Gibson

15.08.2025

Tanker Market Report

Still Handy?

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The Handy tanker market continues to shrink. This has been an ongoing trend for many years, which was rapidly accelerated by the conflict in Ukraine. With spot fixtures in the Baltic and the Black Sea going from around a third of total fixtures to less than 10% each year since 2023, Handies had to find demand elsewhere. Nevertheless, total volumes have continued their ongoing downwards trend, and this year seems to be no different. If the trend doesn't change going into Q4, numbers for 2025 look set to drop compared with 2024. So far this year, total clean and dirty volumes carried on Handies have declined by about 5% YTD compared to 2024. The total number of spot fixtures has also declined, though possible underreporting due to dark fleet activity may affect these numbers.

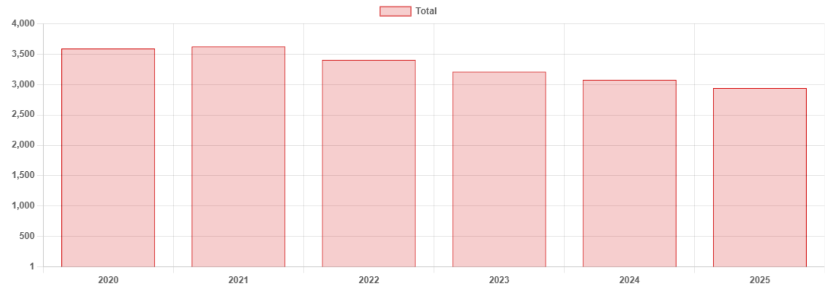
The Mediterranean remains the most active region for Handies, with over 50% of spot activity taking place here. Earnings in this region are the most representative of the wider Handy market, though they have at times shown extreme volatility. TC6 this year declined significantly from 2024, though now on par with the 10-year average. Freight rates in the UKC have been less volatile but are generally underperforming the Mediterranean market. MRs cannibalising Handy cargoes has led to constant pressure this year with MRs in the UKC and Med MR regions weaker compared to previous years. On the dirty side, the markets have been comparatively stronger this year, possibly helped by the Med ECA. Notably, Handy CPP tonne miles have declined by a substantial 17% year to date, and dirty Handy tonne miles by a mere 3%.

The orderbook for Handies remains favourable at only a modest 6%, despite 2024 seeing the largest number of Handy orders in over a decade. 75% of the fleet over 15 and 41% over 20 years old. If current scrapping trends hold, over 50% of the fleet will be above the age of 20 in 2027. Given that the top charterers for Handies are typically European oil majors and large commodity traders, the aging of the fleet may be a significant supportive factor to watch in the years to come for the few modern ships remaining. However, oil majors have been forced to adjust vetting policies for Handies, with some increasing their age limits beyond 15 years in response to the changing fleet dynamics.

MRs could also exert downward pressure. The MR orderbook is larger at 18%, with a significant number of vessels set to be delivered in the next couple of years. If the MR market weakens as a consequence, more of the larger vessels may encroach on the Handy market, with the trend towards larger stems another factor to watch.

As such, the balance between the size of the addressable market and the employable fleet may be the driving factor of the Handy market in the years to come. Although hard to envisage, if Russia eventually reintegrates into the mainstream oil markets, Handies could see some of their lost demand return.

Total Handy volume CPP & DPP (kbd)



Crude Oil

East

The week began slowly with limited activity though there were rumors of private cargoes being worked behind the scenes. As the week progressed, a few cargoes were fixed at slightly softer levels, putting some pressure on sentiment. However, Owners showed resistance, helping to stabilise the market. The tonnage list remained balanced, offering Charterers more flexibility when they did step out looking to cover. Activity has now tapered off, largely due to multiple public holidays globally. Expect an improvement in activity levels next week as we turn our attention to first decade September stems. Today we are calling AG/China ws 55.5 & AG/USG ws 34.

