Weekly Tanker Opinion

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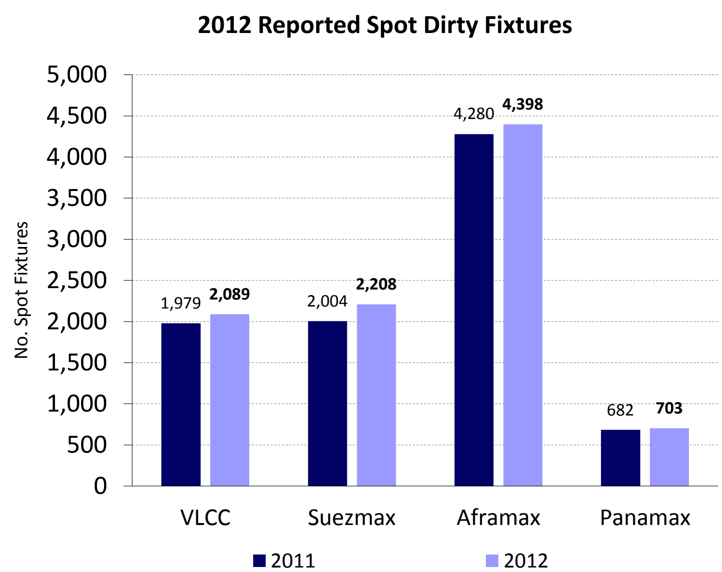
Dirty Spot Fixture Activity Rises, but Top Rankings Shift

Dirty tanker spot activity increased year-on-year, with Unipec becoming the top charterer

Reported spot activity for larger dirty tankers increased by 5% from 2011 to 2012. Suezmaxes saw the greatest gains, increasing more than 10%, thanks to the increased loading activity from such regions as the Caribbean and Arabian Gulf (discussed in our September 28th, 2012 opinion). Aframaxes and Panamaxes each grew by approximately 3% year-on-year, while VLCC spot fixtures increased by 5%. At the same time, however, increased supply created difficult rate environments for owners - vessel earnings in 2012 were at or near ten-year lows.

Fixture activity increased across all major dirty tanker segments, led by Suezmaxes



Unipec was the most active spot charterer, followed by Shell, Vitol, BP, and ExxonMobil

The table on the next page summarizes the most active charterers for reported spot fixtures. Unipec has risen to the top of the ranks, on the back of a very active year chartering VLCCs, knocking perennial top charterer Shell from the top spot in this year's rankings. Oil majors dominate the top ten, with Shell, BP, ExxonMobil, Chevron, and Total maintaining their top ranking status from 2011. Repsol made the largest move up this year, with increased activity chartering Aframaxes intra-Med and intra-UKC, and both Aframaxes and Suezmaxes for Caribs – Med voyages. Petrobras had the largest decline, as the company's reported spot activity chartering Aframaxes and Suezmaxes loading Brazil and Caribbean bound for the US fell off sharply. EIA data shows US crude imports from Brazil for January through October 2012 were at five-year lows, but only 1.3 million barrels below January through October 2011. Overall, the top ten charterers represented 42% of total dirty spot fixtures; the top 20 represented 64%.

2012 Rank	Charterer	Reported No. of Fixtures	Charterer % of Fixtures	2011 Rank	Reported Total Cargo (MT 000's)	2012 Rank
1	Unipec	707	7.2%	2	159,274	1
2	Shell	701	7.2%	1	73,016	2
3	Vitol	463	4.7%	4	48,088	5
4	BP	440	4.5%	3	46,424	6
5	ExxonMobil	378	3.9%	6	56,453	3
6	Chevron	349	3.6%	5	37,239	9
7	CSSA	315	3.2%	7	33,980	10
8	Clearlake	278	2.8%	9	27,267	12
9	Repsol	249	2.5%	17	26,047	13
10	PetroChina	245	2.5%	11	48,609	4
11	Phillips 66	212	2.2%	10	20,770	16
12	IOC	210	2.1%	12	38,243	8
13	Reliance	209	2.1%	18	42,565	7
14	ST Shipping	209	2.1%	16	19,061	18
15	Litasco	202	2.1%	13	19,192	17
16	Petrobras	196	2.0%	8	22,087	14
17	Mercuria	179	1.8%	18	16,735	25
18	Socar	171	1.7%	15	16,770	24
19	Statoil	160	1.6%	20	18,439	19
20	Valero	155	1.6%	21	16,347	26

