

## Monthly Oil and Tanker Market Update September 5, 2023

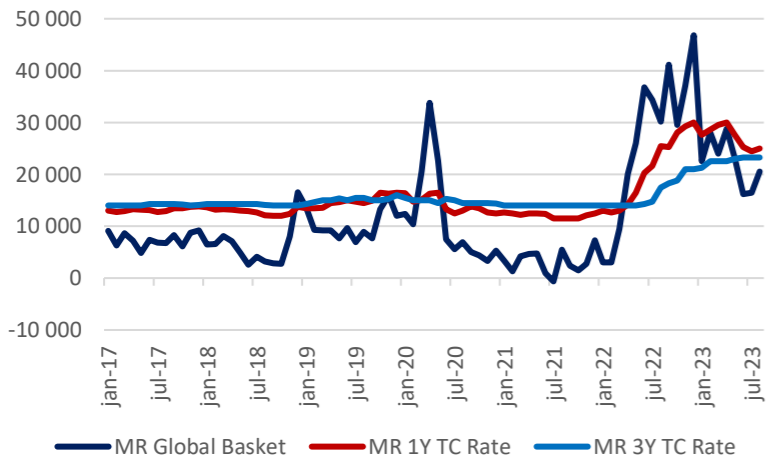
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### Product tanker earnings

MR\* spot & TC market earnings (\$/day) from 2017



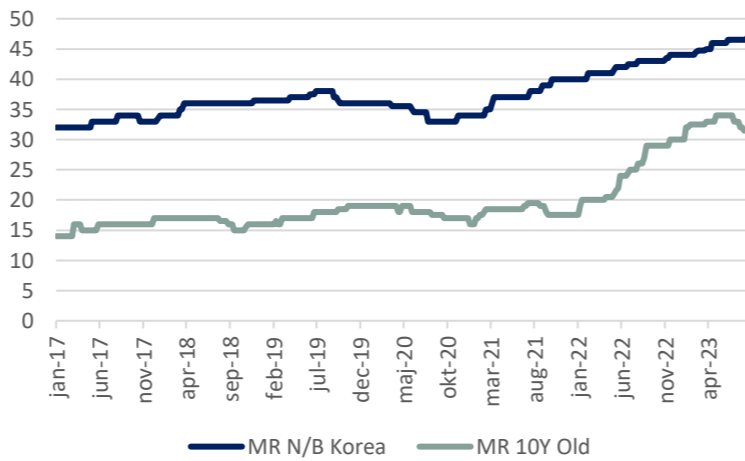
Employment	Avg for Aug	Trend 1 month	YTD Avg	12 month ago	36 month ago
Spot global basket**	20 522	↑	22 466	30 122	6 928
T/C 1 year	25 000	→	27 247	25 400	13 000
T/C 3 years	23 250	→	22 688	17 500	14 500

\*MR 47,000 DWT, non-scrubber, built after 2010

\*\*Global basket- simple Avg of Baltic exchange index routes TC2, TC14, TC10, TC11, and TC12

### MR vessel values

MR\* vessel values (Million \$) from 2017

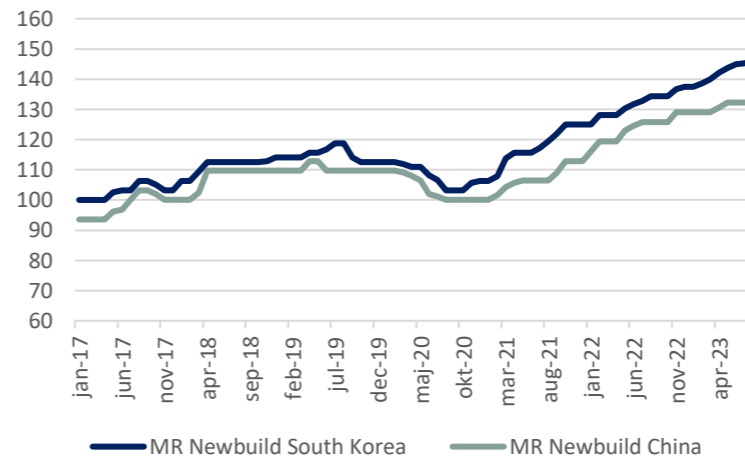


Ship type	Estimate	Trend 1 month	YTD Avg	12 month ago	36 month ago
N/B Korea	47	→	45	43	33
N/B China	41	→	41	39	31
PPT resale	50	→	49	44	36
5 yr old	40	↓	41	36	26
10 yr old	31	↓	33	26	18
15 yr old	23	↓	23	17	12

\*MR 47,000 DWT, non-scrubber

### MR fleet size

MR\* newbuilding price index from 2017\*\*



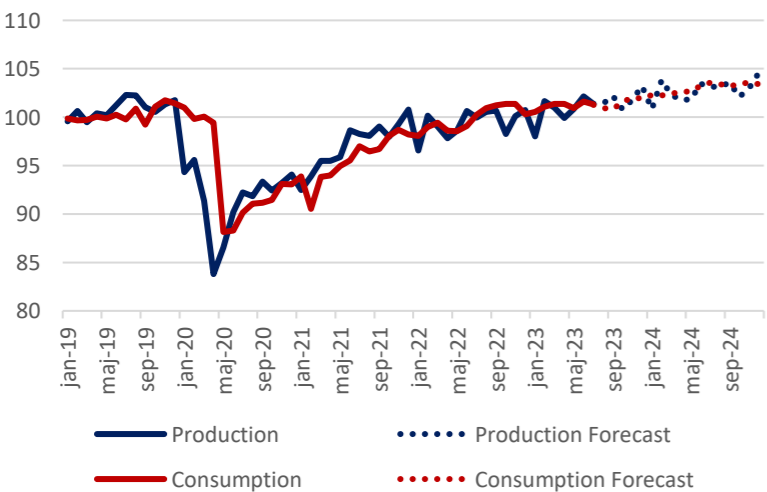
Tanker (MR)	Avg for Aug	12 month ago
Fleet size (No)	1 731	1 686
Orderbook (No)	144 (8%)	128 (8%)
Delivered (No)	25 YTD	
Scrapped (No)	3 YTD	
15+ years old (No)	592 (34%)	n.a.
20+ years old (No)	153 (9%)	n.a.