The market in the East has been pretty quiet on Suezmaxes with limited enquiry and some considering the ballast to West Africa. For Basrah/West today Charterers are likely looking at paying around 140,000mt x ws 52.5 via Cape. Rates to head East are still under pressure but with a firmer VLCC market, Owners can likely hold the 130,000mt x ws 97.5 level.

West Africa

The West Africa VLCC market remained largely subdued throughout the week, activity was taking place albeit under the radar and freight levels stayed on a steady course for most of the week. The call on sentiment is steady for now and the hope will be to see a tick up in activity next week. Today we are calling WAF/East in the region of ws 54.5.

Suezmax markets in West Africa have been sluggish this week with a few VLCCs booked for the current window, taking away stems. For early dates there is still potentially some tightness, with a few fuel oil tenders to clip away early ships on the list. Today, TD20 needs a fresh test but expect Charterers to be looking to push below ws 110 on next done.

Mediterranean

TD6 does seem to have held this week at the ws 130 level, but with minimal enquiry from West Africa and not too much fixed away from the USG, Charterers will be expecting to chip away at last-done. Libya/East remains untested, though with the number of ships needing to go East running low, we estimate around $4.8m for a Libya/Ningbo run today. Especially with an increasing number of cargoes that are sold into the East from CPC in the coming windows.

It was a sluggish week for Med Aframaxes. Thin visible volumes, not uncommon for this time of year, gave Charterers the ability to claw back some points. Rates which were in the mid ws 150s for vanilla cross Med runs tiptoed gradually down to the ws 150 levels, with better flats allowing ws 145 to be done. In truth more rate erosion could have come to pass but a combination of unreliable ports and other replacement cargoes meant that Charterers needed to be fairly selective and as such were less aggressive. At the close, the list is reasonably balanced but Charterers will be happy with the lay of the land for now and may look for more savings on Monday especially given the dearth of CPC cargos on the smaller sizes.

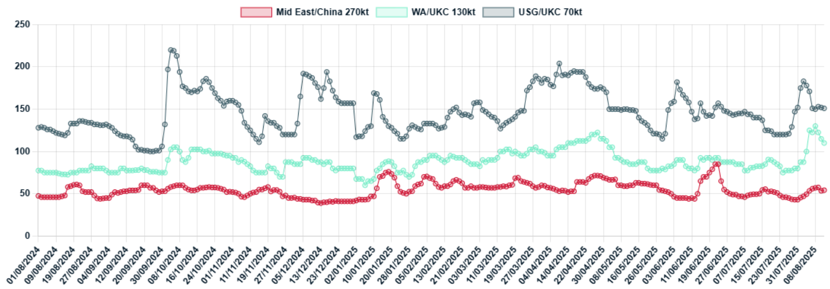
US Gulf/Latin America

The USG VLCC market showed early signs of potential improvement after a couple fixtures were reported at above last done levels, though the pace of fresh enquiry remained slow throughout the week, with cargoes being drip fed into the region. Freight levels largely held steady, and while Owners showed some resistance, the lack of momentum limited any further gains. Similarly, the Brazil VLCC export market remained quiet mirroring the subdued sentiment seen across the surrounding regions. With enquiry levels still lacking, both regions await a pickup in activity to provide clearer direction and potential support to the surrounding markets. Today we are rating USG/China at $7.3M & Brazil/East ws 53.5

North Sea

A strange week with swaps adding a little bit of a bump to an otherwise stable market. There are still good units around, and, with an influx expected from the States in the third decade Charterers, will have their pick. Some Owners are weighing up the relocation to the Med in the medium term, for now Cross North Sea sits at ws 130 but will likely have some testing into next week.

Crude Tanker Spot Rates (WS)



Clean Products

East

It’s been a busy week for the LR2s with plenty of activity both on an off market, TC1 at 75 x ws 145 seems slightly undervalued given the activity and looks to positively tested early next week. West runs have had an inability to push up from $4-4.1m footing and looks to trade sideways for now.

