LR2

Monthly Fundamentals

Spot Market Overview

- Spot TCEs corrected downwards, however remain elevated
- Current TCE levels are around US$ 68,700 / day for Eco units

Fleet Overview

- 78 vessels scheduled to be delivered during 2026
- 68 LR2 units ordered so far this year

Period Market Overview

- 1 year TC for an eco vessel sits at US$ 48,000 / day

Oil Fundamentals Overview

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

S&P Market Overview

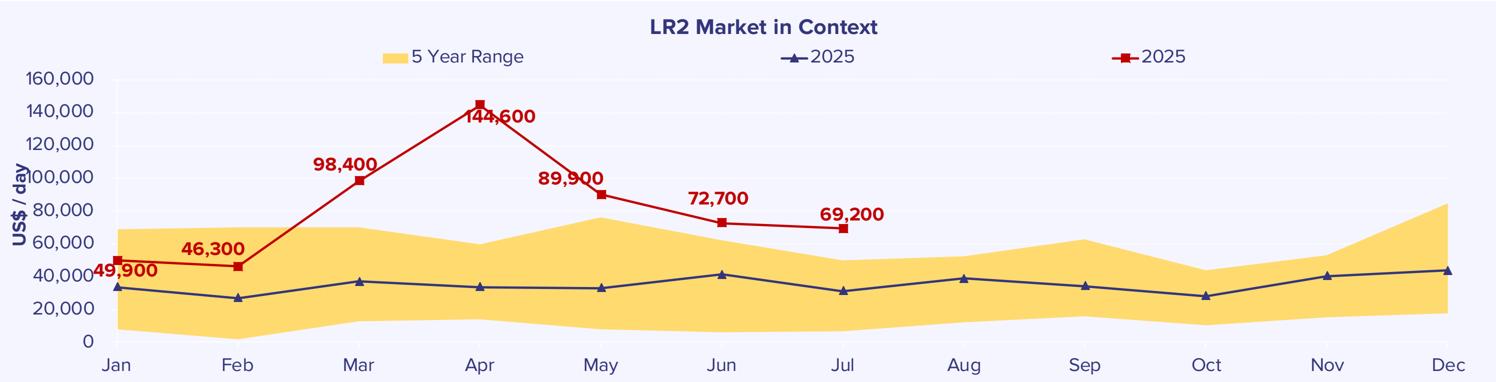
- Increases in second hand pricing continue

July 2026

Spot Market Overview

IG Assessments

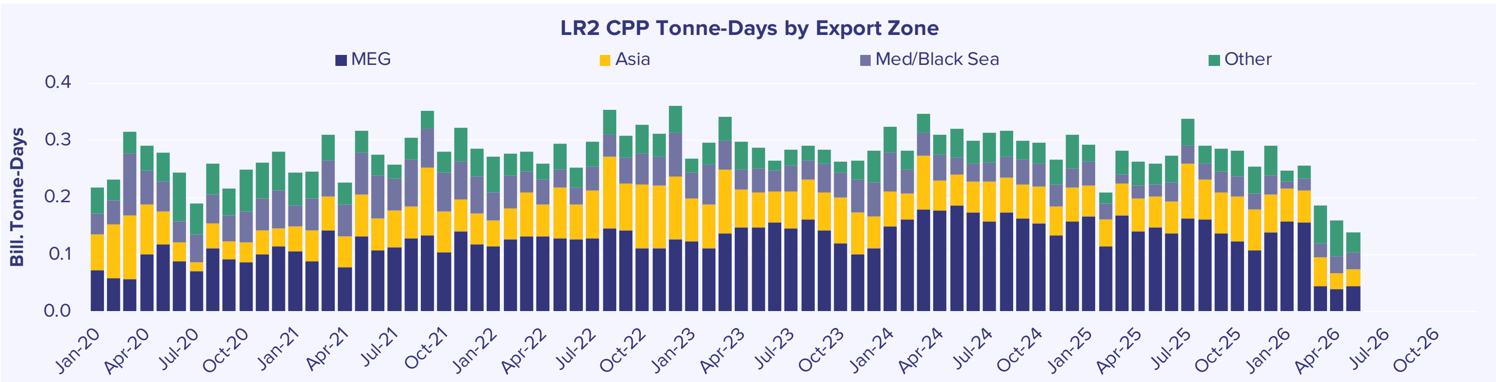
10 Jul 2026	MEG / Japan 75kt		MEG / UKCont 80kt		Med / Japan 80kt		Global Basket - TCEs			
	WS	TCE	LS	TCE	LS	TCE	Non Eco	Non Eco Scrubber	Eco	Eco Scrubber
Current					**4.3**	**28,164**	**61,464**	**67,179**	**68,685**	**72,339**
May-26	255.7	58,565	10.0	141,683	9.1	90,550	80,888	85,732	89,889	92,696
Jun-26					4.5	29,372	63,346	73,365	72,737	79,446
Jul-26					**4.3**	**28,858**	**61,898**	**68,350**	**69,208**	**73,412**
2024	174.7	43,213	5.1	66,559	3.8	19,906	44,764	48,551	50,700	53,306
2025	138.2	33,336	3.8	37,662	3.2	18,476	29,844	31,977	35,118	36,475
2026 ytd					**6.9**	**42,930**	**75,669**	**80,089**	**83,402**	**86,024**



