LR1

Monthly Fundamentals

IFCHOR GALBRAITHS

Spot Market Overview

- Spot TCEs rates corrected downward
- Current TCE levels are around US$ 23,170 / day for Eco units

Period Market Overview

- 1 year TC for an eco vessel sits at US$ 32,500 / day

S&P Market Overview

- Increases in second hand pricing continue

Fleet Overview

- 12 units delivered with further 12 scheduled for delivery this year in LR1 sector
- Higher rate of deliveries scheduled across 2026/27/28

Oil Fundamentals Overview

- Crude oil prices dropped significantly following MOU between the USA and Iran
- Refinery margins remain elevated with the exception of Asia

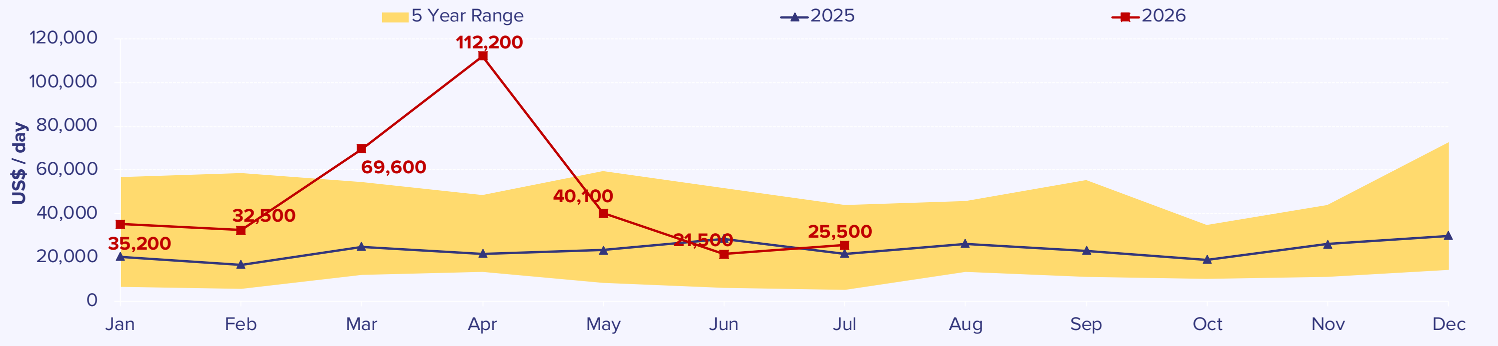
July 2026

Spot Market Overview

IG Assessments

10 Jul 2026	MEG / Japan 55kt		MEG / UKCont 65kt		Baltic / UKCont 60kt		Global Basket - TCEs			
	WS	TCE	LS	TCE	WS	TCE	Non Eco	Non Eco Scrubber	Eco	Eco Scrubber
Current					**120.0**	**15,094**	**17,456**	**22,570**	**23,168**	**26,673**
May-26	267.1	43,007	8.0	112,936	301.0	93,264	32,890	37,276	40,091	43,006
Jun-26					140.7	24,594	13,928	22,669	21,523	27,601
Jul-26					**120.0**	**15,807**	**19,764**	**25,528**	**25,550**	**29,526**
2024	192.9	34,864	4.2	54,620	165.8	40,304	36,085	39,308	41,351	43,536
2025	150.2	26,110	3.0	28,242	130.9	29,181	19,331	21,049	23,397	24,489
2026 ytd					**237.9**	**68,489**	**44,702**	**48,678**	**50,879**	**53,535**

