BRS BARRY ROGLIANO SALLES
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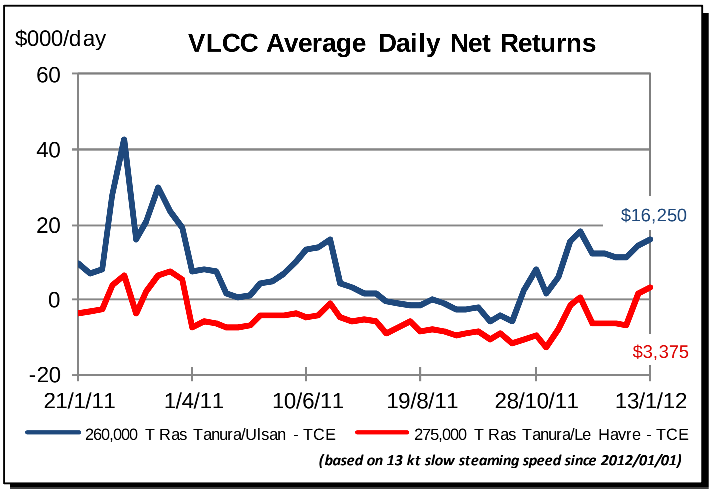
TANKER NEWSLETTER

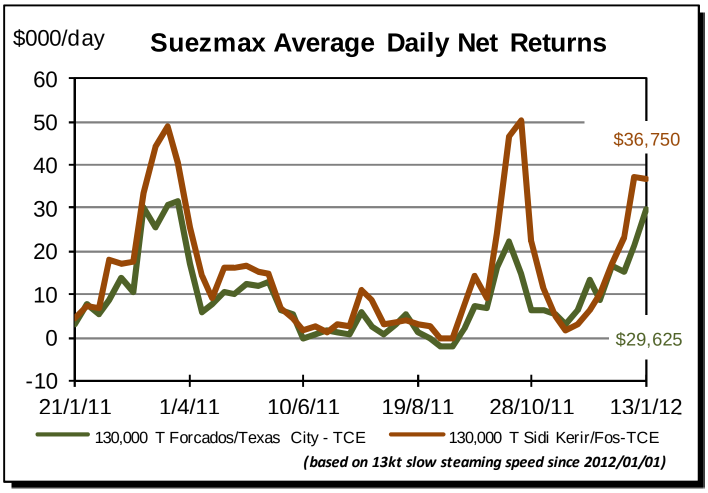
BRS Tanker Newsletter is a summary for BRS clients of current market trends and developments.

N°756 – January 13th, 2012



While the Iranian threats against traffic in the strait of Hormuz make the headlines, demand for **VLCC** tonnage from the Middle East Gulf was again maintained these last few days at a high pace, and owners are starting the year with high morale and have already managed to push rates slightly upwards. Although bunkers are still increasingly expensive, on the basis of lowered speeds at about 13 knots daily returns for voyages to the East are now hovering above USD15,000, with a good potential for improvement. Similarly, the few fixtures concluded to the West have increased to the low/mid WS30s on the new Worldscale which finally corresponds to a slightly positive return. In addition, a more and more bullish attitude from owners on cargoes from the western hemisphere is being felt. As an example, WAfr to the USG is worth a bit more than WS60 and high WS50s (new scale) to the Far East which equates to healthy returns above USD30,000/day. This obviously keeps attracting ships ballasting from the east.