The average earnings have corrected quite significantly since the peaks in April this year, when the TCE average for the month reached US$ 144,600 / day for an Eco vessel. Since that point the average monthly earnings were on a downward curve with averages for June sitting at US$ 72,700 / 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 top part of the 5 year range, Despite the corrections the earnings are very healthy.

The current month average earnings are sitting at US$ 69,200 / day, which represents a slight downward correction compared to the month prior. However, as observed previously, the rates are still healthy and well above the top part of the 5 year range. With uncertainties around the potential deal between the US and Iran still ongoing, the sentiment is expected to remain on a softer side.

Volumes



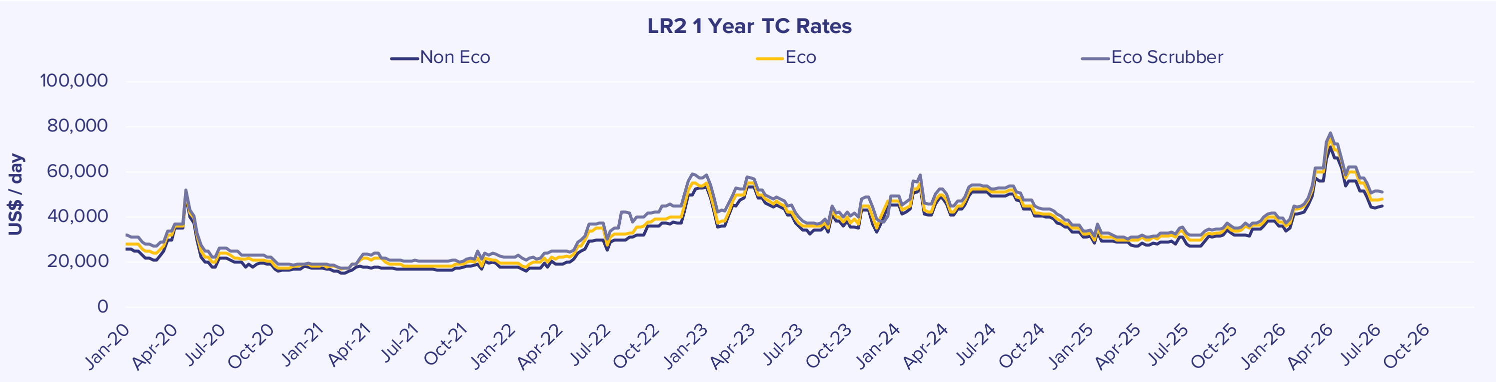
The LR2 segment was instantly hit by the cut of the MEG barrels due to the Iran war, as the region is a major loading area for the segment. Despite the scramble for additional barrels from alternative locations, the supplied volumes were not enough to compensate for the loss of volumes and utilisation as expressed in tonne days. As the uncertainties around the opening of the Strait of Hormuz continued, the utilisation levels remained low during May, and similarly the levels are expected to have remained low in June.