LR1 Market in Context

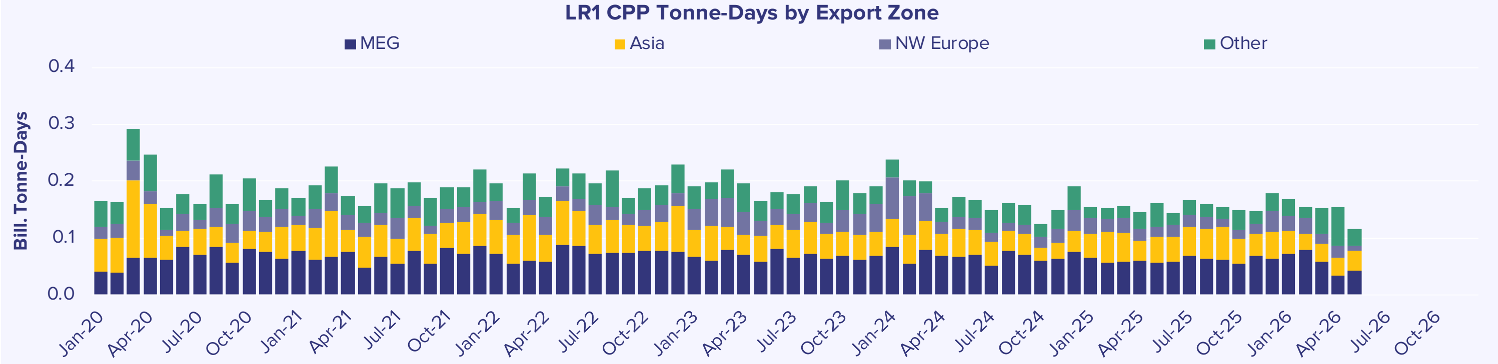


The average earnings have corrected quite significantly since the peaks in April this year, when the TCE average for the month reached US$ 112,200 / day for Eco vessel. Since that point the average monthly earnings were on a downward curve with averages for June sitting at US$ 21,500 / day for a same vessel. Although the rates and sentiment corrected, for the majority of the current year the average earnings were sitting above the 5 year range averages. It is worth noting that June averages dipped just below the 5 year range averages.

The current month average earnings are sitting at US$ 25,500 / day, which represents a slight upward correction compared to the month prior. However, as observed previously, the rates are still healthy and hovering around 5 year range averages, although well below the levels seen on larger sisters in the LR2 segment. With uncertainties around the potential deal between the US and Iran still ongoing, the sentiment is expected to remain on a softer side.

Volumes

LR1 CPP Tonne-Days by Export Zone



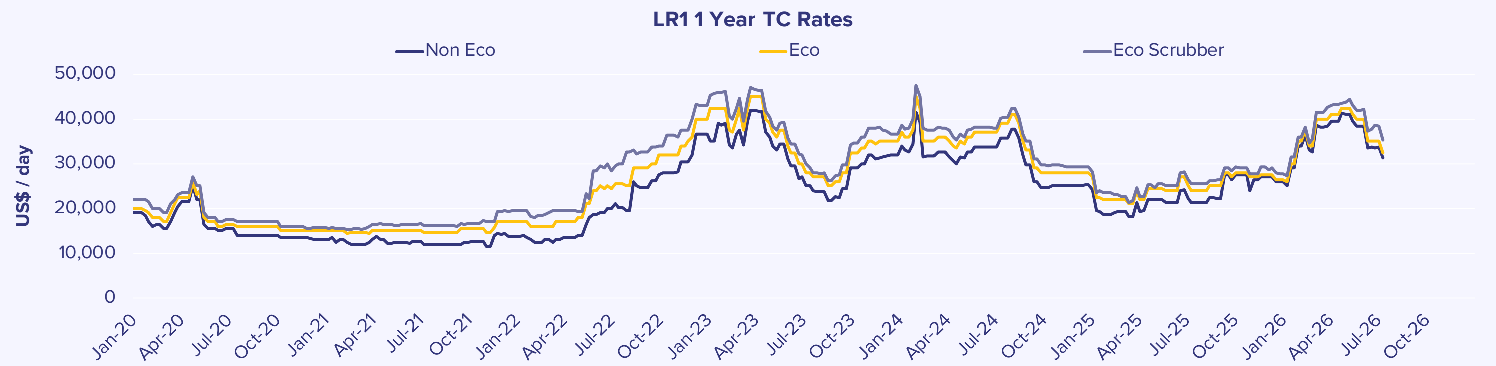
The cut of exporting barrels out of MEG most severely influenced the LR2 segment, as it is highly dependable on the volumes coming from the loading area. The global scramble for the volumes provided some support for smaller clean tankers including the LR1 segment. During March and April the utilisation levels as calculated in tonne days remained relatively stable. Naturally the percentage of cargoes loading from MEG dropped, but it was compensated by loading from alternative locations. May utilisation softened, as the alternative loading locations were unable to keep providing replacement barrels.

It is worth noting that the traffic through Hormuz picked up slightly during the later part of June. However, at the time of writing some renewed attacks on commercial ships in the region and US attacks on Iran are not giving much confidence about the quick conflict resolutions.

