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Tanker Shipping Market Overview and Outlook

Disruptions still dominate tanker market outlook

November 2026



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Supply/demand



Assuming that the Strait of Hormuz, Red Sea and Russia disruptions are resolved gradually during 2027, **we forecast that crude tanker ship demand will increase by 10% to 12% in 2027 and 5.5%-7.5% in 2028**. If they persist, we expect limited growth.



Product tanker ship demand is forecast to grow 2.5%-4.5% in 2027 and between -0.5% and 1.5% in 2028 if disruptions are resolved during 2027. If disruptions persist, we forecast much lower growth as cargo volume growth will be limited.



If disruptions persist, we expect freight rates to fall during both 2027 and 2028 as supply growth outpaces demand growth. If disruptions are resolved, we also expect gradually lower rates as risk premiums fade.



It is unclear when and how fast the Strait of Hormuz, Red Sea and Russia disruptions will be resolved. Global economic growth expectations include several downside and upside risks that could affect global oil and tanker demand.

Demand



The IMF forecasts that the **world economy will grow 3.4% in 2027 and 3.3% in 2028** assuming a gradual solution of the Strait of Hormuz disruptions during 2027.



According to the IEA, **global oil supply will increase by 6.5 mbpd in 2027** if conditions in the Strait of Hormuz normalise, while global refinery throughput is expected to increase by only 2.5 mbpd.



The IEA forecasts that oil demand will increase by 2.0 mbpd in 2027, implying an average oil oversupply of 3.8 mbpd. The oversupply can help refill depleted stocks and create crude tanker cargo volume growth.

Supply



The **crude tanker fleet is expected to grow 13.1% between end-2026 and end-2028**. The crude tanker order book/fleet ratio has increased to 28%, with nearly all ships to be delivered by 2030.



The **product tanker fleet is forecast to grow 9.7% during 2027-2028**. The order book/fleet ratio has reached 22%, while ships 20 years old or older provide 20% of the fleet's capacity.



In 2026, lower fleet efficiency has driven supply growth below fleet growth. Crude tanker supply has been affected by longer ballast voyages, while higher congestion has affected product tanker supply.

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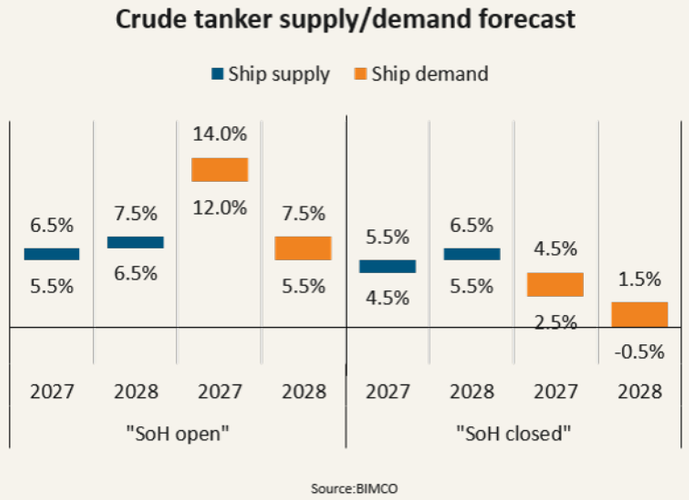
Supply/demand balance

Export disruptions in the Strait of Hormuz, the Red Sea and Russia continue to shape tanker markets. Year-to-date, oil and heavy-product cargo volumes have fallen 5% and clean-product cargo volumes 11% year on year, while crude tanker ship demand has fallen 13% despite recent increases in Persian Gulf exports.

We again present two scenarios, "SoH closed" and "SoH open". In "SoH open", the disruptions get gradually resolved during 2027 and fully resolved by 2028. In "SoH closed", they remain unchanged.

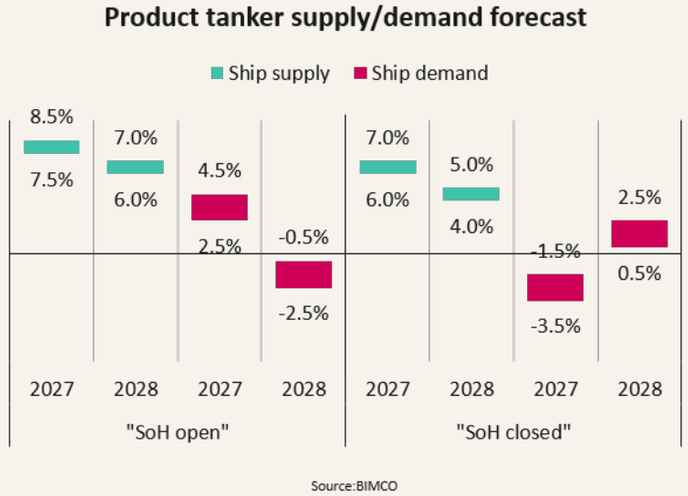
In "SoH open", we expect significant crude tanker ship demand growth in both 2027 and 2028. In 2027, demand is expected to be driven by the anticipated quick expansion of global oil supply, which could increase crude tanker cargo volumes and lead to a restocking of global oil inventories. In 2028, the main growth driver is expected to be an increase in average sailing distances as oil trade patterns normalise.