\*MR 47,000 DWT, non-scrubber

\*\*Jan 2010 = Index 100

### Crude oil – volumes

Total world production & consumption of oil (MB/day\*)



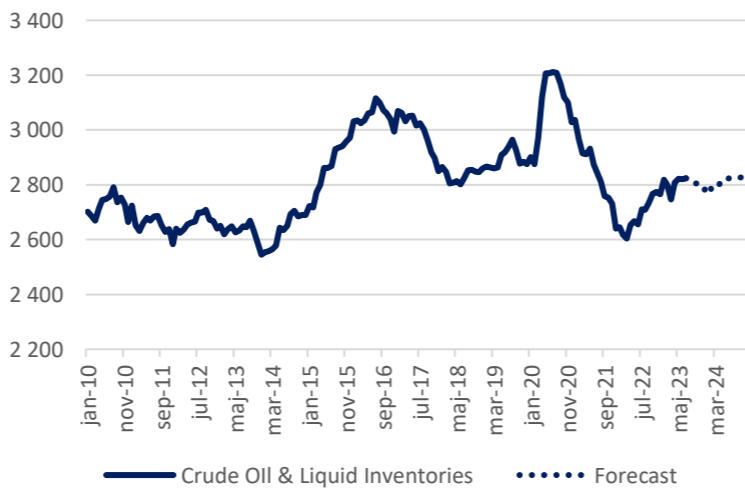
Volumes	Jul	1 month change	6 month change
Crude production m/bd*	101,4	-0,8%	-0,3%
Crude consumption m/bd	101,3	-0,3%	+0,3%

\*Million barrels per day.

U.S. Energy Information Administration | Short-Term Energy Outlook

### Crude oil & product inventories

OECD inventories/forecast & 5Y average (MB\*)



Inventories	Jul	1 month change	6 month change
OECD inventories	2 823	+0,1%	+0,1%
Avg 2007-2021	2 933	n.a.	n.a.

\*Million barrels. U.S. Energy Information Administration (EIA) -

OECD End-of-period Commercial Crude Oil and Other Liquids Inventories

### Crude oil – price

Crude oil price development (Brent – USD/B)\*



Price	Aug	1 month change	6 month change
Brent oil price, \$/BBL	86,9	+8,3%	+5,0%
WTI oil price\$/BBL	81,4	+7,0%	+5,9%

\*Refinitiv

Comment from Erik Lewenhaupt  
CEO, Concordia Maritime

## A new normal?

#### Freight market

August freight market for product tankers was around USD 20k/day - higher than July but still suffering from the summer blues. All eyes now on September numbers to see if we have established a new normal around the mid-high teens or if we will get back into the earnings seen a year ago (around USD 30-35k/day). Hurricane Idala may be a trigger, at least for the USG market. Crude tanker rates have had a soft development since end of Q2 with the market feeling the seasonal pressure as well as OPEC+ production cuts. Suezmax earnings were in the very low \$20-ies end month. A report from Kepler Cheuvreux forecasts VLCC and Suezmax utilisation to hit 98-99% by 2025 thanks in large part to a very low orderbook. The forecast sees annual rates steadily rising for the coming couple of years.

#### S+P

July's tanker S+P activity fell by 53 per cent y-o-y as 27 tankers were reported sold. This was the lowest reported in 17 months. Prices for second hand tonnage has been moving sideways for older tonnage while modern 'Eco' tonnage commands a premium.

#### Newbuildings

The tanker orderbook at the end of July climbed to around 5.1 per cent of the fleet, with a total capacity of 33.2 Mn DWT. The current orderbook to fleet ratio varies substantially between segments where VLCC stands at around 2%, LR2 at 20%, MR's at 7% and Intermediate for Europe around 20%.

#### Scrapping

Price levels in India have held around \$550-600/LTD for most of the past 12 months with Turkey \$275 – 350/LTD. Today price levels in India is closer to low \$500's/LTD. The positive expectations on the freight market keep ship recycling under lid with 7 tankers sold for scrap YTD versus 54 in 2022 and 94 in the weak market of 2021.

#### Crude market

During mid-July the price of Russian Urals crude surpassed the \$60 per barrel cap for the first time since G7/EU sanctions were imposed in December last year. This has pushed some tanker owners not willing to ending up breaching sanction back into the "regular market". Saudi Arabia warned early August it could deepen cuts to oil production as it extended its voluntary (1 mn bbls/day) with Russia (300 k bbls/day) until end September. A new agreement between the parties was set to be announced early September.

#### Environment

Methanol dual fuel premiered in a new segment this month as China Merchants Energy Shipping (CMES) ordered the world's first methanol dual-fuel VLCC costing \$107.5m. The US Department of Energy announced that projects to remove more than 2 mln tons of emissions per year through direct air capture (DAC) technology will get over USD 1 bn in federal grants. The agency also launched new initiatives aimed at bringing the cost of the technology down to less than \$100 per net metric ton of CO2-equivalent within this decade.