



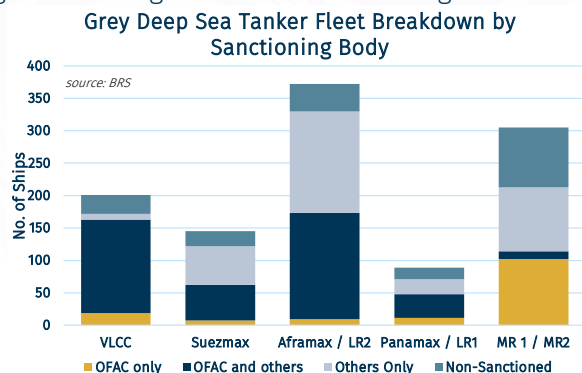
Weekly Tanker Newsletter

19 October 2026

Will loosening the noose on the grey fleet make a difference?

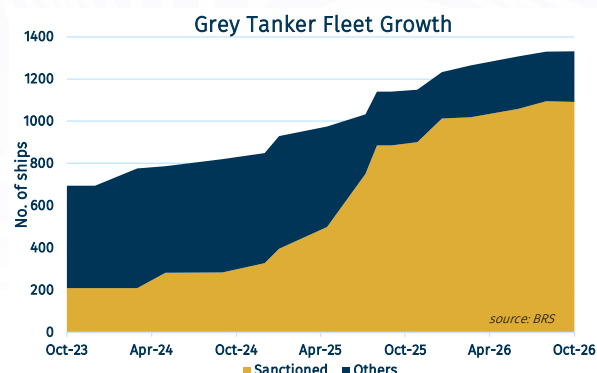
Last week the US administration announced that they are considering easing sanctions on grey fleet tankers in an attempt to bring down tanker freight rates which remain at dizzying levels, and in some cases are accounting for more than 40% of the delivered cost of oil. This proposal has already generated significant debate amongst tanker and

oil market participants with some suggesting that it will make little difference to either freight levels or oil prices. Accordingly, this week, we provide an update on the grey tanker fleet and examine whether the US' proposal could indeed have an impact on mainstream tanker freight and oil prices.



Spiralling freight. The key argument from the US administration is that spiralling freight costs are supporting oil prices and thus if more ships were available to transport mainstream cargoes this would see oil prices ease. This argument is rather thin bearing in mind that ship tracking data indicate that the majority of sanctioned tankers are either already hauling oil or are located far away from loading zones. Therefore, it will take significant time for ships currently being deployed on 'grey' trades (essentially voyages originating in Russia or Iran) to be redeployed on mainstream trades. However, considering that President Trump is currently campaigning ahead of the finely poised midterm elections which will take place on 6 November, he needs to be seen as doing whatever possible to bring consumer prices down across the short-term.

Nothing new. Ship tracking data suggest that an increasing number of unsanctioned grey tankers appear to be venturing away from undertaking only grey trades. Notably, in the early days of the Middle East conflict, there was already a switch of some non-sanctioned grey tonnage from hauling Russian oil to more mainstream trading. This is attributed to the Middle East conflict triggering a scramble for tonnage which has seen some mainstream charterers drop their standards in order to secure whatever tonnage is available even if it has a chequered history. Furthermore, following the events in Venezuela earlier this year, a significant portion of grey fleet demand also



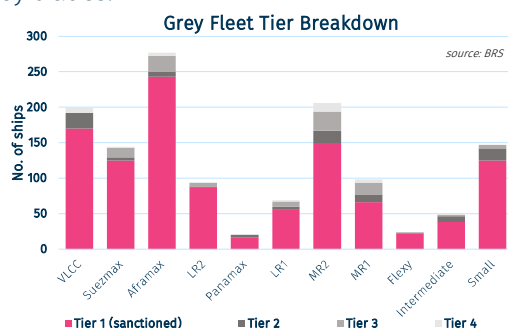
dried up and this is likely to driven some owners to attempt to move back towards the mainstream.

Grey fleet growth slowing. The grey tanker fleet is currently assessed at 1,332 units which represents 13.3% of the active fleet. Of these, 1,112 units are deep sea tankers over 34,000 dwt (MR1), accounting for 18.7% of that segment's active fleet. Therefore, this follows the trend discussed in the August 2026 issue of the *BRS Monthly Tanker Report* where growth was assessed to have slowed appreciably in 2026. It was concluded that three main factors were behind the deceleration; firstly, a lack of available vintage tonnage as most suitable candidates had already been sold into the grey fleet. Secondly, that vintage tanker prices had been supercharged by the Middle East war that led to stronger demand, something which has only increased of late, and finally that there remained a significant threat to Iranian oil exports – something which has been proved correct as Iran has not exported any crude since August. Furthermore, although tanker demolition has remained low, a significant portion of the 53 tankers demolished so far this year (of which 25 were 34,000 dwt or above) previously belonged to the grey fleet. All told, between August and October, on a net basis, the grey tanker fleet only expended by three ships.

