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Tanker Market – Q4 Outlook

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Overview

- **Status Update:** Review of the tanker market this year and the key drivers of each segment
- **OPEC+ supply glut:** Tanker rates rise as crude exports hit record high
- **Drone strikes:** Russian refinery runs slashed as crude exports rise
- **Port Fees:** US and Chinese port fees take effect
- **MR deliveries:** Surge in deliveries next year to depress rates

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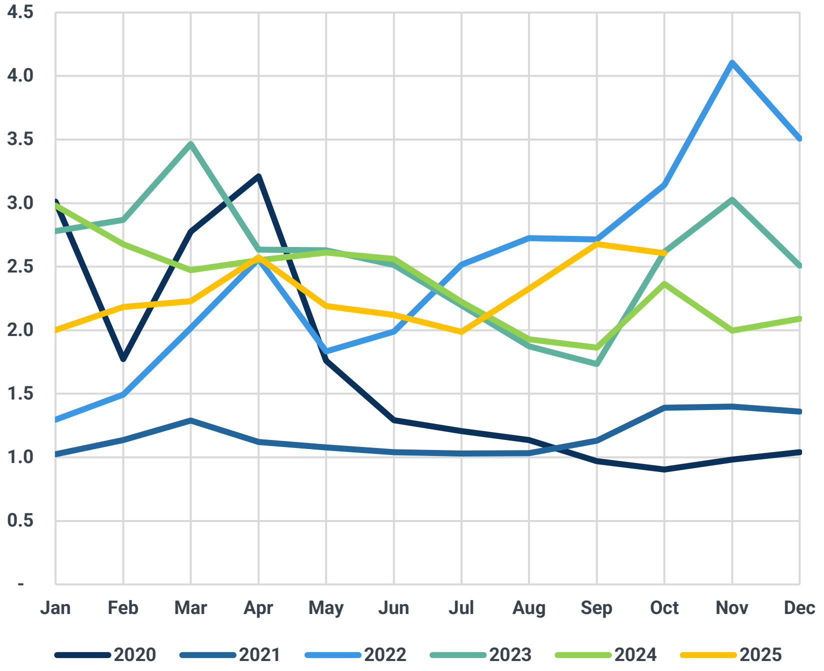
Dirty rates shrug off summer lull with VLCCs leading the way

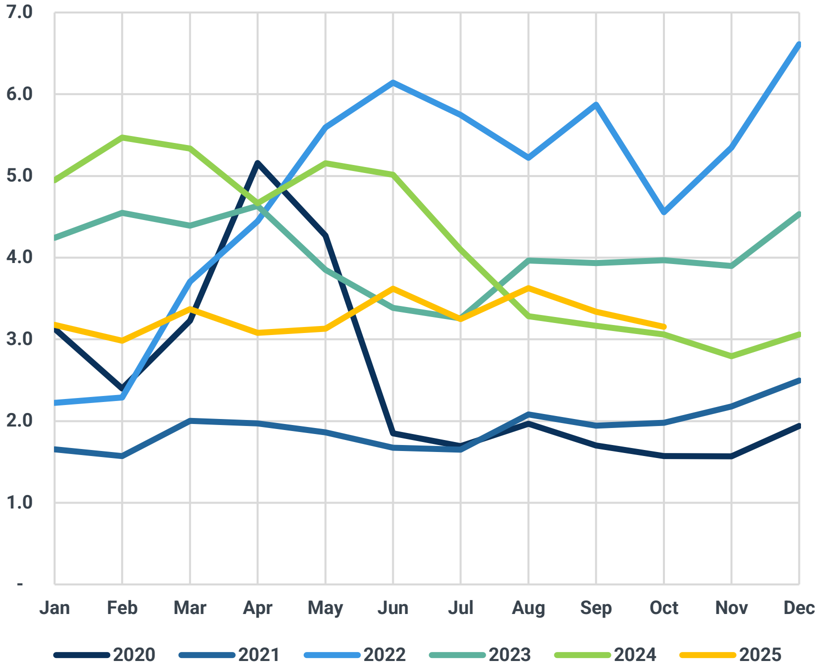
In contrast, clean rates are in decline, but a December rally is still on the cards

Dirty Tanker rates ($/bbl)



Baltic Exchange, Kpler

Clean Tanker rates ($/bbl)

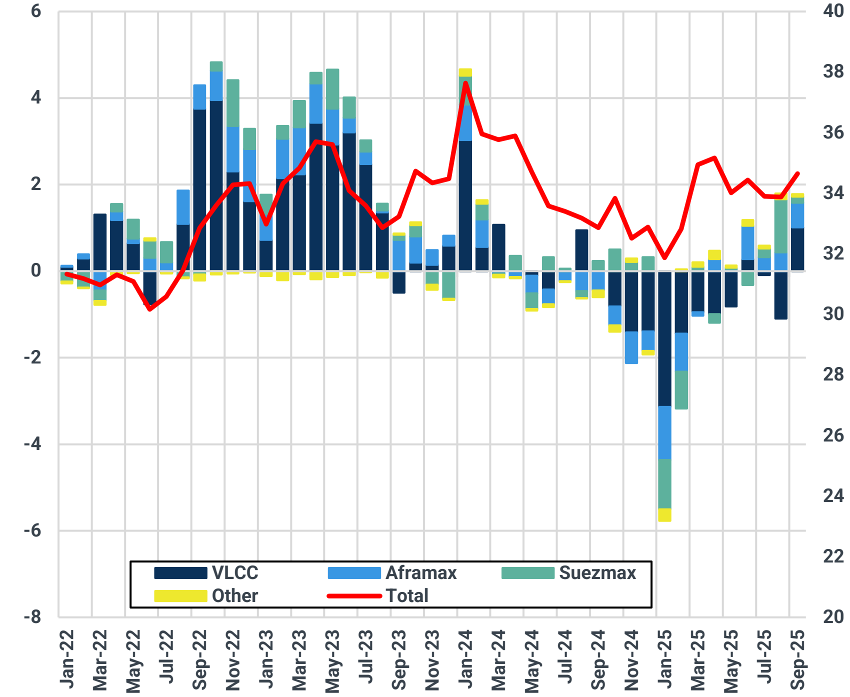


Baltic Exchange, Kpler

Dirty tanker fundamentals boosted by higher OPEC+ exports and longer voyages

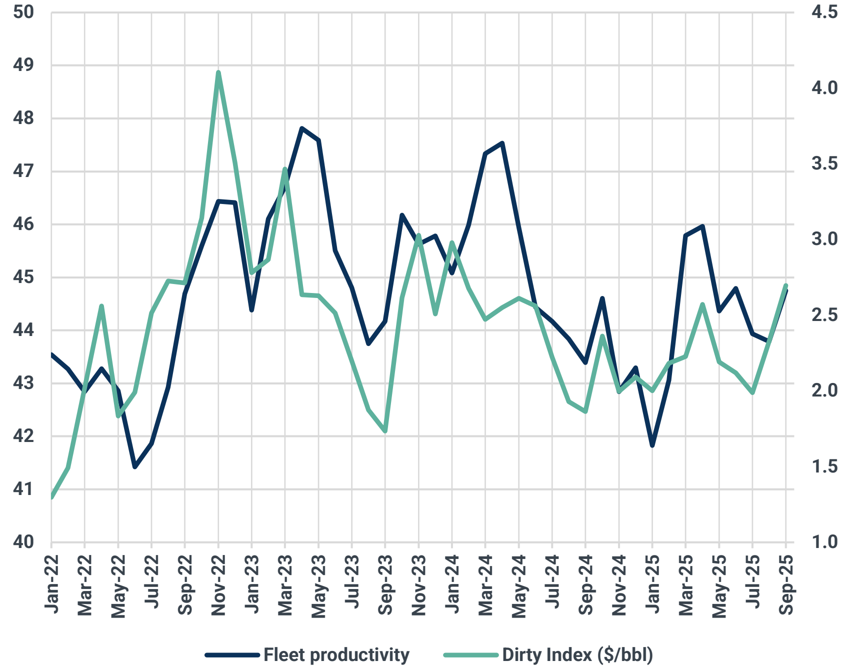
September Dirty Tanker Index highest since January 2024

