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WEEKLY TANKER REPORT

08TH JANUARY 2016

VLCC

Despite expectations by owners that the strength in VLCC earnings at the end of 2015 would carry over into 2016, rates in the Middle East Gulf have been trimmed due to a lack of cargoes for modern vessels. This resulted in earnings being dictated by older and more competitive ships. The downward pressure was compounded by disappointing mid-January cargo volumes and a relatively long vessel position list. This trend looks set to be maintained moving forward with around 10 further cargoes expected for January and double the number of ships available. In West Africa, ample supply of Eastern ballasters pressured rates downwards.

In the Caribbean, weather delays are creating disruption to ship supply and with end of January vessel availability already limited this could cause cargoes around these dates to pay a premium. February looks set to have more vessels available but numbers are still far from ample with higher fixing in the UKC restricting the number of ballasters, although lower earnings in West Africa could tempt some owners to head across the Atlantic.

Suezmax

An increase in cargo volumes in West Africa combined with poor weather conditions in the Spanish Atlantic pushed rates upwards. Momentum has however stalled for the moment as the market awaits the release of end January cargoes. A quieter Caribbean market has also freed up ships there and allowed them to compete for cargoes on the other side of the Atlantic.

In the Black Sea and Mediterranean, it was a quiet week with the former awaiting cargoes for a number of grades and ship numbers in the latter enough to cover a limited number of cargoes.

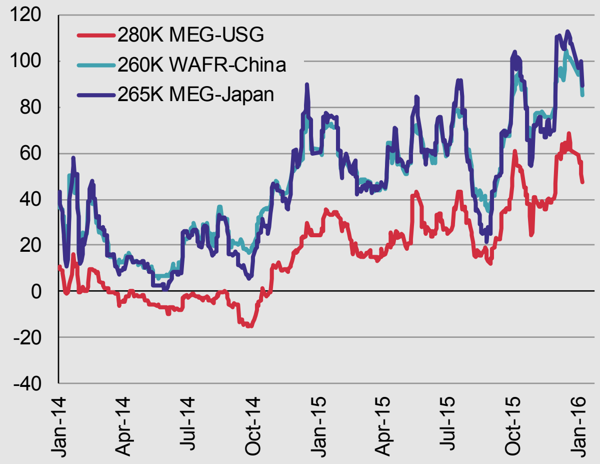
Aframax

In the Baltic, rates initially dropped as a surplus of prompt vessels were cleared. However, after this rates began to improve with activity increasing and ice-class restrictions coming into effect for ports including Primorsk, Ust Luga and Vysotsk. Meanwhile, the North Sea was quiet with very little reported. In the Mediterranean, a glut of vessels pressured rates downwards but they have since stabilised and may rise next week with high winds and port closures restricting vessel supply.

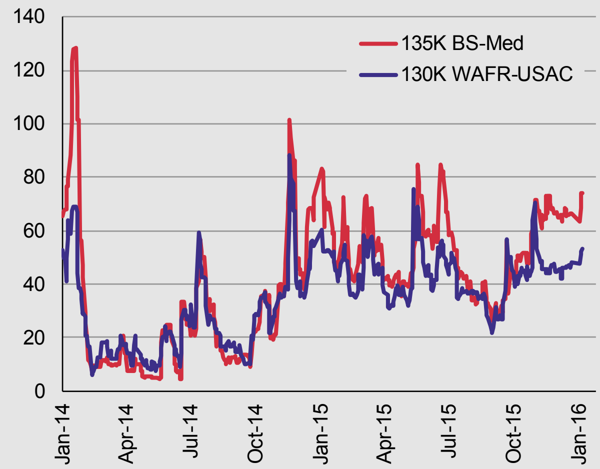
In the US Gulf and Caribbean, rates tumbled following a slow start after the holiday period with cargo enquiry lacking. This has allowed the vessel position list to build, particularly with discharge delays decreasing as US crude stocks decline.

In the Middle East Gulf, a lengthy vessel position list and cargoes being taken by timecharter ships could result in rates falling next week. In Southeast Asia, earnings declined with some limited resistance as Indo-Australia and Indo-North cargoes emerged, however ship supply is more than enough to cover these.

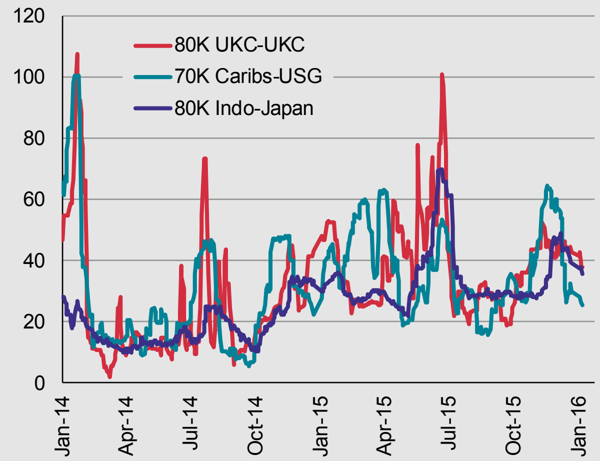
VLCC Spot Rates $‘000/day



Suezmax Spot Rates $‘000/day



Aframax Spot Rates $‘000/day



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MR

In the US Gulf and Caribbean, rates initially slipped due to a well-supplied vessel position list and limited cargo enquiry. However, rates appear to have found a floor and may begin to rise next week as ship supply thins, with cheap gasoline in the USG opening up enquiry for shipments to Latin America and refinery problems in Brazil compounding this. Enquiry could also rise from the West Coast of the Americas due to a gasoline shortage there.

