

# Tanker Market Overview & Outlook Q3 2022

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Webinar  
13 September 2022

# Agenda

1. Recent developments
2. Demand drivers
3. Supply outlook
4. Conclusions

# 1. Recent Developments

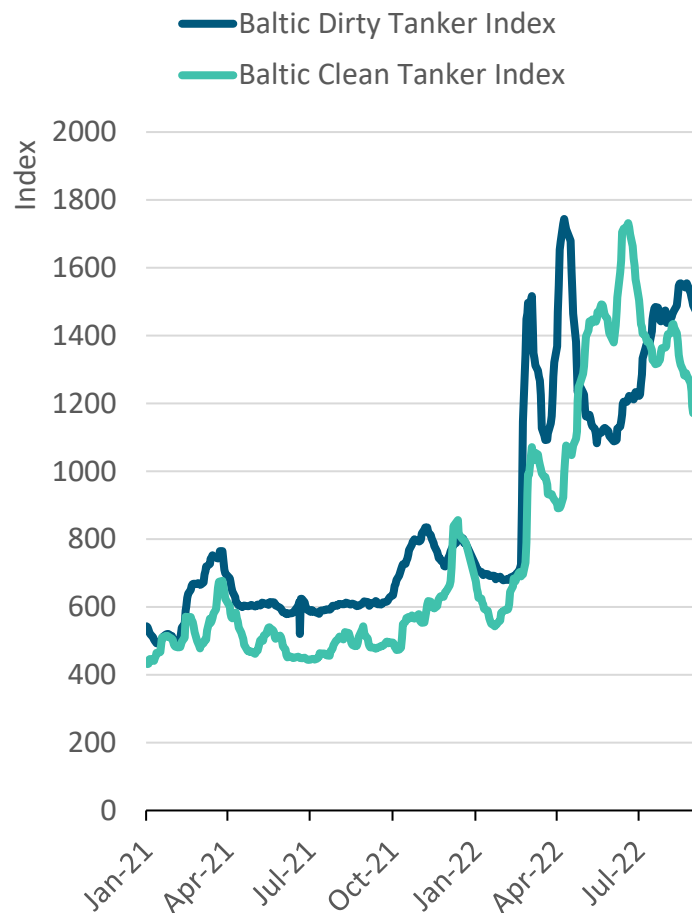
- 2. Demand Drivers
- 3. Supply Outlook
- 4. Conclusions

# Rates & Prices

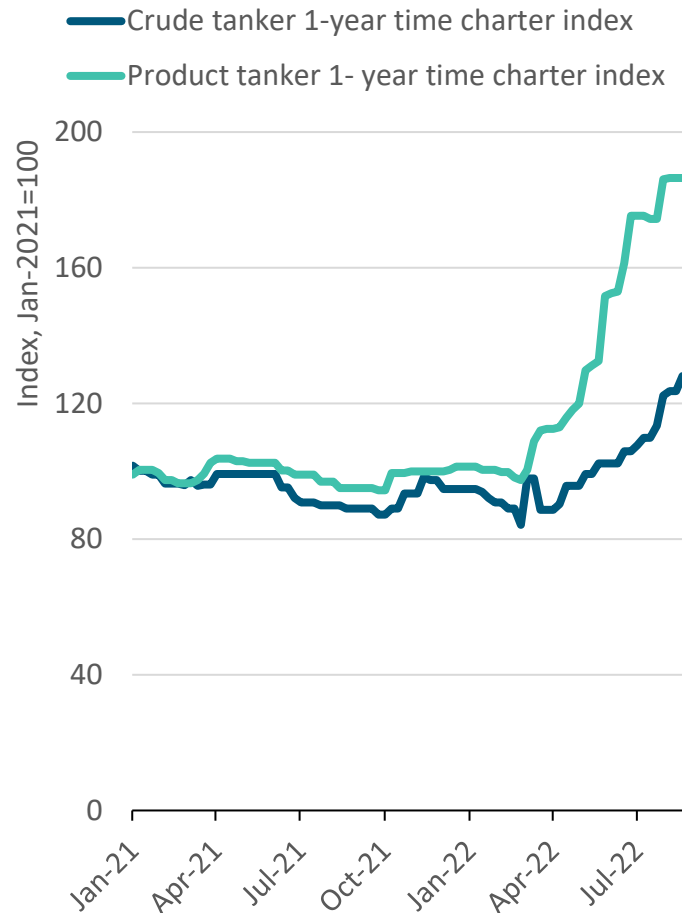
## Sustained improvements but some vessel segments benefit more