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



Source: Kpler

Dirty Tanker Productivity (DWT/TM) LHS and Dirty Index ($/bbl) RHS

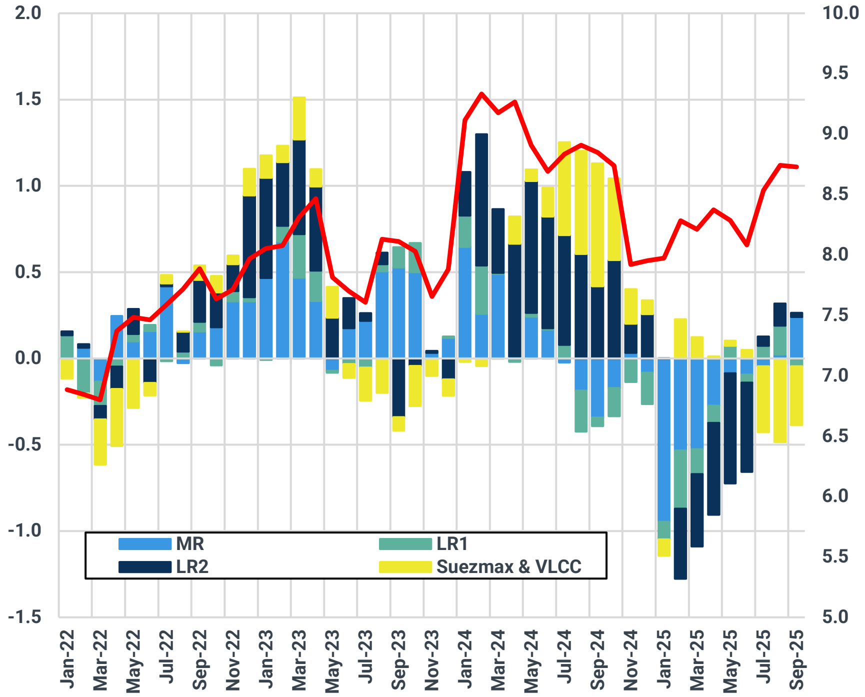


Source: Kpler

Clean tanker demand on firmer ground following strong summer of exports

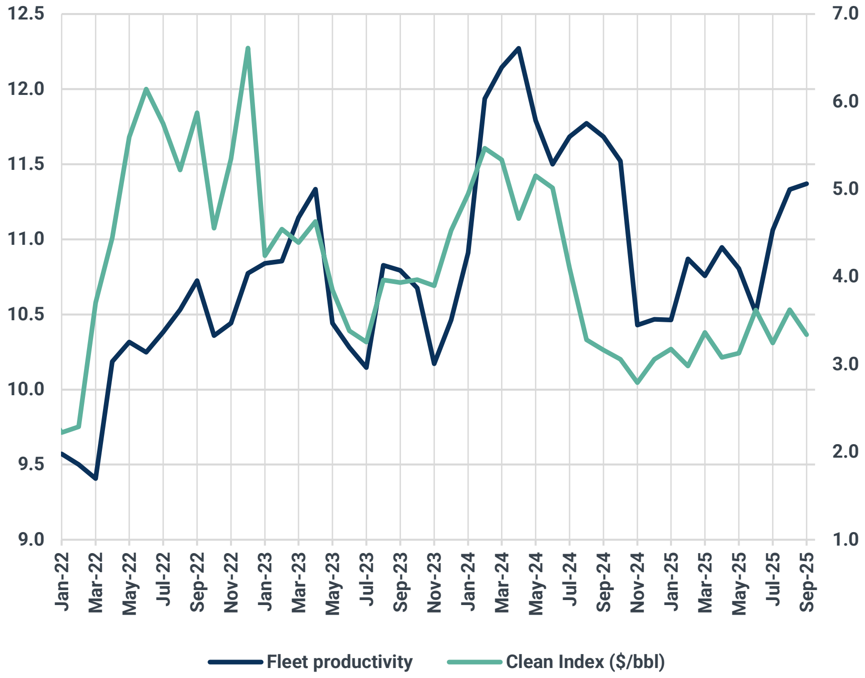
But, rates constrained by higher vessel supply

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



Source: Kpler

Clean Tanker Productivity (DWT/TM) LHS and Clean Index ($/bbl) RHS

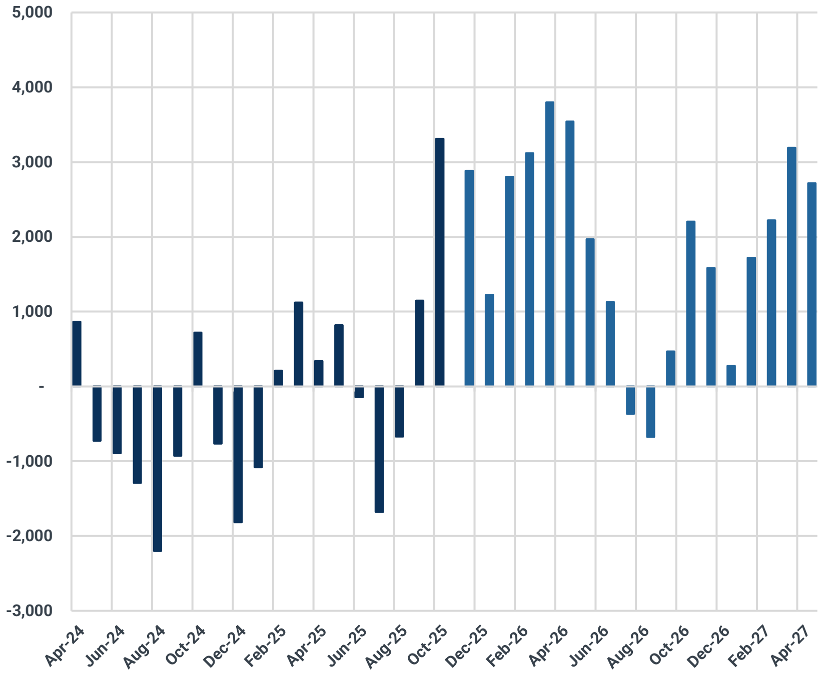


Source: Kpler

OPEC+ production increases hit the water

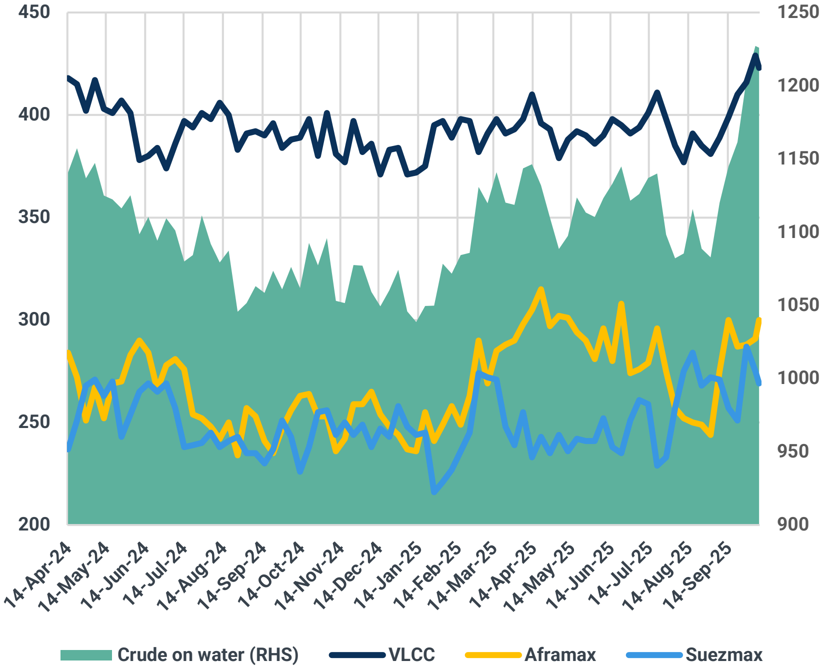
Large crude net surplus will maintain this high level of exports over Q4