Period Market Overview

IG Assessments

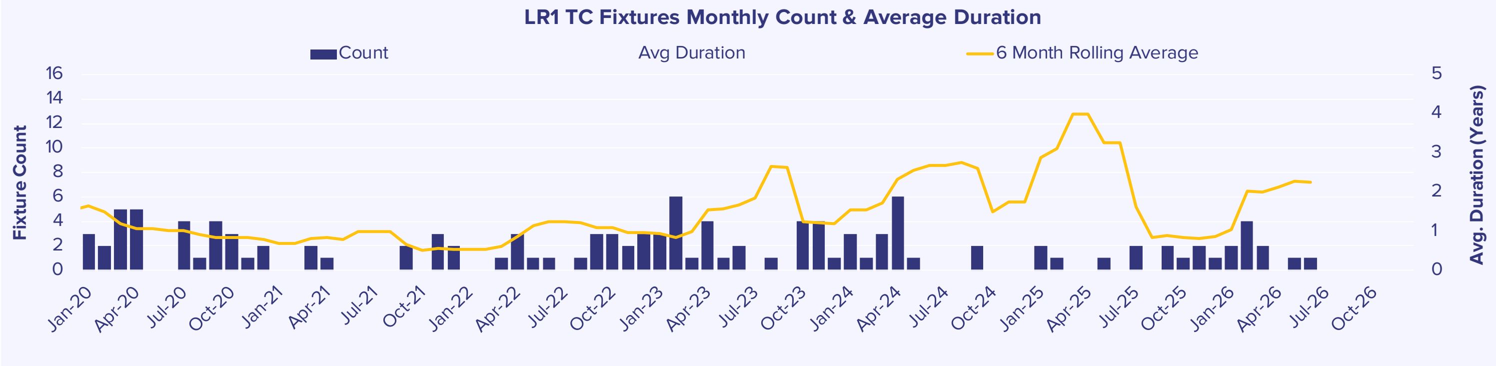
10 Jul 2026	1 Year TC			3 Year TC			5 Year TC		
	Non Eco	Eco	Eco Scrubber	Non Eco	Eco	Eco Scrubber	Non Eco	Eco	Eco Scrubber
Current	**31,250**	**32,500**	**35,250**	**25,250**	**26,500**	**29,250**	**22,750**	**24,000**	**26,750**
May-26	39,375	40,875	42,875	28,500	30,000	32,000	25,000	26,500	28,500
Jun-26	34,813	36,250	39,000	26,688	28,125	30,875	23,938	25,375	28,125
Jul-26	**32,500**	**33,750**	**36,875**	**25,750**	**27,000**	**30,125**	**23,250**	**24,500**	**27,625**
2024	30,933	34,115	35,841	25,827	29,010	30,736	24,596	27,779	29,534
2025	22,736	24,856	25,981	20,841	22,981	24,106	19,505	21,606	22,731
2026 ytd	**35,554**	**36,857**	**38,705**	**27,232**	**28,536**	**30,384**	**23,893**	**25,196**	**27,045**



Following closely on the fortunes of the spot market, the period market peaked around the April time, and since then the monthly average rates were on a downward curve. Monthly average for one year TC Eco rates softened very steeply in June to US$ 36,250 / day from US$ 40,875 / day a month prior. Early July rates softened further with 1 year TC rates for an Eco vessel sitting at US$ 32,500 / day at the time of writing. Longer term period rates followed the similar trend as observed of 1 year TC rates, naturally with smaller amplitude of change.

Despite the softening the average period market rates remain elevated by historical standards.

Timecharter Statistics



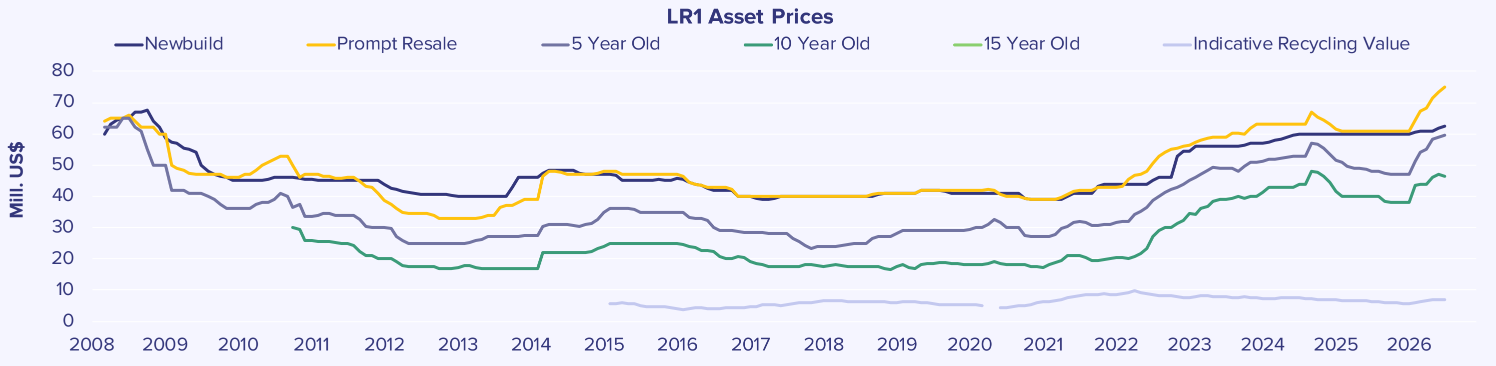
The LR1 period market activity remained subdued over the last few months, judging by the number of reported deals in the market. The peak of activity so far this year was in February, when four period fixtures were reported. After one fixture was reported in May, only one more period fixture was reported during June.