LR1s on the whole have been quiet, however, with Owners being stubborn, rates have managed to hold. TC5 sits at the 55 x ws 170-175 level and Westbound holds flat at the $3.25m level via Cape, but, there will need to be more activity in the market next week for these levels to hold or progress higher.

A busy week for the MR’s here in the AG after last weeks drop in rates. Good cargo enquiry combined with a tightening list has seen rates trade flat for the best part of the week with TC17 at 35 x ws 235 & TC12 at 35 x ws170 for the most part. Fast-forward

to Friday and we see little currently outstanding but with the list very tight on the front-end, both these routes have been able to push up a touch (2.5 points). Heading into next week, expect Charterers to try and hold off in an attempt to take some steam out and bring ballasters into play for
the next window.

UK Continent

A week passes where activity was condensed into the start and the end, but unfortunately the quiet middle really knocked the wind out of this market. Despite a good clear out, come Friday rates sit floored at 37 x ws 100 for TC2. Charterers left many Owners stewing for the majority and as our tonnage lists filled out slowly we saw a mixed bag of destinations quoted which all lead to the same end result for TA rates really. Fresh lists pulled on Monday will show if this activity is enough to get any momentum upwards going, but for now it continues to remain subdued.

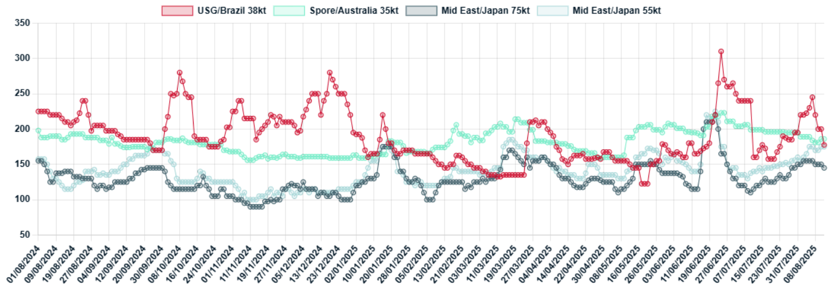
With pressure from the softening MR market, Handy Owners had to adjust their fixing ideas lower in order to stay competitive as XUKC dropped to 30 x ws140. Looking at the Handy tonnage list, there isn't much depth available up until 22-23 dates therefore the weekend break has come at a good time with Charterers hopeful for a few more firmer itineraries come Monday. That being said, MRs are still in play although the question remains if an MR really wants to stay short at current levels with most looking to exit the UKC, with TC2 trading at 37 x ws 100.

Med

What started as a fairly steady week for MRs in the Med has closed in obscurity. For the first half Owners and Charterers had accepted the 37 x ws125 Med-TA levels we had seen and we gradually saw inquiry match up to tonnage. However, with a lack of fresh tests at week's end and a few unorthodox routes such as Las Palmas-WAF working, we close the week around 37 x ws 110 in need of a fresh test. Tonnage remains balanced so if inquiry can continue to trickle through, it is assumed that we could see a stabilisation in rates, but at what level is unknown for now.

A soft week for Handies in the Med as a whole, as we saw rates fall from 30 x ws 165 down to ws 135 where we are now. The ultimate drivers behind this softening has been a lack of enquiry and availability of good tonnage. Additionally, with many in the industry taking vacations during this period, there is an element of slowness to the market. Owners will be hoping that after the weekend there is enough inquiry to work through to try to put some pressure on rates. However, we have seen Charterers reaching out to try to sustain floor levels.

Clean Tanker Spot Rates (WS)



Dirty Products

Handy

It's been an overall quiet week in the North for Handies with little to report out in the market. The week started with ideas at ws 240 off the back of a snug list off early dates. Unfortunately, enquiry struggled to surface as the week progressed, and modern spot vessels began to open up. As usual in the North, a couple of vessels were clipped away for o/p and MR enquiry which has trimmed the list slightly helping to relieve some of the negative pressure somewhat. However, come Monday we expect to see more itineraries firm up and options available to charterers likely seeing levels tested down below ws 240 on next done.

