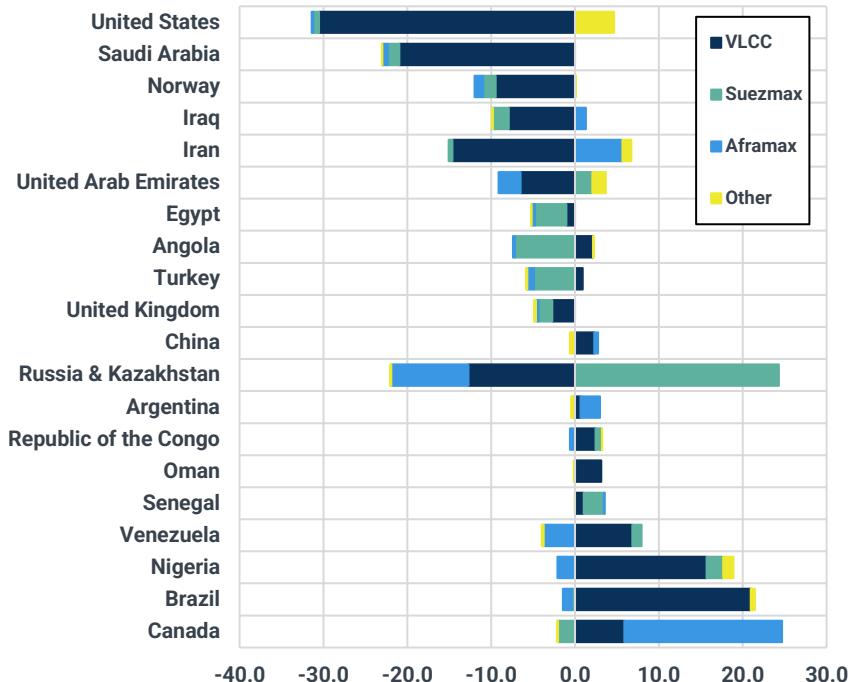
Decline in US exports hits Aframax and VLCC ton-miles in May

6

Dirty tanker ton-miles RHS and y/y change LHS (Bn/day)



Dirty tanker ton-miles April + May Bn (y/y) (top and bottom 10)

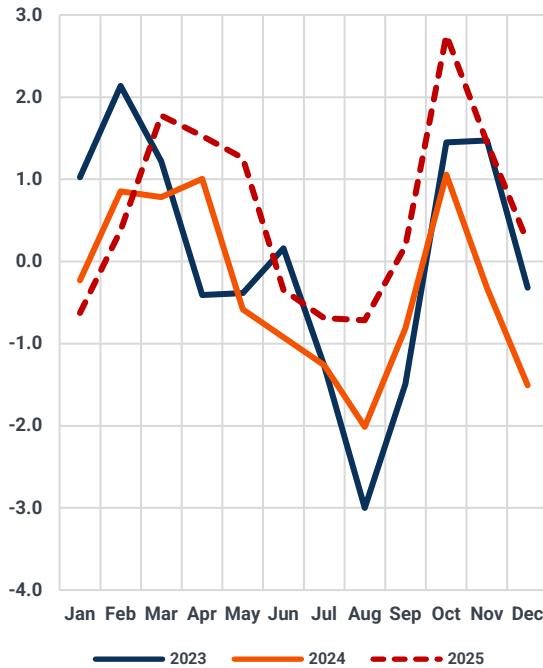


Lengthening balances drive a sharp bearish turn for prices in H2

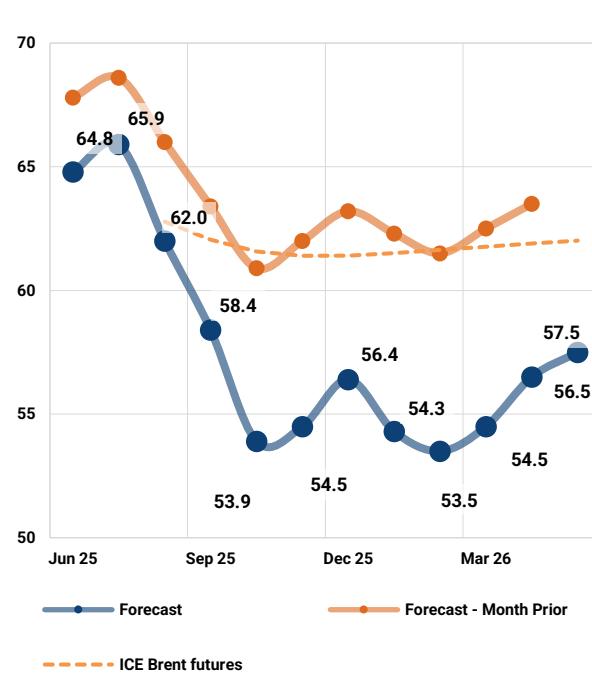
Summer tightness will support prices in the short-term nonetheless

7

Global oil balances, Mbd



Kpler Dated Brent forecast, \$/bbl



Global oil inventories, Mbbls



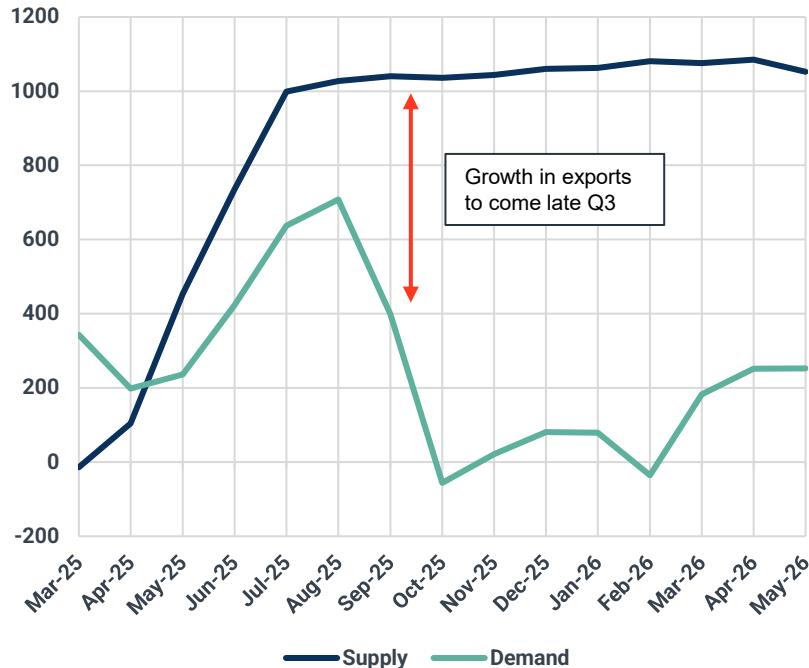
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Acceleration in OPEC production provides a short-term boost to tanker demand