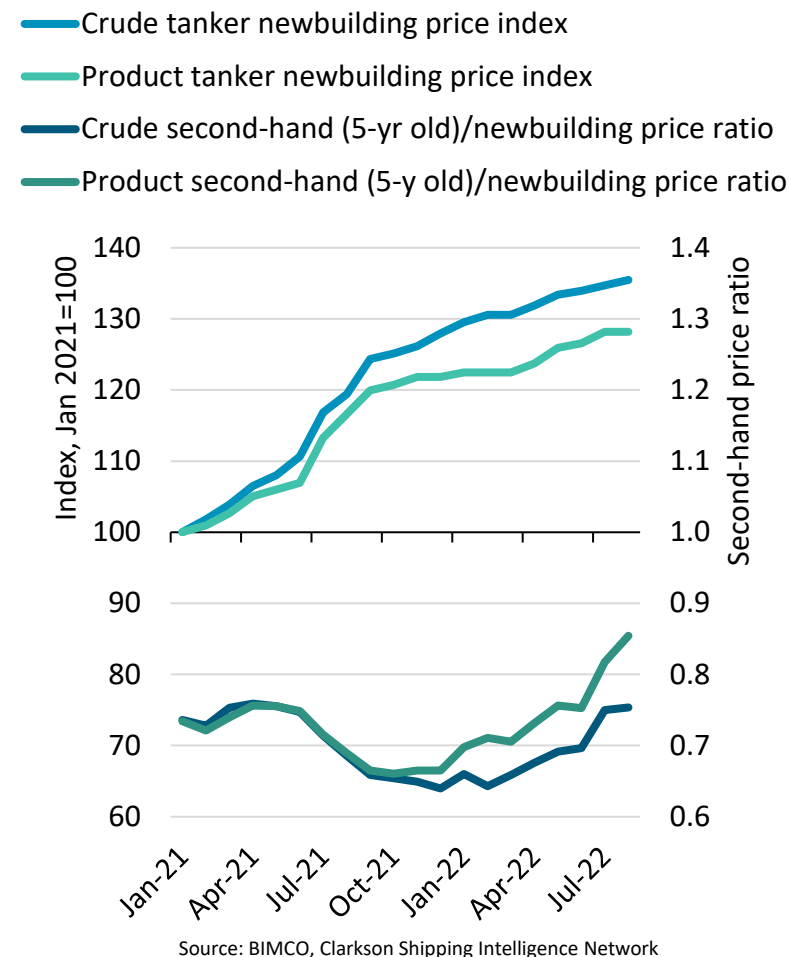
### Freight Rates



### Time Charter Rates



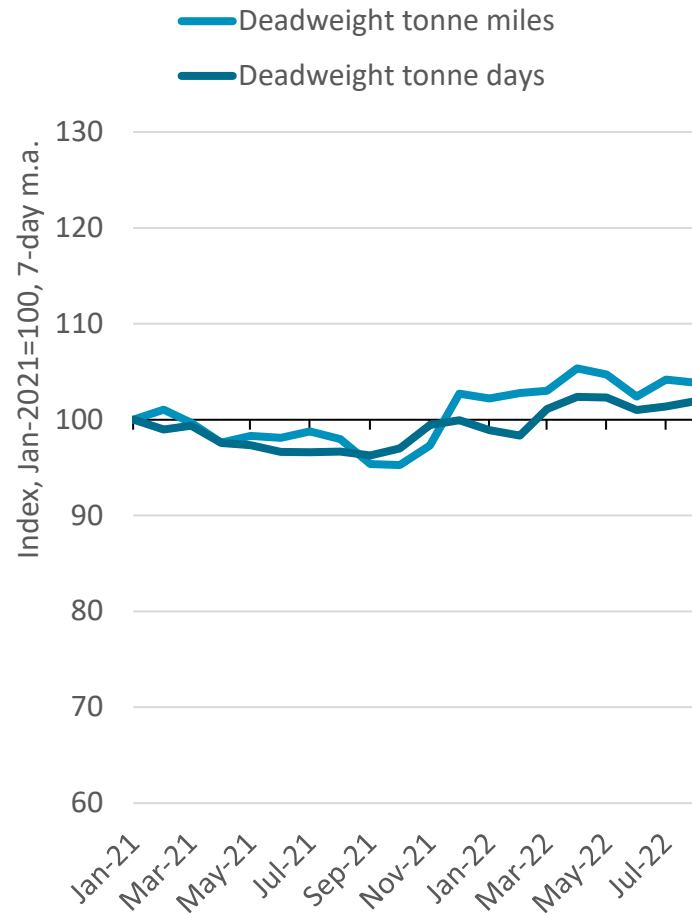
### Asset Prices



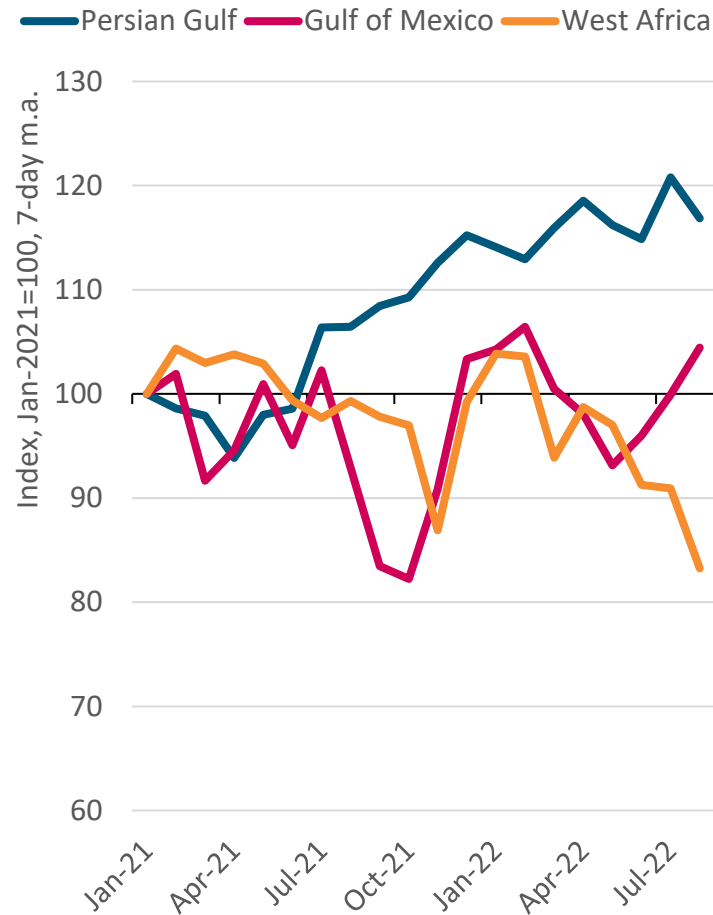
# Dirty Tanker Demand

## China has been a disappointment while recovery seen elsewhere

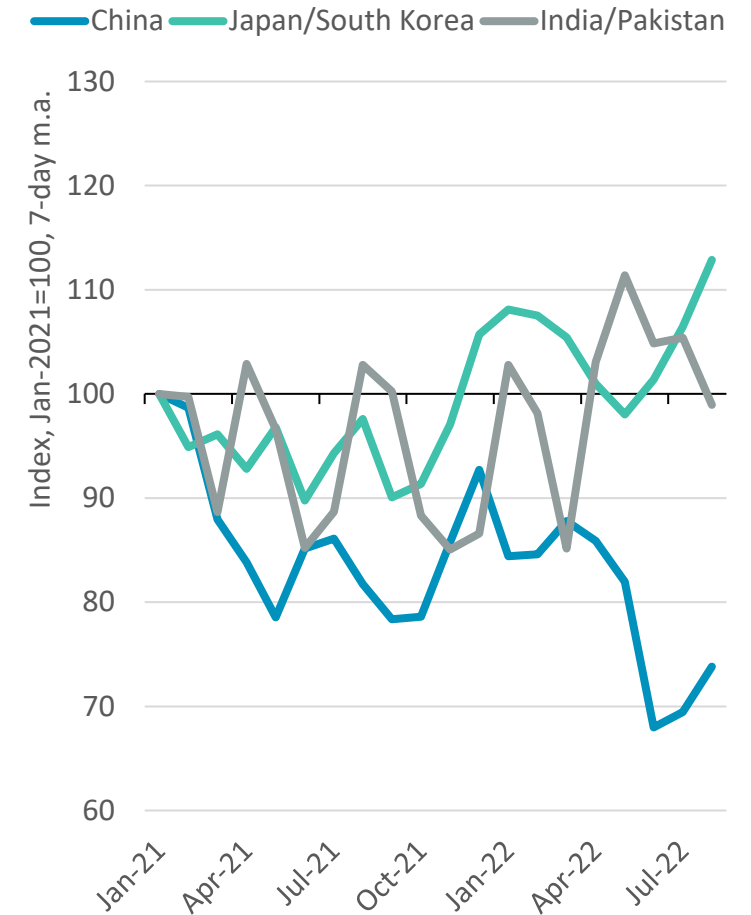
Deadweight Tonne Demand



DWT Tonne Miles - Top Origins



DWT Tonne Miles - Top Destinations

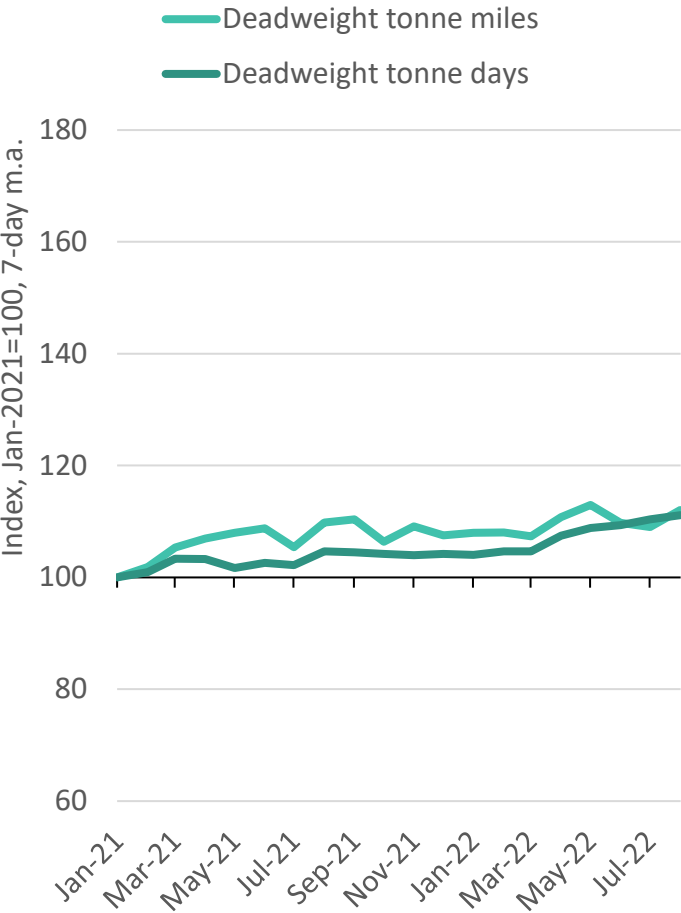