In "SoH closed", we see crude tanker conditions weakening in both years. Ship demand is forecast to grow only 2.5%-4.5% in 2027 and -0.5% to 1.5% in 2028, below supply growth in both years. Cargo volume growth would be limited in this scenario as the current export disruptions are assumed to affect both 2027 and 2028.



Source:BIMCO

Product tanker ship demand is forecast to grow considerably less than crude tanker ship demand in "SoH open". Global refinery throughput is expected to grow much more slowly than oil supply, which limits cargo volume growth. The assumed normalisation of current disruptions will also shorten average sailing distances as ships return to Suez Canal routings instead of Cape of Good Hope routings.



Source:BIMCO

In "SoH closed", product tanker ship demand could fall in 2027 as cargo volume growth is limited and the shorter average sailing distances seen in the second half of 2026 are expected to affect all of 2027.

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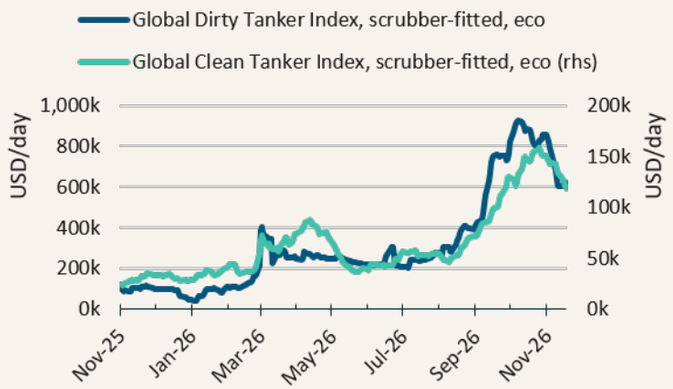
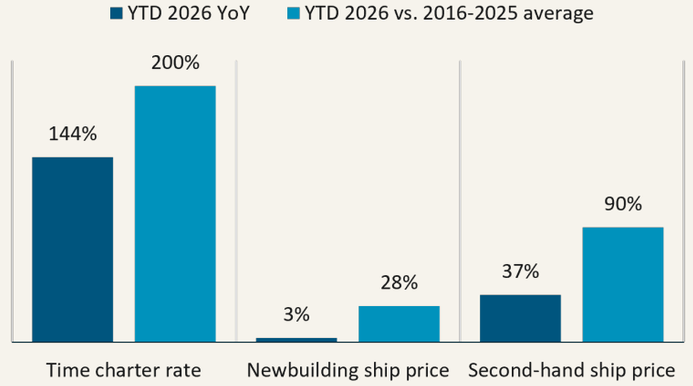
Global tanker freight rate index



Source: Platts S&P Global Energy

Freight rates remain very high but have recently weakened. Platts S&P Global Energy's Global Dirty Tanker Index and Global Clean Tanker Index are currently 25%-30% lower than their October peaks. The rates have been affected by expectations that an escalation of the Iran War can be avoided following the Democratic win in the US mid-term elections. An increase in Persian Gulf exports that reduces Asian demand for Atlantic barrels has also had an effect, while a reduction in congestion has supported an increase in ship supply.

Crude rates & prices, YoY & vs. 10-year avg

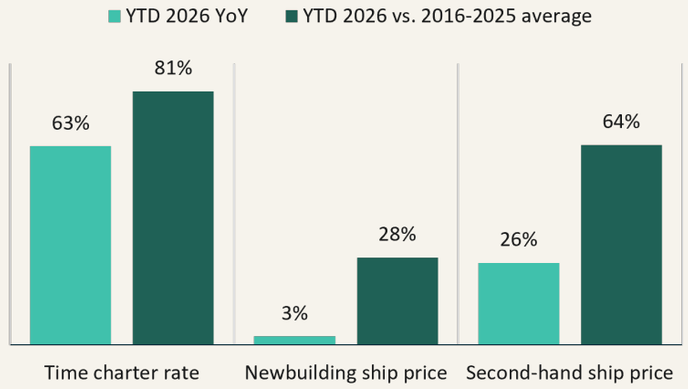


Source: Clarksons Research

In "SoH open", we expect dirty tanker freight rates to weaken in 2027 while remaining flat in 2028. During 2027, the risk premiums seen in 2026 are expected to gradually dissipate and drive freight rates lower despite solid demand growth. In 2028, we forecast balanced supply and demand growth and thus expect freight rates to remain near 2027 levels. However, freight rates could weaken further if the assumed increase in average sailing distances does not materialise. In the "SoH closed" scenario, supply is forecast to outpace demand, and we expect freight rates to weaken during both 2027 and 2028.