Global crude balance (Mbd)



Source: Kpler

Count of loaded tankers LHS and crude on water RHS (Mmbls)



Source: Kpler

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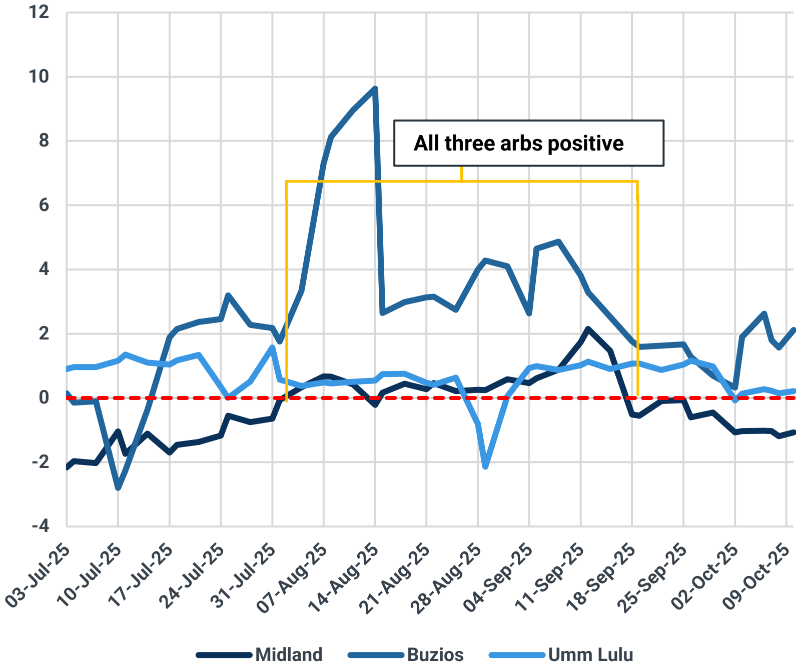
VLCCs exited summer lull earlier than usual, supported by positive arbs

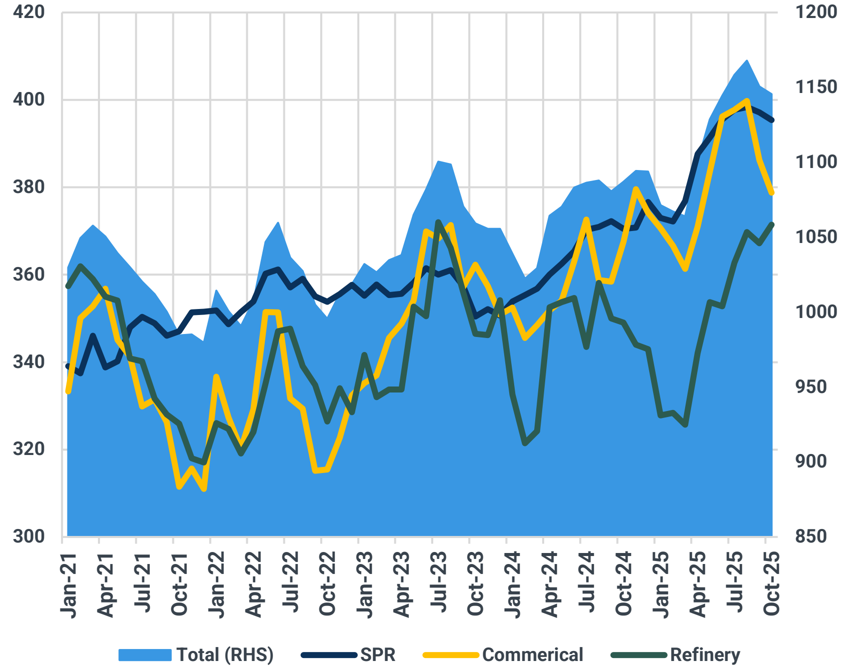
Chinese stock building accelerated over the summer but has since slowed

Rolling arbitrage for Midland, Umm Lulu & Buzios going East (complex refineries) on VLCCs ($/bbl)



Source: Kpler

Chinese crude inventories (Mmbls)



Source: Kpler

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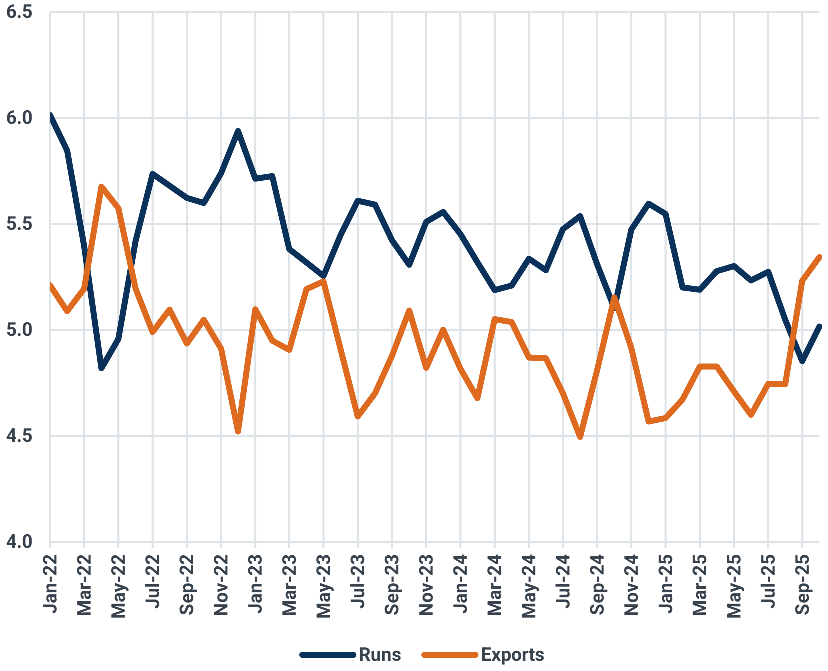
Russian exports rise amid Ukrainian drone strikes

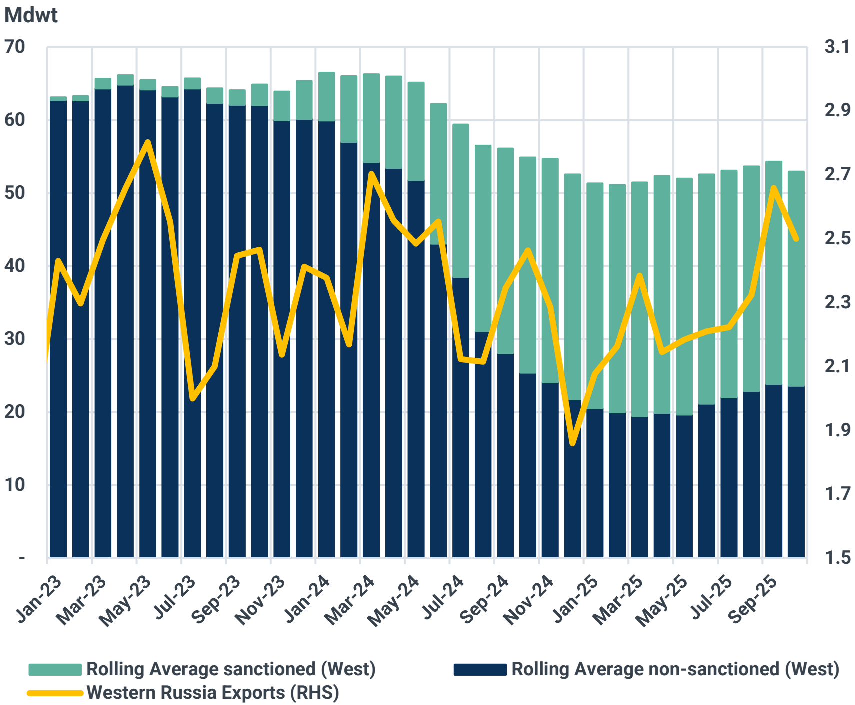
Ample tonnage absorbs excess volumes amid uneven effectiveness of sanctions

