



29.05.2026

Tanker Market Report

Back on Track?

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Last month, the International Maritime Organization (IMO) held its 84th Marine Environmental Protection Committee (MEPC 84) session in London. The meeting followed a volatile MEPC 2nd extraordinary session last October, where a coalition of countries successfully delayed the adoption of the IMO's much anticipated Net Zero Framework (NZF).

As we reported

(<https://www.gibsons.co.uk/report/carbon-pricing/>).

a year ago, the framework, which aimed to introduce a global carbon pricing mechanism for shipping, faced heavy criticism, notably from the Trump administration. Last month during MEPC 84 the coalition against the NZF were largely unchanged, as were the group of countries in support of it. However, many of the parties recognised that a compromise would be needed, though many who supported the framework felt there was little scope to “water” it down.

Opponents of the NZF were concerned that it was unrealistic and relied on fuels which are not yet available at scale, leading to higher shipping costs and a risk of non-compliance due to infrastructure and capacity issues. The concept of the NZF fund, its associated economic burden and uncertainty around revenue use, governance and its legal basis also created friction between member States.

To overcome these issues, major flag states Liberia and Panama, which flag around 30% of the global fleet, along with Argentina proposed a revised approach

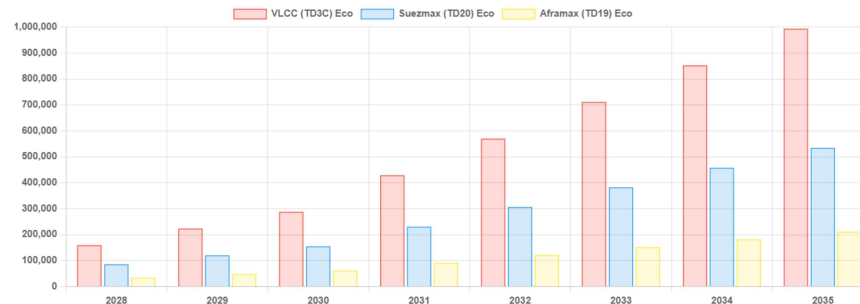
centred around the Global Fuel Intensity (GFI) target. The proposal linked GFI adjustments to the demonstrated market uptake of low-carbon fuels whilst also taking account of technical, affordability, availability, and scalability factors. At the same time, the proposal specified that there would be no IMO fund. Japan also tabled a revised proposal, aiming to bridge the gap between parties and similarly remove payments into the proposed IMO NZF fund. Instead, it proposed that compliance deficits be traded, allowing ships to meet obligations by transferring surplus units generated by overly compliant vessels, whilst also easing the GFI reduction trajectory from 2030 onwards. Both proposals also raised concerns about forcing out key transition fuels like LNG. In the end, neither proposal gained sufficient support to progress further.

So where does this leave the NZF framework now? Further refinement will be needed, with the original proposed framework unlikely to be adopted in its current form. Negotiations will continue at two intersessional working groups during 2026. In any case, the earliest the NZF can now enter into force is 2029 if adopted at MEPC85 in December, which also

looks like an uphill battle. Even if an amended version of the NZF is approved, the US and its allies may still threaten sanctions on anyone enforcing it against US interests.

So, for shipowners the wait for regulatory certainty goes on. Yet despite this, newbuilding investment remains high, and the IMO's delay appears to have encouraged many owners to simply invest in conventionally fuelled ships.

IMO NZF Compliance Costs



Crude Oil

East

The AG and Red Sea VLCC market remained subdued throughout the week, with uncertainty continuing to weigh on activity. Ongoing discussions around a potential agreement and changing signals from the region failed to generate meaningful momentum, leaving owners cautious and charterers in no rush to act. The tonnage list remained well supplied, while geopolitical developments and renewed US pressure on Iran kept the market focused on the Strait of Hormuz. Although a handful of market quotes surfaced during the week, activity remained limited and freight levels were largely unchanged as owners continued to wait for a stronger flow of enquiry.

The AG Suezmax market remains effectively at a standstill, with very limited numbers of ships managing to transit Hormuz. There appears to be considerable optimism that a deal may be reached imminently, though this is far from certain and is making it very difficult for market players to put together trades.