The spot earnings remained under downward pressure over the last few months, and that replicated the number of deals done. The 6 month rolling average curve remained relatively unchanged as the couple of deals reported recently were both around 1 year length.

Sale & Purchase Market Overview

IG Assessments

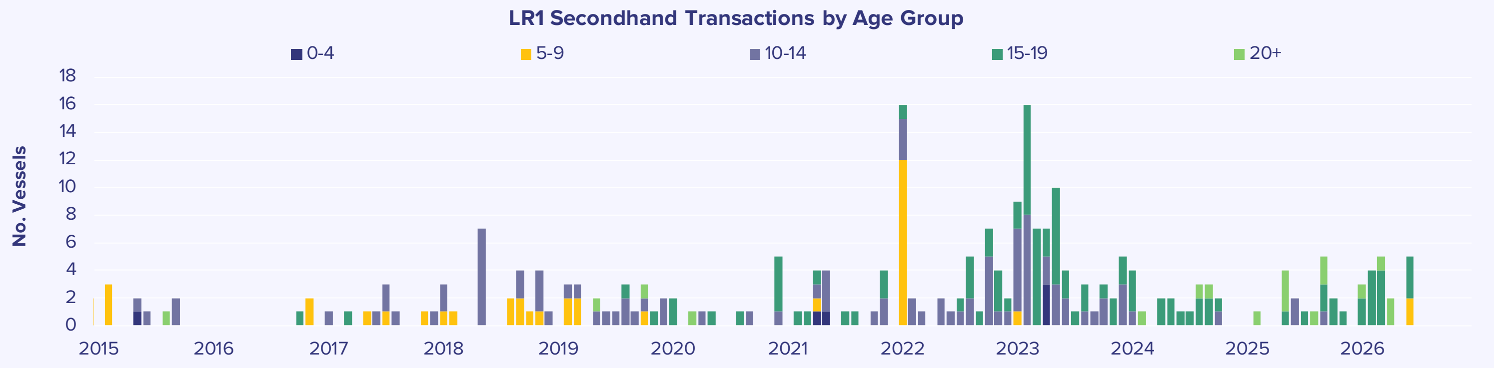
10 Jul 2026	Newbuild	Prompt Resale	5 Year Old	10 Year Old	Indicative Recycling Value
Current	**63.0**	**75.0**	**60.0**	**46.0**	**6.9**
May-26	61.0	71.5	58.3	46.0	6.7
Jun-26	61.8	73.5	59.0	47.0	6.8
Jul-26	**62.5**	**75.0**	**59.5**	**46.5**	**6.9**
2024	59.1	63.8	53.6	44.3	7.2
2025	60.0	61.1	48.6	39.5	6.3
2026 ytd	**61.0**	**68.0**	**54.5**	**43.9**	**6.3**



The trend of strengthening the second hand asset prices in the LR1 sector continued for one more month. The 5 year old vessel prices inched from US$ 58.3m in May to US$ 59m in June. 10 year old asset prices moved in a small increment as well to reach US$ 47m. The prices remained unchanged during early July. Despite the softening period market in the recent months, the demand for the vessels available for immediate trading remains high. This can be reflected in the fact that the 5 year old prices are only US$ 3m below the newbuilding prices.

Newbuild and prompt resale values also moved up in small increments over the last few months. However, a marginal upward movement was recorded during July.

Count of Sales by Age Grouping



After a relatively strong start of the year, the market activity dropped significantly over the last few months. The market instability had a negative effect on general demand in the second hand market, with 2 vessels reportedly exchanging hands in April and with no reported sales during May. June brought some positive change with 3 units reportedly exchanging hands.

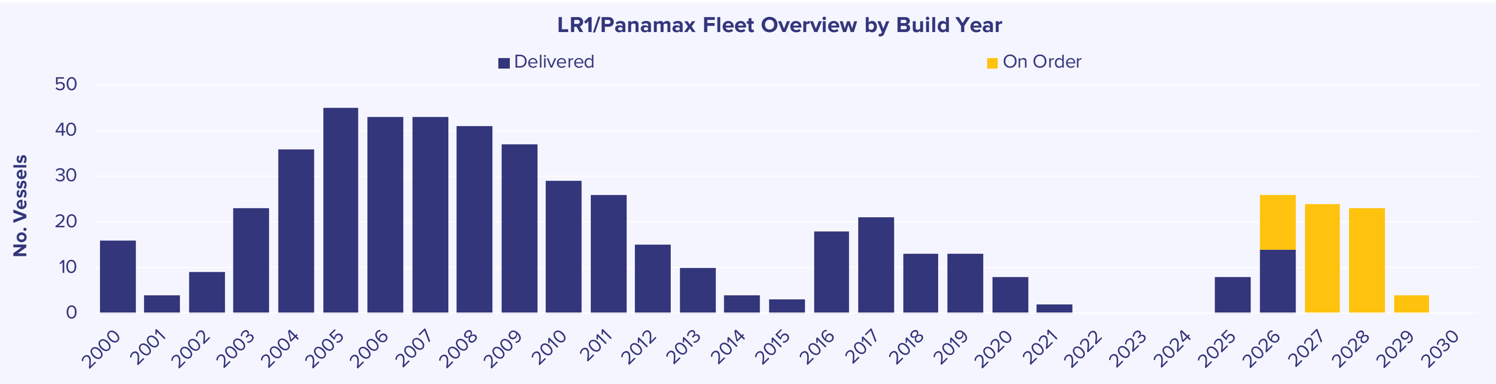
Although the market activity is not spectacular and far from some earlier periods of very strong activity, current year activity is stronger compared to last year. Six months into the year 17 units reportedly exchanged hands while for the whole year last year the same number of ships were reported sold.