Russian refinery runs and oil exports, Mbd



Source: Kpler, IRR

Western Russia's fleet over time

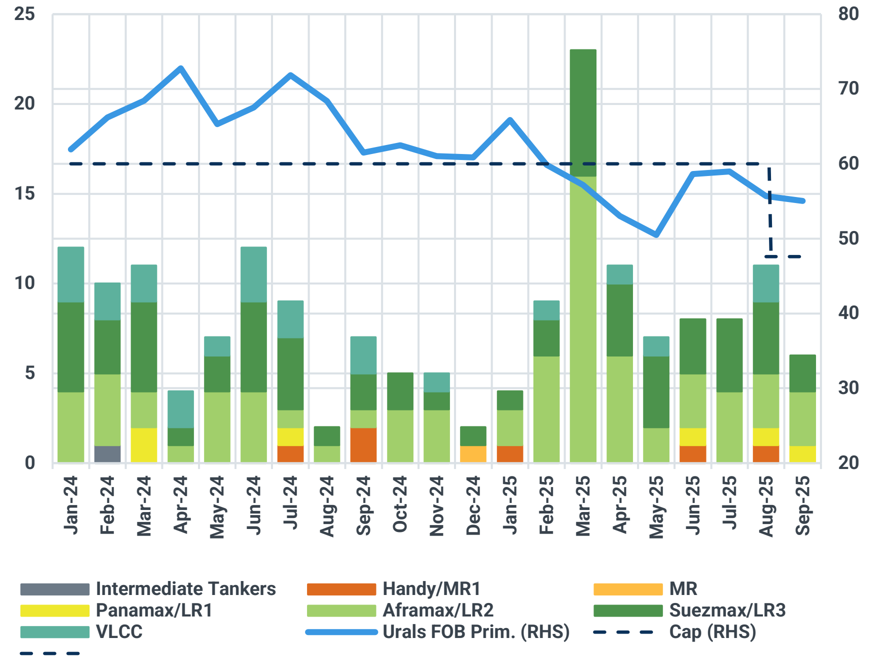


Source: Kpler

A floating crude price cap will restrict discretionary EU vessels from Russian trade

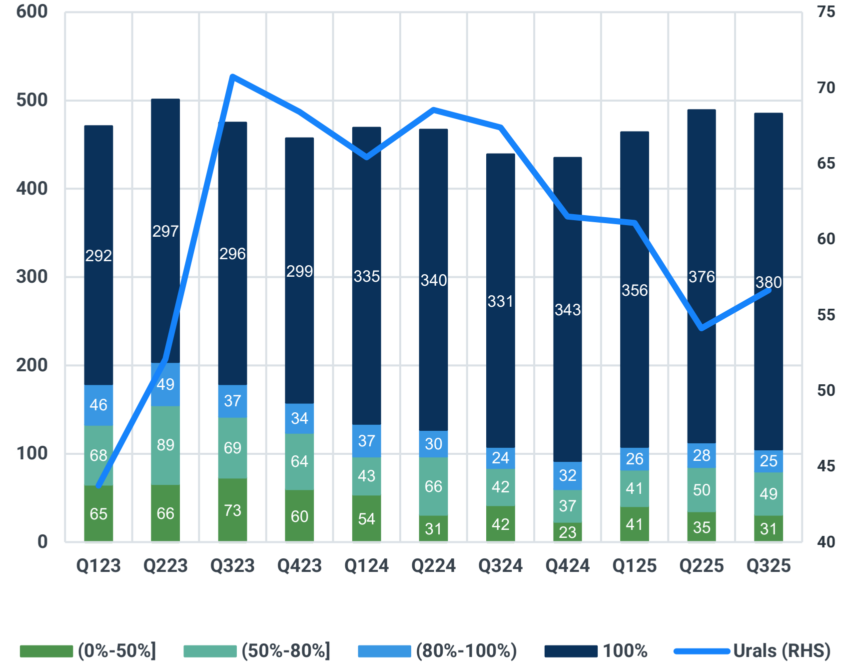
The combination of sanctions and the price cap is developing a larger dedicated fleet

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



Source: Kpler

Share of Russian business (Total Russia)



Source: Kpler

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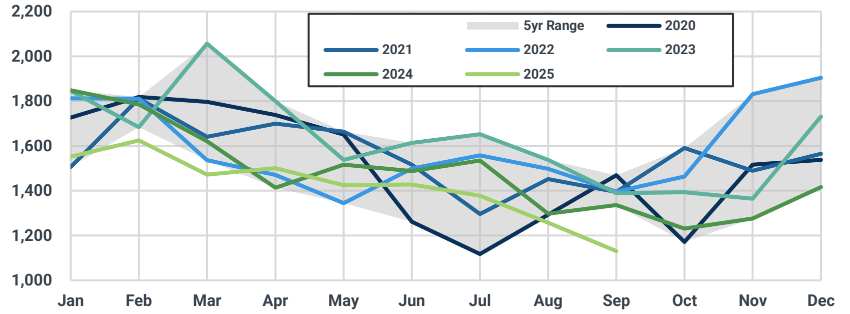
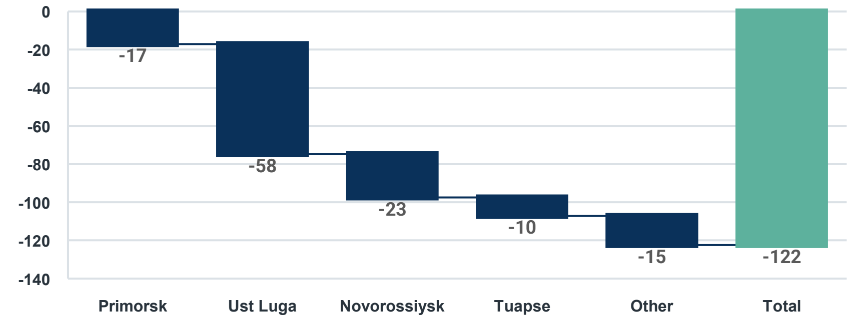
Refinery outages cause large declines in clean exports from Western Russian ports

Falling demand has pushed tonnage serving Russia to new load region, predominantly the Middle East and India

Russia clean product exports (kbd)