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

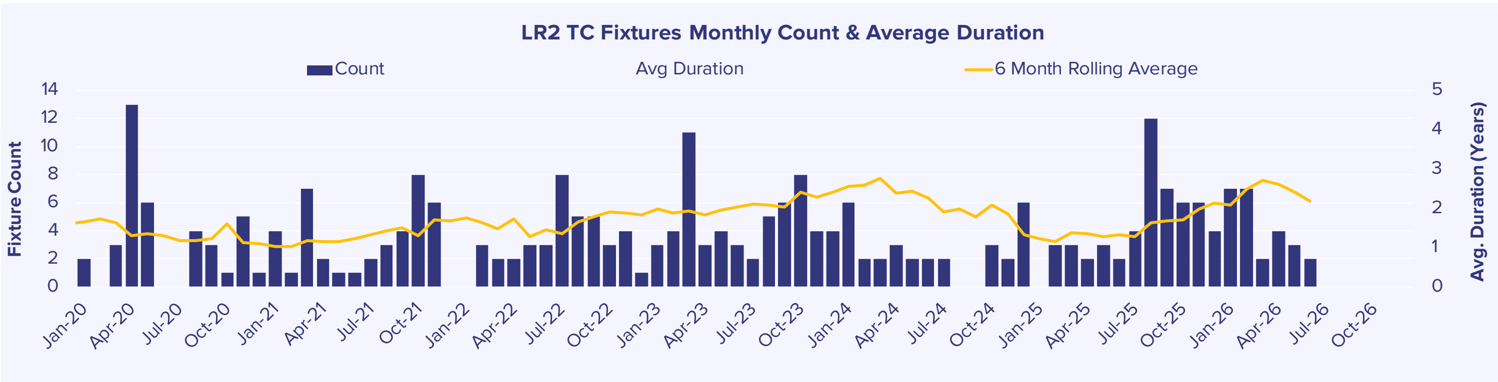
10 Jul 2026	1 Year TC			3 Year TC			5 Year TC		
	Non Eco	Eco	Eco Scrubber	Non Eco	Eco	Eco Scrubber	Non Eco	Eco	Eco Scrubber
Current	**45,000**	**48,000**	**51,250**	**32,000**	**35,000**	**38,250**	**27,000**	**30,000**	**33,250**
May-26	55,063	58,750	61,250	32,813	36,500	39,000	28,313	32,000	34,500
Jun-26	47,313	50,625	53,813	32,063	35,375	38,563	27,938	31,250	34,438
Jul-26	**44,750**	**47,750**	**51,375**	**32,000**	**35,000**	**38,625**	**27,250**	**30,250**	**33,875**
2024	43,875	45,375	47,635	38,827	40,337	42,596	32,269	33,779	36,038
2025	30,740	32,846	34,284	28,553	30,034	31,471	26,740	28,183	29,620
2026 ytd	**50,759**	**53,839**	**55,982**	**34,348**	**37,429**	**39,571**	**29,723**	**32,804**	**34,946**



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 averages for one year TC Eco rates softened in June to US$ 50,625 / day from US$ 58,750 / day a month prior. Early July rates softened further with 1 year TC rates for an Eco vessel sitting at US$ 48,000 / 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



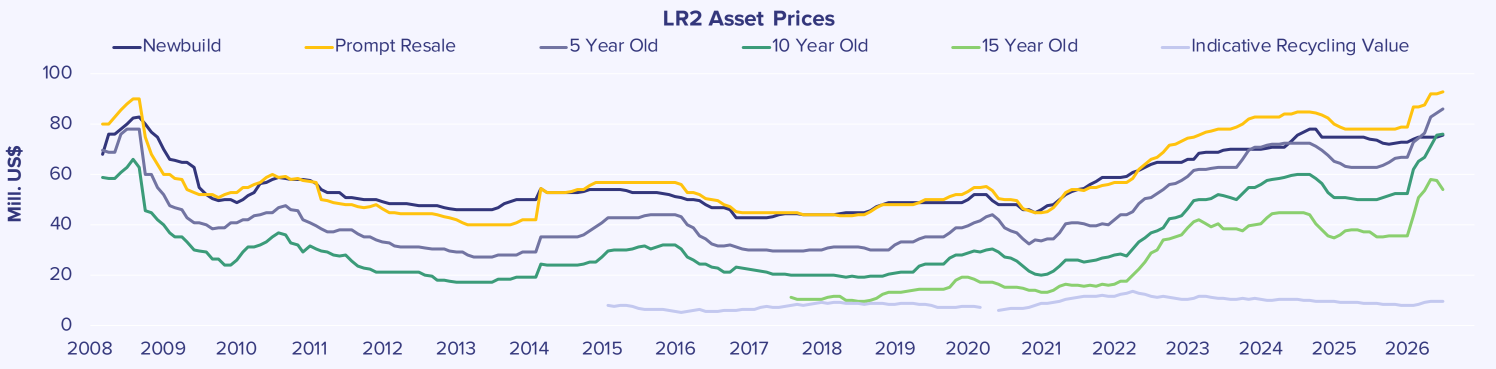
The LR2 period market activity remained subdued over the last few months, judging by the number of reported deals in the market. The number of fixtures reported in June further softened to only 2 reported deals, which is much lower than the numbers recorded at the beginning of the year.