# Clean Tanker Demand

## Europe emerges as a key area for demand growth

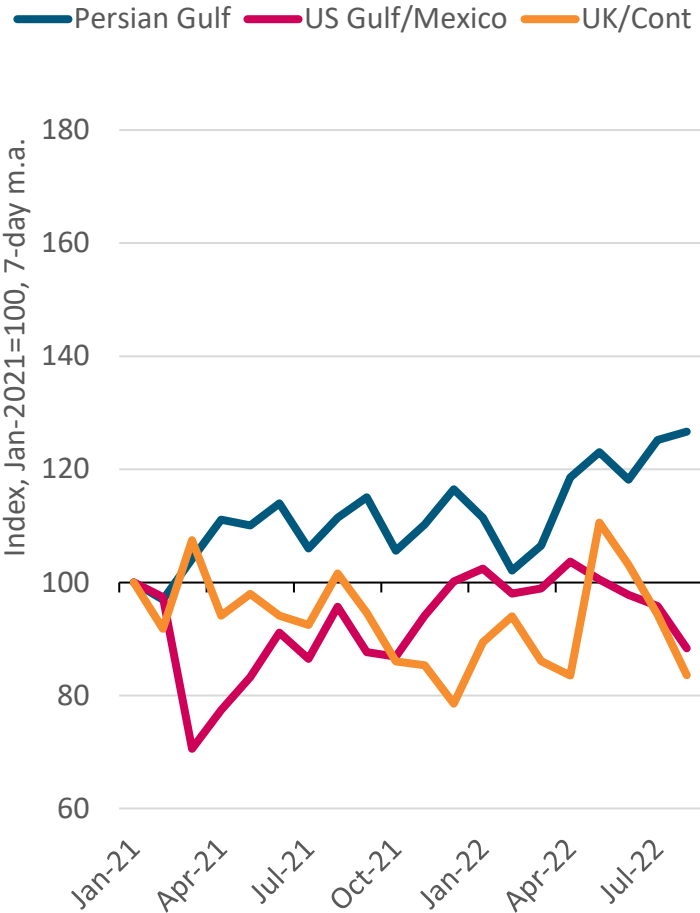


Deadweight Tonne Demand



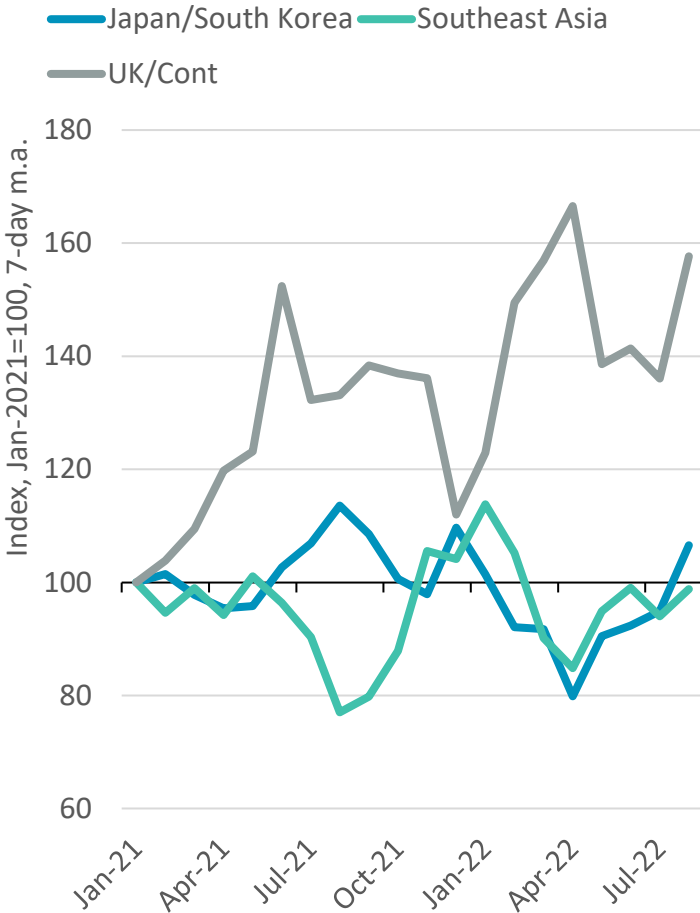
Source: Signal Ocean

DWT Tonne Miles - Top Origins



Source: Signal Ocean

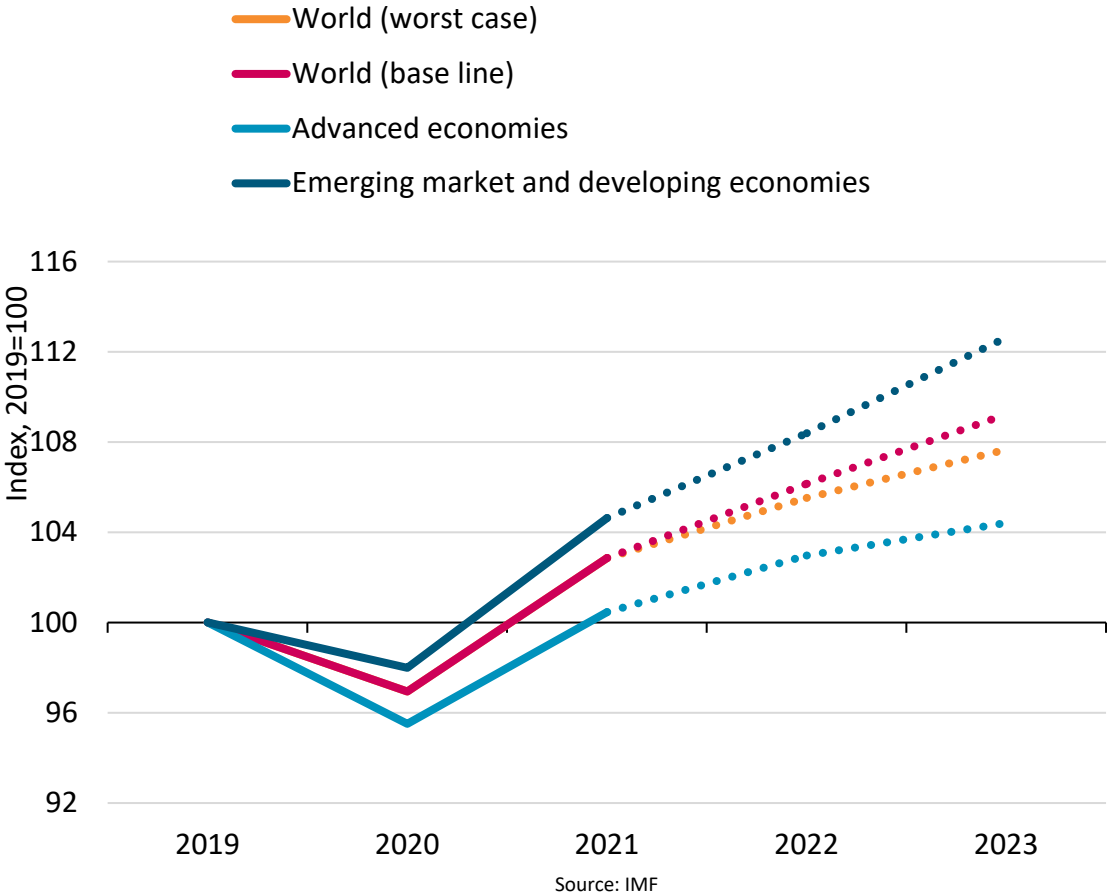
DWT Tonne Miles - Top Destinations



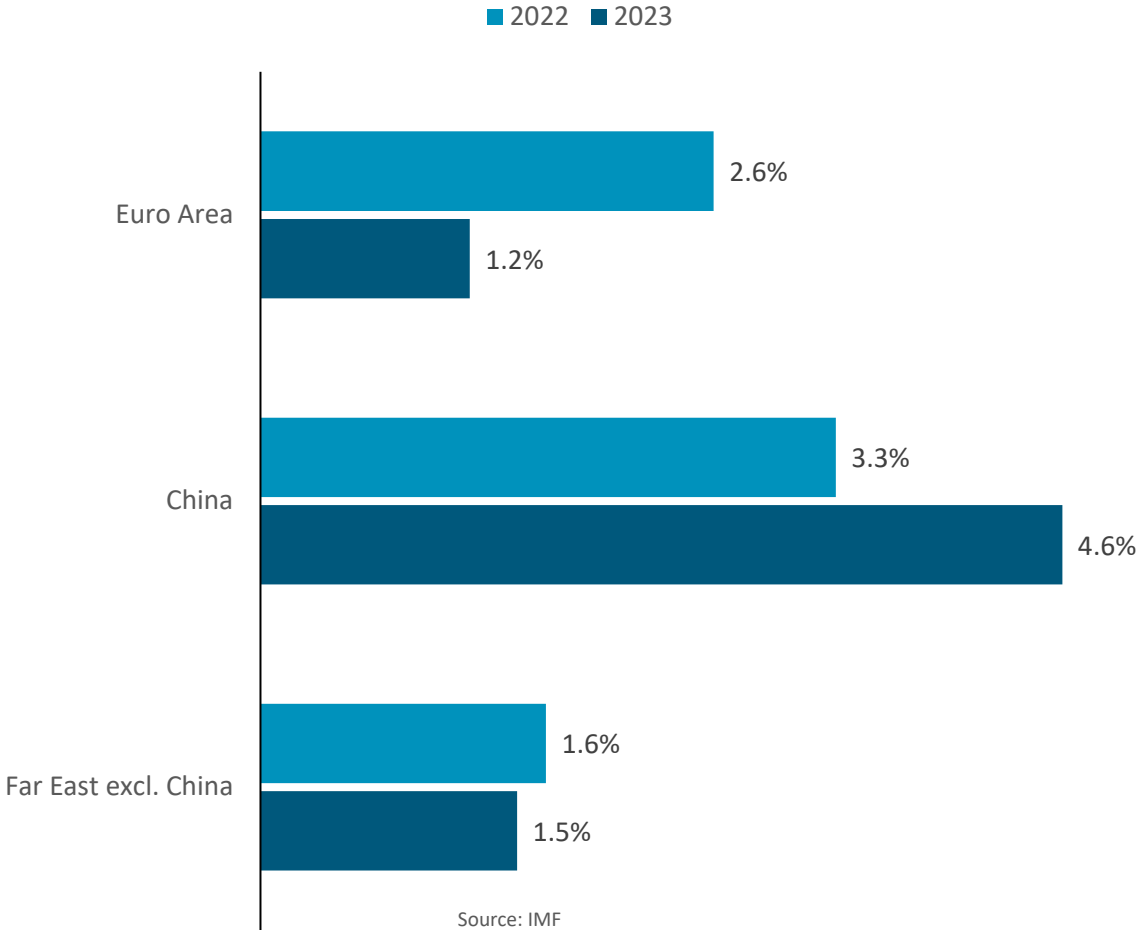
Source: Signal Ocean

1. Recent Developments
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World GDP Forecast