In both scenarios, clean tanker freight rates are expected to fall during both 2027 and 2028. As global refinery throughput is expected to grow more slowly than global oil supply, the potential for ship demand growth is limited and supply growth is predicted to outpace demand growth.

Product rates & prices, YoY & vs. 10-year avg



Source: Clarksons Research

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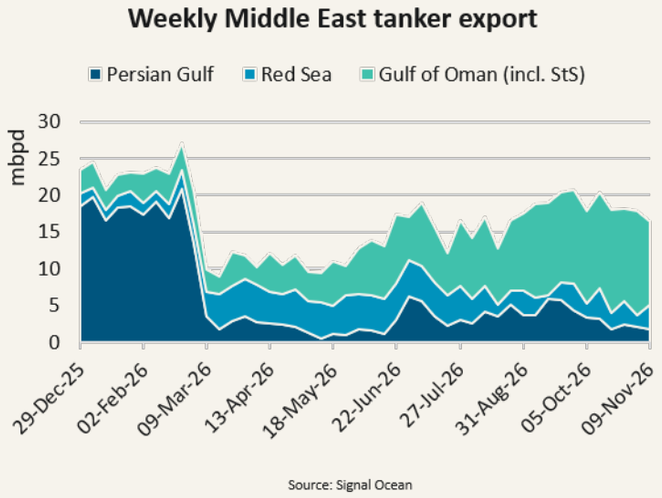
The reductions in freight rates are also expected to **negatively impact time charter rates and second-hand ship values**. Given a large global order book, newbuilding prices may, however, remain elevated compared with the last 10 years average.

Macro environment

Geopolitical developments continue to affect global tanker trades significantly. The situation in the Strait of Hormuz remains uncertain, the Houthis still threaten Saudi Arabian Red Sea exports, and attacks on ships in the Black Sea and on refineries continue to affect Russian exports.

We therefore again present two forecast scenarios, "SoH closed" and "SoH open". The scenarios differ in how three situations develop: the Strait of Hormuz, the threat to Saudi Arabian Red Sea exports and the attacks affecting Russian exports. In the "SoH closed" scenario, we assume that all three situations remain unchanged throughout 2027 and 2028, including the ship-to-ship transfer operation in the Gulf of Oman that has helped increase Persian Gulf exports. In the "SoH open" scenario, we assume that all three situations will be gradually resolved during 2027 and fully resolved by 2028.

Ship-to-ship (StS) transfers in the Gulf of Oman from shuttles transiting the Strait of Hormuz have lifted Persian Gulf exports considerably. During the last four weeks, total Middle East tanker exports have averaged 75% of pre-war levels, with crude oil and dirty-product exports reaching 80% and clean-product exports only 50%. Saudi Arabian Red Sea exports remain higher than pre-war levels but have recently averaged only 50% of the levels seen before the Houthis announced their blockade, and volumes are mainly flowing through Egypt's SUMED pipeline instead of being exported to Asia.



Source: Signal Ocean

Russian clean-product exports remain lower than normal because of Ukrainian attacks. Since the beginning of the third quarter, exports have on average been 58% lower than

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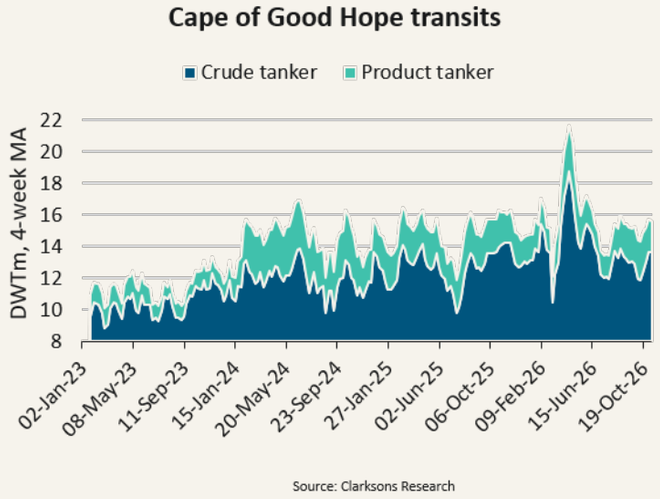
during the same period last year. Russian crude oil and dirty-product exports from the Black Sea also remain lower than normal, but increased exports from the Baltic Sea and Barents Sea mean that total volumes during the past four weeks were only 3% lower than last year.