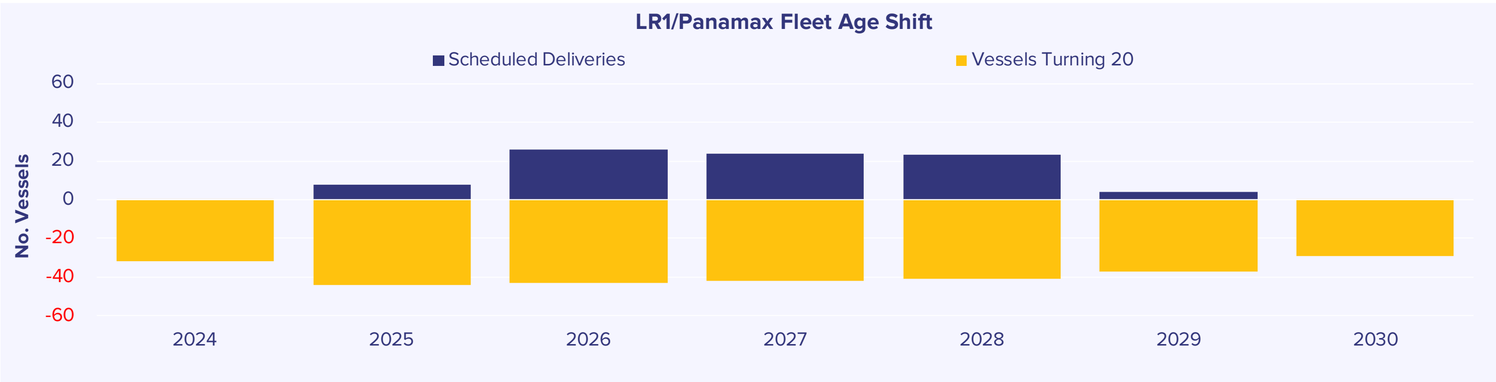
Fleet Overview

Fleet Summary

Jun-26	Total Fleet	Deliveries (ytd)	Orderbook Schedule							Recycling	
			2026	2027	2028	2029	2030	Total Orderbook	Orderbook as % of Fleet	Recycled	Sold for Recycling
VLCC+	**904**	**19**	**23**	**69**	**127**	**114**	**9**	**342**	**38%**	**2**	**0**
Suezmax/LR3	**656**	**24**	**26**	**53**	**84**	**65**	**9**	**237**	**36%**	**2**	**0**
Of Which:											
Crude	632	24	26	53	84	65	9	237	38%	2	0
Products	24	0	0	0	0	0	0	0	0%	0	0
Aframax/LR2	**1,216**	**44**	**46**	**83**	**78**	**69**	**2**	**278**	**23%**	**2**	**0**
Of Which:											
Crude	663	5	7	10	12	5	0	34	5%	1	0
Products	553	39	39	73	66	64	2	244	44%	1	0
Panamax/LR1	**456**	**14**	**12**	**24**	**23**	**4**	**0**	**63**	**14%**	**2**	**1**
Of Which:											
Crude	56	2	0	2	4	0	0	6	11%	0	1
Products	400	12	12	22	19	4	0	57	14%	2	0
MR	**1,720**	**57**	**76**	**102**	**108**	**34**	**9**	**329**	**19%**	**4**	**2**
Of Which:											
Crude	0	0	0	0	0	0	0	0	0%	0	0
Products	1,720	57	76	102	108	34	9	329	19%	4	2

Trading Fleet Overview





14 vessels within the LR1/Panamax segment have been delivered in 2026, with 3 additional vessels delivered since our last report. 12 of these are coated LR1 tankers. This year marks the highest number of LR1/Panamax tanker deliveries since 2017.