Once countries have replenished inventories, there will likely be a pull back in buying

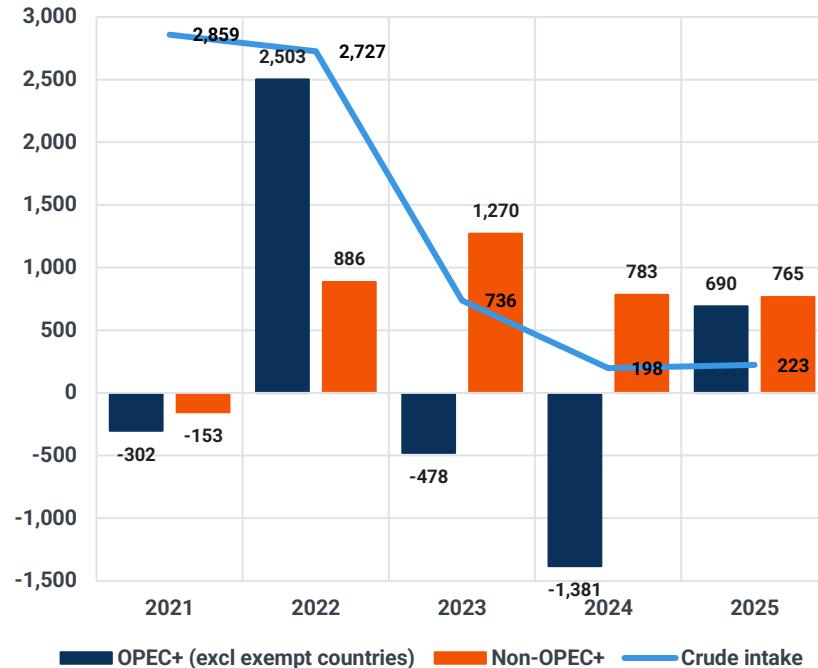
Cumulative crude supply and demand for Middle East OPEC (ex. Iran) (kbd)



Source: Kpler

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Non-OPEC+ vs OPEC+ y/y crude/co supply growth, kbd



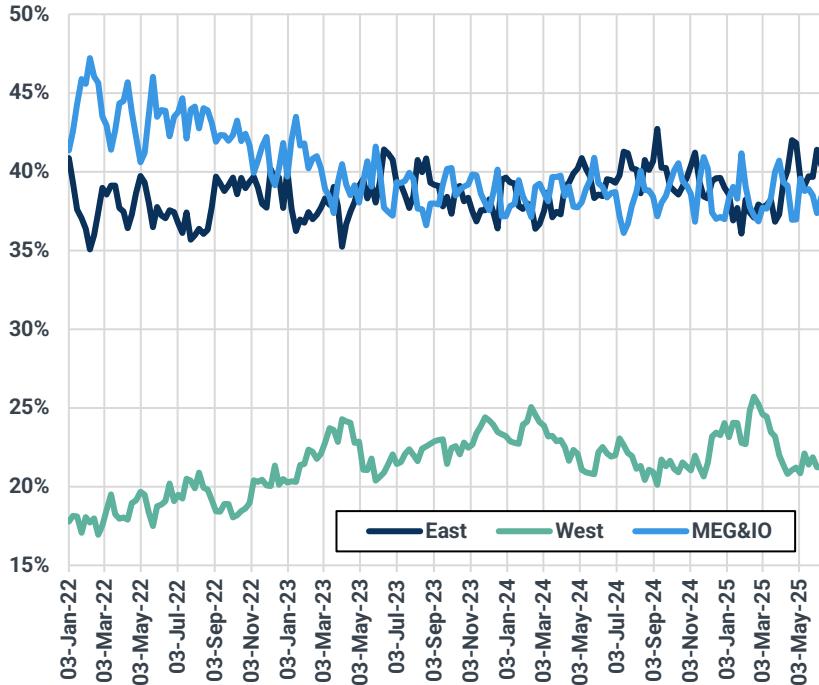
Source: Kpler

VLCC share in the Atlantic drops again as West to East flows ease

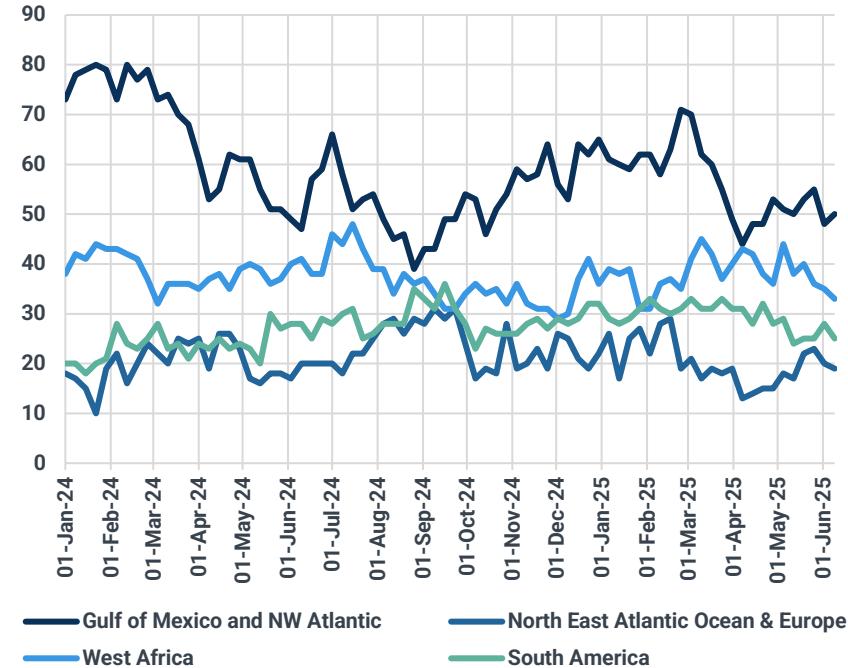
This mainly affected US exports with South America and West Africa numbers more steady