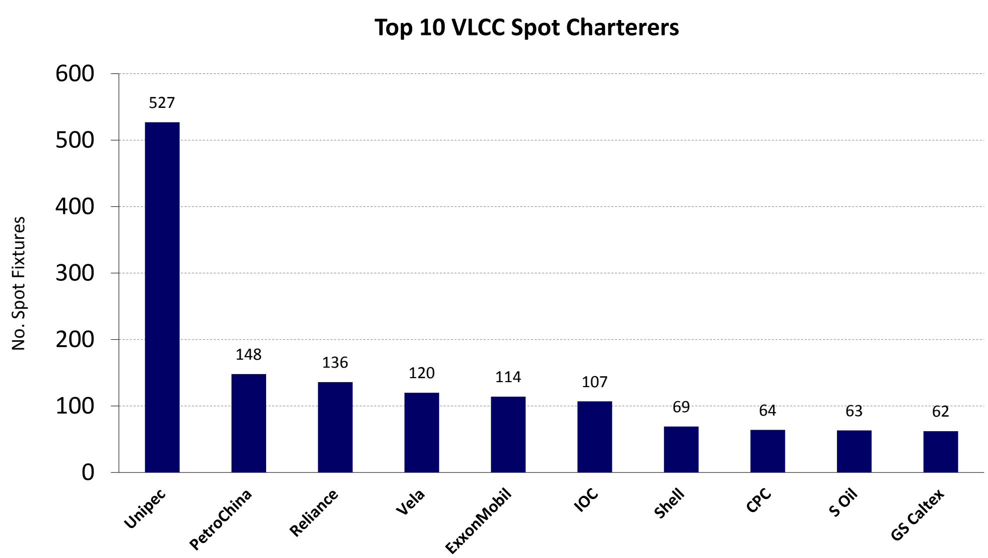
Unipec was the top spot charterer in 2012, measured both by reported fixtures and total reported cargo

Top ten charterers took 42% share of fixtures, while top 20 grabbed 64%

Unipec dominated VLCC spot fixtures

Unipec was once again the most active VLCC spot charterer in 2012, with more reported fixtures than the next four most active charterers combined. Vela and CPC saw the greatest increase in activity from 2011 to 2012 – each company's reported spot activity increased by more than 30% year-on-year. IOC saw the greatest decrease, with reported fixture volume dropping by 13%.

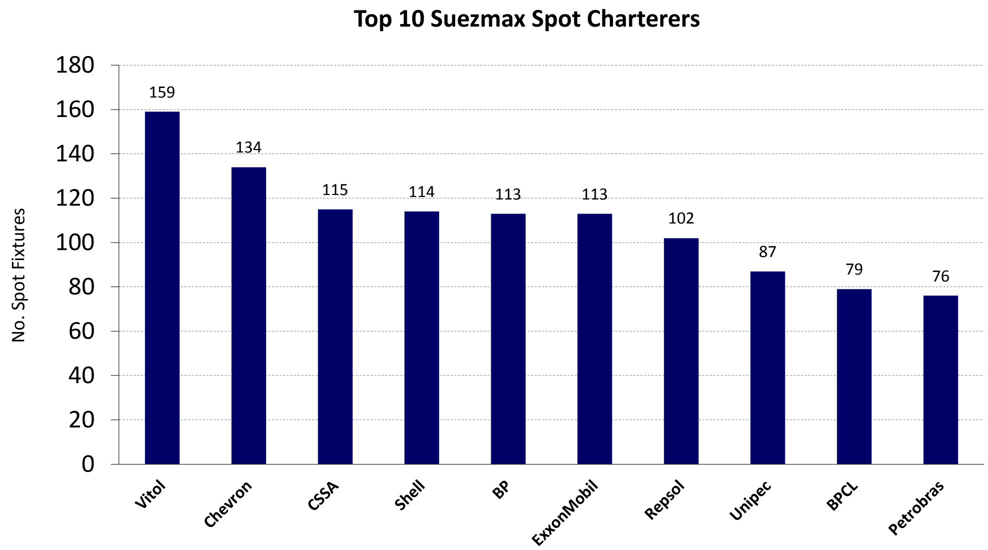
Chinese companies took 32% of all VLCC fixtures



Vitol was the most active Suezmax charterer in 2012

Vitol was the most active charterer among reported spot Suezmax fixtures, displacing Chevron. Most companies' reported fixture volumes increased in 2012: Vitol, Total, BP, and ExxonMobil's reported fixtures increased by more than 20% from 2011. BPCL's increased by 36%, while Repsol's increased by 54%. Although they just missed the top ten, IOC's reported Suezmax spot fixture volume grew by 53%, due to a tripling of fixtures loading in both the Mediterranean and West Africa.