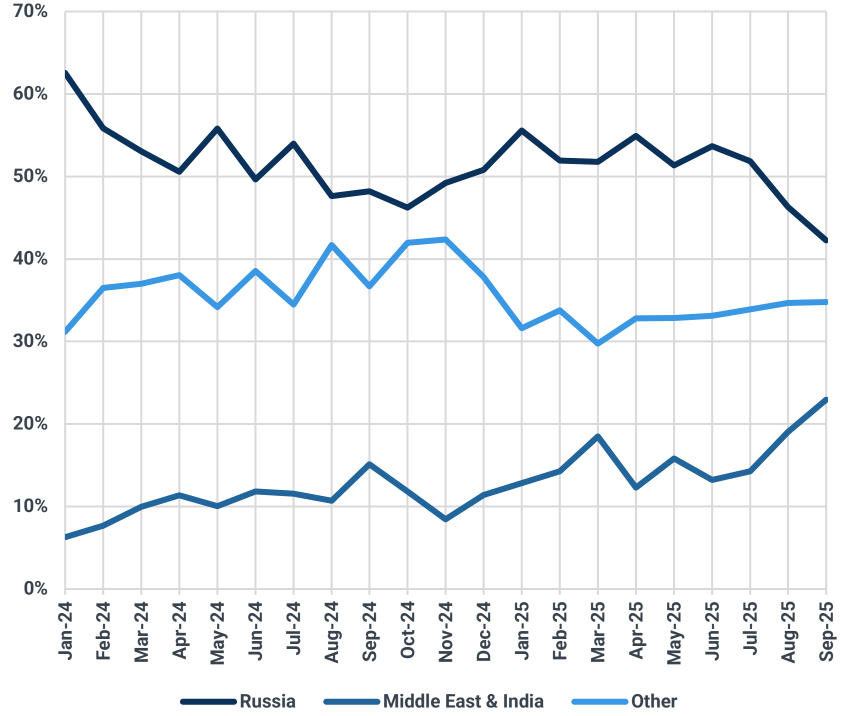


Change in clean product export Aug & Sep by port (2025 v 2024) kbd



Sorce: Kpler

Share of Russian tonnage by export region

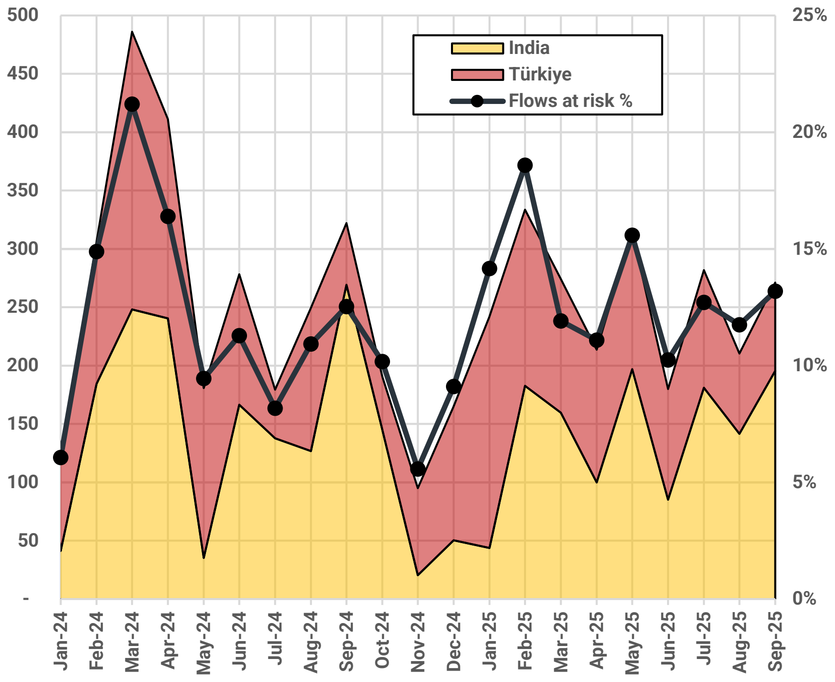


Source: Kpler

Action against of buyers of Russian liquids reshapes tanker fortunes

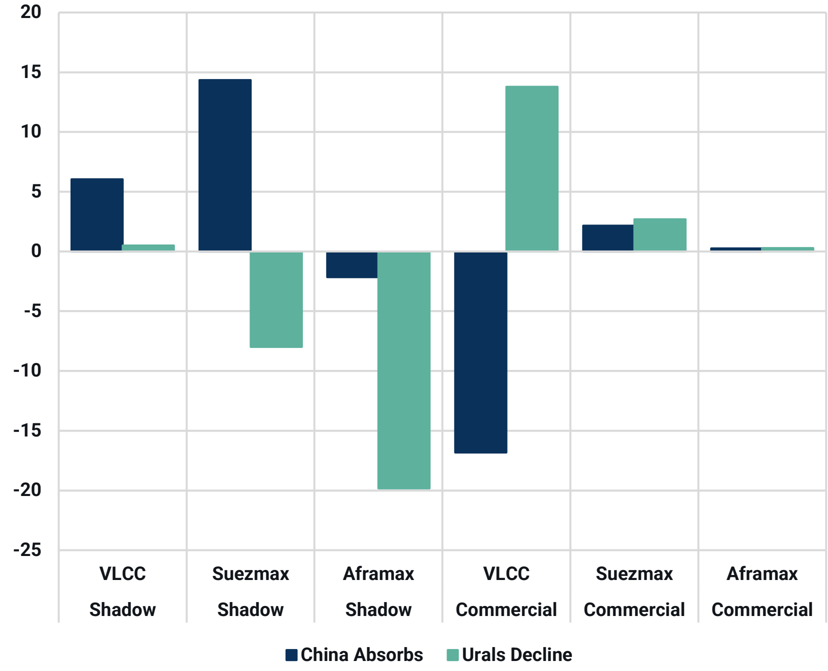
Clean tankers to benefit from rising inefficiencies, while crude tanker impact hinges on Urals

Gasoil/diesel exports to EU+UK at risk (kbd, %)



Source: Kpler

Comparison of scenarios based on 25% reduction in Russian flows to India (Bn TM)