How many tankers does the US proposal concern? It is assessed that the US government via its Office of Foreign Assets Control (OFAC) has...

Topic of the Week (cont.)

... sanctioned 658 tankers either directly (by name) or indirectly via backlisting their owners or operators. However, this ignores that many of these tankers have also been sanctioned by other bodies and countries including the European Union, United Kingdom, Australia and Canada. Data suggests that only 148 deep sea tankers are sanctioned by OFAC alone, equivalent to 2.5% of the global deep sea tanker fleet on a number-of-ships basis. As suggested previously, ship tracking data suggests that the vast majority of these ships are already deployed, apparently mainly for the carriage of Russian clean cargoes. Moreover, when examining the AIS signals of all the 148 above ships, only 14 units appear to have been idle for more than three months, suggesting that they are not in employment. Moreover, although 35 of the above 148 units have been idle for a minimum of one month, this likely includes some units which are experiencing delays with loading and discharging rather than being unemployed. All told, this information implies that the overwhelming majority of the ships which could become candidates for mainstream hire in the event of OFAC sanctions being lifted are already deployed for grey trades.

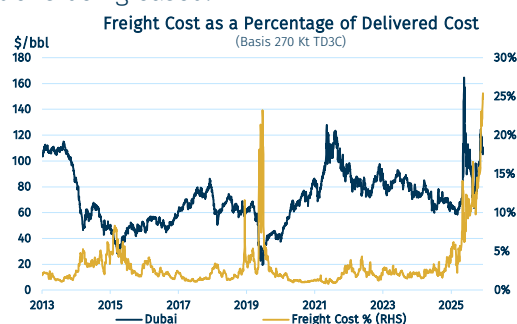


Insurance and maritime service regulations likely to be a hindrance to western charterers. As well as vessel deployment being a hinderance for charterers potentially taking ships whose OFAC sanctions are eased, there remains a mire of regulation on the grey fleet from outside the US. Notably, considering that the United Kingdom remains the epicentre of the global marine insurance market, it appears unlikely that many of these ships would be eligible for mainstream insurance cover and maritime services such as ship broking and marine certification unless the UK government was to follow the US and ease sanctions. This appears remote considering the noises of displeasure coming from both London and Brussels over the recent intervention of the Trump administration in the oil and tanker markets. Unless

these US-sanctionless ships could gain such coverage, it is unlikely that they would be suitable for mainstream trades, especially with western charterers. Nonetheless, some charterers elsewhere (especially in the non-OECD) may take such tonnage if they can find suitable and comprehensive coverage elsewhere. To that end it remains possible that the governments of receiving countries could eventually offer state-back insurance which would circumvent this hurdle.

A S&P boost? Another potential outcome from the easing of OFAC sanctions is that some grey fleet operators could take the opportunity to sell their tankers into today's red-hot market for further trading. Providing that Washington provides sufficient guarantees that buyers would not be pursued over their new ships' chequered histories, this could ease the current pressure on mainstream tonnage being used for shuttling across Hormuz. Indeed, such tonnage is viewed as particularly attractive for cross-Hormuz shuttling.

Conclusion. The easing of OFAC sanctions on grey tankers is unlikely to have a significant and immediate impact on tanker freight as the number of ships which it will impact is too small to move the needle. Indeed, much would also depend on the attitude of other governments, especially those which have also sanctioned the grey fleet and those in receiving countries. It also depends on whether these ships would be able to access sufficient insurance and certification. Since the majority of these grey ships appear already engaged in grey trade, it may not drive looser oil or tanker market fundamentals. It would instead see more mainstream oil carried at the expense of Russian or Iranian oil. Although many freight rates, especially for crude tankers, have eased since the US' announcement, this appears to reflect current tanker demand and supply fundamentals rather than forward looking expectations that the fleet could grow by 2.5% in the event of OFAC sanctions being eased.