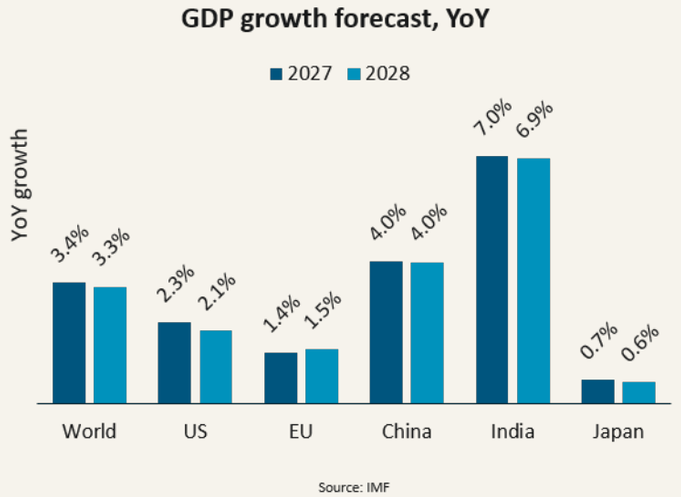
Even though container ships are increasingly returning to the Suez Canal, **many tankers continue to prefer the Cape of Good Hope routing to the Suez Canal route via the Bab el-Mandeb strait**. The number of tankers transiting the Suez Canal has increased, but mainly due to the increased volume and changed routing of Red Sea exports.



Source: Clarksons Research

Turning from geopolitics to the global economy, **the International Monetary Fund's (IMF) October forecast shows resilient growth** despite the war, while indicators for China are weakening.

In October, **the IMF forecast global economic growth of 3.4% for 2027 and 3.3% for 2028**. Its forecast assumes that a full reopening of the Strait of Hormuz begins in March 2027, with a gradual return to pre-war conditions by October 2027, which is broadly in line with the timing in our "SoH open" scenario.



Source: IMF

Global growth in 2026 is now estimated to end at 3.1%, only 0.2 percentage points (pp) lower than the IMF's January forecast from before the beginning of the Iran War. Growth has proved resilient, supported by rerouting of oil from the Persian Gulf, increased oil production elsewhere, inventory

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drawdowns, and energy substitution and efficiency, which have protected energy supply. In addition, the technology sector and global trade have benefited from substantial AI investments.



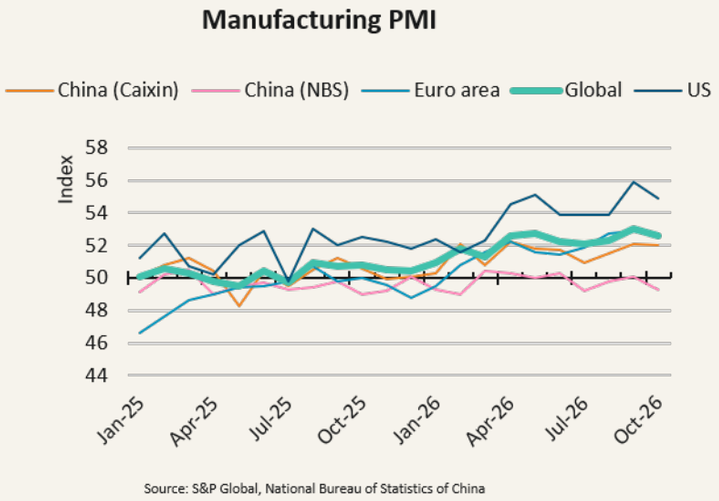
Source: IMF

However, **some significant changes in regional growth rates have been seen**. The South and West Asia region has clearly suffered from lower energy income in West Asian countries, while AI investment drove growth higher in the East & Southeast Asia region, particularly in Taiwan and South Korea.

For 2027 and 2028, the IMF projects a **substantial rebound in growth in the South & West Asia region**, from 3.4% in 2026 to 6.9% and 6.0% in 2027 and 2028 respectively. Growth in the East & Southeast Asia region is meanwhile expected to slow from 4.3% in 2026 to 3.8% in 2027 and 3.7% in 2028 due to slower growth in China.

The IMF highlights several downside and upside risks to its forecast. Downsides include the risk of a drawn-out or escalating conflict in the Middle East, investors and companies cooling on AI, financial market stress, weak public finances and renewed trade tensions. Upsides include AI investment lasting longer than expected, faster productivity gains from AI, new trade agreements and a shift of energy supply away from chokepoints.

Activity in the global manufacturing sector continues to grow, which should support oil demand. The Purchasing Managers' Index points to growth, particularly in the US and the euro area, while some weakness is seen in China.