As the June period deals were for a shorter period (6 months), the rolling average curve dipped down further.

Sale & Purchase Market Overview

IG Assessments

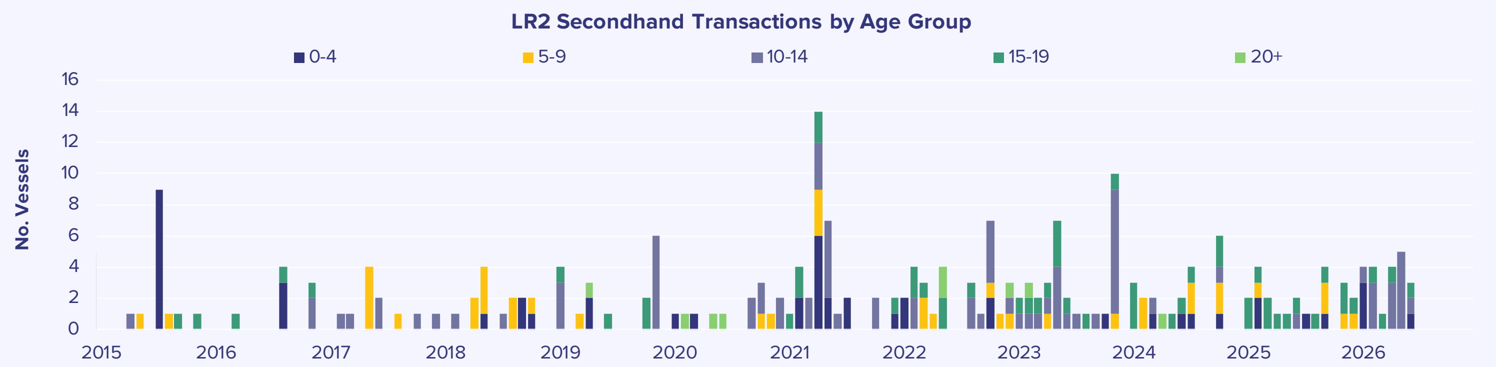
10 Jul 2026	Newbuild	Prompt Resale	5 Year Old	10 Year Old	15 Year Old	Indicative Recycling Value
Current	**76.0**	**94.0**	**86.0**	**76.0**	**51.0**	**9.1**
May-26	75.0	92.0	83.0	71.3	58.1	8.9
Jun-26	75.0	92.0	84.5	75.5	57.8	9.0
Jul-26	**75.5**	**93.0**	**86.0**	**76.0**	**54.0**	**9.1**
2024	73.8	83.8	71.5	58.1	42.6	9.6
2025	73.9	78.3	64.1	50.8	36.3	8.3
2026 ytd	**74.5**	**87.9**	**77.0**	**66.5**	**50.2**	**8.4**



The trend of strengthening the second hand asset prices in the sector continued for one more month. The 5 year old vessel prices inched from US$ 83m in May to US$ 84.5m in June. 10 year and 15 year old asset prices moved in small increments as well to reach US$ 75.5m and US$ 57.8m. The prices strengthened further 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 US$ 10.5m above the newbuilding prices, while 10 year old unit values now sit US$ 0.5m above the newbuild prices.

Newbuild and prompt resale values remained unchanged over the last couple of months. However, a marginal upward movement was recorded during July.

Count of Sales by Age Grouping



The second hand market remained relatively active over the last few months as 4 second hand transactions were reported during April and further 5 vessel sales were reported during May. With 2 vessels reportedly exchanging hands during June, the general market volatility seems to have crept in the second hand market.

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 20 units reportedly exchanged hands in comparison to 23 units reportedly exchanging hands in total last year. So far this year the focus shifted more to the fleets younger than 15 years of age, although the vast majority of the fleet reportedly sold is sitting in the 10+ years old category.