In the UKC, it was a relatively active week with rates rising early on due to tight vessel supply for prompt dates and up to the middle of the month. However, rates have since slipped with numerous ships failing their subjects. Sentiment is currently soft and rates could be dampened further by USAC, EC Canada and Brazil based ships potentially set to ballast across the Atlantic.

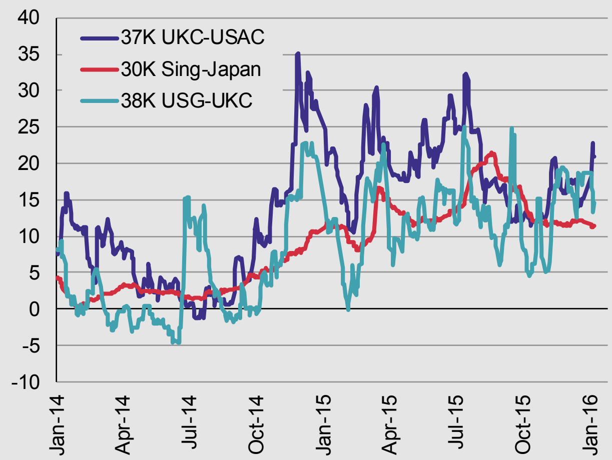
In Northeast Asia, a lengthy vessel position list led to a drop in rates for long and short-haul voyages. In Southeast Asia, a similar abundance of tonnage pushed rates downwards, although rates could stabilise next week as prompt ships are gradually picked off.

LR

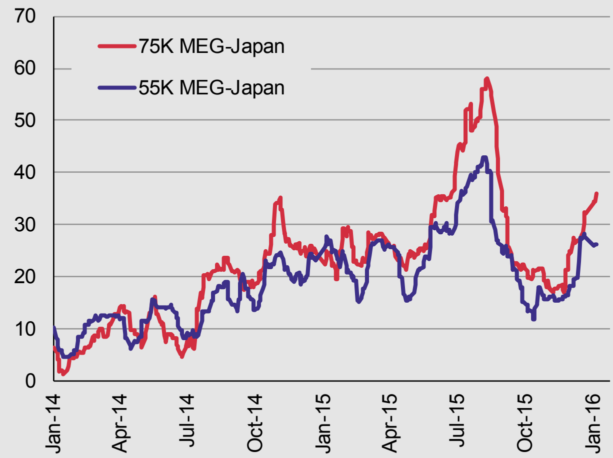
Rates on the LR2s have continued to remain firm over the recent holiday period The position list looks increasingly tight towards the middle of the last decade of January and despite a number of charterers breaking down LR2 cargoes to take advantage of the weak MR market, the impact of this has been negligible on LR2 sentiment going forward.

For LR1s, it was an active week for eastbound shipments but westbound enquiry was muted with rates in this direction largely untested. Rates could firm further moving forward with shipments to the East sufficient to tighten the vessel position list up to the end of January.

MR Spot Rates $'000/day



LR Spot Rates $'000/day



Size	Voyage	WS Today	2015 Average	2014 Average	TCE Today	2015 Average	2014 Average
VLCC	265K MEG-Japan	101.0	86.1	63.3	89,160	65,566	25,980
	280K MEG-USG	56.0	49.7	37.6	47,509	31,256	1,091
	260K WAFR-China	98.5	79.8	68.3	85,077	64,559	27,680
	260K WAFR-USG	106.5	89.1	77.9	97,834	79,436	79,436
Suezmax	130K WAFR-USAC	120.0	79.6	88.5	53,450	43,508	26,592
	135K BSEA-MED	140.0	100.6	104.7	73,889	53,036	29,433
Aframax	80K cross-UKC	117.5	112.1	116.2	37,950	38,895	24,682
	80K cross-MED	115.0	121.0	112.1	29,175	34,007	20,633
	70K Caribs-USG	115.0	134.3	166.5	25,321	37,770	27,580
	80K Indo-Japan	140.0	124.3	105.1	35,768	34,179	18,723
MR	37K UKC-USAC	150.0	113.3	119.9	20,866	18,983	8,984
	38K USG-UKC	115.0	104.9	95.7	14,645	12,556	4,256
	38K Caribs-USAC	145.0	142.4	130.2	19,000	19,232	8,087
	30K Sing-Japan	140.0	109.6	115.0	11,332	13,488	3,508
LR 1	55K MEG-Japan	152.0	99.6	82.5	26,182	24,130	14,075
LR 2	75K MEG-Japan	150.0	89.3	70.9	35,900	29,442	15,267