Key Areas GDP Forecast, y/y





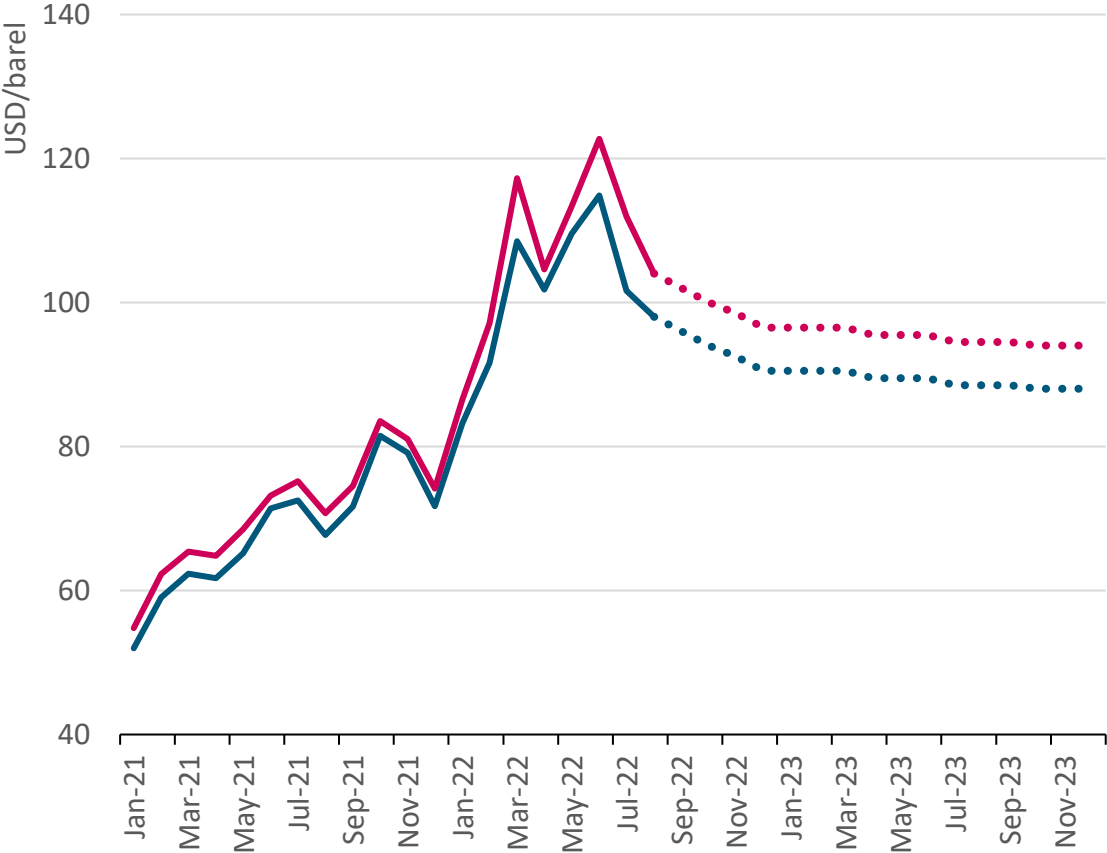
# Crude & Fuel Prices

Crude prices expected to dip below \$100/barrel, but not by much



Crude Oil Prices

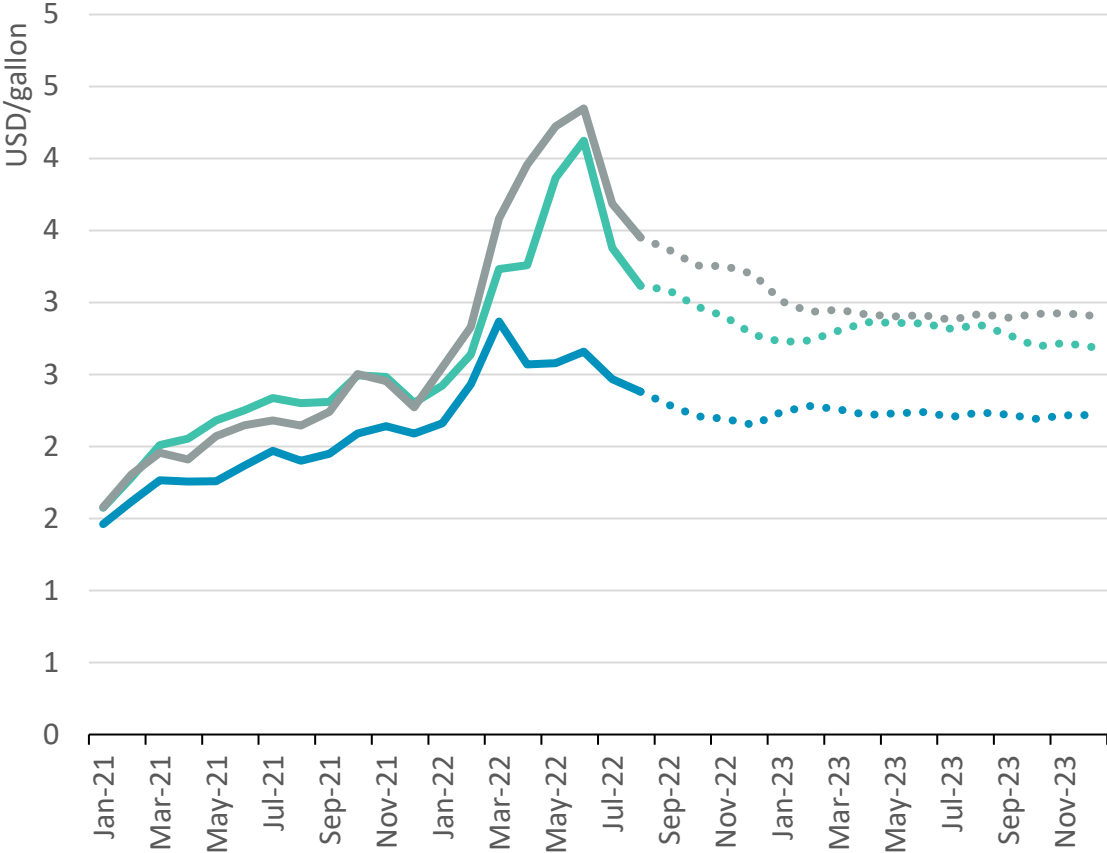
WTI Brent



Source: U.S. Energy Information Administration

US Liquid Fuels Prices

Jet Fuel Gasoline Diesel



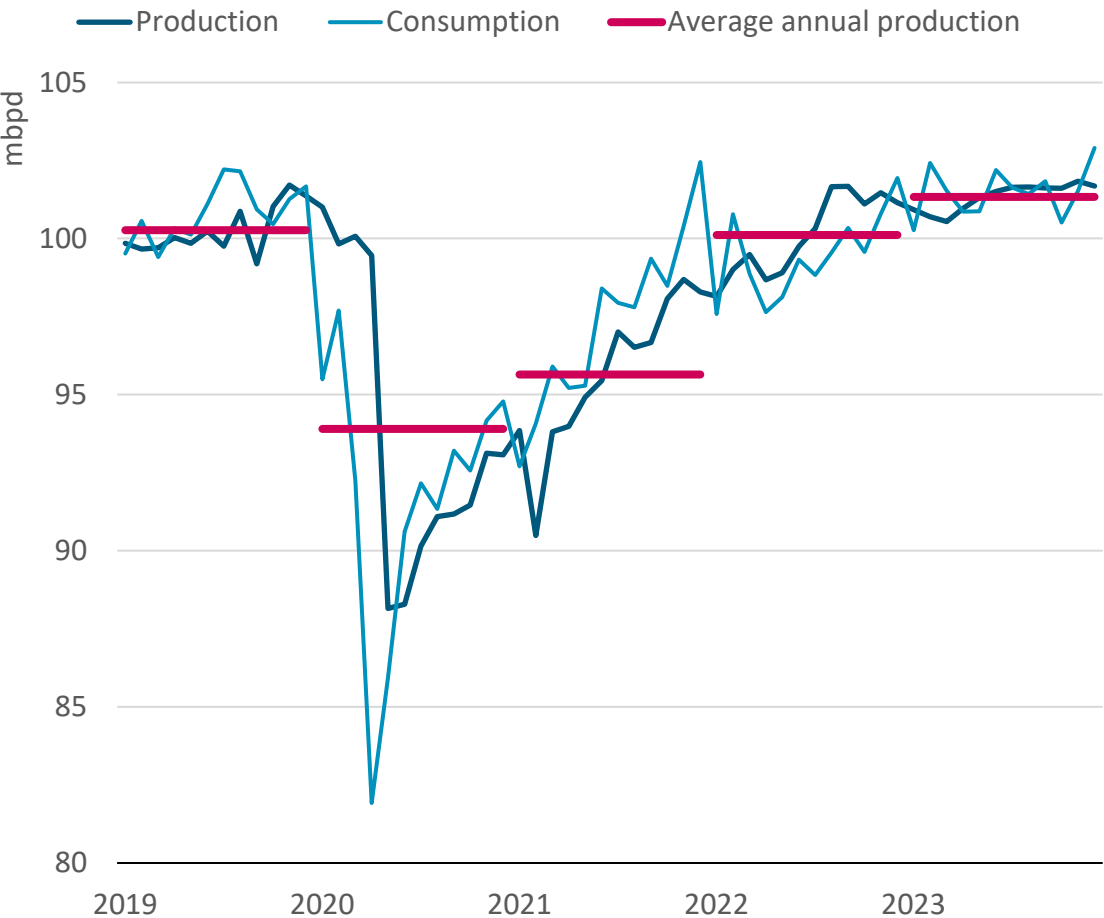
Source: U.S. Energy Information Administration