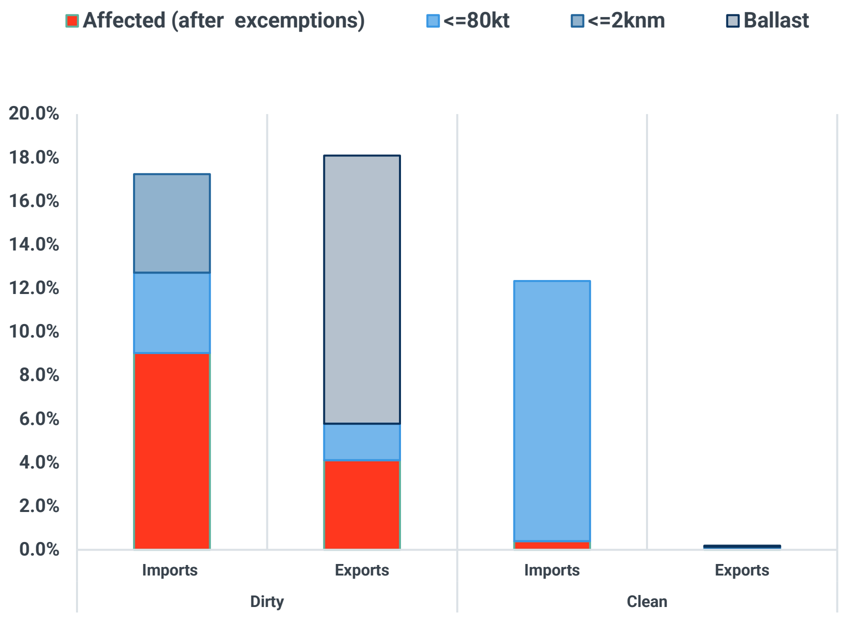


Source: Kpler

USTR ports fees mainly affect Chinese owned VLCCs and MRs

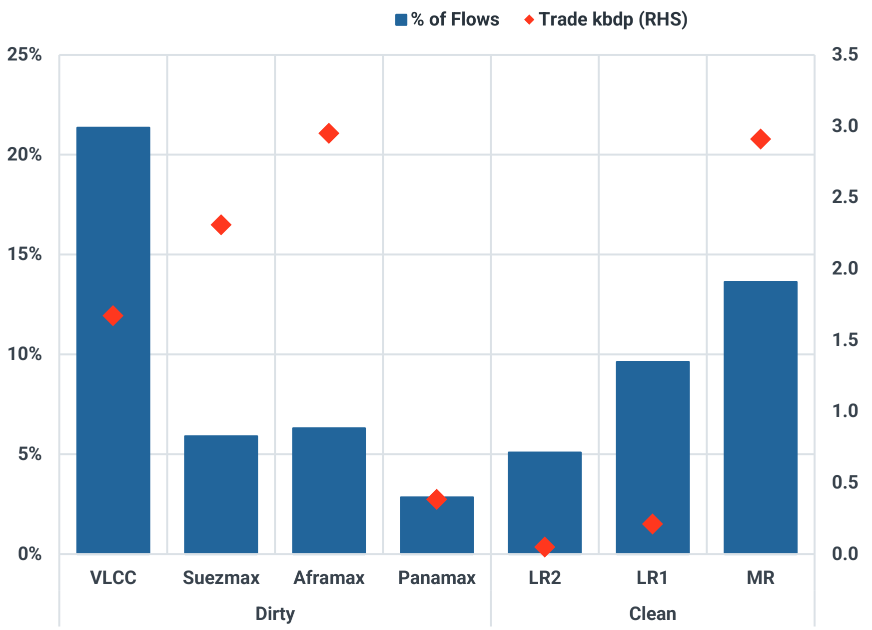
There are many exceptions for Chinese built vessels, but it would have applied to 9% of crude imports in 2024

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



Source: Kpler

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



Source: Kpler

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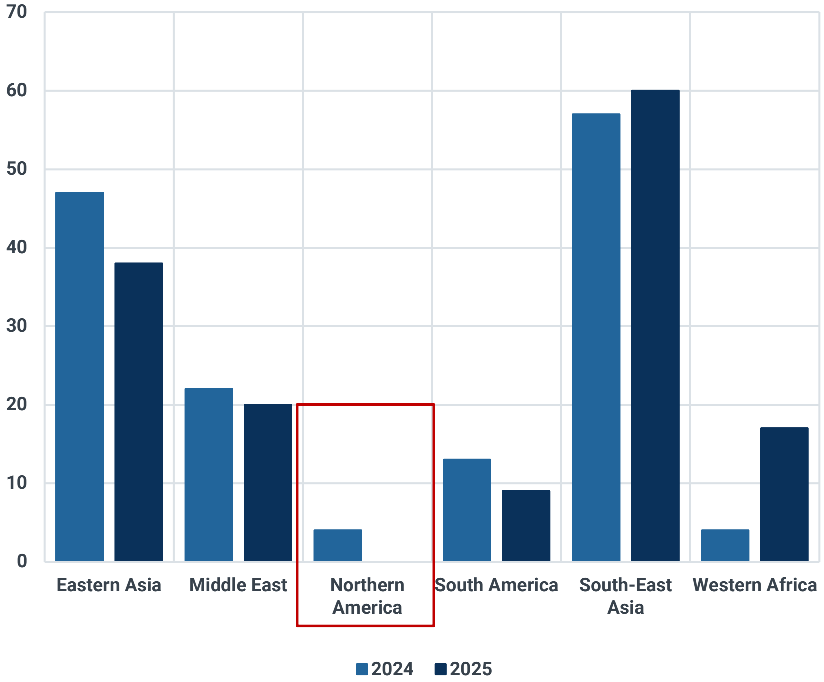
Chinese owned VLCCs and MRs move away from the US

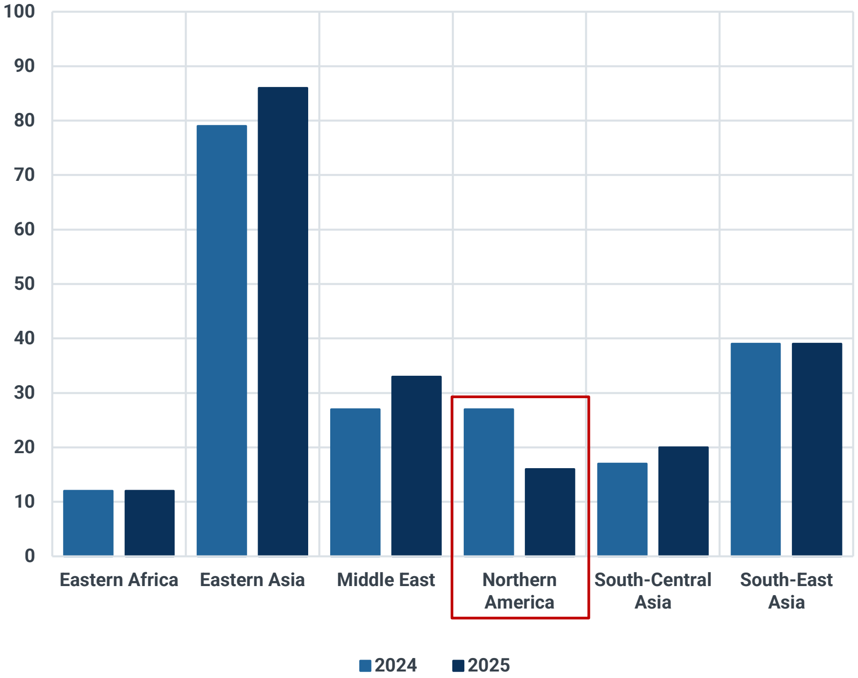
So far there has been limited direct impact on rates

Chinese owned VLCCs by location (Oct)



Source: Kpler

Chinese MRs by location (Oct)