Market Pointers

ICE Brent hits its highest since May. Last week saw benchmark crude prices move higher as Iran continued to ramp up attacks on tankers in the Strait of Hormuz. Meanwhile, further upward momentum came after Ukraine renewed its attacks on Russian refineries and from Houthi attacks on Saudi Arabian oil infrastructure. Furthermore, (so far) unsubstantiated reports also suggested that Iran could be planning pre-emptive strikes across the region. At the end of last week, front month (for December delivery) ICE Brent briefly exceeded \$110/bbl for the first time since mid-May, although by Friday's close it retreated slightly to close at \$109.95/bbl. Meanwhile, the spread between Brent and WTI remained widely, largely reflecting high tanker freight rates. Accordingly, NYMEX WTI closed the week at \$101.40/bbl. Despite the IEA clarifying that it will release over 20 mb of diesel stocks, product prices were relatively unmoved with diesel prices in the Atlantic standing at \$185-215/bbl.

Russia ramping up diesel exports. Following the recent announcement by President Trump that Russia will supply the 'global market and US' with 300,000 mt of diesel immediately, another 500,000 mt in November and 1 million mt 'soon after', Russia has started to ramp up its diesel exports. Indeed, it would appear that President Trump has negotiated an end to Russia's export ban which had been in place since early July. However, since the Russian harvest season is close to complete, even without US intervention, there may have been a partial easing of restrictions as Russia's balance was set to flip into oversupply. Although the US is unlikely to import any Russian diesel, the Office of Foreign Assets Control (OFAC) issued General License No. 135 (GL 135) on 9 October, which temporarily authorizes transactions involving Russian-origin diesel fuel through 7 April 2027. Considering the ire directed at the US by European governments over the deal, it is similarly anticipated that no Russian volumes will enter the EU or UK with most volumes going to the non-OECD. Indeed, the first tanker to load Russian diesel this week is currently signaling for Morocco.

New Guyanese crude grade set to debut. Guyana is expected to introduce Uaru Gold crude in December, adding a fifth grade to its expanding oil export portfolio as production from the Stabroek Block continues to soar. A preliminary assay indicates the new medium-sweet crude will have an API gravity of 31.5 and sulfur content of 0.54%,

making it broadly comparable to the country's flagship Liza grade. Uaru Gold will be produced by the Errea Wittu, Guyana's fifth floating production, storage and offloading vessel (FPSO), which is designed to add around 250 kb/d of capacity. The start-up is expected to push Guyana's crude output above 1 mb/d for the first time. The Stabroek Block currently produces more than 850,000 b/d across four developments: Liza Phase One and Two, Payara and Yellowtail. ExxonMobil operates the block with a 45% stake, alongside Chevron at 30% and CNOOC at 25%, and expects production capacity to reach 1.7 mb/d of oil equivalent by 2030 across eight developments. The new grade will expand the range of Guyanese crude available to refiners, while its effect on export flows will depend on the pace of the project's ramp-up. As with Guyana's other grades, it is expected to be popular with refiners in the US, Asia and Europe, thereby giving Suezmax and VLCC demand a boost.

US plans refinery expansion. On 13 October, the US administration announced plans to expand refining capacity at Delek US Holdings' refinery in Tyler, Texas, under the Defense Production Act. Vice President JD Vance said the project would increase production of commercial-grade and military-specification fuels alongside the plant's existing output, as Washington seeks to boost domestic fuel availability and ease rising prices. The refinery currently processes around 74 kb/d, producing gasoline, distillates, petroleum coke and LPG, but neither the administration nor Delek has disclosed the planned capacity increase, project timeline or funding details. The move follows a broader administration push to encourage refiners to increase throughput, with Energy Secretary Chris Wright saying last month that officials were discussing potential support under the Defense Production Act. While the administration has access to a \$1bn fund for energy infrastructure projects, it has not confirmed whether Delek's expansion will receive such funding. The EIA reported in July that US refining margins strengthened in the second quarter, with gasoline crack spreads up 60% y-o-y and those for distillate and jet fuel more than doubling. However, additional capacity is unlikely to come online in the next year, as refinery expansions can take several years to complete. Any eventual impact on regional product availability and export flows will depend on the scale and timing of the project.

Crude Tanker Markets

VLCC

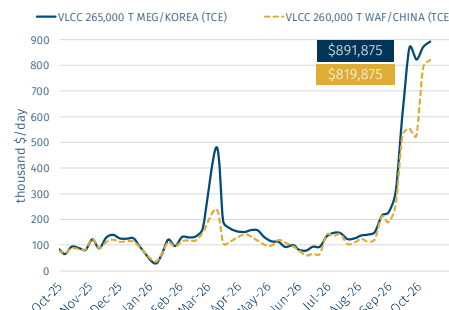
MEG: In the Middle East, a quieter week on the surface with charterers opting to work under the radar where possible. While there was an untick in demand from Yanbu the quiet days on the surface from the Gulf of Oman persisted and tonnage built gradually weighing on sentiment. Rates for GOO/China softened gradually from w800 to end the week at the w770 level. While sentiment is in charterers' favour for the time being, with tonnage not overly long a busier spell could swiftly turn things around as we have seen in previous weeks.