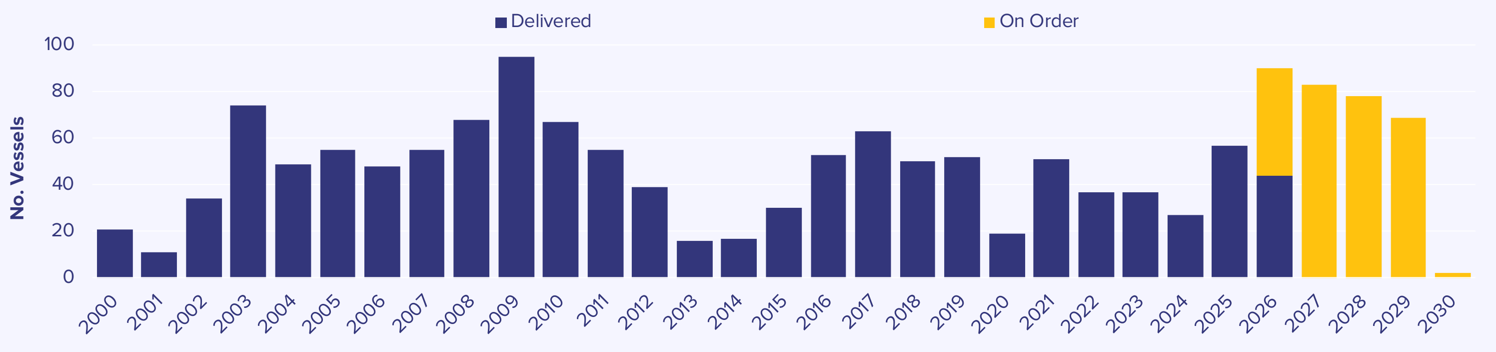
Fleet Overview

Fleet Summary

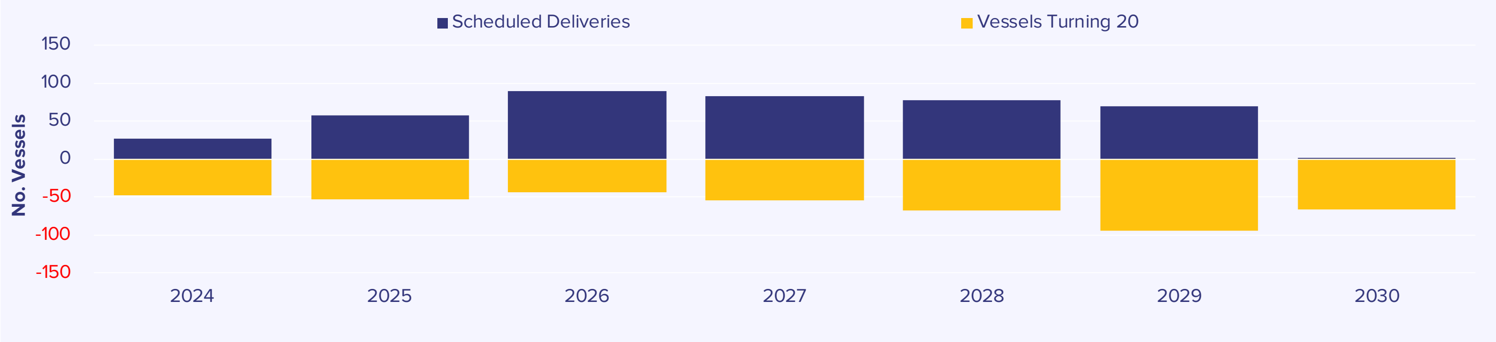
Jun-26	Total Fleet	Deliveries (ytd)	Orderbook Schedule 2026	2027	2028	2029	2030	Total Orderbook	Orderbook as % of Fleet	Recycling: Recycled	Sold for Recycling
VLCC+	**904**	**19**	**23**	**69**	**127**	**114**	**9**	**342**	**38%**	**2**	**0**
Suezmax/LR3	**656**	**24**	**26**	**53**	**84**	**65**	**9**	**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