9

Share of VLCC fleet by region



Atlantic VLCC positions

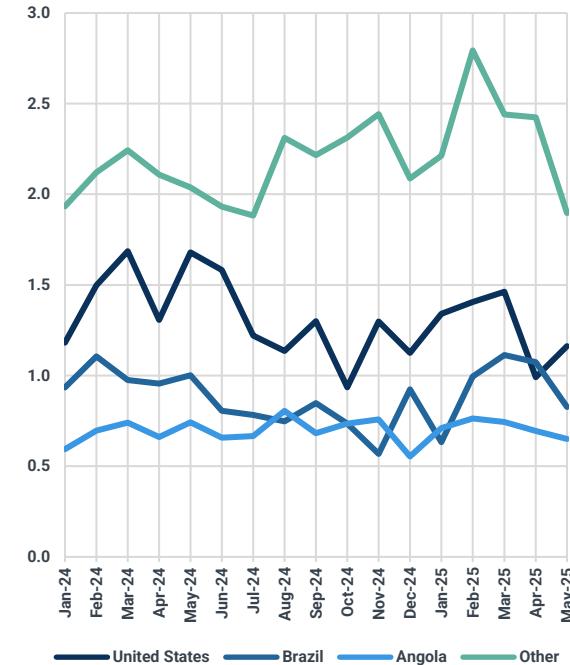


Brazil has become the driver of VLCC demand growth in the Atlantic

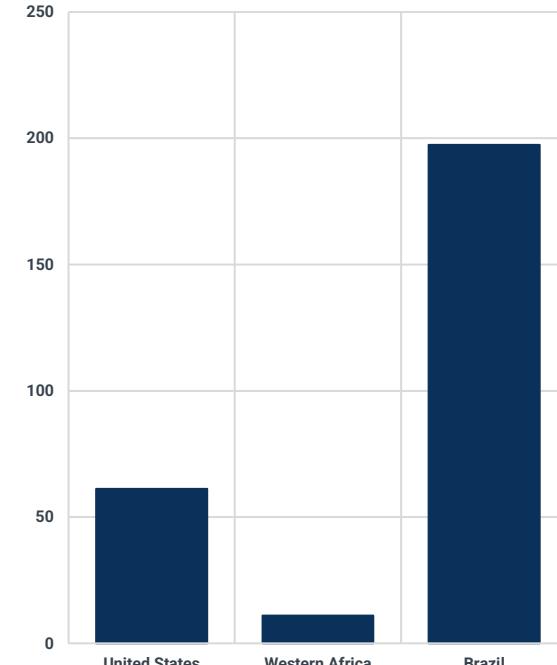
Growth in Brazilian crude production will support tanker demand on both short and long-haul voyages

10

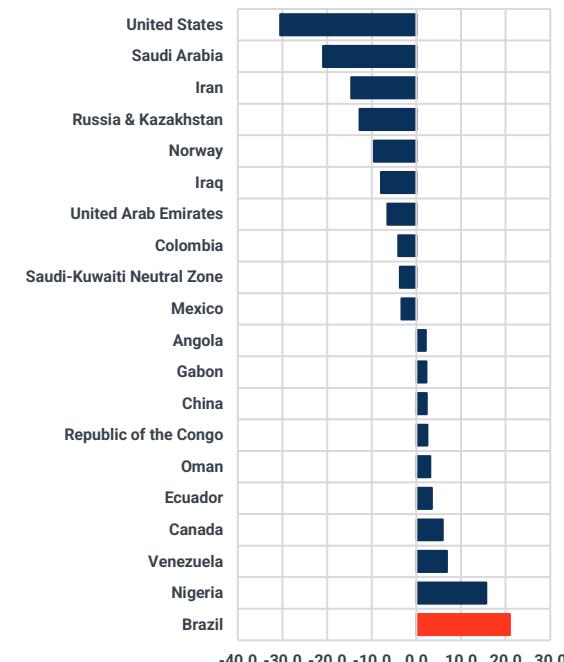
West of Suez to Asia-Pacific crude flows (kbd)



Crude supply outlook (May 2026 vs May 2025) (kbd)



VLCC ton-miles April + May Bn (y/y)



Source: Kpler

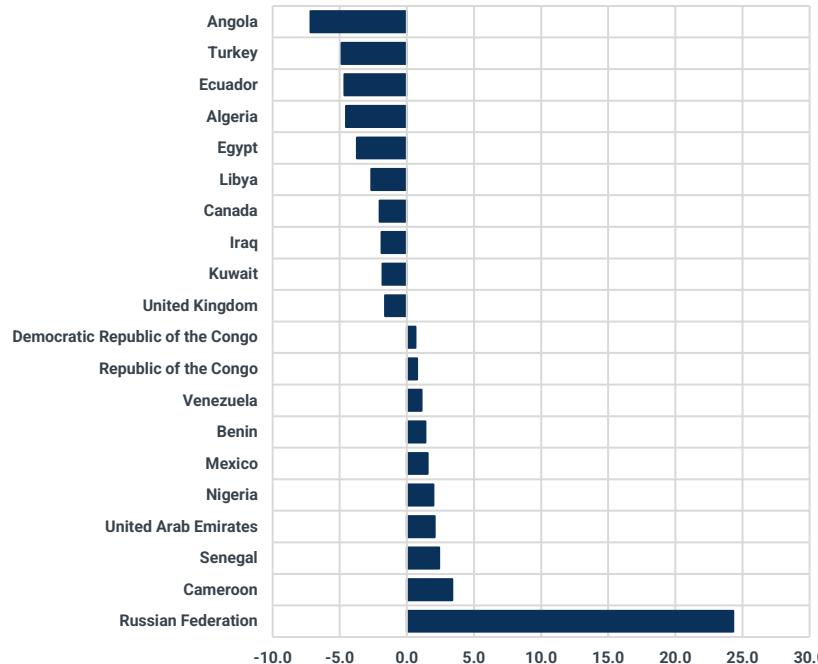
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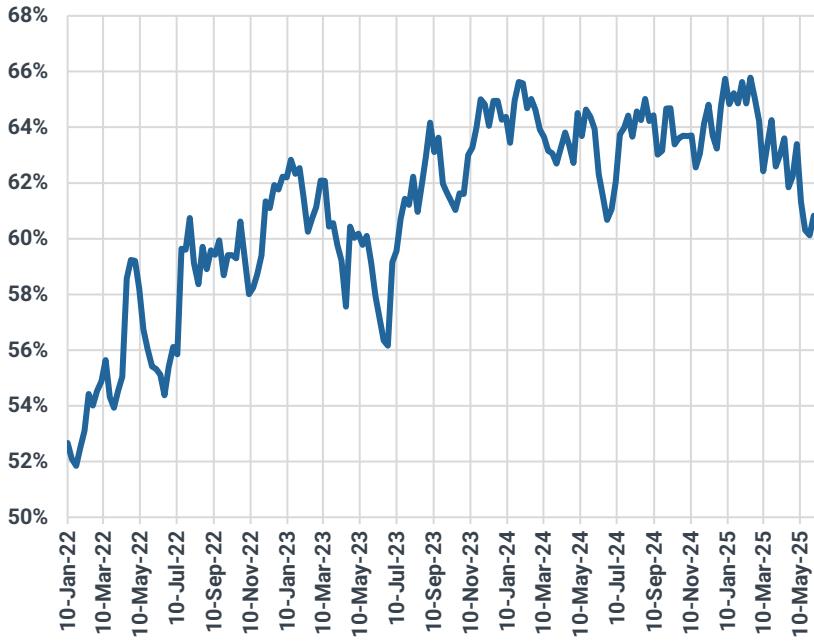
CPC exports to Asia spread the Suezmax fleet but this has now slowed