WAF/Brazil: West Africa and Brazil were quieter and rates for Brazil/China were tested 14 points lower to w704. Sentiment came under pressure of the back of limited demand and the softer feel in the East.

USG: In the US Gulf, nothing openly worked throughout the week with charterers still focusing on the more economical smaller sizes where possible. Rates need testing after a long quiet spell but likely hover around the 70m level.

Middle East > West Africa >

TCE MEG/Korea & WAF/China – speed 13kn



Suezmax

West Africa ^ Mediterranean ^

WAFR: Market has softened through the week as fresh enquiry remains limited and charterers benefit from increased optionality. WAFR/UKCM last tested at 130 x w925, while softer VLCC rates could further limit Suezmax demand. Tonnage remains balanced for now, but fundamentals may shift further in charterers' favour without fresh cargoes. Softer.

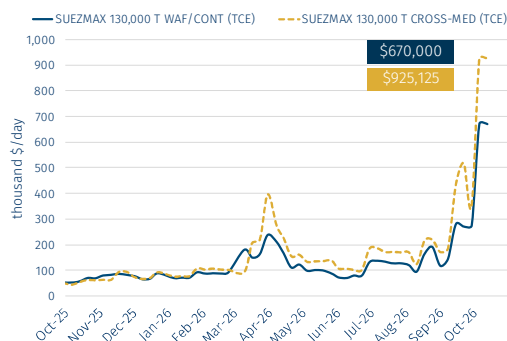
BSEA-MED: Market continues to firm, with CPC/Med pushing towards w1050 as a heavy November programme, tight local tonnage and strong Atlantic earnings support owners. Cross-Med holds at w1200+, while Med/USG is indicated at w850+ and Med/Spore at \$32.5m c/c. Wider Med enquiry remains limited, with a fresh test needed to confirm further upside.

UKC: Suezmax activity remains limited, with a well-supplied tonnage list and little fresh enquiry to provide owners with meaningful leverage. Atlantic employment continues to offer more attractive alternatives, drawing attention away from the local market. WCN/UKC holds at 135 x w1100, WCN/Med at w650, while Rdam/Spore remains assessed at \$32m via Cape. With limited demand expected to tighten the list, the market remains subdued. Steady.

USG-CBS-LATAM: Market remains relatively quiet, with limited USG enquiry and Aframax offering competitive alternatives. Brazil is largely covered for the first decade, leaving Guyana as the main source of potential fresh demand. Tonnage remains relatively tight, though limited near-term enquiry is restricting further gains. USG/UKCM holds at w900, Guyana-Brazil/UKCM at w1000-975, while USG/Spore remains at \$36m. Stead.

FUJ-GOO: Market remains firm but increasingly influenced by stronger Western markets, with some tonnage looking to ballast WAFR or CPC for better returns. Older and local units continue to cover Fujairah cargoes around last-done levels, while forward availability appears better supplied. Fuj/East is indicated at w900 and Fuj/UKCM at 140 x w550 via Suez. Sideways.

TCE WAFR/CONT & XMED – speed 13kn



Aframax

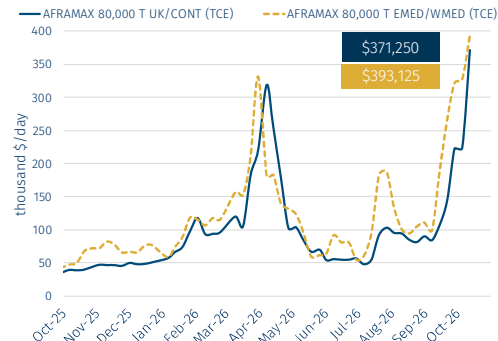
North Sea > Mediterranean >

Med: Rates corrected down w-o-w following an extremely quiet start to the week. However, ws 715 was repeated multiple times towards the close, suggesting the market has found a floor, with potential to firm.

North Sea: An extremely quiet week up north has left rates in need of a fresh test. While last done technically stands at ws 620, the sharp td25 correction and softer local sentiment point towards a considerable expected correction.