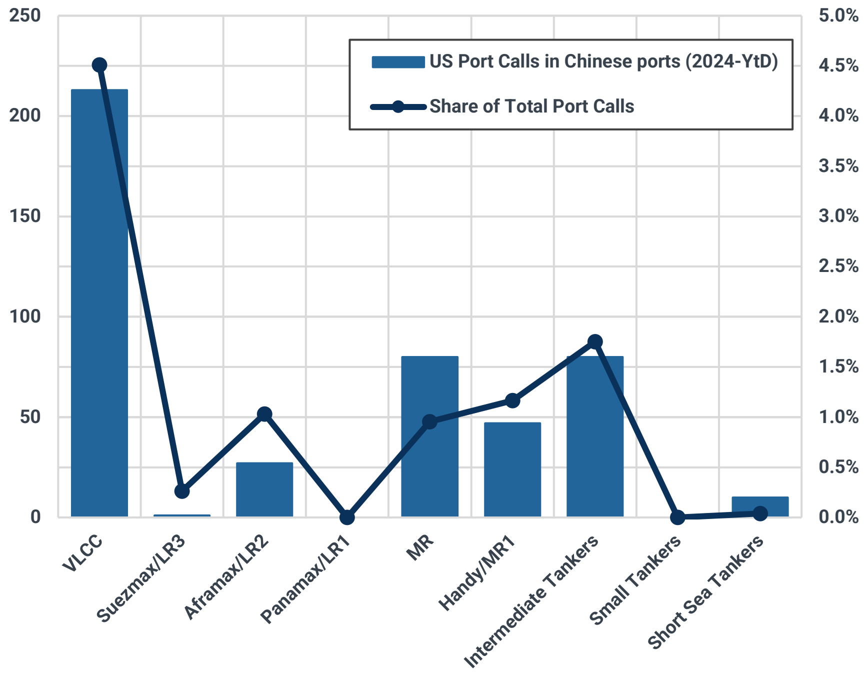


Source: Kpler

China retaliates with Special Port Fees

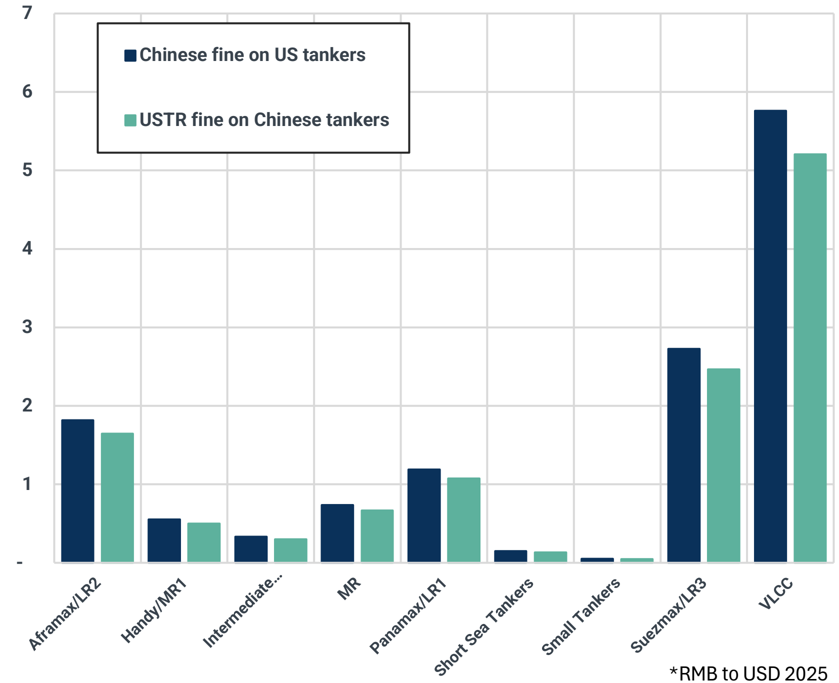
VLCCs are the main tanker sector affected but true size of fleet at risk is unclear

US fleet China ports calls



Source: Kpler

Comparison of USTR Port Fees and Chinese Special Port Fees (Million USD)



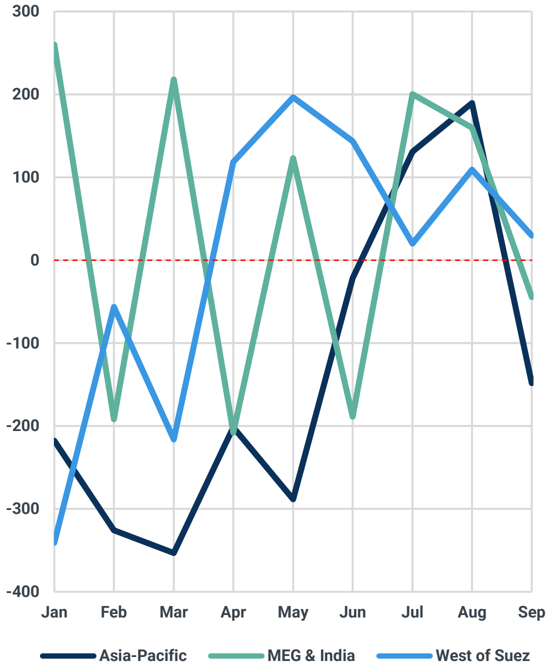
*RMB to USD 2025

Source: Kpler

After a stronger summer, Asian MR demand has weakened

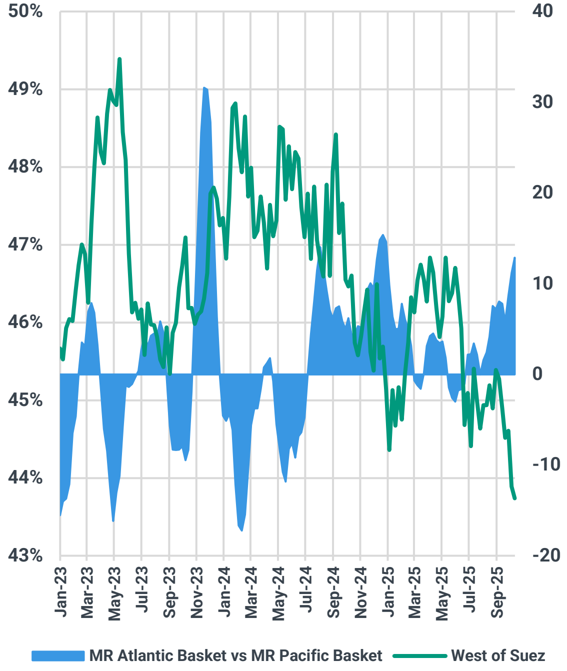
Rising fleet supply in the East has pushed Atlantic earnings to a wide premium

MR clean exports by region vs 2023/2024 average (kbd)



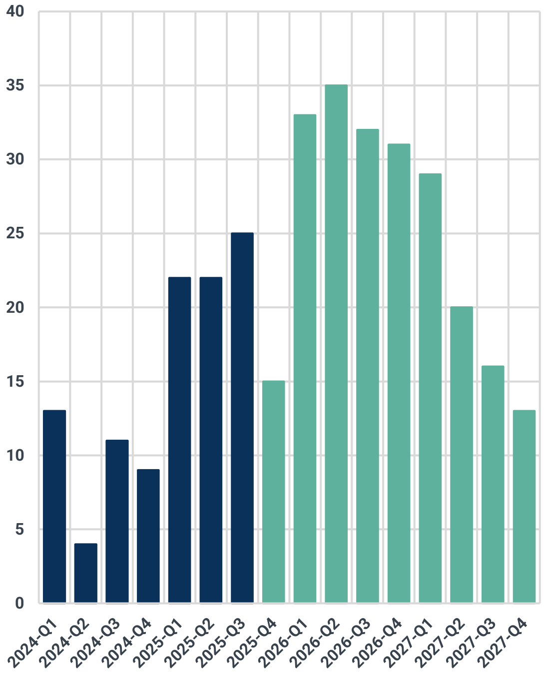
Source: Kpler

MR earnings spread ($'000/day) and share of fleet WoS



Source: Kpler

MR deliveries and orderbook



Source: Kpler

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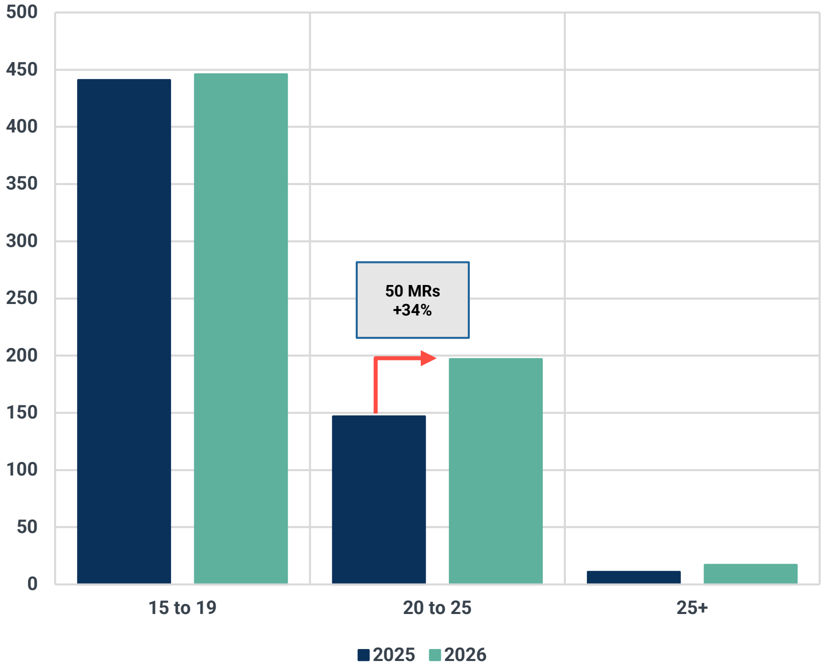
Next year 50 MRs move into 20+ age bracket