The Asia Aframax market extended its downward trend from last week, with charterers firmly dictating the pace as activity remained subdued against a lengthening tonnage list. A single Australia/East cargo attracted double-digit offers, highlighting the extent of the tonnage overhang and exerting further pressure on rates. With a shortened trading week in Indo, a long weekend ahead and Posidonia approaching, charterers with outstanding requirements are expected to continue testing lower levels. Across the Pacific, Vancouver liftings also softened, with owners' ideas now slipping into the mid-\$3m range. While some of the softness can be attributed to the typical summer lull, the ongoing geopolitical backdrop has exacerbated conditions beyond normal seasonal lows. We close the week on a softer footing, assessing Indo/Up at 80kt × WS165.

West Africa

The WAF VLCC market experienced another quiet week, with limited fresh activity reported on the surface. Owners spent much of the week looking for a pickup in enquiry that could attract additional ballasters from the East and provide a clearer test of market levels. Instead, activity remained subdued and a healthy tonnage list, combined with softer Atlantic fixtures, placed some downward pressure on rates. By the end of the week sentiment had softened slightly, though a lack of meaningful enquiry left the market searching for clearer direction.

The WAF Suezmax market has fallen sharply this week. With plenty of prompt tonnage in the West and an ample supply of ballasters from the East, charterers will be looking to break WS150. The premium for an East run stands at around 7.5 points, though owners may be tempted to lock in a long run given current circumstances.

Mediterranean

On Suezmaxes, TD6 has not been tested since the WAF market fell, but with plenty of prompt ships in the East Med there will be plenty of competition for early cargoes. Charterers will likely be looking toward the low WS200s by the end of next week, with reports of supply disruption and a reduced cargo count for the second decade of June providing a tonnage overhang. For Med/East, there are plenty of keen players both via Suez and via Cape. It has been quite an illiquid market of late, though we feel the rate for Libya/Ningbo is there to test \$8m. Even with prompt barrels continuing to come to the market as they have over the past month, it is going to be difficult to get caught out here.

The Med Aframax market came into the week having most definitely bottomed, with a progressive cleardown of availability lessening charterers' bargaining power. As the week progressed a similar pattern followed, with charterers initially reaching out on dates and owners with less than perfect itineraries finding themselves in demand. Naturally, when these

signals flash, owners quickly realise they have a window to push for improved returns. At time of writing we sit some 5-10 points higher than where the week began, with reports of 80 × WS180 on subs. However, with surrounding markets showing distinct loss of value, gains may yet prove temporary and short-lived, particularly with Posidonia disruption beckoning.

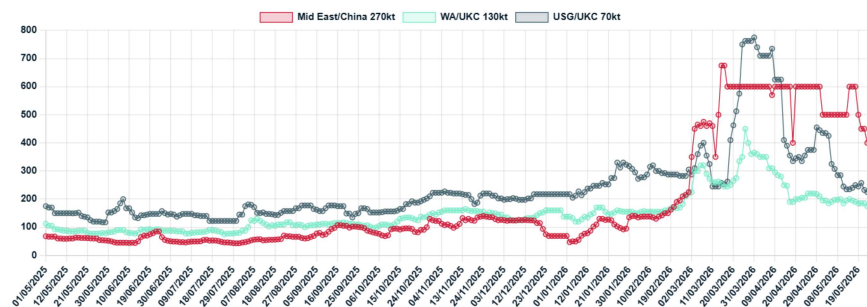
US Gulf/Latin America

The States VLCC market started the week with expectations that activity would improve following the bank holiday. However, recent fixtures concluded below previous levels weighed on sentiment and kept rates under pressure. While the tonnage list remained relatively balanced for prompt dates, overall activity was limited and much of the reported business appeared to be taking place quietly. Later in the week a small pickup in enquiry emerged, but Atlantic fixtures continuing to conclude below last done capped any upside. Overall sentiment softened compared to previous weeks, though rates remained broadly steady as the market awaits a stronger flow of cargoes.

North Sea

On Aframaxes, the expected correction came this week, and it came like a swinging pendulum. Rates were really tested, with a couple of cargoes receiving copious amounts of offers and revealing where the true floor lies. The ballast to the US is now looking less and less appealing and local returns are slightly more challenging. The Med market will draw a few units, though with many away at Posidonia next week there is little hope of expecting anything but a repeat of levels at best. Most are hoping we have settled at a new benchmark of WS145, and this seems to be the case, with perhaps a couple of points still to be shaved depending on the route.