Aframax/LR2 Fleet Overview by Build Year



Aframax/LR2 Fleet Age Shift



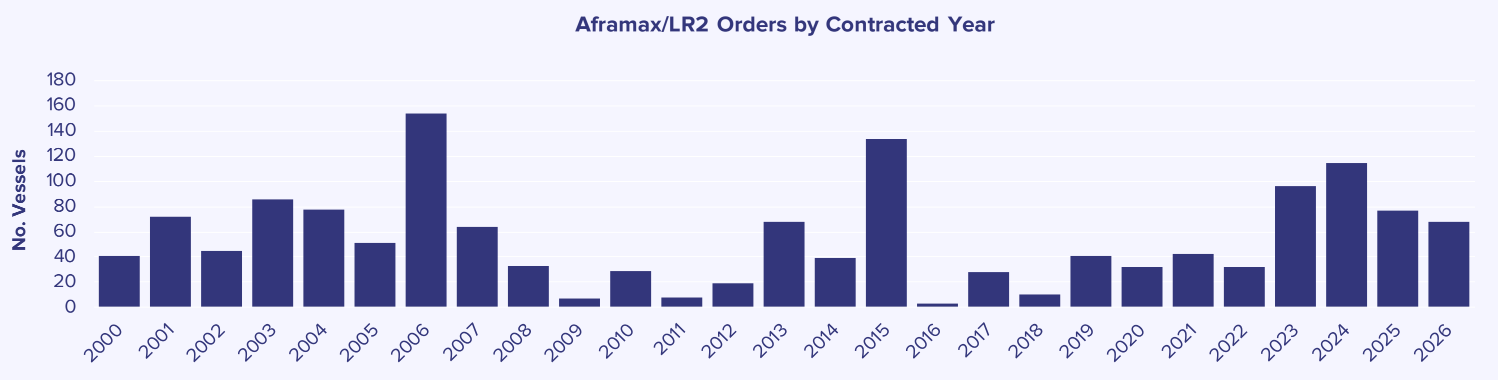
So far in 2026, 39 LR2's have hit the water, with an additional 39 vessels expected to be delivered by the end of the year. Data currently suggests that a further 73 and 66 LR2's will be delivered in 2027 and 2028 respectively.

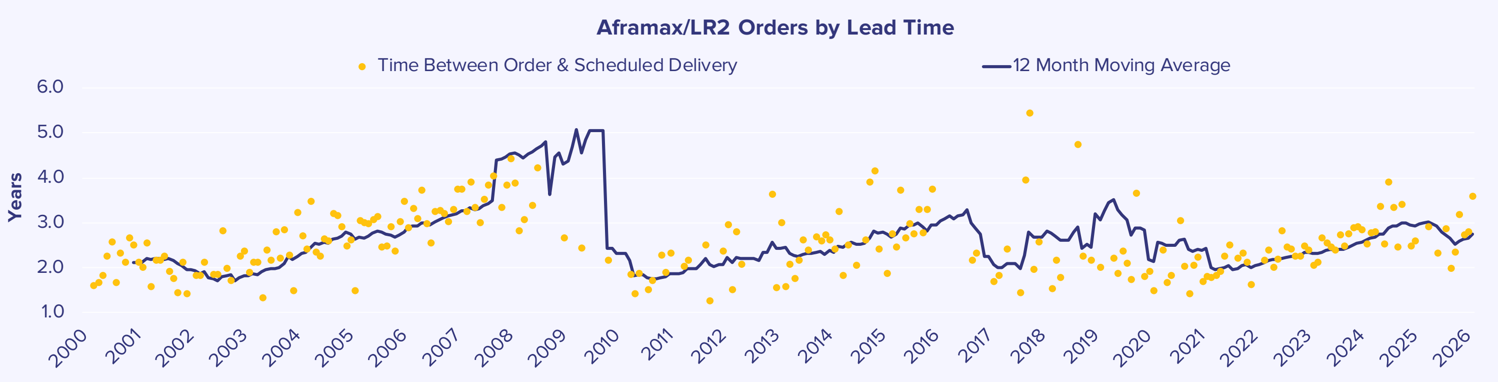
The total orderbook to active fleet ratio amongst the combined Aframax/LR2 market has increased to 23% as of current data. However, when focusing solely on coated tonnage, this metric has increased to 43%, demonstrating the preference for coated tonnage and the trading flexibility it offers.