Voyage from the Black Sea to Asia around the Cape of Good Hope takes around two months

Suezmax ton-miles April + May Bn (y/y) top and bottom 10



Suezmax fleet share in the West of Suez



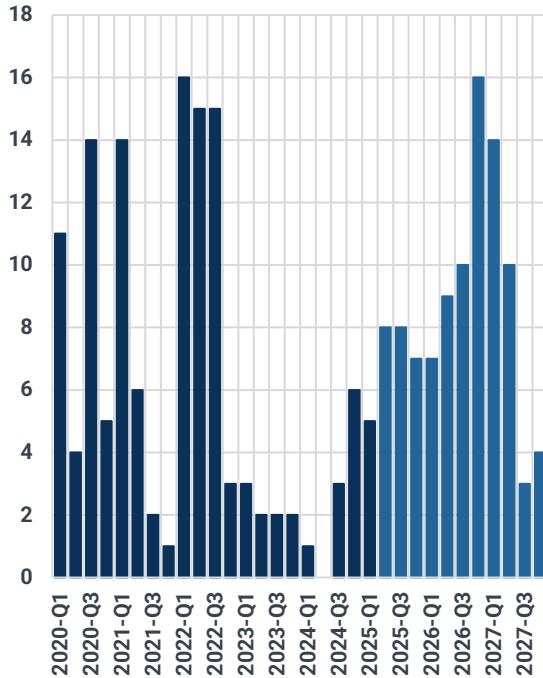
Source: Kpler

Demand increases for Suezmaxes in the West are set to ease over the summer

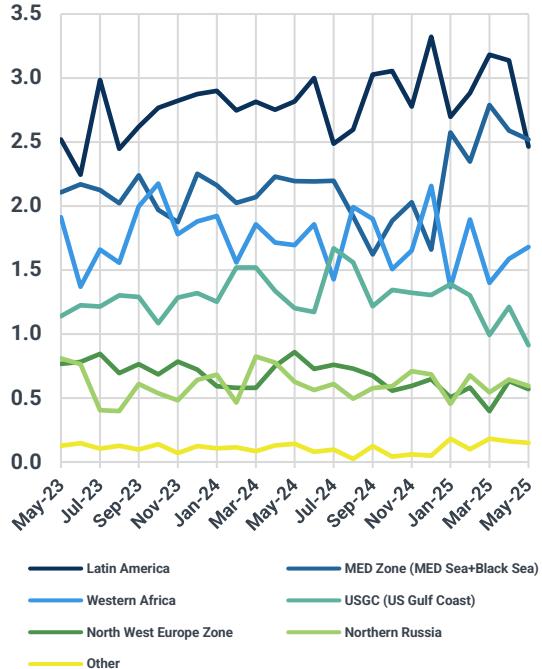
Higher VLCC loads from Guyana and Brazil, tighter US crude balance contrast with rising exports from MEG

12

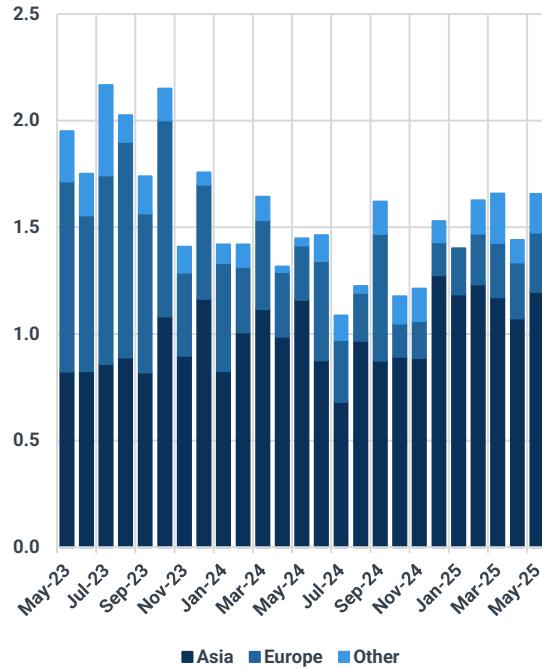
Suezmax deliveries



WoS Suezmax crude exports by origin (Mbd)



MEG Suezmax exports by destination (Mbd)



Source: Kpler

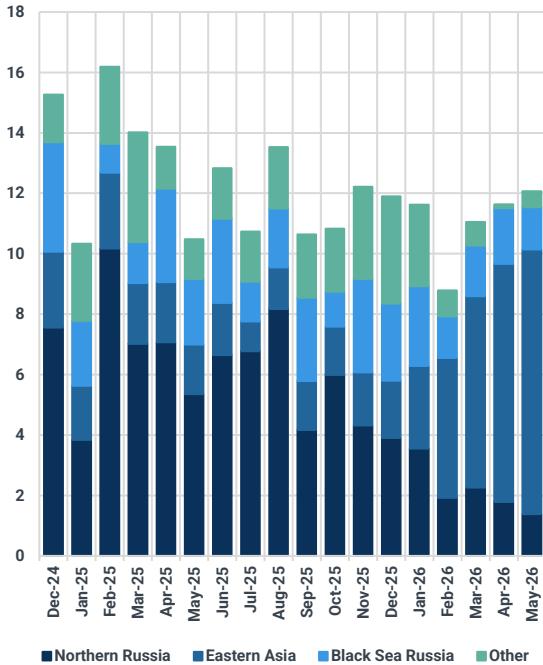
Source: Kpler

Source: Kpler

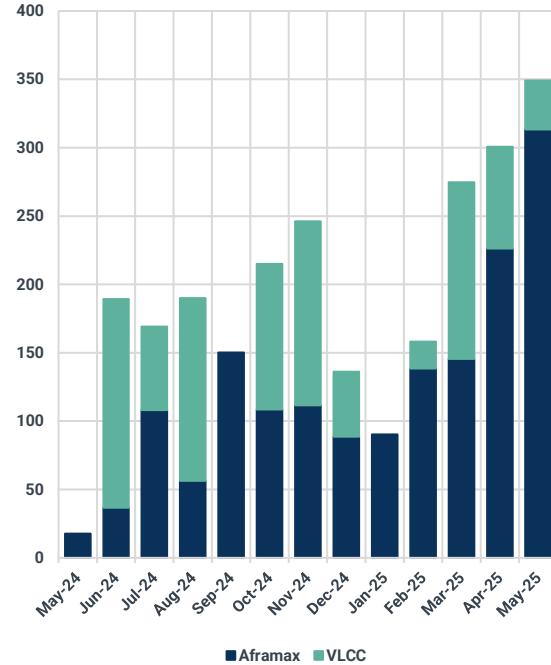
Aframax fleet has been dragged East by US sanctions and TMX exports to Asia