Source: S&P Global, National Bureau of Statistics of China

Retail sales volume growth in China also remains particularly weak. During the last three months, year-on-year growth has reached only 0.7%. Growth in the EU and the US has not been impressive either but has at least reached 1.4% and 2.3% year on year respectively during the same period.

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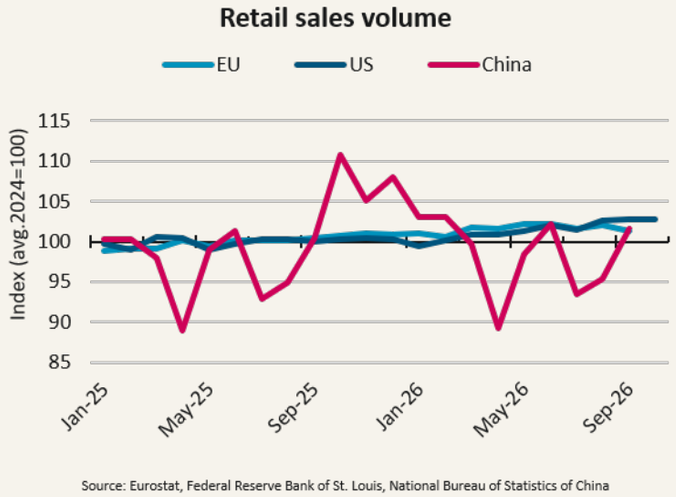
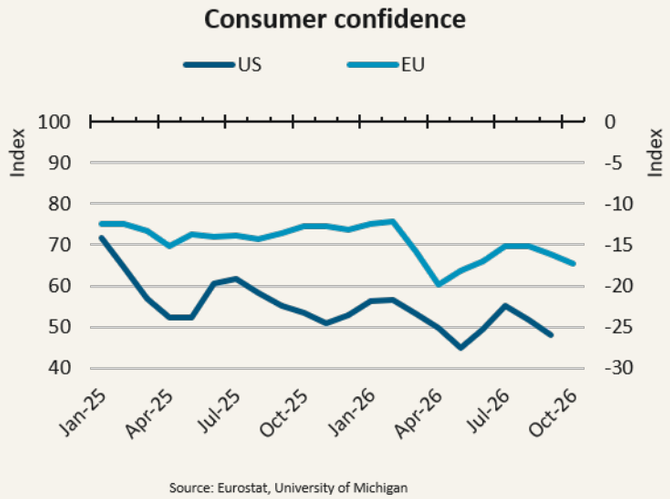


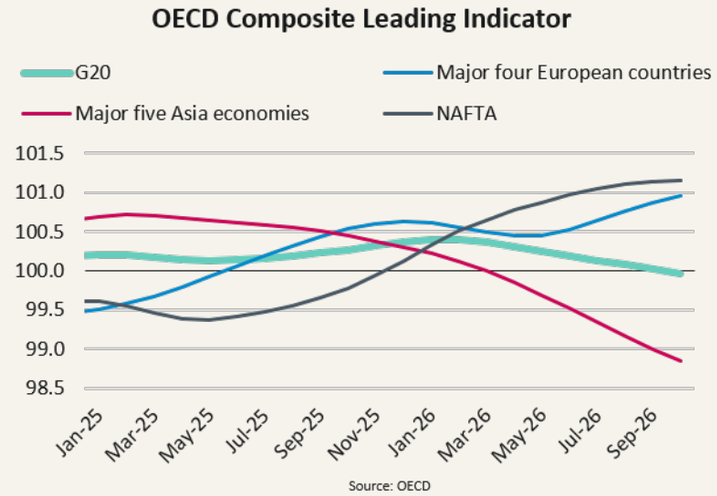
Source: Eurostat, Federal Reserve Bank of St. Louis, National Bureau of Statistics of China

The relatively weak retail sales figures are also reflected in **continued very low consumer confidence in both the US and EU**. Higher oil prices and rising interest rates are weighing on consumers. In the US, consumers are borrowing more and saving less to maintain spending, and wealthier households are increasingly driving retail spending growth. Higher interest rates have led to the lowest sales of existing homes in 16 years. Weak consumer demand therefore remains a downside risk to oil demand.



Source: Eurostat, University of Michigan

The Organisation for Economic Co-operation and Development's (OECD) **Composite Leading Indicator (CLI) for G20 countries has been falling since April**, driven by weaker growth prospects for China. The index for the five major Asian economies has been below 100 since April, indicating economic growth below trend. The index for China has also been below 100 and has in fact weakened since December 2025. On the other hand, the index for North America and major European economies has been strengthening. The falling CLI thus points to a more cautious outlook than the IMF's forecast of higher growth in 2027, although the CLI cannot consider the impact of a possible normalisation of Strait of Hormuz conditions, which the IMF's forecast assumes.