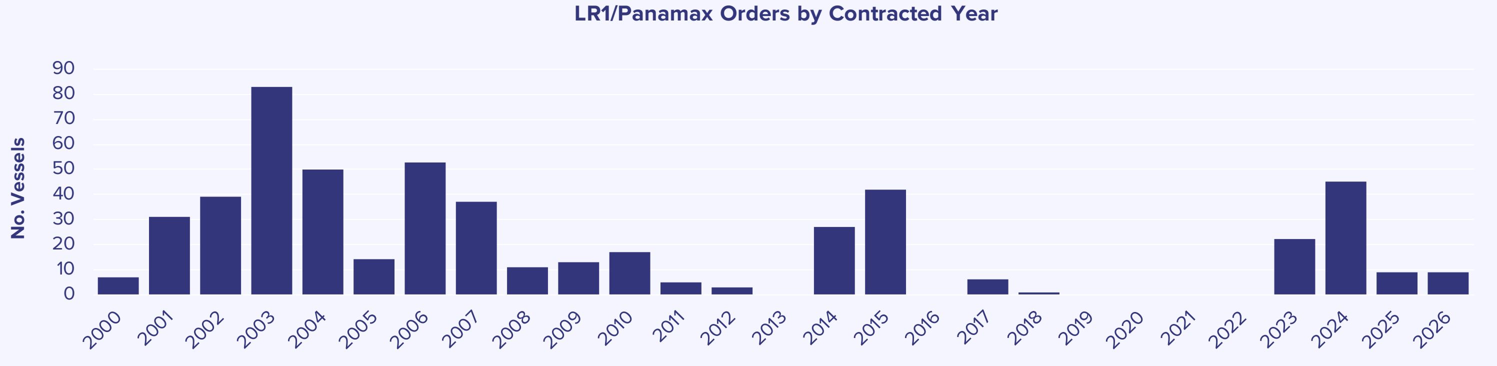
74 LR1's were contracted over the 2023-25 period, representing growth in the LR1 market, with no LR1's being ordered prior to that timeframe since 2017. This elevated contracting is translating into the strong delivery schedules over the next few years. Current data indicates that 12 more LR1s will be delivered in 2026, followed by 22 deliveries in 2027 and 19 in 2028.

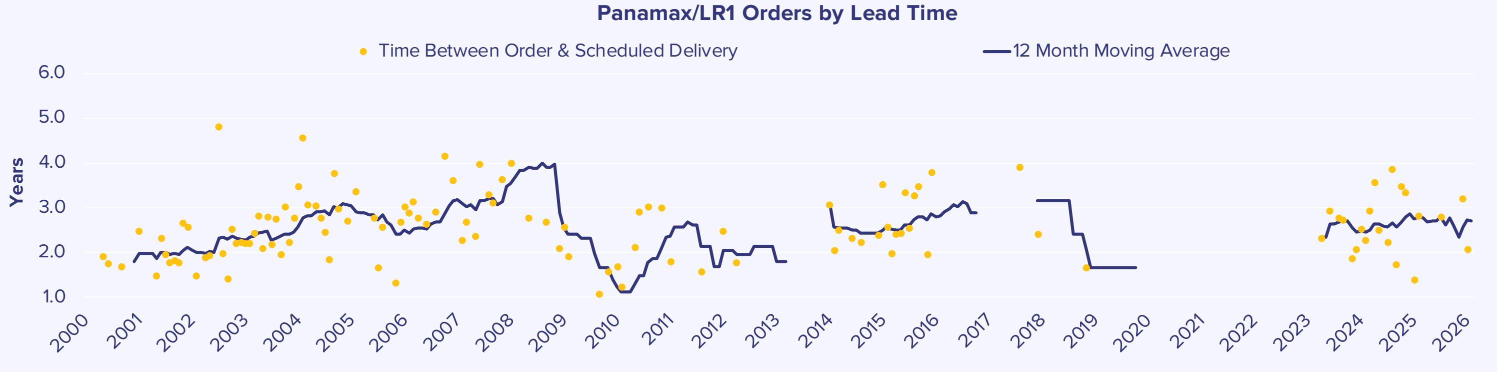
Notably, 120 vessels in the Panamax/LR1 segment will turn 20 years of age between 2027-29.

The LR1 orderbook to active fleet ratio currently sits at 14%, the lowest amongst all clean tanker markets, indicating a current subdued interest in LR1 contracting in comparison its MR and LR2 counterparts.