Available fleet in the West has declined, lifting rates even on non-Russian routes

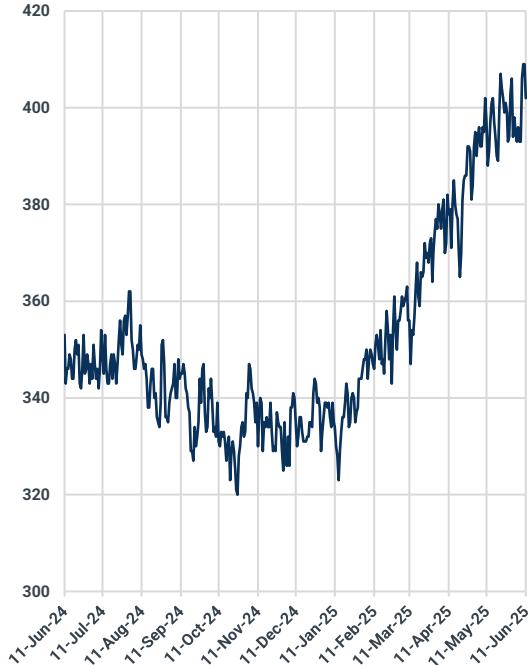
Ton-mile history of ships loading ESPO Feb-May (Bn)



TMX exports to Asia (Kbd)



Aframax fleet East of Suez



Source: Kpler

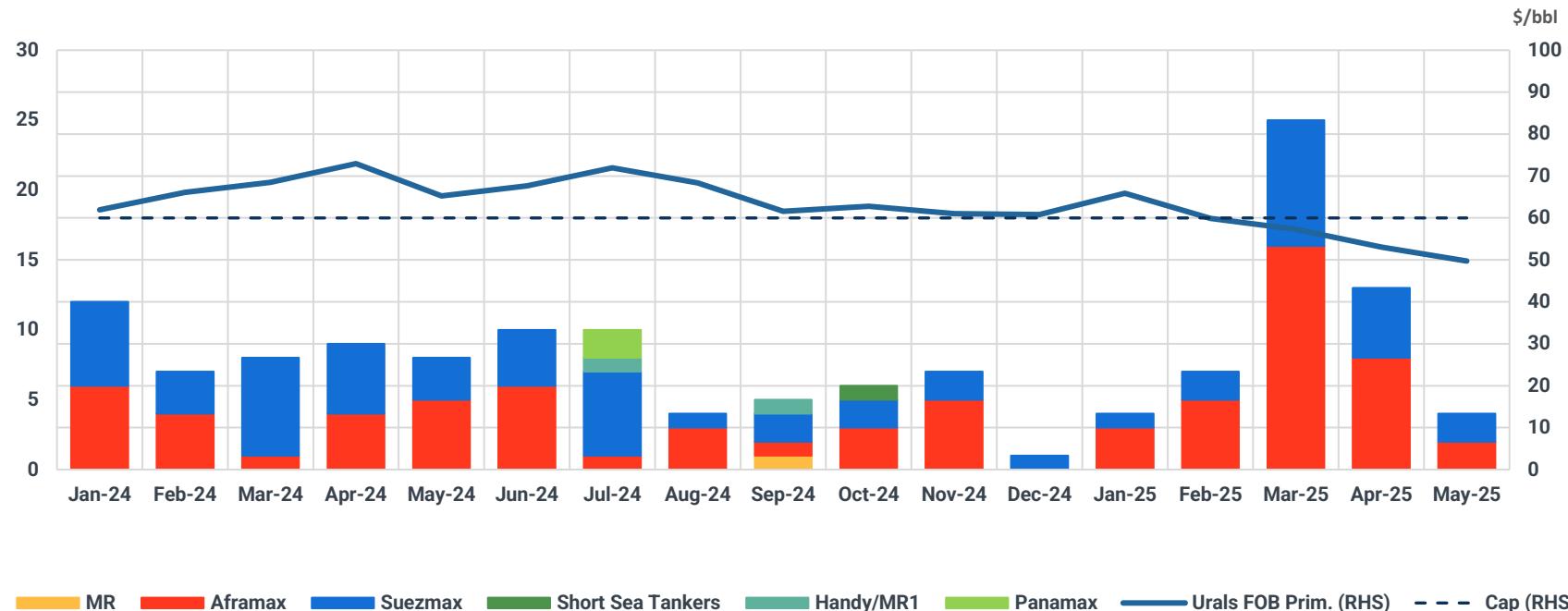
Source: Kpler

Source: Kpler

Urals price slump attracted fresh tonnage to Russian trades

25 new vessels, mainly Aframaxes and Suezmaxes, entered Russian crude trades in March

Vessels entering the Russian Crude trade following a 12-month break (LHS) and Urals fob Novorossiysk (\$/bbl)