Current data suggests that 76 LR2s will turn 20 years of age between 2027 and 2029. Notably, this is only around 35% of the combined Aframax/LR2 fleet segment turning 20 over this period, demonstrating the shift towards coated tonnage that the fleet profile will exhibit over the coming years.

Fleet Overview

Newbuilding Summary



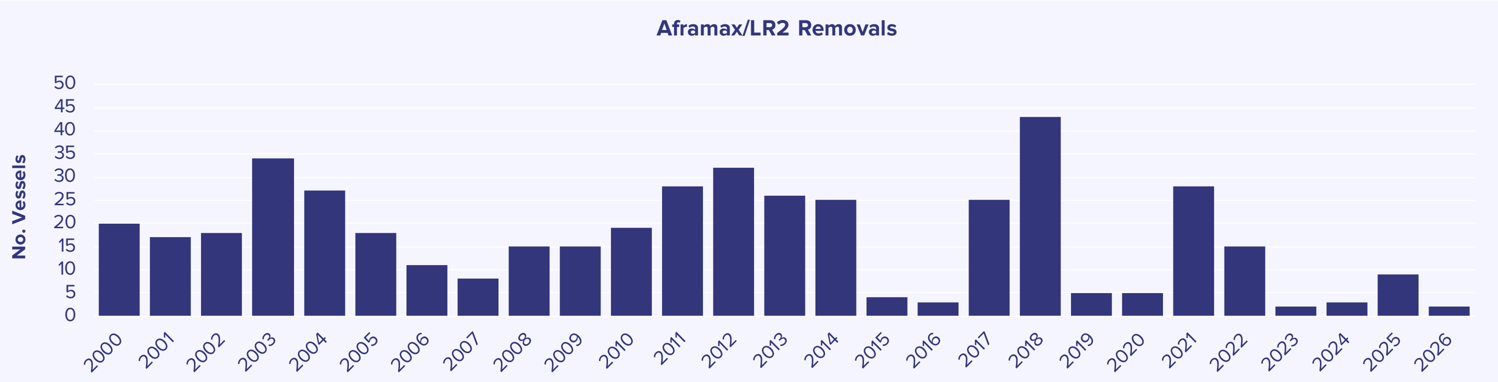


The Aframax/LR2 segment exhibited comparatively high levels in contracting activity in the 2023-25 period with 288 vessels ordered.

This year, 68 vessels have been contracted in the Aframax/LR2 segment, an increase of 17 units since our last report. Notably, all of these orders are coming from the coated LR2 market.

The lead time amongst these segments currently sits just above 3 years, pushed upwards by the heightened contracting.

Recycling Summary

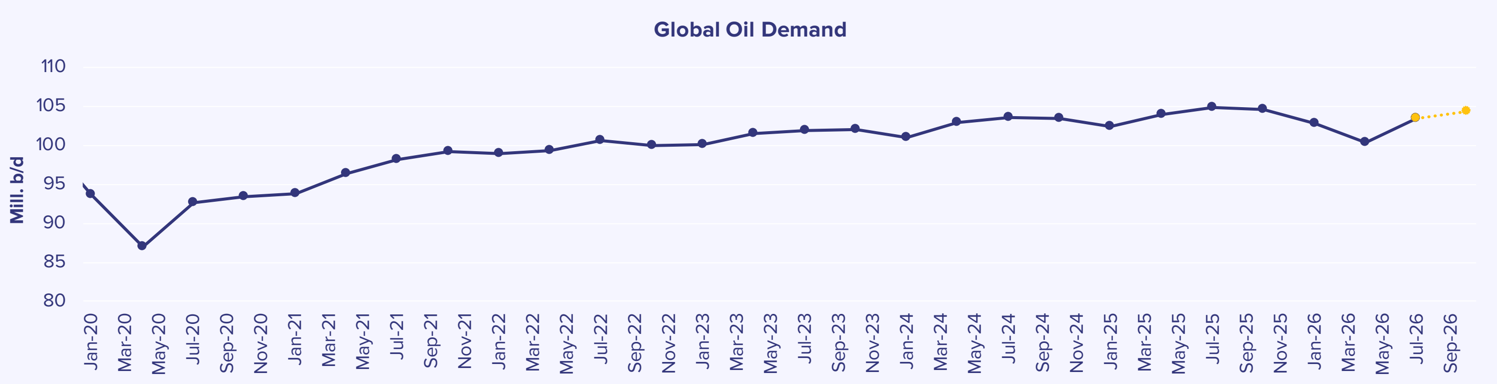


Recycling activity remains unchanged with 1 LR2 being removed so far in 2026, continuing the trend of subdued recycling activity in this market from the 2022-25 period, in which no vessels were removed.