Fleet Overview

Newbuilding Summary

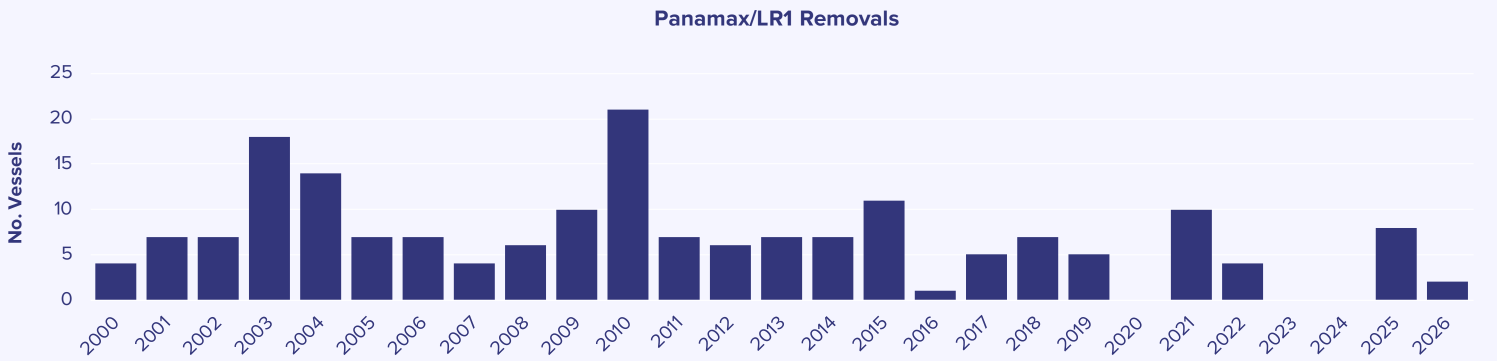




So far in 2026, 9 vessels in the LR1/Panamax segment have been contracted over. From 2022 to 2025, around 98% of the contracted vessels were LR1's, however of the 9 ordered this year, only 3 are coated tankers.

The lead time within the LR1/Panamax sector currently sits around 2.5 years.

Recycling Summary

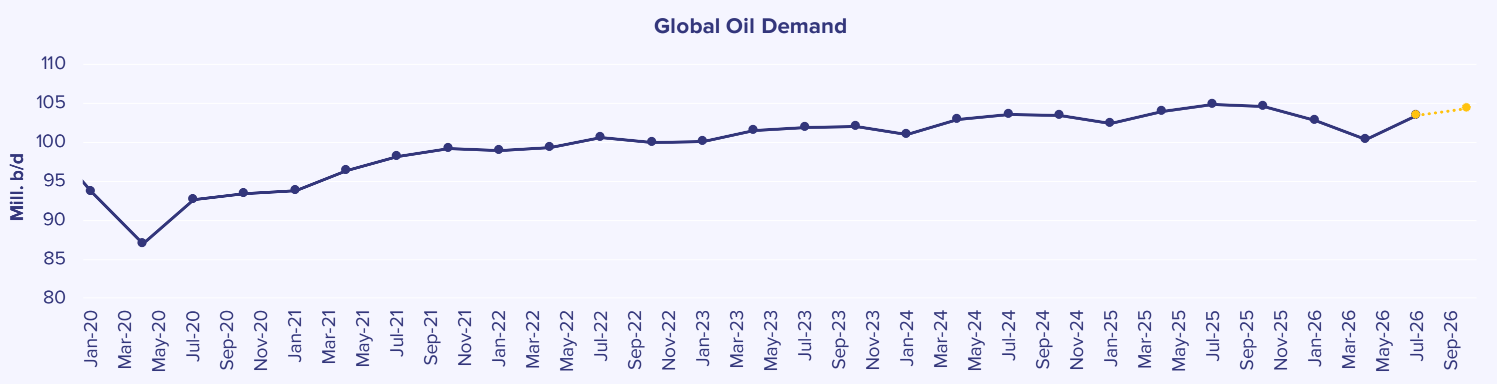


In 2025, there were 8 vessels in the Panamax/LR1 segment which were sent for recycling, after a hiatus of 2 years in which no vessels were scrapped. However, the trend of subdued recycling activity appears have returned as demolition activity remains unchanged from our last report with 2 units being removed in 2026, both coated tankers.