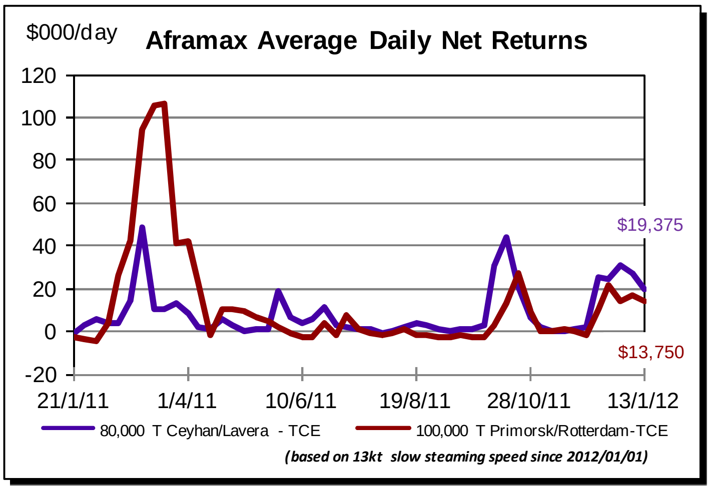
VLCC Middle East Gulf



2012 is also starting on a much better tone than **Suezmax** owners averaged last year. Demand in the western hemisphere is extremely busy with a good equilibrium between the various loading zones. One also notes a much more regular volume for longer hauls to the East with an obvious impact on tonnage availability. A shorter tonnage list in West Africa versus high and stable demand has quickly and strongly pushed rates up. The week ended at about WS95/97.5 for USAC/UKC respectively (+12.5 pts) which (basis 13 kts) equates to daily returns above USD30,000, a figure well above last year's average! Will the market sustain such rates or will that remain a winter dream? Black Sea and Med movements remain strongly influenced by the delays in the Turkish straits (min 12 days northbound). With rates from Novorossiysk well maintained around WS100, returns are also above USD30,000 per day. At least for the next 10 days we can forecast maintenance of this favorable market for owners.