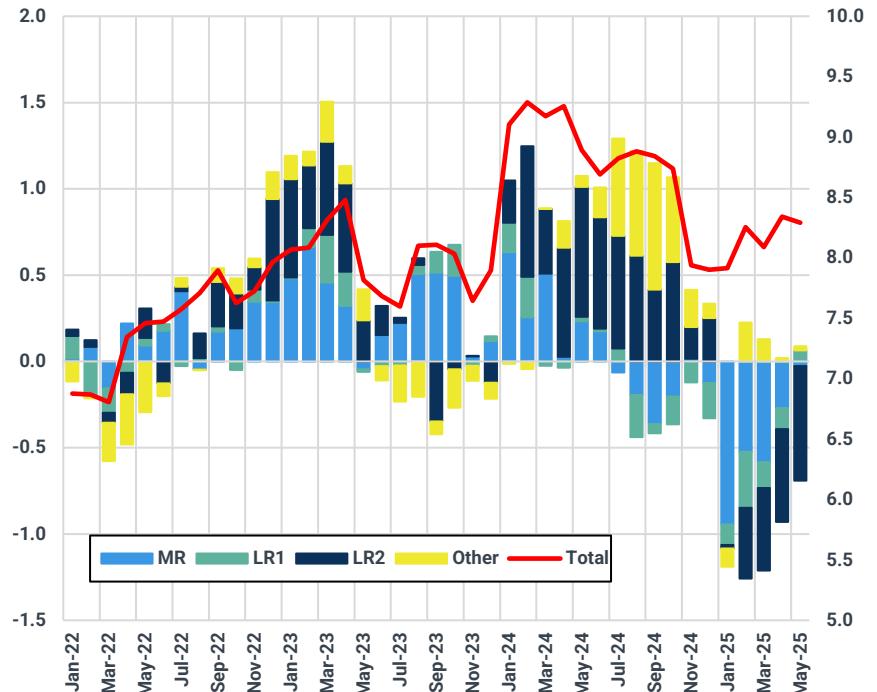
Source: Kpler, Argus Media

Clean tanker ton-miles bounce back

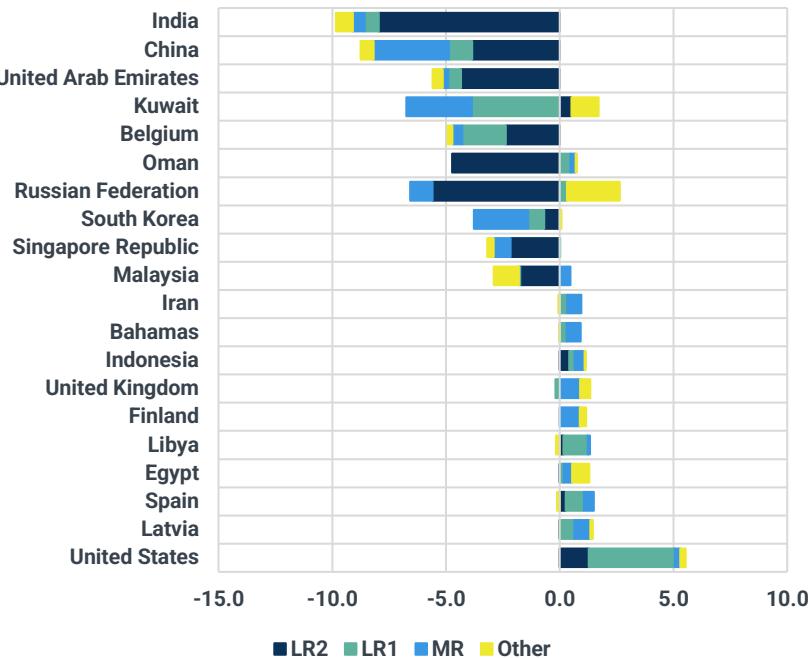
But a weaker global demand forecast clouds the outlook

15

Clean tanker ton-miles RHS and y/y change LHS (Bn/day)



Clean tanker ton-miles April + May Bn (y/y) (top and bottom 10)

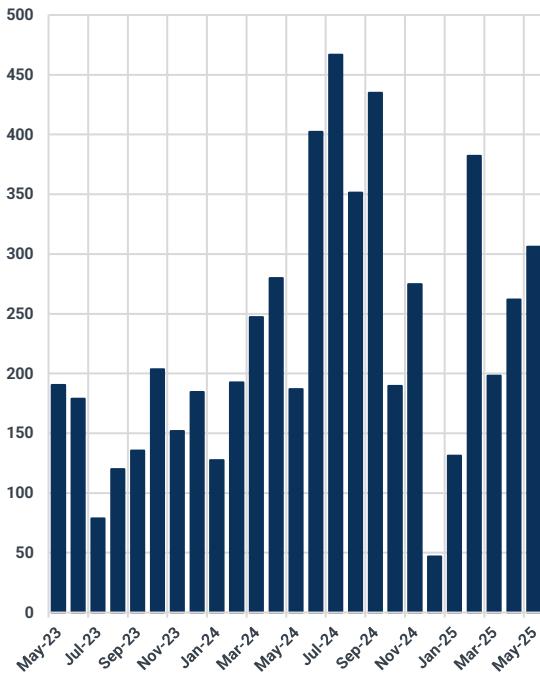


Mideast Gulf LRs continue to face competition from dirty tonnage

This year most are newbuilds, reflecting the higher Suezmax delivery schedule

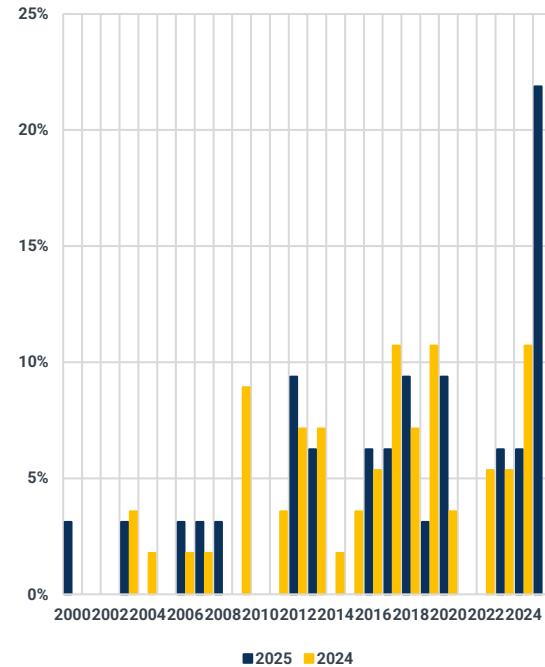
16

Clean product exports on Suezmaxes (kbd)



Source: Kpler

2024 and 2025 share of Suezmaxes trading clean by build year



Source: Kpler

MEG Suezmax vs LR2 earnings ('000/day)



Kpler, Baltic Exchange

Slump in westbound diesel offset by a surge in naphtha exports to Asia

Firm Aframax market is has lifted the coated share trading dirty to a record high

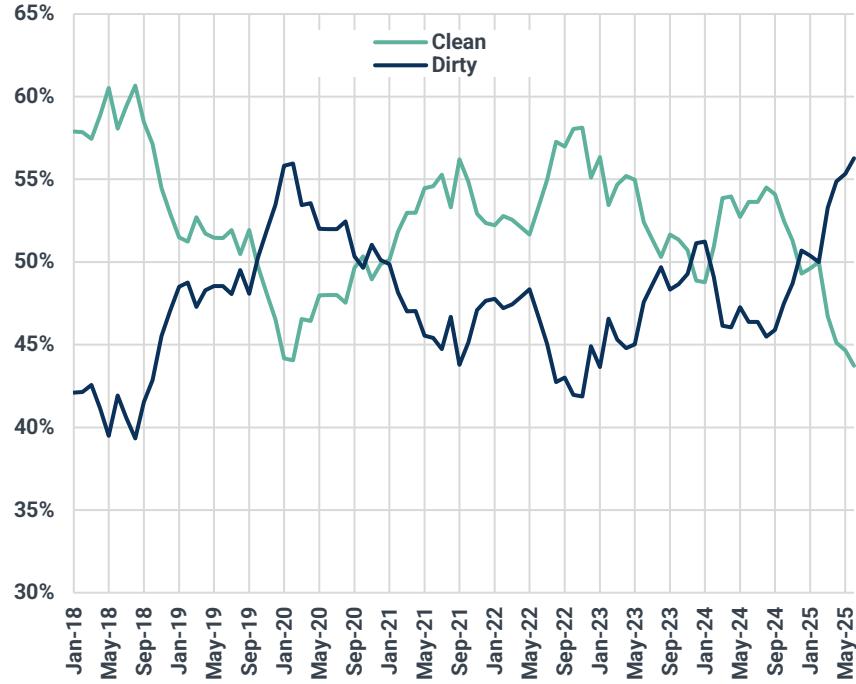
17

MEG & India LR exports by destination (kbd)