USG: This week, USG afra have corrected downward off the back of the same trend beginning end of last week. With excess tonnage due to a convoy of ballasters from Europe, td25 has dropped to w650 and continues to slide downward.

TCE UK/CONT & XMED – speed 13kn



Clean Tanker Markets

Middle East Gulf

MR



LR1



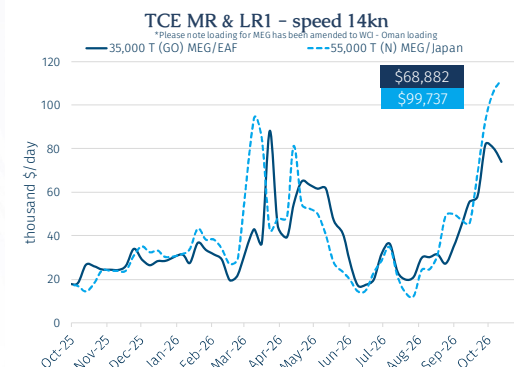
MR: The MR market closed on a softer note this week, dictated by a limited cargo. Charterers consistently chipped away at last done levels while owners found themselves mounting pressure from a growing position list. Despite this, owners generally managed the drop and resisted going on subs with bigger 'discounts' just to secure cargoes. Owners with the ability to hold off are not rushing to fix, viewing the quiet spell as a temporary lull ahead of an expected market rebound. On key routes, TC17 finished the week trading at W565-w555, though charterers continue to push for lower levels behind the scenes. Long-haul voyages—particularly westbound runs—are maintaining their levels. Furthermore, a firming East market is preventing MRs from ballasting into a softening AG/WCI region while providing a viable outlet for ships opening in East Africa, effectively pulling tonnage away from the local position list. While the MR segment wraps up the week on a soft footing, a potential recovery remains very much on the table for next week, provided the necessary cargo volumes materialize.

AG/EAF: 35 x w950, **AG/Spore:** 35 x w825

LR1: A pretty quiet finish to the week for the LR1's, with no fresh enquiry to justify holding freight. A couple of ships have disappeared on subs behind the scenes, but the list carries more options than the LR2's, giving charterers a little more room to test owners' resolve. Downsizing remains the obvious hope for fresh volume, although with MR's more competitive, there is no guarantee those stems stop at the LR1's. Fuj's middle distillate stocks have risen 21% in the latest week, this may translate into less pressure on the shuttle programmes remains to be seen, particularly with attacks continuing in Hormuz. For now, owners remain hopeful, but those approaching their fixing window may need to be more pragmatic. A few more cargoes would certainly help.

AG/Jpn: 55 x w1000, **AG/UKC:** 17M (via Cape), **AG/Spore:** 60 x w1000, **AG/EAF:** 60 x w1000

LR2: The LR2's have enjoyed the bulk of this week's activity, though there has been little to shout about openly. Freight has reportedly softened, with charterers finding some room to negotiate despite owners' ideas. Rumours of end-month TC1 stems continue, but cheaper MR alternatives give charterers good reason to explore splitting parcels. Softer DPP earnings also take some support away, although the number of LR2's already trading dirty continues to pressure the market. The wider supply picture offers some relief. The IEA has agreed to accelerate remaining stock releases, including more than 20 million barrels of diesel, while Russian diesel loadings have resumed, with an MR stem already loaded at this week. Both could take some urgency out of the pull for AG/WCI barrels heading West. Still, diesel demand is holding up relatively well in the face of enormous prices, and the wider shortage remains far from resolved. Should Chinese exports return in volume, the list could tighten quickly again. Charterers have bought themselves some breathing room, and while a correction is certainly on the cards, it is premature to call this the start of a larger drop. **AG/Jpn:** 75 x w920, **AG/UKC:** 20M (via Cape), **AG/Spore-EAF:** 90 x w900



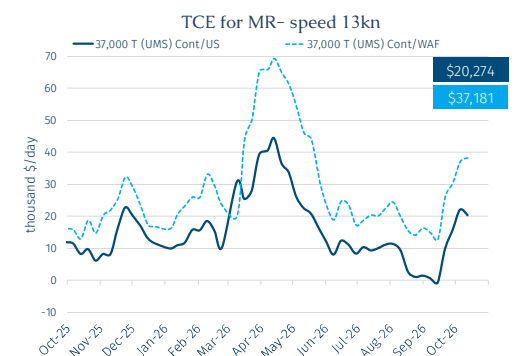
North West Europe

MR



MR CONT: - What started as a promising week in the North ended on a disappointing note for Owners, with fresh enquiry failing to build on the momentum seen early in the week. Activity gradually dried up, and with TC2 softening, sentiment followed suit. Some Owners are now ballasting to the USG in search of better opportunities, while those staying behind will be hoping for a fresh injection of enquiry to prevent rates from coming under further pressure next week. **TC2:** w195, **ARA/WAF:** w285

HANDY CONT: A relatively quiet week for the handies, with limited enquiry keeping activity subdued. While the tonnage list remains fairly long against current demand, competition from MRs for handy stems continues to put some pressure on Owners. Sentiment has softened slightly.



