

# Product Tanker Sector Panel



Prepared for Capital Link Forum

New York

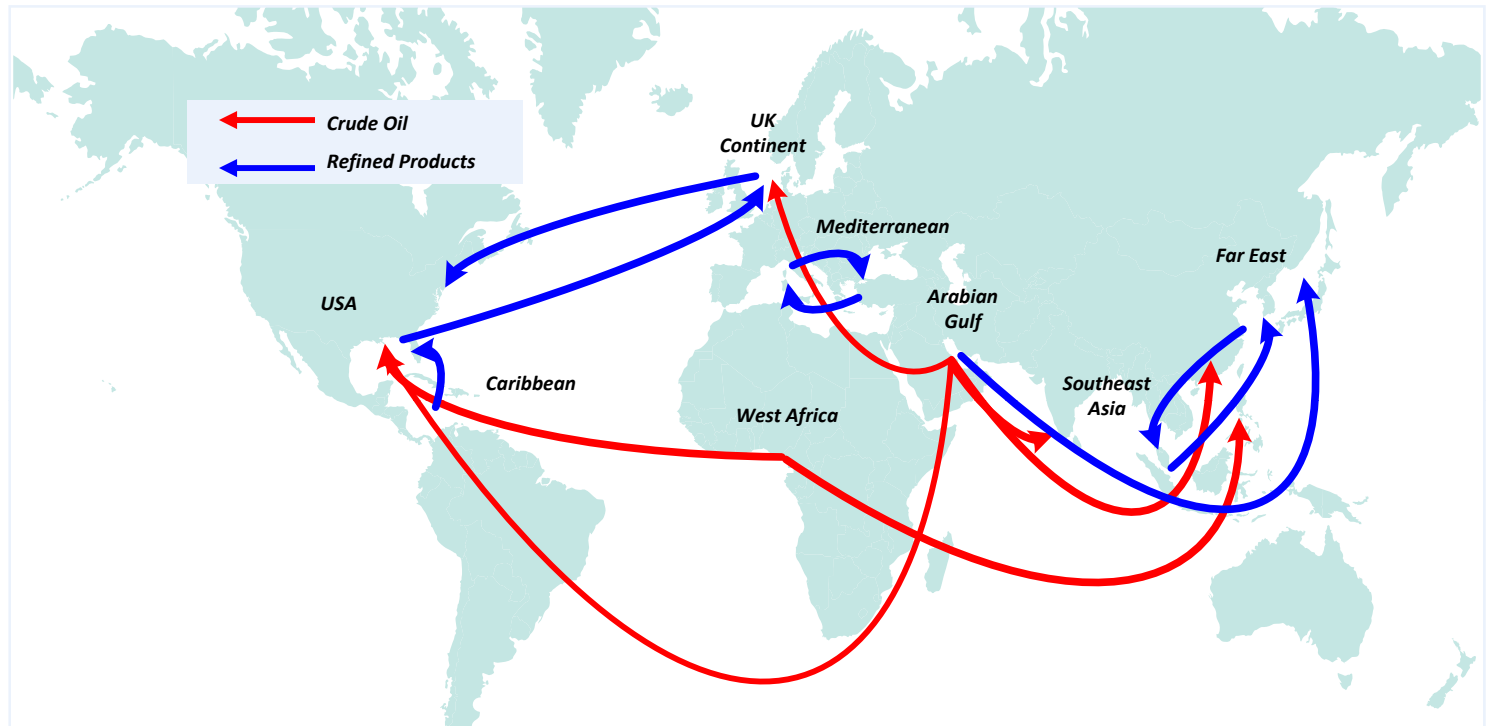
March 2010

# Current Market Conditions

- Increases in demand for oil in non-OECD economies
- China and India remain the key areas of demand growth
- Demand for product and crude oil continues to remain sluggish in the OECD countries
  - US demand 19.2 mbd at present; peak demand over 21 mbd in 2007
  - Total OECD demand contracted by 4.4% in 2009
  - Shrinking market for refined products in Japan
- Refining margins pressure closures of Western refineries
  - US based closures around 700 kbd of capacity
  - Aruba removes an additional 375 kbd of capacity from the region
  - European refiners have closed roughly 1.1 mbd of processing capacity
- Growing risk of further recession in Europe?