# Production & Consumption

Global production to increase 1.2% in 2023 and exceed 2019 by 1.1%

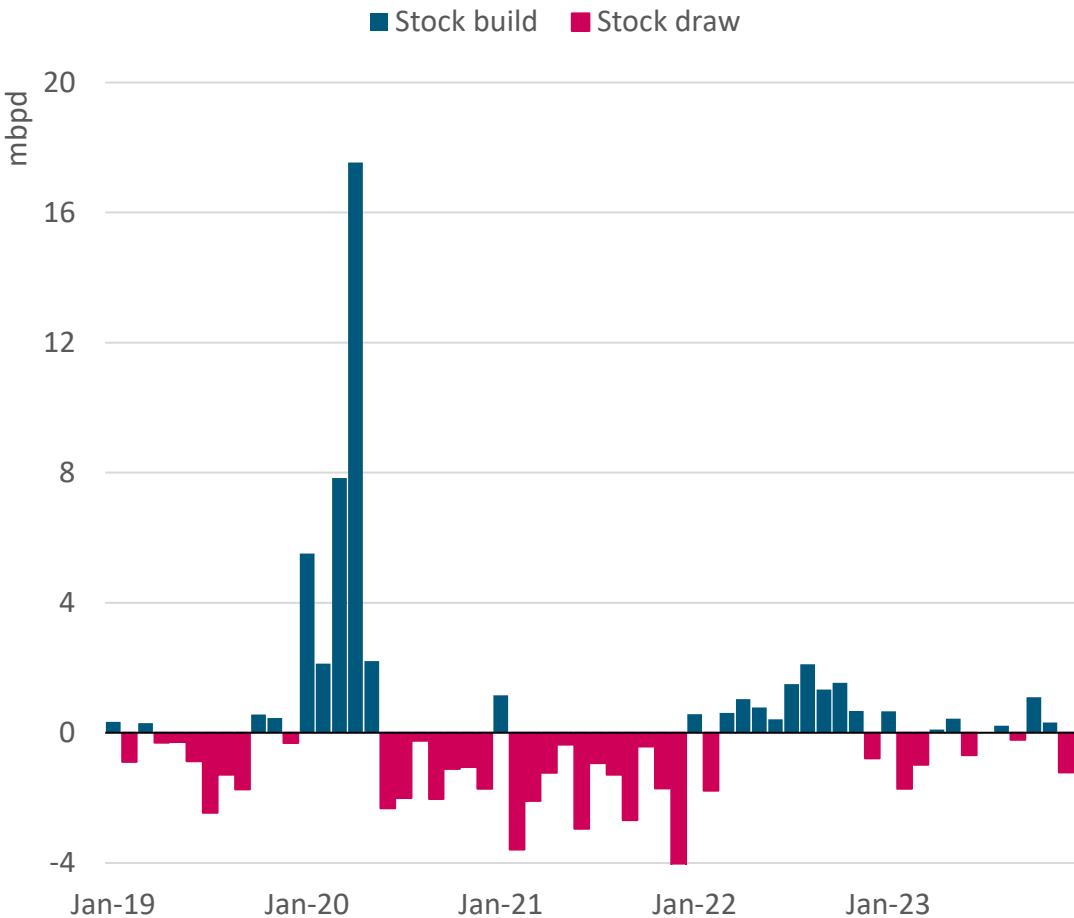


World Liquid Fuels Production and Consumption



Source: EIA, STEO August 2022

Implied Stock Development



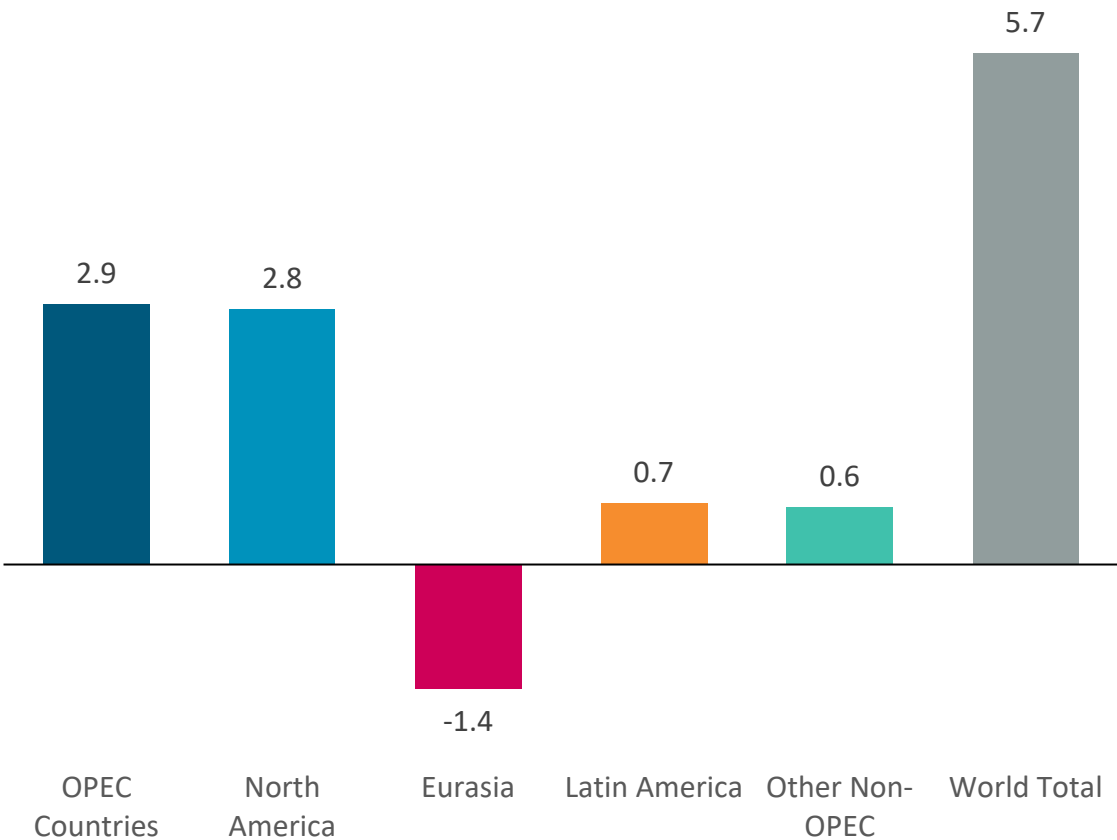
Source: EIA, STEO August 2022

# Crude Production and Consumption

## Only top 3 consumption areas will consume more than in 2019



Changes in Production - 2023 vs. 2021, mbpd



Source: EIA, STEO May 2022

Changes in Consumption - 2023 vs. 2021



Source: EIA, STEO May 2022

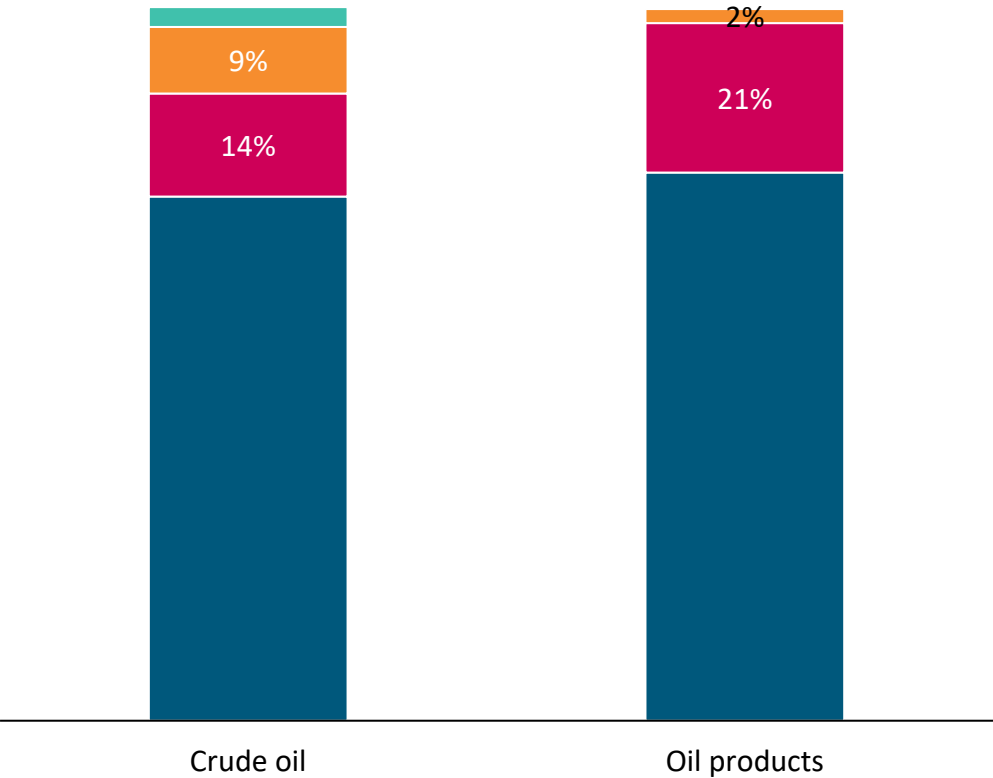
# Russia/Ukraine

## EU ban on Russia to add 5% to tonne miles as average haul increases



EU Oil and Oil Products Import Mix

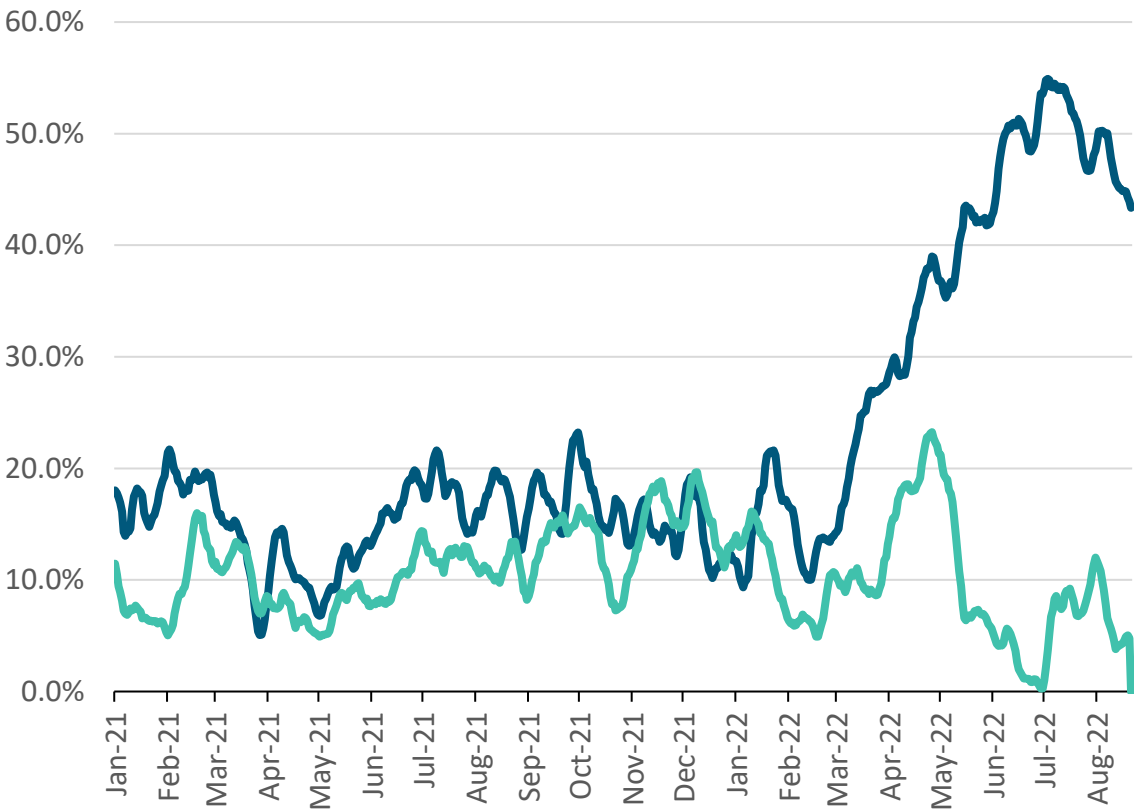
- Other countries
- Banned overland/pipeline
- Banned seaborne
- Dispensation overland/pipeline