SUEZMAX West Africa

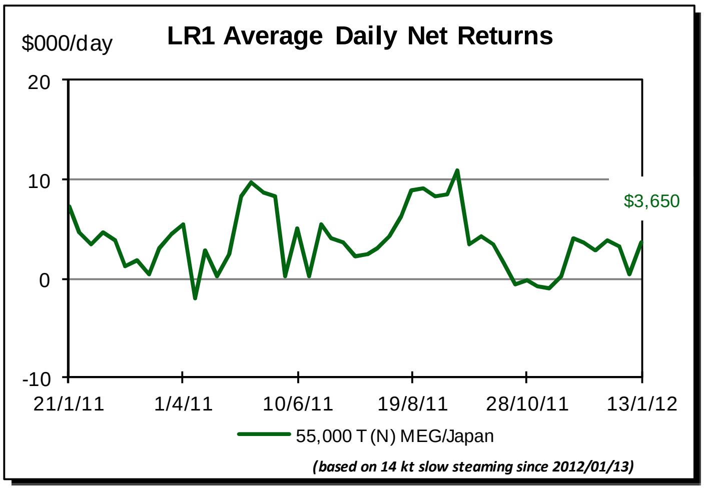
SUEZMAX Mediterranean

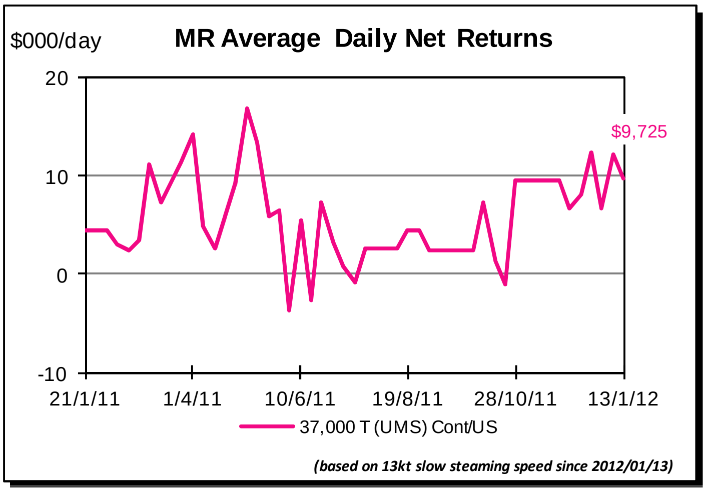


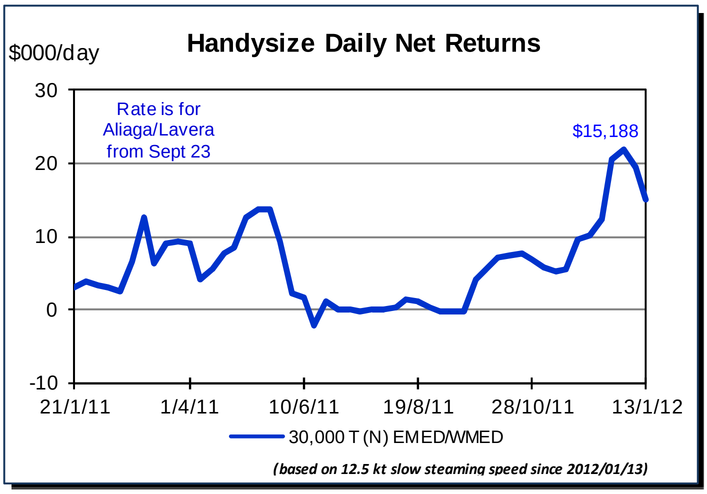
On the **Aframax** front, the north markets softened further this week. With limited activity on cross-North Sea and ample ice tonnage available for Baltic enquiries, rates came down to WS100 on 80,000t cross-Cont and WS85 basis 100,000t ex Baltic (daily returns around USD15,000). Market could get tighter on the ice class front end Jan/ early Feb. There was not a great deal of activity in the Med and Black Sea sectors. As expected and due to a reduced demand, most cargoes were fixed around WS100 for cross-Med (below USD15,000/day). Only spot stems or replacements due to bad weather saw higher rates, but the natural forward fixing feels flat or even slightly softer. In comparison, the other zones such as Caribbean or the Middle East Gulf appear pretty quiet with stable weak rates and daily returns hardly fetching USD5,000 …

AFRAMAX Mediterranean

AFRAMAX North Sea







In the **MEG** market, activity is slowly increasing, but volumes remain low which is having an impact on freight levels. Prompt ships are still numerous, and a growing number of ships have been idle for days, making owners more keen to take any cargo. BP fixed a cross-UAE cargo at USD150,000 lumpsum, a level that has not been seen for a while, and represents a quiet market. Prospects are rather positive however. As this week has seen more requirements coming into the market, we will need a clear-out of available tonnage before we see numbers reaching pre-holiday levels. Cross-MEG is now fixing in the USD175,000 levels. 35,000t cpp from MEG to East Africa goes for WS207.5. The east run with 35,000t naphtha is trading at WS117.5, 75,000t naphtha from MEG to Japan at WS88, and LR1s 55,000t naphtha MEG/Japan are going for WS100 levels.

Contrary to the vast majority of expectations, the **Med** cpp market did not plunge into the abyss of a depressed market in this second business week of 2012. It was more or less obvious that it would soften a bit, which actually did happen, but rates remained steady at a WS182.5/185 levels both from Med and Black Sea. The amount of fixtures concluded was respectful and prospects for next week should be encouraging.

The **NWE** markets followed last week's expectations. The transatlantic route dropped by more than 20 points compared to last week with TC2 ending down to W152.5 at the end of the week. Despite a good fixing activity, the enquiries were not sufficient to clear up the tonnage available on the Continent. The situation in Nigeria is not helping as it cuts off the enquiries for long haul, since Nigerian players are waiting to see the situation resolved before coming back on the market. The cross-Continent cargoes were covered at WS180 basis 30,000t. At the same time, the flexies slightly improved from WS205 up to WS212.5 basis 22,000t from the Baltic to the Continent.

PRODUCT LR1	⇨
PRODUCT MR	⇘
PRODUCT Handysize	⇨ ⇘