Crude Tanker Spot Rates (WS)



Clean Products

East

Slightly more activity on LR1s this week, though LR2s have been very quiet. With multiple public holidays throughout the week and Singapore off on Monday, the week has really struggled to gain any traction. The situation in the AG remains unchanged, and as a result more and more owners are positioning their vessels in the Red Sea. With increased competition for stems, charterers are seeing the premium come down and have achieved quite a number of last done levels as a result.

A quiet week for the AG and Red Sea MR market due to the holiday period across the region. TC17 started the week at WS350 ex-Sikka on a replacement vessel, while Fujairah/Sohar traded at WS400. Singapore reported at WS310 ex-New Mangalore, making TC12

WS270. Mid-week some activity emerged out of the Red Sea, with a Djibouti run fixed at \$850k. A USAC cargo reportedly failed around the \$2.7m level, with the vessel subsequently replaced and the replacement voyage still lacking clear discharge options. Toward the end of the week enquiry slowed significantly, with several charterers covering requirements on own tonnage and TC17 on subs at WS330. With the holiday period coming to an end and Posidonia approaching, expect activity levels to pick up again both over and under the table.

UK Continent

Despite a reasonably good clearout of MR tonnage during the truncated week, owners have struggled to hold onto last done rates throughout, and as we arrive at Friday charterers continue to hold the upper hand. A steady flow of TC2 stems has given charterers multiple opportunities to test owners' resolve, with 15 points wiped off the market as a result. WAF has been slow, though the few tests seen have chiselled away at the previous high premium, now standing at around 50 points over TA. On a small positive note, short-haul

XUKC runs have now flipped into 37kt sizes from 30kt, allowing a number of ships to keep moving, albeit only for a limited time. Further encouragement comes from the USG market, where rates have finally found some positive momentum, which in turn could see a few more ballasters head that way. With Posidonia around the corner, however, we can expect the first half of next week's fixtures to be concluded with souvlaki and Mythos in hand, keeping owners' aspirations at bay.

Consistent cargo flow remains an issue for Handies in the North, though owners have recently done a good job of holding the line at last done levels. The problem owners have faced this week is the softness from the MR sector, which has become the cheaper alternative with XUKC slipping to $37 \times \text{WS210}$, equating to $30 \times \text{WS259}$. It does feel that Handies will have to adjust their fixing ideas down, or for now will continue to get priced out by the bigger ships.

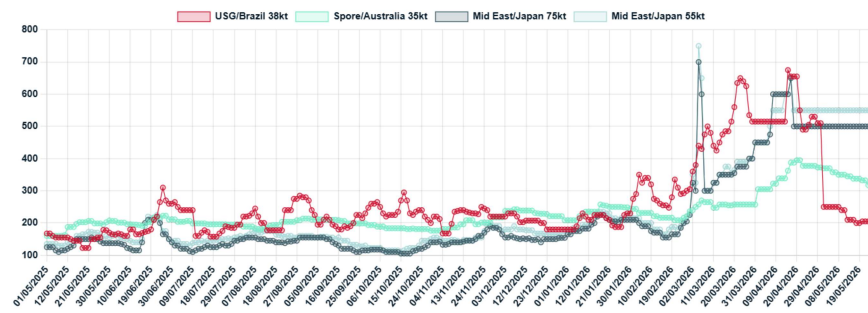
Med

With a wealth of MR ballasters, sentiment was eroded and owners' prospects looked sceptical at the start of the week, with rates feeling quite soft for June against limited enquiry. Activity throughout saw Med-TA correct down to 37 × WS170 levels. In line with this, Med-UKC and Med-WAF have seen fresh tests at lows of WS200 and WS230 respectively on options stems, with potential for further corrections. Oversupply has ultimately taken its toll, with charterers aware that staggered enquiry helps pile on bearish rate pressure. Eyes on how the USG bounces back and how it could affect owners' outlook on certain routes.

A short week that has not been a good one for the Med Handy owning fraternity. Rates have corrected down from WS300 to WS255, with rumours of less on subs. A healthy list and staggered enquiry have been the main factors at play, allowing charterers more control in this market. It does not take much to get rates moving upward here, though with Posidonia next

week business is likely to get done face to face, which the majority of the time stabilises around last done. The general sentiment is soft, but future rate movement will be dependent on how the list shapes up come Monday.