Source: Tradeviews

Russia Exports to China/India

- Dirty Tonne miles - China/India share
- Clean Tonne miles - China/India share



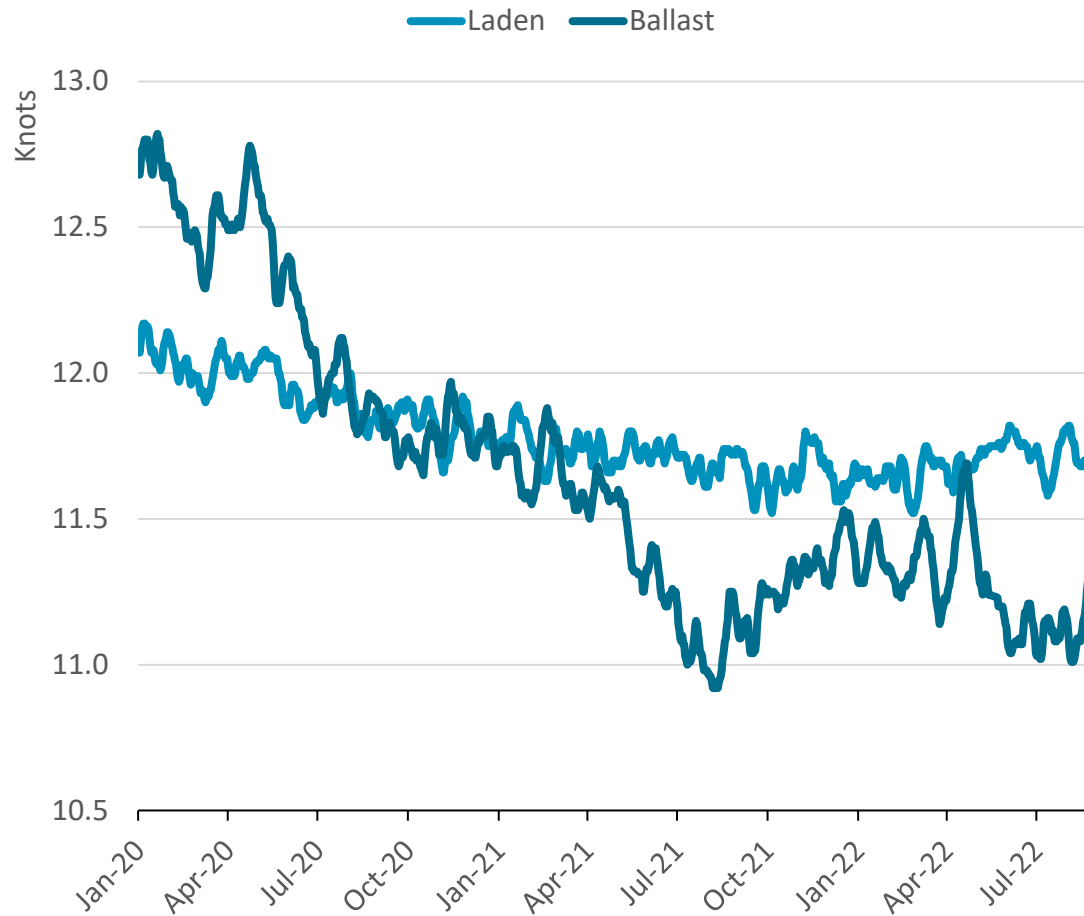
Source: Signal Ocean

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# Sailing Speed

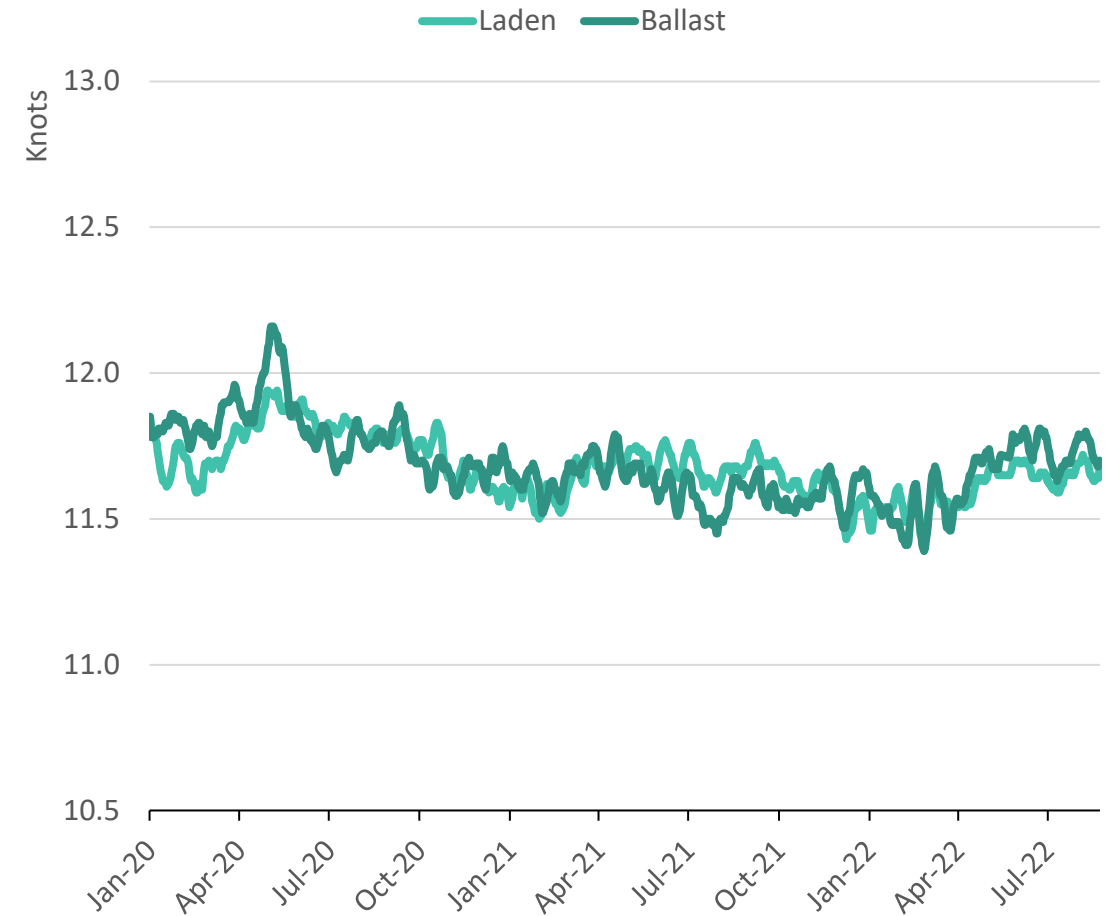
## Crude carriers' ballast speed has not reacted much to market upturn