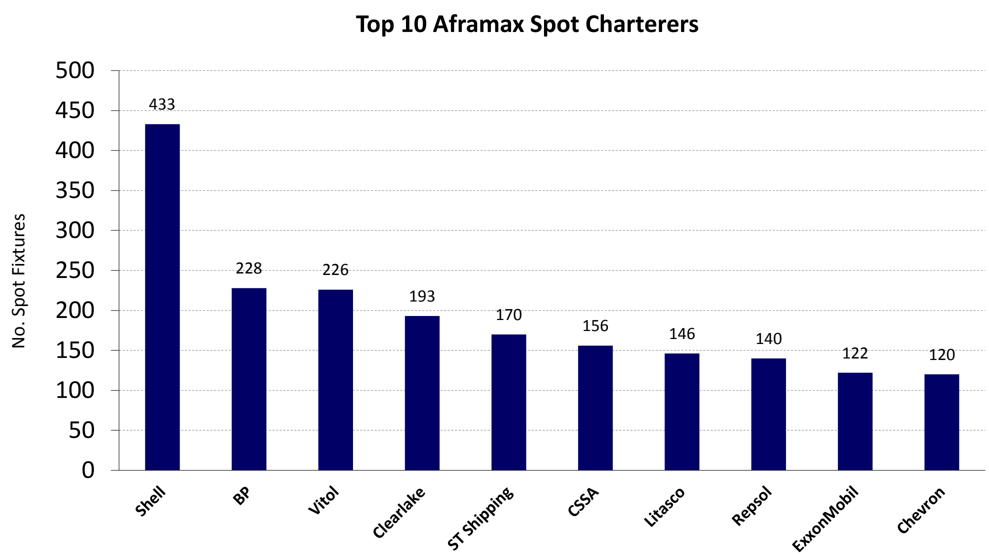
Rapid growth from Repsol and BPCL boosted their rankings for Suezmax fixtures



Aframax fixtures rose only 2.8%, with several top charterers declining

Despite lower reported activity from 2011, Shell and BP remained the top reported charterers for spot Aframaxes in 2012. Six of the ten top charterers in 2012 saw decreased fixture activity from 2011, although all fell by less than 20%. Repsol's reported fixture activity grew the most, increasing nearly 80% from 2011.

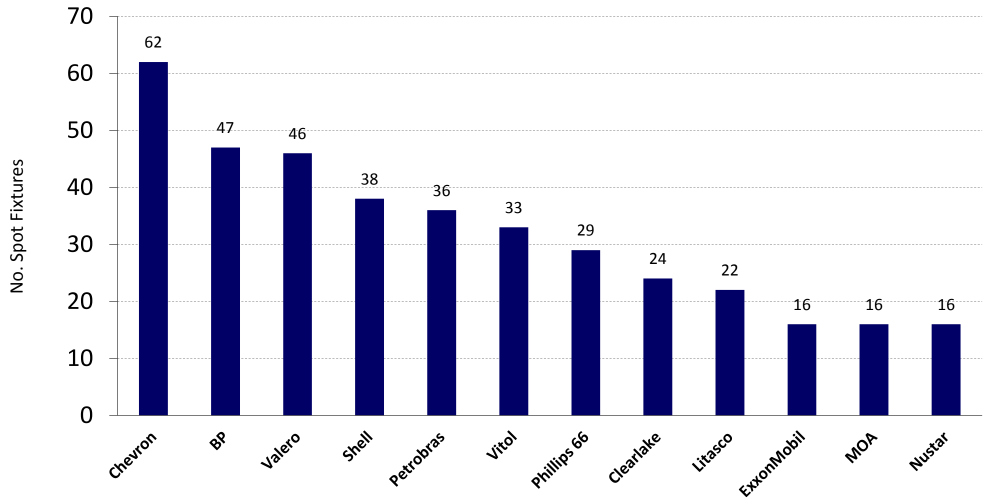
Shell maintained its dominance among Aframax spot charterers



Chevron was the most active spot charterer of Panamaxes in 2012

Chevron was once again the most active spot charterer for Panamaxes in 2012, with reported volume largely unchanged from 2011. Shell saw the sharpest increase in activity, with reported fixtures increasing by nearly 50%. Phillips 66's reported volume decreased the most, but only by eight fixtures.

Shell rose in Panamax rankings on 50% jump in fixtures



Spot fixture growth is encouraging, but continuing supply growth could pressure rates lower

Reported spot fixture activity increased from 2011 to 2012, benefitting from a rise in global supply and crude runs, with all major dirty tanker segments showing an increase in fixtures. Unfortunately, the growth in spot activity for each segment lagged fleet growth. Fixture activity for 2013 should continue to rise on higher demand and crude runs, but current OPEC overproduction could pose a threat to VLCC demand during the 2q13 seasonal lull. With a pulse of delayed 2012 deliveries arriving in early 2013, the dirty tanker market could remain under pressure.

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