Mediterranean

Handy



MR

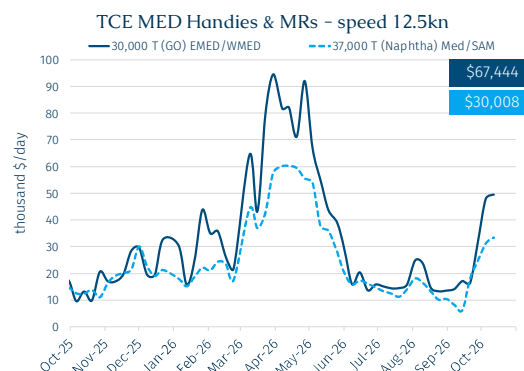


MR: Down in the Med, the spread between Handysize and MR rates continues to widen, and we expect MR owners to take advantage of this. We end the week with some owners potentially ballasting to the USG in search of even better TCE earnings. Sentiment remains firm for now.

x-Med MR: w300

Handy: Handies in the Med finished the week on a positive note, with the highest levels seen for this market in a very long time. It has been a positive week for owners throughout, and hopes remain high heading into the weekend. If demand levels hold into next week, we don't expect rates to soften anytime soon.

x-Med Handy: w455



Fleet Statistics

TANKER FLEET BREAKDOWN						N° OF SHIPS
	> 19 YRS	15-19 YRS	10-14 YRS	5-9 YRS	< 5 YRS	IN SERVICE
VLCC/ULCC	222	208	168	234	109	941
SUEZMAX	179	135	125	172	133	744
AFRAMAX	273	177	61	113	65	689
LR2	65	110	99	124	178	576
PANAMAX	54	3	2	10	1	70
LR1	136	138	48	50	29	401
MR2	444	459	408	353	354	2018
MR1	287	103	78	22	17	507
TOTAL	1660	1333	989	1078	886	5946

TANKER DELIVERIES					N° OF SHIPS
	7/2026	8/2026	9/2026	10/2026	
VLCC/ULCC	4	3	4	3	
SUEZMAX	8	4	4	2	
AFRAMAX	1	0	4	1	
LR2	6	6	9	1	
PANAMAX	0	0	0	0	
LR1	2	2	2	1	
MR2	12	7	14	1	
MR1	2	0	3	0	
TOTAL	35	22	40	9	

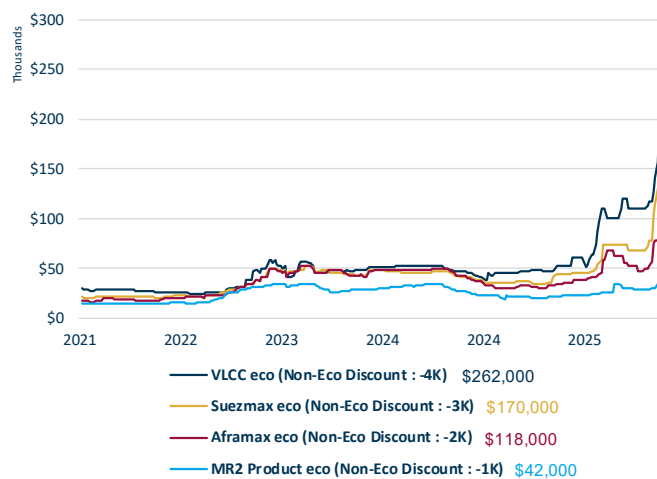
TANKER ORDERBOOK						N° OF SHIPS
2026 DELIVERED	2026	2027	2028	2029+	ON ORDER	
34	9	59	140	143	351	
44	11	65	87	93	256	
12	1	20	17	15	53	
63	10	66	60	85	221	
0	0	1	5	0	6	
21	5	21	22	22	70	
105	47	124	107	103	381	
9	3	14	5	13	35	
288	86	370	443	474	1373	