Sailing Speed - 125k-550k Deadweight



Source: Signal Ocean

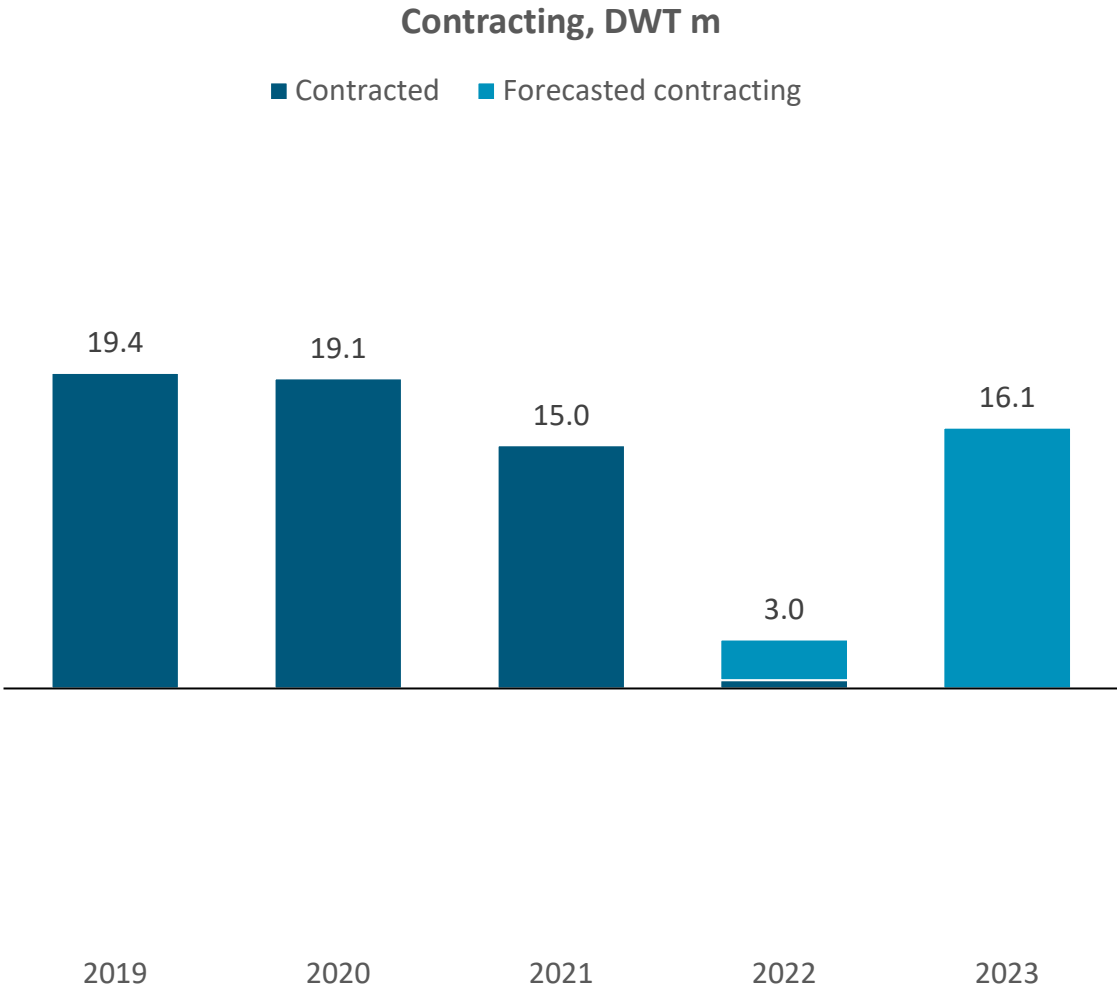
Sailing Speed - 25k-125k Deadweight



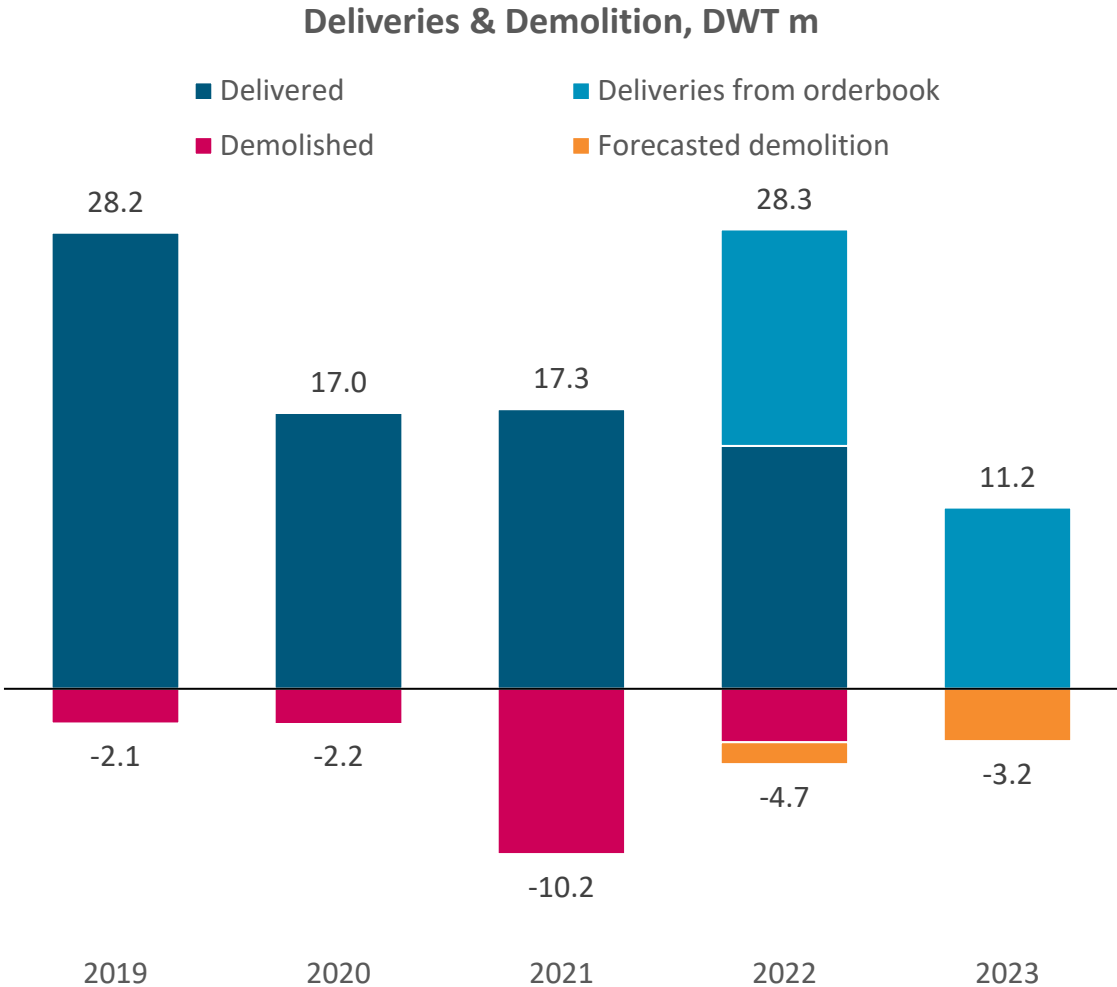
Source: Signal Ocean

# Crude Tanker Fleet Development

## High 2022 deliveries reduce orderbook to 2.5% of fleet by end 2022



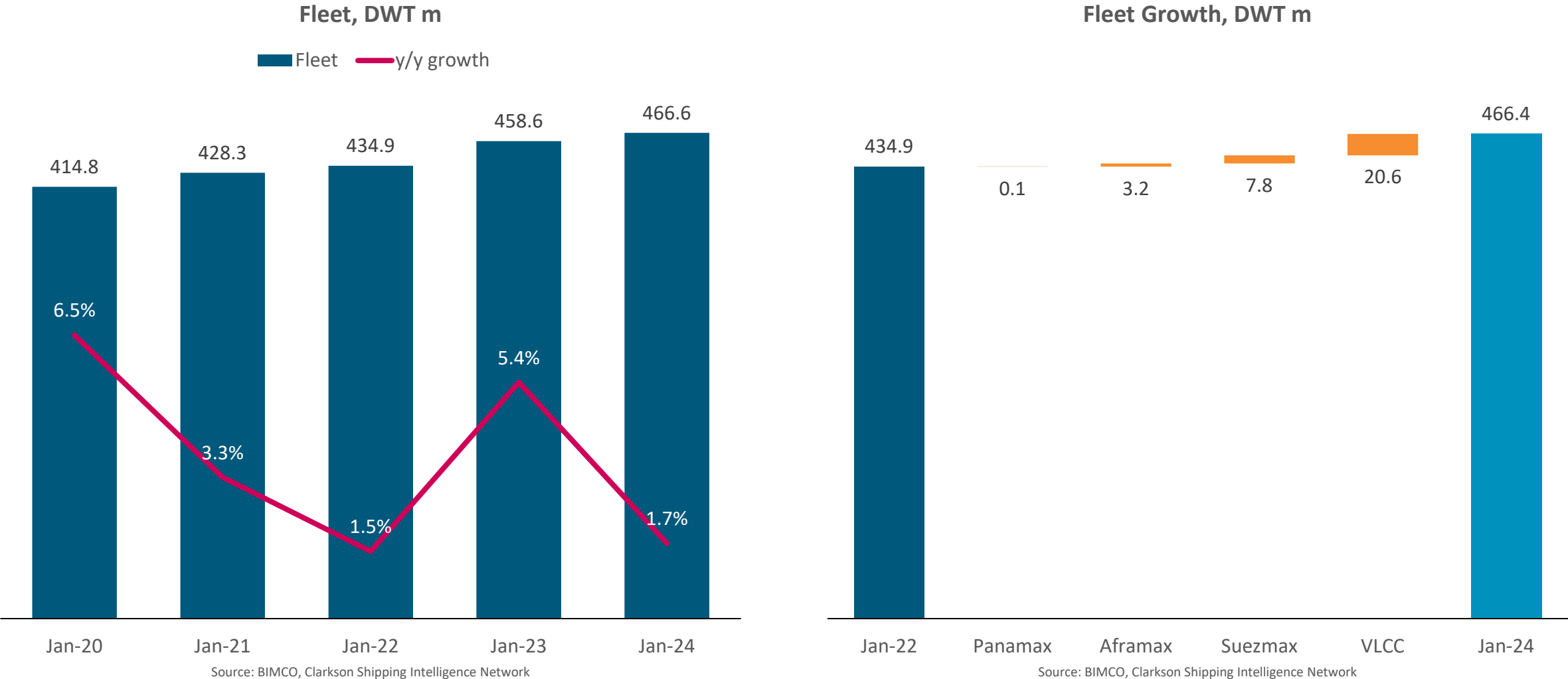
Source: BIMCO, Clarkson Shipping Intelligence Network