Source: Kpler

Coated Aframax/LR2 cargo share



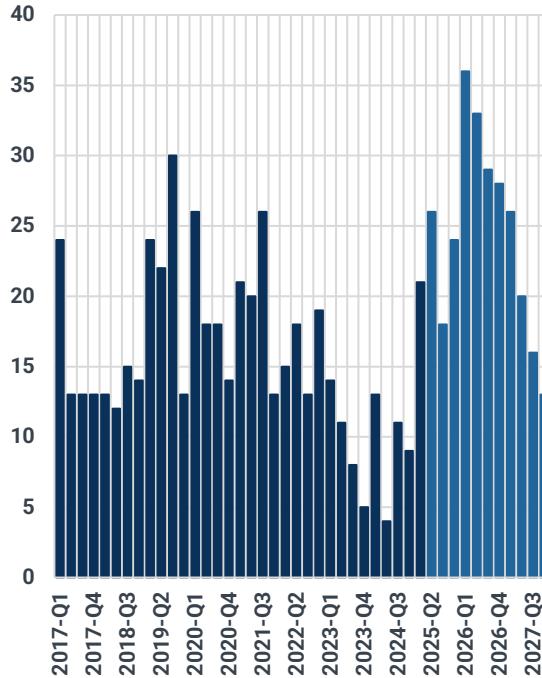
Source: Kpler

Surge in deliveries and weaker demand has weighed on MRs this year

MRs tied up off West and East Africa are steadily returning to the market, adding pressure to rates

18

MR deliveries



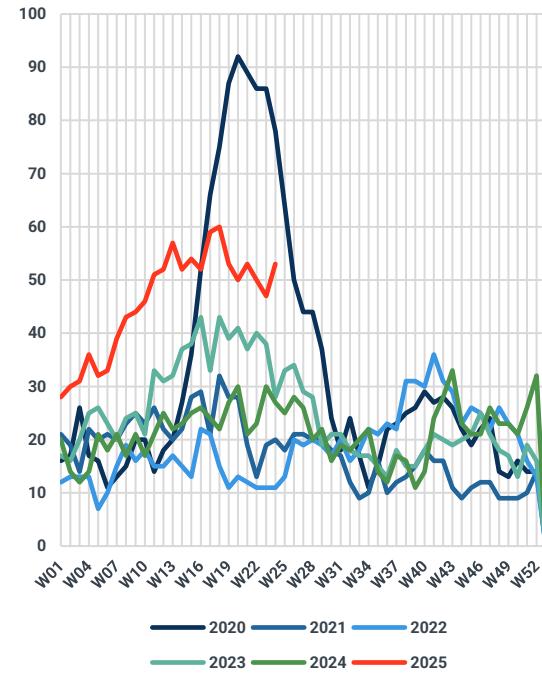
Source: Kpler

2025 new builds MRs by trading region



Source: Kpler

MRs in floating storage (15+ days)



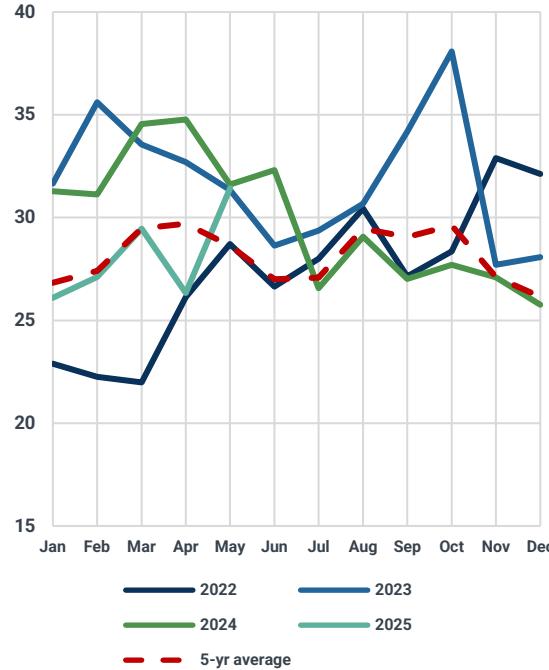
Source: Kpler

Low teapot refinery runs has reduced diesel output, cutting exports

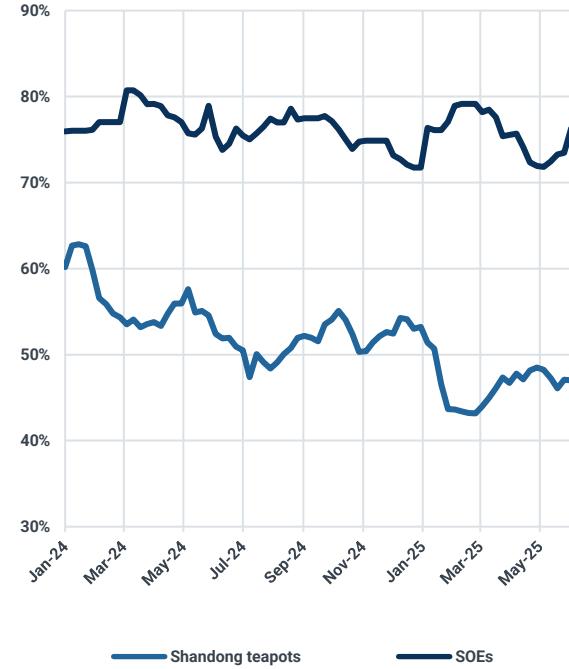
PADD 5 gasoline short lifted demand in May and will likely become a structural flow next year

19

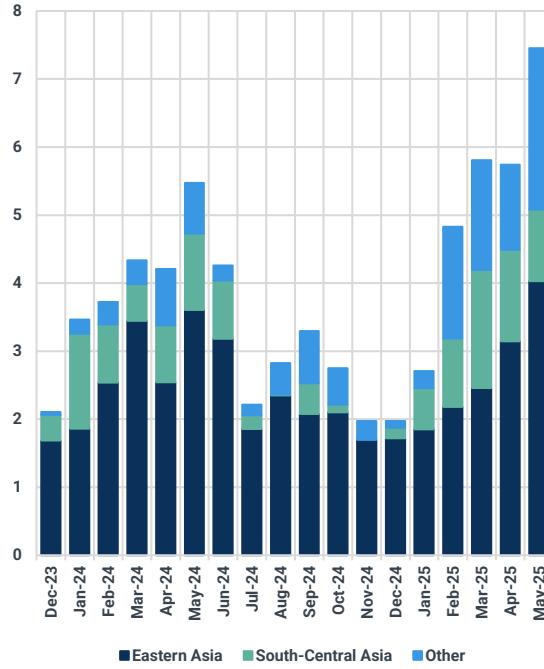
Asia-Pacific MR ton-miles



Chinese refinery run rate (%)