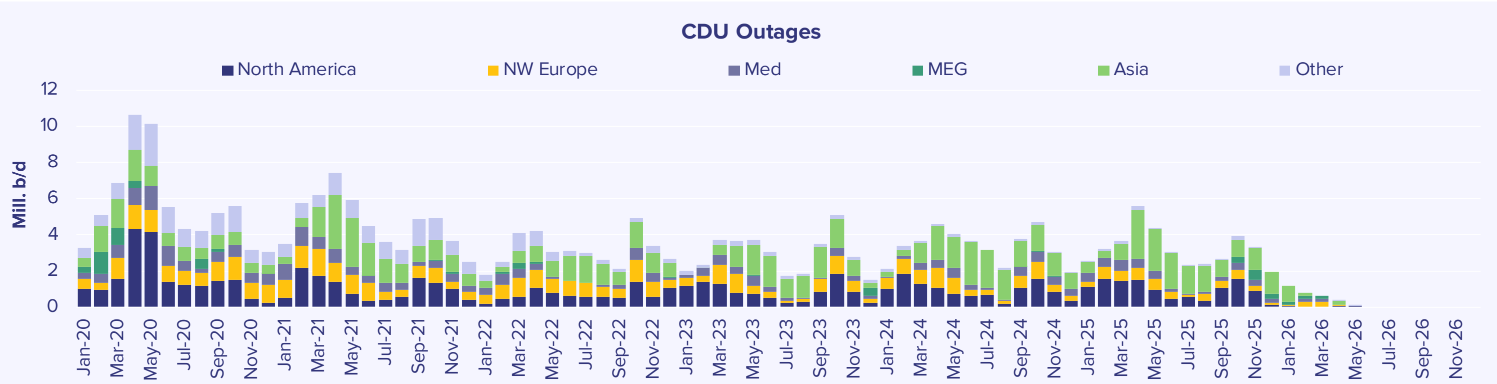
In contrast to other tanker segments, the comparatively young age profile of the LR2 segment implies that the list of potential demolition candidates will remain relatively subdued in the coming years, despite the strong delivery schedule.

Tanker Demand Fundamentals

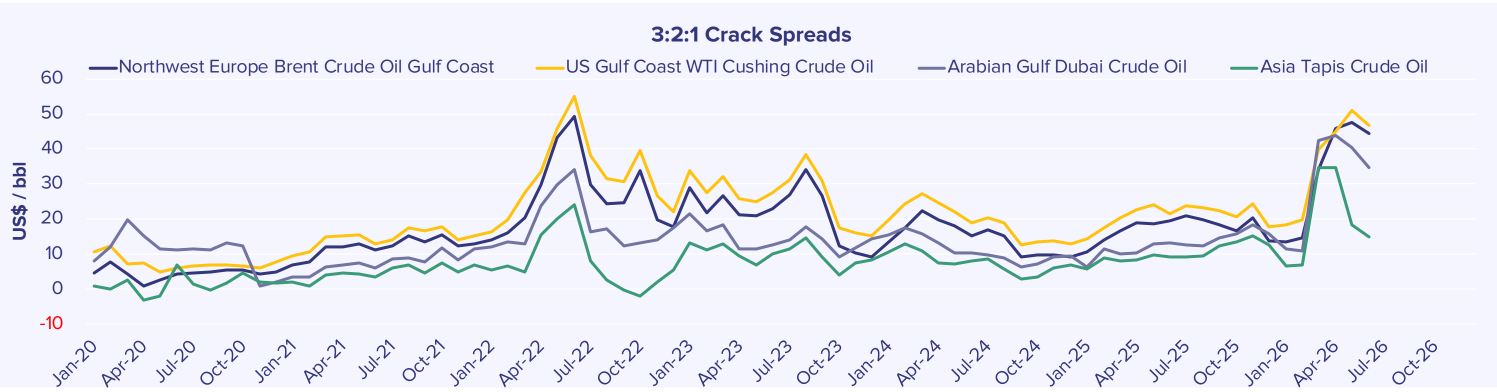
Global Oil Demand



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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