Source: OECD

Turning to the oil market, the **IEA's latest forecasts point to continued supply growth and a significant oversupply** in 2027.

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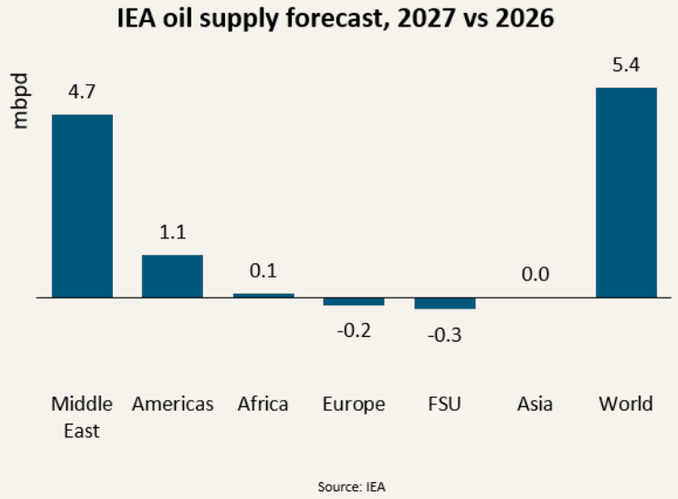
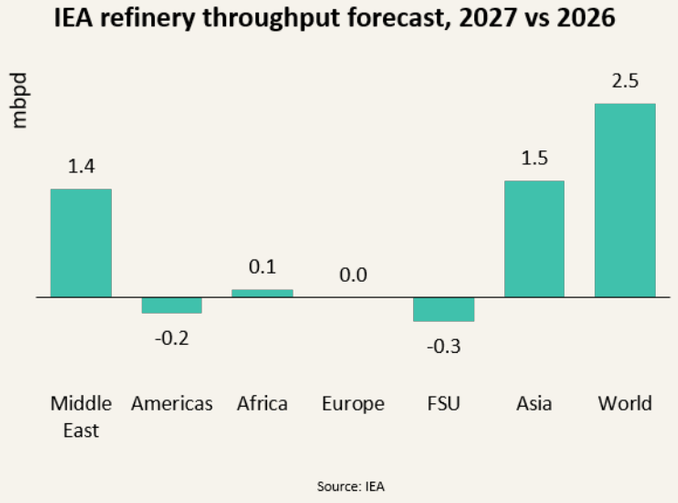
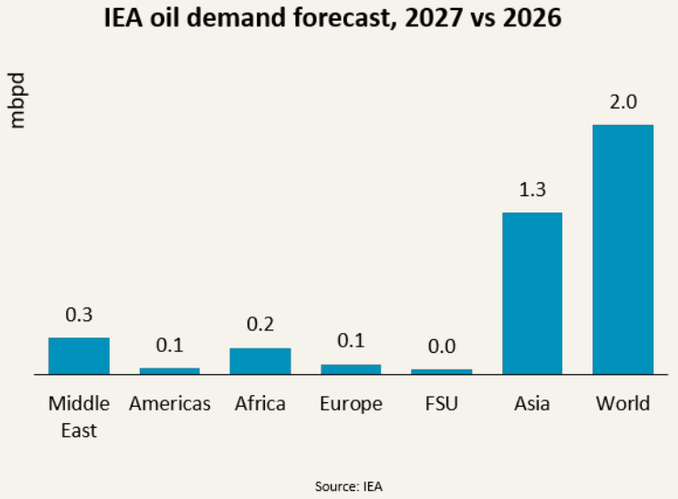


Compared with when we released our last report in August, **the International Energy Agency (IEA) has reduced its forecasts for 2027 for oil supply, refinery throughput and demand.** The supply forecast has been lowered by 1.5 million barrels per day (mbpd), mainly due to expectations of continued constrained supply from Iran. The refinery throughput forecast has been lowered by 0.8 mbpd due to developments in Russia, and the demand forecast has been lowered by 1.4 mbpd due to expectations of weaker development in the Americas and Asia. As supply and demand have been cut by almost the same amount, the expected oversupply in 2027 is little changed.

Oil supply is expected to grow 5.4 mbpd in 2027 compared to 2026 and end 1.9 mbpd higher than in 2025. The increase is mainly due to Middle East production. US, Canadian and Guyanese supply is also expected to increase, while Russian supply could fall. If the situation in the Strait of Hormuz is not normalised, there is obviously a risk that current flows cannot be maintained, reducing global supply.



The IEA expects global refinery throughput to increase 2.5 mbpd in 2027 compared with 2026, ending 0.1 mbpd higher than in 2025. Throughput is forecast to increase in the Middle East and the rest of Asia, while throughput in Former Soviet Union (FSU) countries is expected to end lower due to attacks on Russian refineries.