Product ton-miles to PADD 5 by origin (bn)

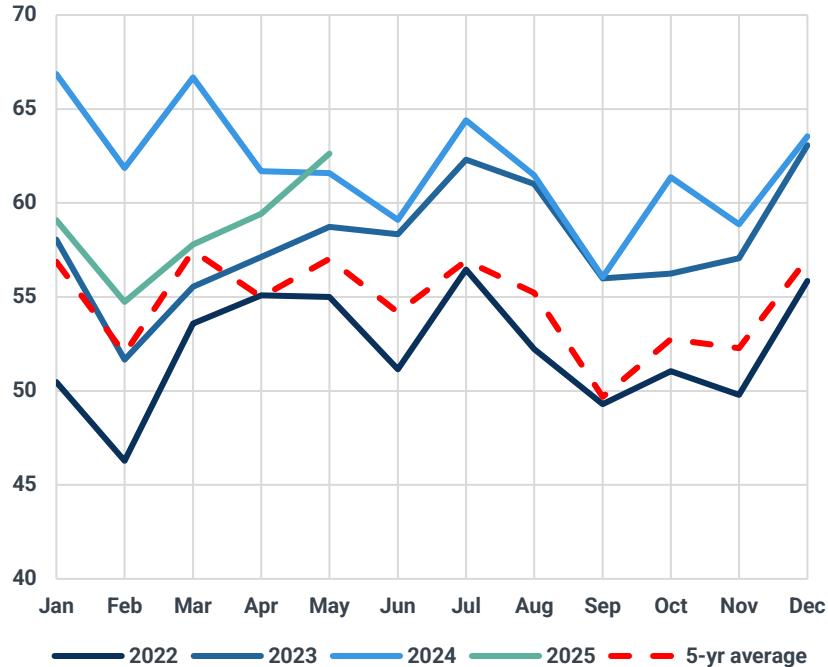


US and Russian exports post maintenance boosts MR demand in the West

Transatlantic gasoline flows has stalled as US inventories rise

20

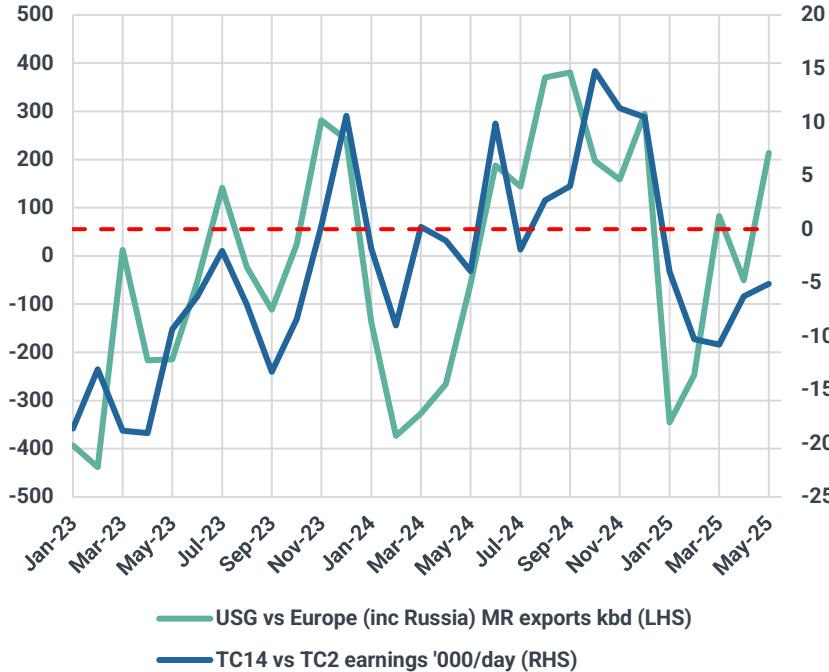
West of Suez MR ton-miles



Asia-Pacific MR ton-miles (Bn)

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US Gulf vs Europe MR exports and earnings spread



Source: Kpler

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Outlook for 2H 2025

21

Dirty: Acceleration in OPEC+ production will fuel exports to Asia but this may be short-lived. Supply disruptions to Aframaxes and Suezmaxes have eased, and demand growth has slowed

Clean: Weak MR demand to persist while new deliveries add to supply glut. LR rates pressured from competition and slow down in MEG to Europe flows.

	VLCC	Suezmax	Aframax	LRs	MRs
Positive Factors	<ul style="list-style-type: none"> ▪ Low fleet growth through 2025 ▪ Surge in OPEC production will increase exports late Q3 ▪ Rising Brazilian production will support long haul flows 	<ul style="list-style-type: none"> ▪ Higher exports from MEG ▪ Growth in CPC flows to Asia has spread the fleet ▪ Med/Black Sea exports to remain high, even if on short haul voyages. 	<ul style="list-style-type: none"> ▪ US sanctions have reduced vessel supply and pulled more vessels East ▪ Aframax share of USG exports has increased ▪ Urals below price cap pulled ships into Russian trade ▪ Record TMX exports to Asia 	<ul style="list-style-type: none"> ▪ Refinery closures in Europe to maintain flows from MEG/India ▪ Steady naphtha demand from Asia ▪ Clean to dirty switching 	<ul style="list-style-type: none"> ▪ US clean exports hit new highs ▪ Growth in exports from new refineries ▪ PADD 5 refinery closures to lift exports from Asia ▪ Firming seasonal gasoline flows ▪ Rising Russian exports post maintenance
Negative Factors	<ul style="list-style-type: none"> ▪ Limited growth in Chinese crude demand ▪ Less competitive on short-haul flows in the Atlantic ▪ OPEC production rise has widened Brent-Dubai EFS 	<ul style="list-style-type: none"> ▪ Nigeria exports steadily declining amid Dangote ramp up ▪ Fleet growth picks up in 2025 ▪ Seasonal decline in demand from Guyana ▪ Slowdown in US export growth 	<ul style="list-style-type: none"> ▪ Fleet growth picks up in 2025 ▪ Increased competition from Suezmaxes in WoS ▪ Weak LR2 markets has led to clean to dirty switching 	<ul style="list-style-type: none"> ▪ Rates capped by Suezmaxes in MEG ▪ Fleet growth picks up in 2025 ▪ MEG to Europe diesel flows to compete with US and Russia ▪ Potential for Suez flows to resume this year 	<ul style="list-style-type: none"> ▪ Large fleet growth ▪ Limited import demand from SEA so far this year ▪ Decline in Chinese diesel output and low utilization of Chinese export quotas
Net Effect					