Clean Tanker Spot Rates (WS)



Dirty Products

Handy

A quiet week across both regions with levels softening across the board. In the North, an early cargo drew multiple offers from prompt owners before being fixed at WS395, marking a relatively large drop in levels

before enquiry seemingly faded away. Prompt units positioned WMed that could be called upon if needed are keeping negative pressure building. An active start is needed to begin clearing tonnage, though for now we see levels at WS385-390 for next done.

The Med followed suit with limited enquiry and plenty of prompt and early ships to work, particularly built WMed. Many expected to see a pre-Posidonia rush, though unfortunately for owners this did not materialise. Instead, a widely quoted cargo off mid-first decade June drew multiple offers and fixed at WS370 before being quickly repeated. Looking ahead, negative pressure is expected to persist with multiple units still workable and more to join the list on Monday.

MR

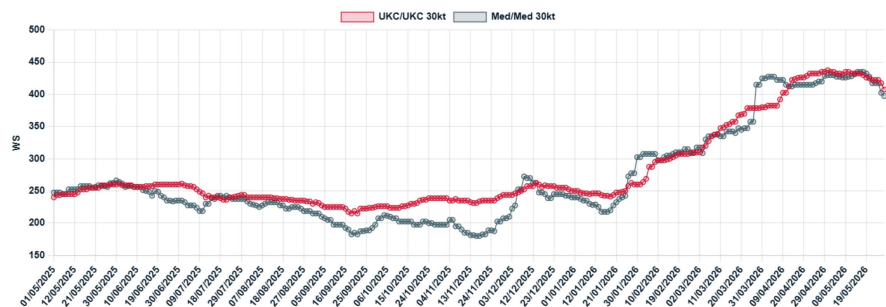
A disappointing week for MR owners, with levels softening as a prompt North Spain cargo set the tone at 45 × WS275 before a cargo out of Sines was covered at the same level. Naturally placed units in the North remain available, and enquiries for Med

discharge are likely to come at a further discount. In the Med, enquiry has been limited with tonnage fairly balanced, though heading into next week levels are expected to remain under pressure.

Panamax

A disappointing week for Panamaxes in the States as levels softened following the American bank holiday, with rate ideas trending toward the WS200 mark for TD21. Over in Europe, tonnage remains in thin supply for ships willing to go TA, with the majority of next-up ships needing to drydock in the EMed. Levels are expected to come under pressure given the recent softening of Aframaxes UKCM-TA to around 80 × WS100. For a non-restricted port, Panamaxes are expected to trend toward the 55 × WS150-160 mark, though a fresh test is needed.

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	May 28th	May 21st	Last Month*	FFA Q2
TD3C VLCC AG- China WS	-11	392	403	408	410
TD3C VLCC AG- China TCE \$/day	-9,750	410,250	420,000	427,250	424,000
TD20 Suezma x WAF- UKC WS	-27	161	187	212	192

TD20					
Suezma					
x WAF-	-15,250	69,000	84,250	98,000	81,750
UKC TCE					
\$/day					
TD25					
Aframax					
USG-	-33	193	225	434	302
UKC WS					
TD25					
Aframax					
USG-	-10,750	40,250	51,000	127,500	75,000
UKC TCE					
\$/day					
TC1 LR2					
AG-					
Japan	-3	527	530	553	
WS					

TC1 LR2					
AG-					
Japan	500	151,000	150,500	159,000	
TCE					
\$/day					

TC18					
MR					
USG-	41	246	205	516	376
Brazil					
WS					

TC18					
MR					
USG-	8,750	25,750	17,000	71,250	46,250
Brazil					
TCE					
\$/day					

TC5 LR1					
AG-					
Japan	-15	556	571	616	487
WS					

TC5 LR1					
AG-					
Japan	-2,250	114,500	116,750	128,750	94,750
TCE					
\$/day					

TC7 MR					
Singapo					
re-EC	-11	313	324	374	318
Aus WS					

TC7 MR					
Singapo					
re-EC	-1,000	34,250	35,250	44,500	34,000
Aus TCE					
\$/day					

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

Bunker Prices (\$/tonne)

	wk on wk change	May 28th	May 21st	Last Month*
Rotterdam VLSFO	-27	705	732	796
Fujairah VLSFO	+35	942	907	883
Singapore VLSFO	-32	786	818	800
Rotterdam LSMGO	-164	1021	1,184	1,343