The Mediterranean has seen a week of relative stability for the most part as summer trading dynamics were prominent this week. As charterers and owners alike enjoy holidays away, we saw range of fixing from ws 235-230 across the Med for the first half of the week until enquiry dried up towards the end. The list is beginning to get lengthy, and tonnage build up will be a concern for owners as we head into next week. We expect to see levels tested down into the ws 220s early next week.

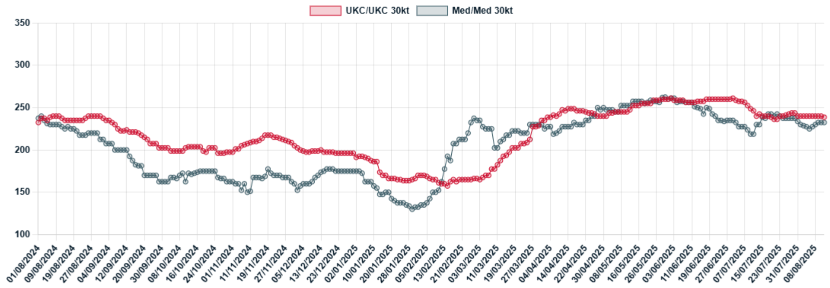
MR

MRs owners have seen cargo flow in the UKC as WMed and natural tonnage have found employment. Rate ideas sit at the ws 165 mark for now but units are set to open early third decade which should keep sentiment and levels steady here. In the Med we have seen a more load dependant market where overall WMed has seen the tighter positions seeing reports of ws 165 tested there whereas CMed/EMed positions have seen more options workable where we feel ws 160 is achievable.

Panamax

TD21 has slowly ticked upward this week as fixing has clipped units from the list at a reasonable pace, but for now we feel 50 x ws 150 is the number.

Dirty Product Tanker Spot Rates (WS)



Rates & Bunkers

Clean and Dirty Tanker Spot Market Developments – Spot WS and $/day TCE (a)

	wk on wk change	Aug 14th	Aug 7th	Last Month*	FFA Q3
TD3C VLCC AG-China WS	-1	56	57	49	54
TD3C VLCC AG-China TCE $/day	0	38,750	38,750	28,500	31,750
TD20 Suezmax WAF-UKC WS	-15	106	121	80	92

TD20 Suezmax WAF-UKC TCE $/day	-9,250	44,750	54,000	25,750	33,250
TD25 Aframax USG-UKC WS	-3	148	151	140	145
TD25 Aframax USG-UKC TCE $/day	-1,000	35,000	36,000	30,000	29,500
TC1 LR2 AG-Japan WS	-9	144	153	111	

TC1 LR2 AG-Japan TCE $/day	-2,750	34,750	37,500	21,750	
TC18 MR USG-Brazil WS	-62	176	238	176	185
TC18 MR USG-Brazil TCE $/day	-12,000	21,500	33,500	21,250	21,250
TC5 LR1 AG-Japan WS	-6	170	176	144	153

TC5 LR1 AG-Japan TCE $/day	-1,500	30,000	31,500	22,250	23,500
TC7 MR Singapore-EC Aus WS	5	189	184	202	186
TC7 MR Singapore-EC Aus TCE $/day	1,000	21,250	20,250	22,750	19,750

(a) based on round voyage economics at 'market' speed, eco, non-scrubber basis

Bunker Prices ($/tonne)

	wk on wk change	Aug 14th	Aug 7th	Last Month*
Rotterdam VLSFO	**-2**	467	469	521
Fujairah VLSFO	**-11**	485	496	521
Singapore VLSFO	**-11**	493	504	524
Rotterdam LSMGO	**-19**	643	662	707