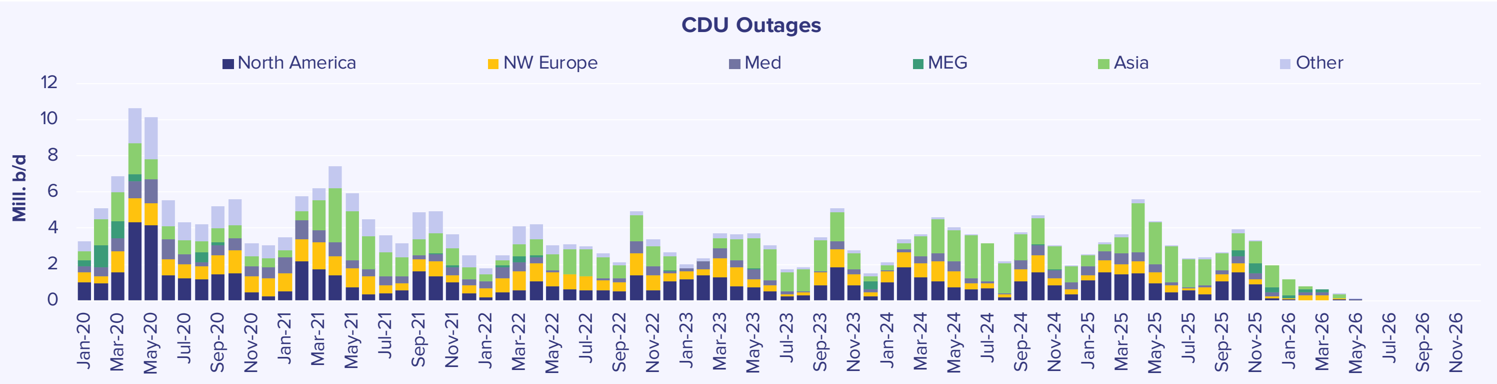
However, acknowledging the relatively strong newbuilding delivery schedule, alongside the ageing profile of the fleet over the coming years, the list of potential demolition candidates in the Panamax/LR1 segment is expected to grow.

Tanker Demand Fundamentals

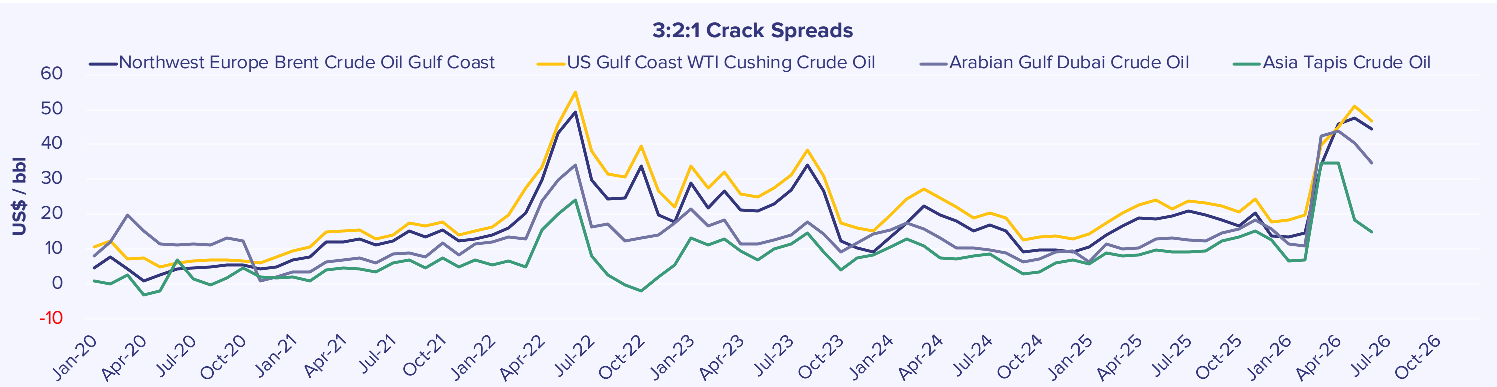
Global Oil Demand



Refinery Outages



Refinery Margins



There was some meaningful progress made last month with regards to talks about potential normalisation of the passage through the Strait of Hormuz. An MOU between the US and Iran was published by various media outlets in the second half of June, which is expected to outline the basis for the further negotiation. However, many major points remained undefined, and the situation further deteriorated very soon after that, with the attacks on the commercial ships reported in the region in recent days, and the US renewing the attacks on Iran as a consequence. Last month was also eventful from the perspective of the OFAC effectively authorising transactions related to Iranian oil and petroleum products, in line with point 10 of the MOU for the period between 22nd of June to 21st of August this year.

As a consequence of the MOU and OFAC temporary sanction removal, the crude oil prices retreated, and Brent remained below US$ 80 per barrel for the last few weeks. Recent attacks put an upward pressure on prices with Brent price closing to US$ 80/b mark. The traffic through the Straits started picking up, however still is remaining below the pre war levels. With the recent tensions it remains to be seen how many owners are willing to enter the area.

In their most recent report and taking into account the MOU and under presumption that the deal holds, the IEA outlook on both supply and demand improved. The second quarter demand is expected to drop by 5 mb/d year on year, and around 1.1 mb/d for 2026 as a whole. In 2026 the demand is projected to drop to 103.3 mb/d from 104.4 mb/d last year. Oil supply is expected to fall by 3.6 mb/d on average in 2026 to 102.4 mb/d. Refinery margins are still very high with the exception of Asia. Total refinery throughput is expected to be around 82 mb/d for 2026, mainly pulled down by the drop in Asia.

Source: IEA, Bloomberg

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