Driven by increases in China, the Middle East and the rest of Asia, the IEA expects **global oil demand to grow 2.0 mbpd between 2026 and 2027**, but to remain 0.7 mbpd lower than

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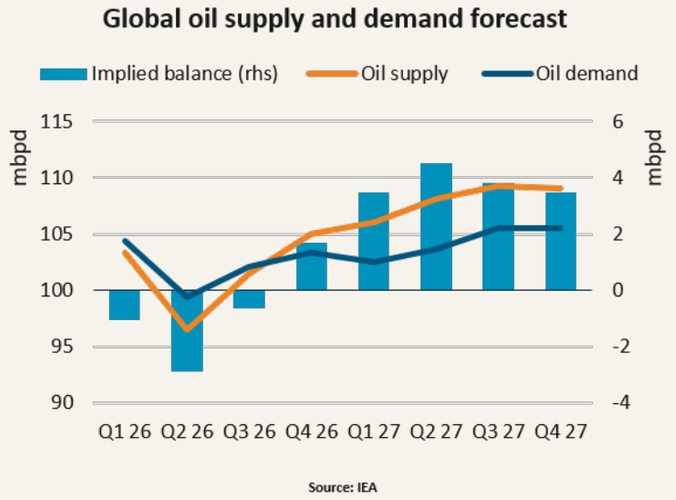
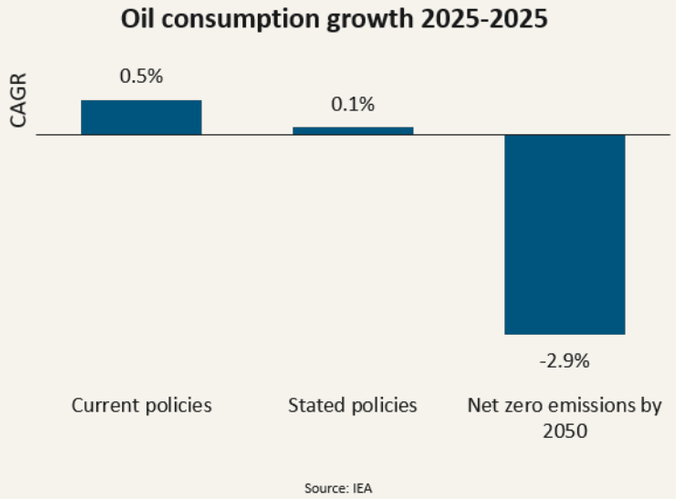
in 2025 due to lower demand in Europe, North America and the Middle East.

A significant oil oversupply is expected in 2027 as supply grows faster than demand. In fact, the IEA expects an oversupply of 1.7 mbpd already in Q4 2026, which may grow to a peak of 4.5 mbpd in Q2 2027 and average 3.8 mbpd during 2027. Together with the need to rebuild depleted oil stocks, this oversupply could drive strong seaborne volume growth.

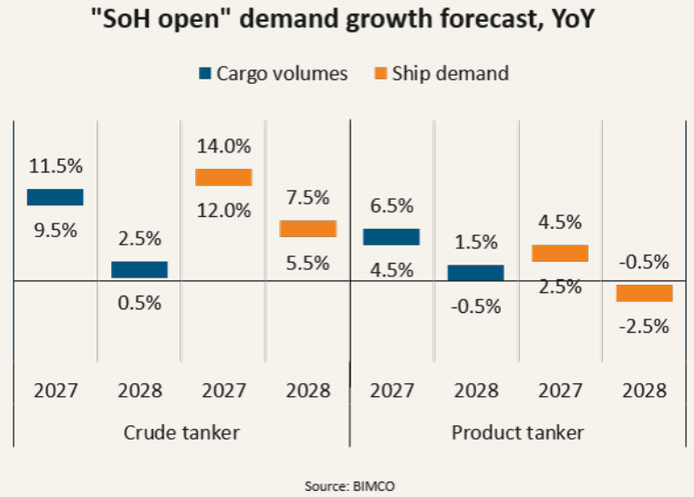


Refinery throughput is also expected to grow faster than oil demand in 2027, and the expected increase in Middle East refinery volumes could provide an opportunity for product tankers.



The IEA has not yet released specific 2028 forecasts, but their **recent World Energy Outlook points to very limited oil demand growth between 2025 and 2035**, if any. This could point to very limited future volume growth for tankers once Persian Gulf export volumes have been normalised.