Source: BIMCO, Clarkson Shipping Intelligence Network

# Crude Tanker Fleet Size

## VLCCs dominate deliveries and fleet growth





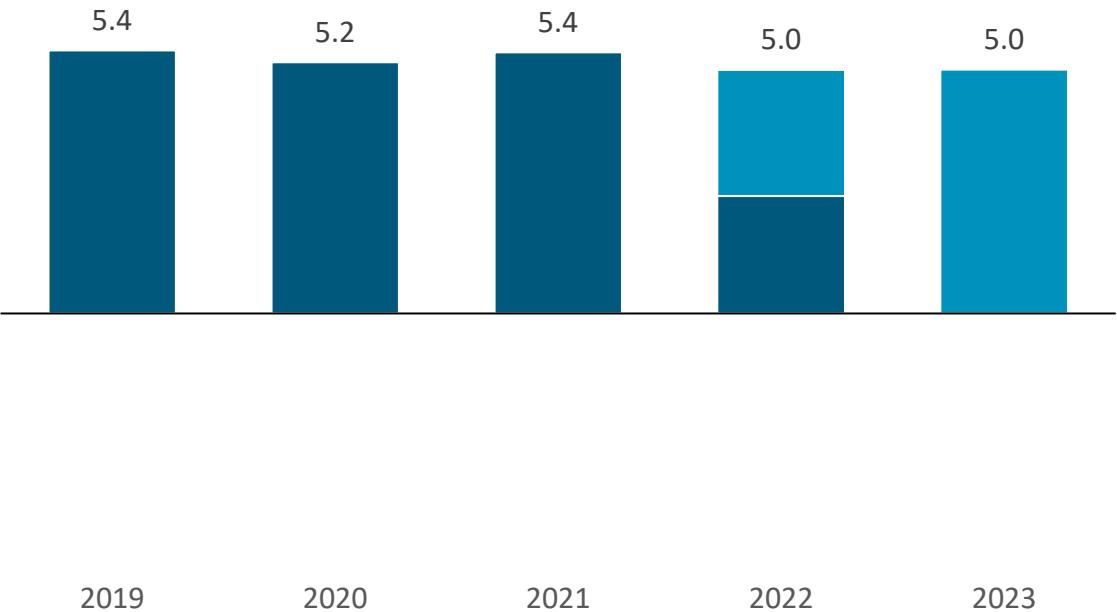
# Product Tanker Fleet Development

## The orderbook is expected to remain about 5.0% of fleet



Contracting, DWT m

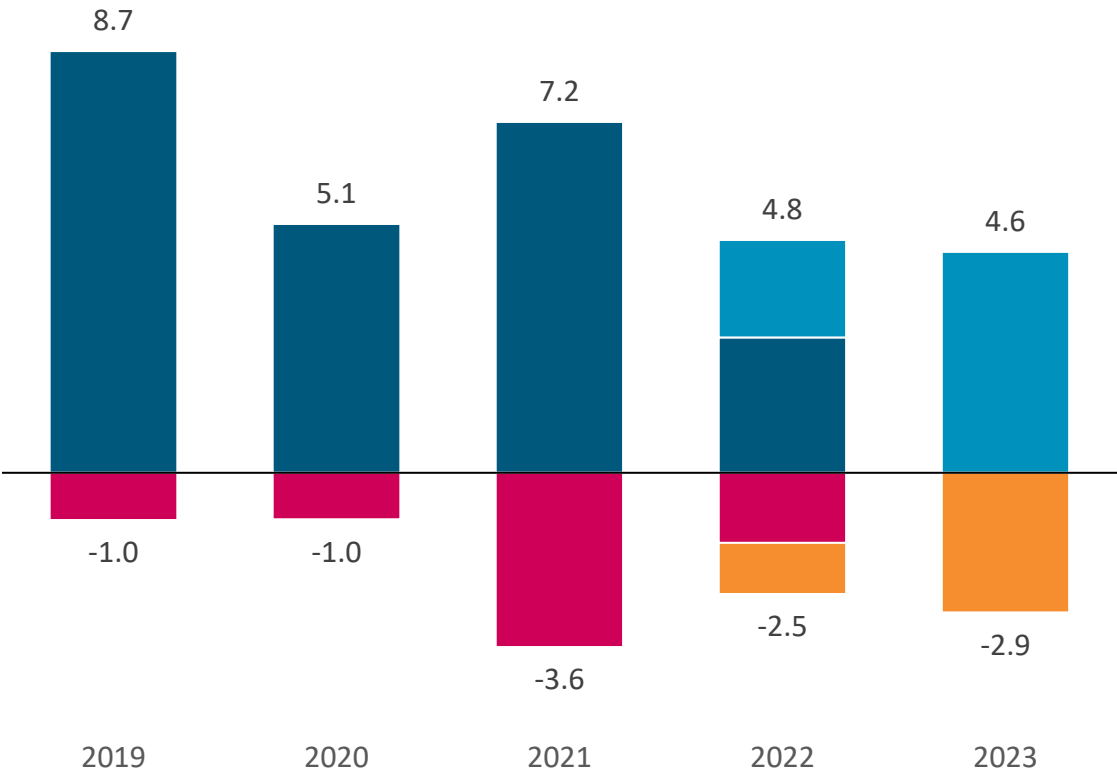
Contracted    Forecasted contracting



Source: BIMCO, Clarkson Shipping Intelligence Network

Deliveries & Demolition, DWT m

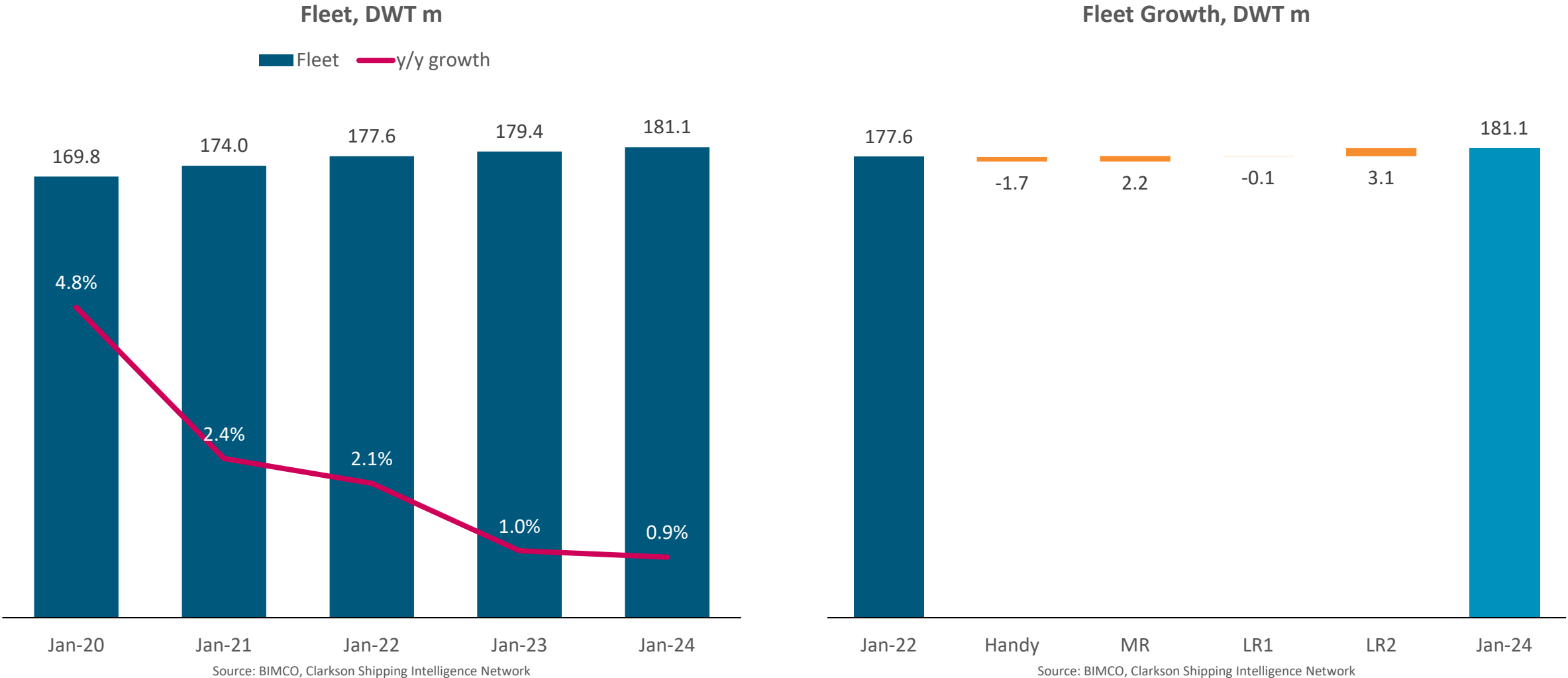
Delivered    Demolished    Deliveries from orderbook    Forecasted demolition



Source: BIMCO, Clarkson Shipping Intelligence Network

# Product Tanker Fleet Size

## MRs and LR2s continue to be drivers of fleet growth



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## Rise in demand and tonne miles to secure sustained tanker recovery

- So far this year, The Baltic Exchange Dirty Tanker Index (BDTI) has on average been 86% higher than during 2021 and The Baltic Exchange Clean Tanker Index (BCTI) has on average been 113% higher.
- The IMF has lowered its global economic growth forecast to 3.2% for 2022 and 2.9% for 2023, and highlights that the risk of a global recession has increased.
- Year-to-date dirty tanker tonne miles have on average been 5.1% higher than the 2021 full-year average, whereas clean tanker tonne miles are up 2.9%.
- We estimate demand growth to approach 5% in 2022 and 2023 for both markets. Solid production and consumption increases drive 2022, while increased sailing distances due to the EU's ban on Russian oil and oil products will provide most support in 2023.
- Contracting has remained low, and the order book has reduced to 4.7% and 5.4% of the crude and product tanker fleet sizes respectively.
- The crude fleet is expected to grow by 5.4% in 2022 and by 1.7% in 2023, whereas product tanker fleet growth is forecast at only 1.0% in 2022 and 0.9% in 2023. Capacity supply in both segments is expected to grow slower than the fleet during 2023 and may even drop by 2-3% compared to 2022 due to reductions in sailing speed arising from EEXI, CII, and ETS implementation.
- Overall, we expect further and solid improvements for both tanker markets in 2023 although headwinds for the global economy remain a risk.

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