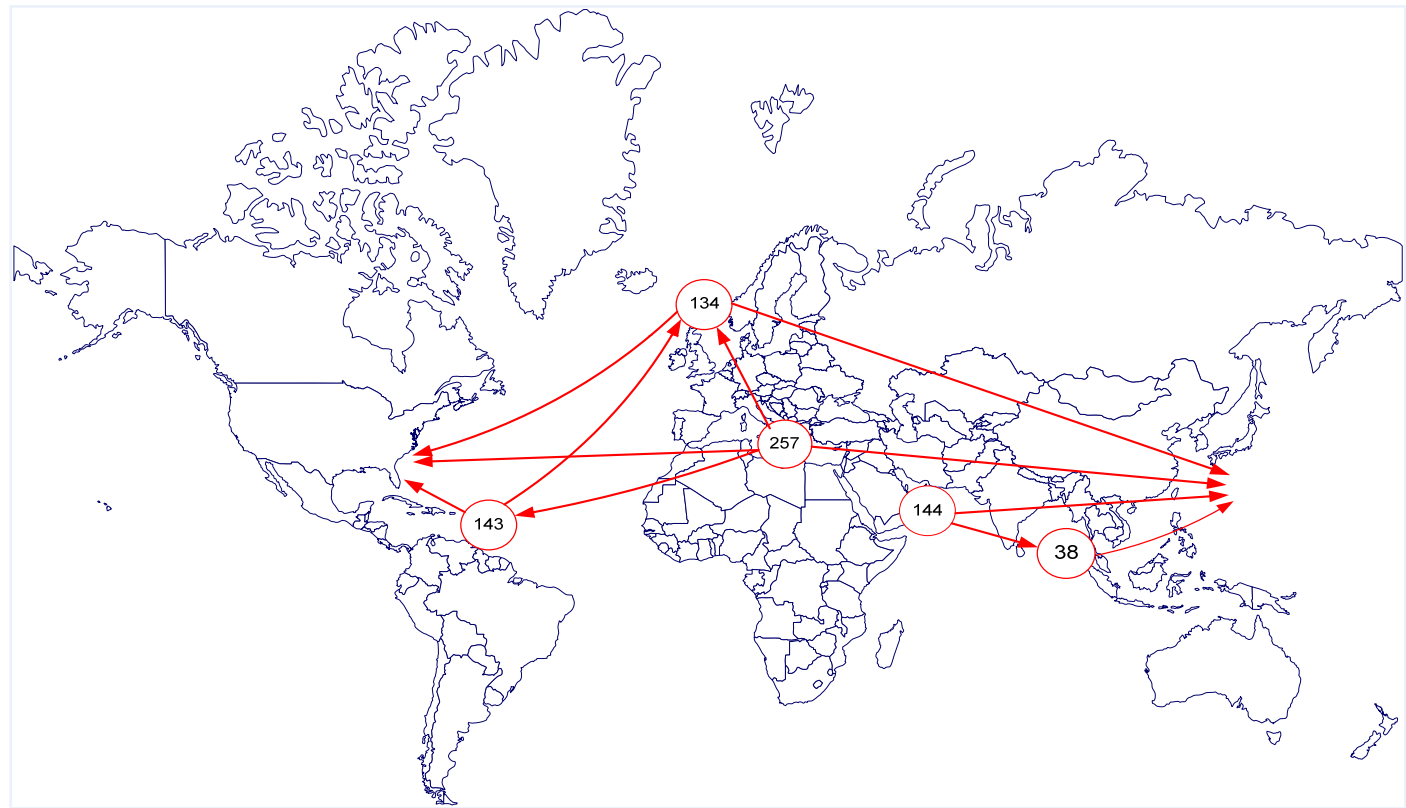
# Benchmark Trade Lanes



Size	Deadweight Tons	Standard Vessel (DWT)	Crude Oil Capacity (Bbl)	Clean Product Capacity (Bbl)
VLCC	200,000 +	300,000	~2.0 million	
Suezmax	120,000-200,000	164,000	~1.0 million	
Aframax/LR2	80,000-120,000	105,000	~585,000	~750,000
Panamax/LR1	60,000-80,000	72,000	~365,000	~500,000
MR	37,500-60,000	47,000	~275,000	~310,000
Handysize	25,000-37,500	37,000	~220,000	~255,000