TANKER DELETIONS					N° OF SHIPS
DEMOLITION, LOSS AND CONVERSION					
	7/2026	8/2026	9/2026	10/2026	
VLCC/ULCC	0	1	1	0	
SUEZMAX	1	0	4	0	
AFRAMAX	1	1	1	0	
LR2	0	0	0	0	
PANAMAX	0	0	0	0	
LR1	1	0	0	0	
MR2	1	1	3	1	
MR1	1	2	0	0	
TOTAL	5	5	9	1	

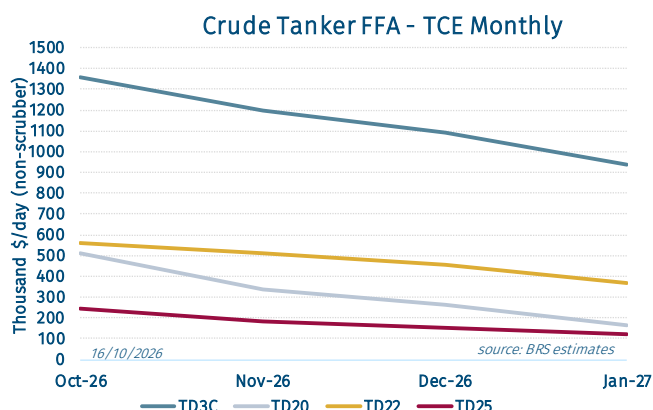
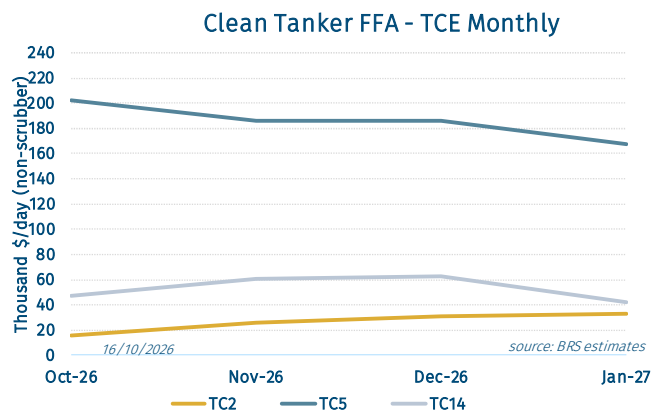
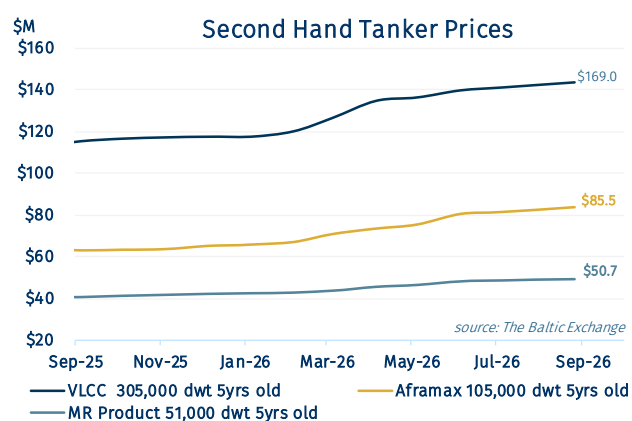
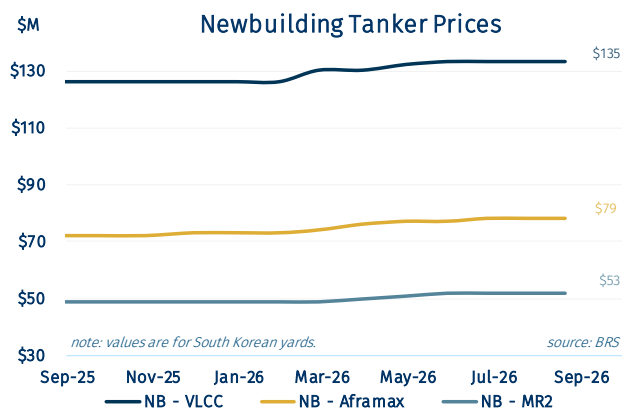
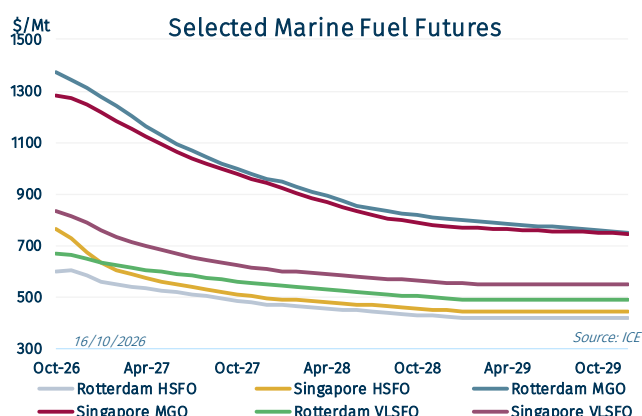
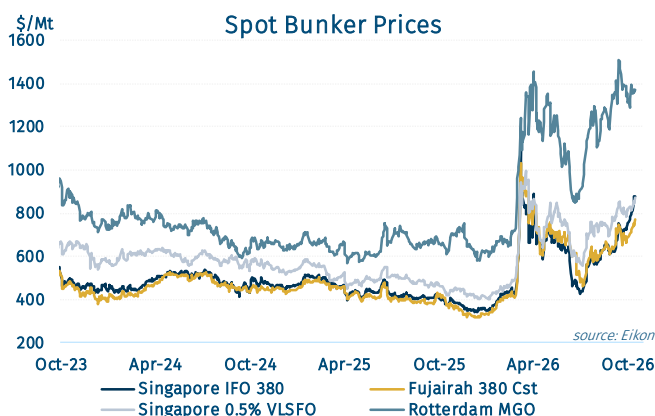
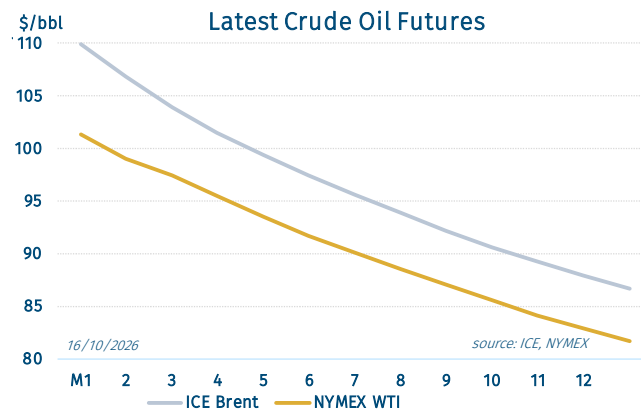
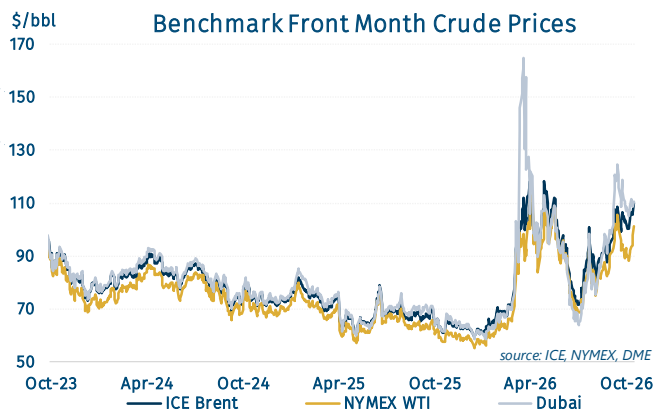
Time Charter Rates