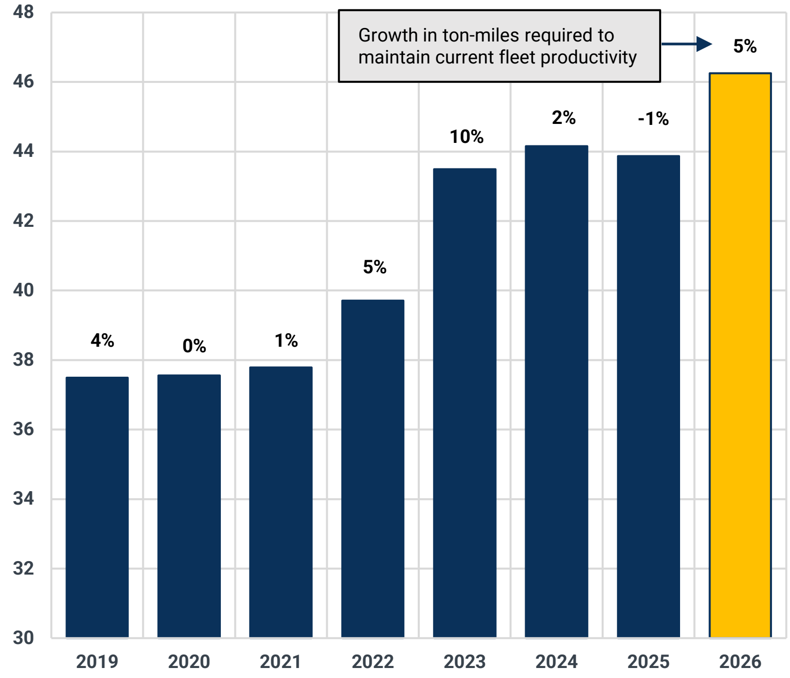
Scrapping will be needed for MR fleet productivity to be maintained

Age profile of MRs trading clean products



Source: Kpler

MR clean product ton-miles (Bn) & y/y growth

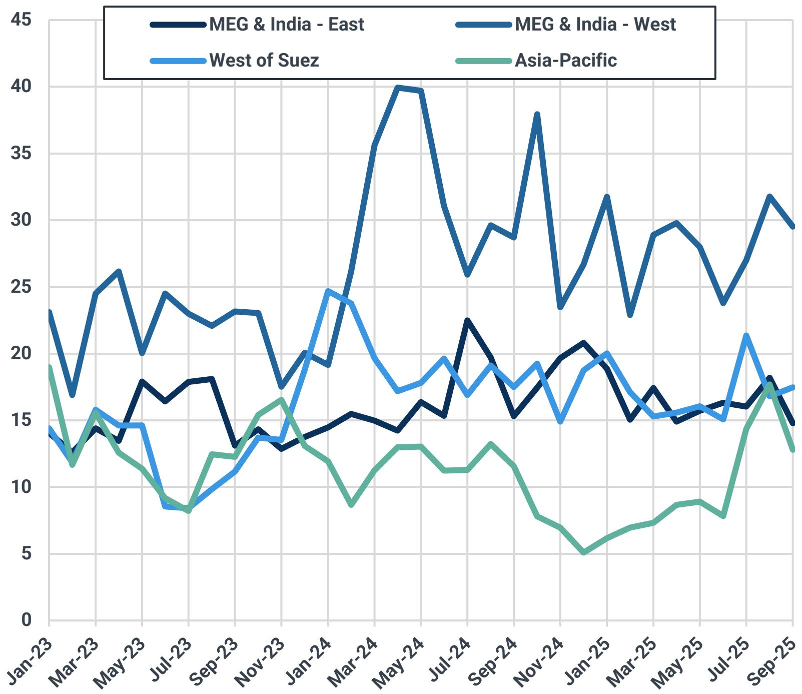


Source: Kpler

LR demand growth on hold until November

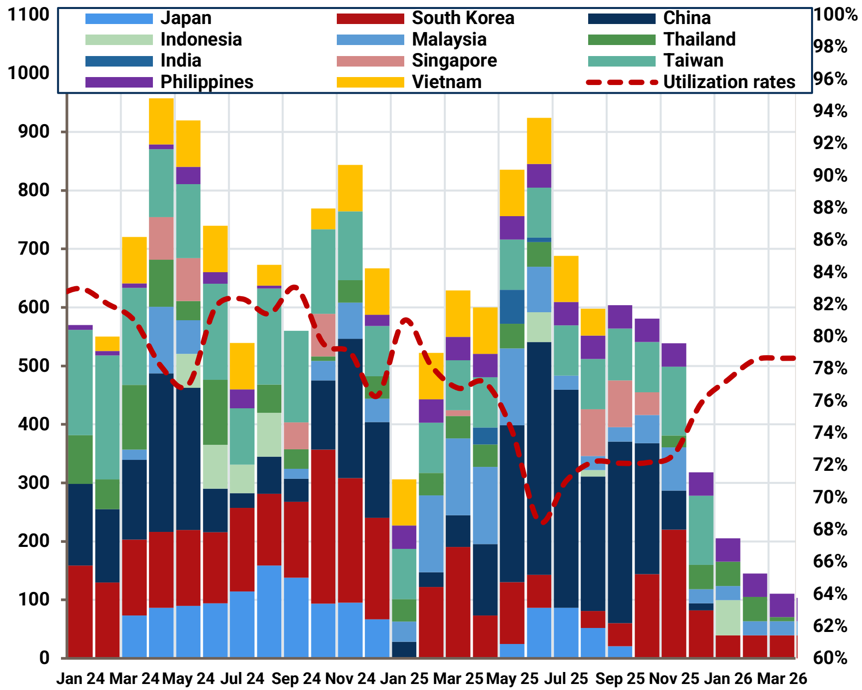
Asian steam cracker utilization is set rise over1Q26

LR demand by key region (Bn ton-miles)



Source: Kpler

Asia steam cracker maintenance (kbd) and utilization



Source: Kpler

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Outlook for Q4

	VLCC	Suezmax	Aframax	LRs	MRs
Positive Factors	▪ Surge in OPEC+ production hitting the export market ▪ Chinese stock building ▪ Growth in no-OPEC production from Brazil	▪ CPC export growth and higher Asian intake distributes the fleet more widely ▪ Brazil production increases and Guyana VLCC loading restrictions ▪ Rising Russian Suezmax demand ▪ Strong MEG demand	▪ Higher Russian crude exports ▪ Record TMX exports to Asia on Aframaxes ▪ End of European refinery maintenance ▪ Firm Med flows (Libya and ex-Egypt)	▪ Clean to dirty Aframax/LR2 switching will reduce fleet supply ▪ Red Sea not expected to reopen despite ceasefire	▪ US Gulf clean exports to rise over Q4 ▪ PADD 5 refinery closures lift exports from Asia ▪ Russian refinery issues lifting non-shadow fleet demand
Negative Factors	▪ OPEC production will put pressure on Brent-Dubai EFS, depressing Atlantic barrels into Asia ▪ Chinese port fees and Rizhao port sanctions	▪ WAF exports steadily declining ▪ Fleet growth increased in 2025 ▪ Falling exports EoS	▪ Clean to dirty switching as Aframax earnings rise ▪ Fleet growth increased in 2025 ▪ Increased competition from Suezmaxes in WoS	▪ Asian cracker maintenance ▪ Rates capped by Suezmaxes in MEG ▪ Fleet growth picked up in 2025 ▪ Weakening European import demand	▪ Large fleet growth ▪ SEA imports trending below 5-year average ▪ Reduced WAF import demand
Net Effect