# Reported Spot MR Fixtures - 1986



Source: *Poten & Partners*

- Very limited trade routes
- 716 total reported spot market fixtures
- Even distribution amongst Caribbean, North Sea and Arabian Gulf as load regions



# Reported Spot MR Fixtures - 2008

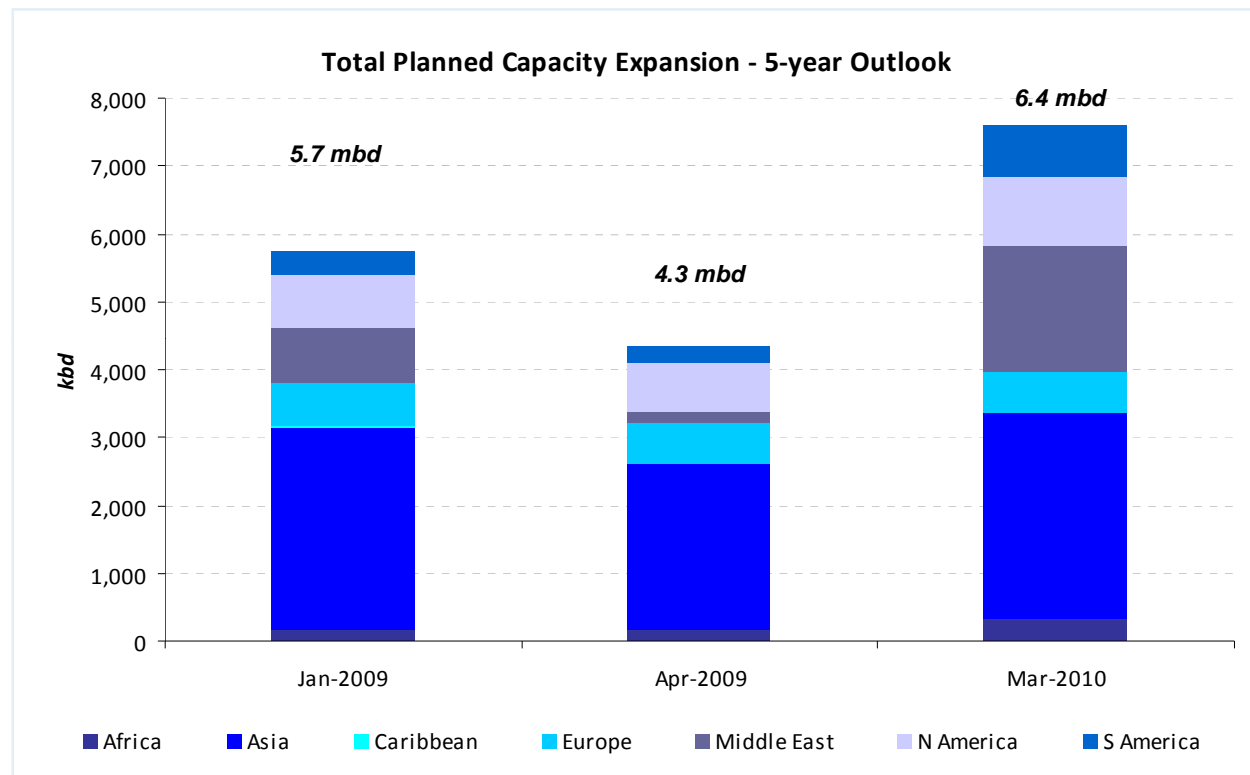


Source: Poten & Partners

- Easy to see the development of ton-mile demand
- Over 3,000 reported spot market fixtures
- More activity originating in the East



# Refinery Capacity Expansions – 2010 - 2014



Source: Poten & Partners

- Over 6 mbd planned capacity expansion in total
- Majority of new capacity coming on East of Suez
- 1.2 mbd of new capacity in India alone



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