\$/day		1yr	Trend	3yrs	5yrs
VLCC	NON ECO	\$252'000	UP		
	ECO	\$262'000		\$110'000	\$68'000
	ECO SCRB	\$270'000		\$115'000	\$73'000
SUEZMAX	NON ECO	\$165'000	UP		
	ECO	\$170'000		\$80'000	\$47'000
	ECO SCRB	\$175'000		\$83'000	\$50'000
AFRAMAX	NON ECO	\$113'000	UP		
	ECO	\$118'000		\$53'000	\$38'000
	ECO SCRB	\$120'000		\$55'000	\$40'000
LR2	NON ECO	\$113'000	UP		
	ECO	\$118'000		\$53'000	\$35'000
	ECO SCRB	\$120'000		\$55'000	\$36'000
LR1	NON ECO	\$45'500	UP	\$25'500	
	ECO	\$48'000		\$28'000	\$26'500
	ECO SCRB	\$49'500		\$29'500	\$27'750
MR2	NON ECO	\$40'000	UP		
	ECO	\$42'000		\$25'000	\$22'500
	ECO SCRB	\$43'000		\$26'000	\$23'500
MR1	NON ECO	\$28'000	UP	\$22'000	\$21'000
	ECO	\$29'500		\$23'000	\$22'000
	ECO SCRB	\$30'000			

Tanker Time Charter Rates - 1 year



Latest Prices and Freight Rates



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