Demand forecast



In our "SoH open" scenario, we assume that conditions in the Strait of Hormuz will normalise gradually during 2027 and that current conditions will prevail for the rest of 2026. Although unrelated to the Strait of Hormuz, we also assume that conditions in Russia and the Red Sea will normalise gradually. This would allow Russian, Kazakh and Saudi Arabian exports to return to normal levels and ships to revert

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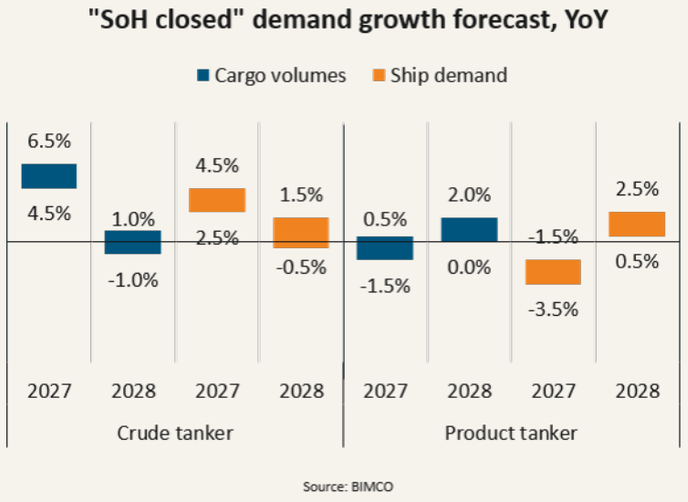
to Suez Canal routings instead of Cape of Good Hope routings.

Compared with our previous report, **we have lowered our 2027 ship demand growth forecast for crude tankers** in the "SoH open" scenario. We now estimate that ship demand in 2026 will end higher, as more Persian Gulf volumes are exported via ship-to-ship transfers in the Gulf of Oman. We have also lowered our 2027 cargo volume forecast because the IEA has lowered its supply forecast by 1.5 mbpd.

In 2028, we forecast solid crude tanker ship demand growth in the "SoH open" scenario despite limited cargo volume growth. As markets are assumed to normalise fully by 2028, we expect trade patterns and routings to normalise too, which should lead to longer sailing distances.

In the "SoH open" scenario, **we have maintained our product tanker ship demand growth forecast for 2027** despite raising our cargo volume growth forecast. The assumed gradual normalisation of Suez Canal routings should reduce average sailing distances, which will weigh on demand growth.

In the "SoH open" scenario, we forecast that product tanker ship demand could fall in 2028 as volume growth is expected to be limited and average sailing distances are expected to fall with the assumed full normalisation of trade patterns and routings. In addition, we assume that the Sea Port Oil Terminal (SPOT) will be operational and will swing some US Gulf Coast crude oil and dirty-product exports to VLCCs and away from LR2s.



Source: BIMCO

Our "SoH closed" scenario assumes the status quo in the Strait of Hormuz, Russia and the Red Sea. This will significantly limit potential volume gains from these areas and leave trade patterns and routings mostly unchanged.

In the "SoH closed" scenario, we forecast that **crude tanker volume growth in 2027 will be driven mainly by Latin American and Persian Gulf exports.** Persian Gulf exports are assumed to continue at the levels seen in the second half of 2026. Ship demand is forecast to grow less than cargo volumes, as we expect the shorter sailing distances seen in the second half of 2026 to affect all of 2027.

The product tanker "SoH closed" scenario predicts no or slightly negative cargo volume growth in 2027. The reduction in Russian exports in the second half of 2026 is assumed to affect all of 2027. Changes in trade mix seen in the second half of 2026 are also expected to affect all of 2027, leading to shorter sailing distances and negative ship demand growth.

For **2028, the "SoH closed" scenario forecasts very limited ship demand growth for both sectors** as volume growth potential is limited until the Strait of Hormuz, Russia and Red Sea situations are resolved. At the same time, global oil demand is not expected to grow significantly.

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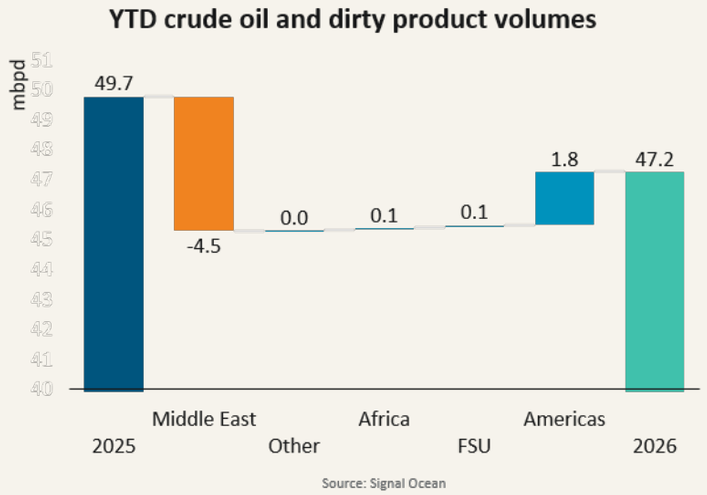
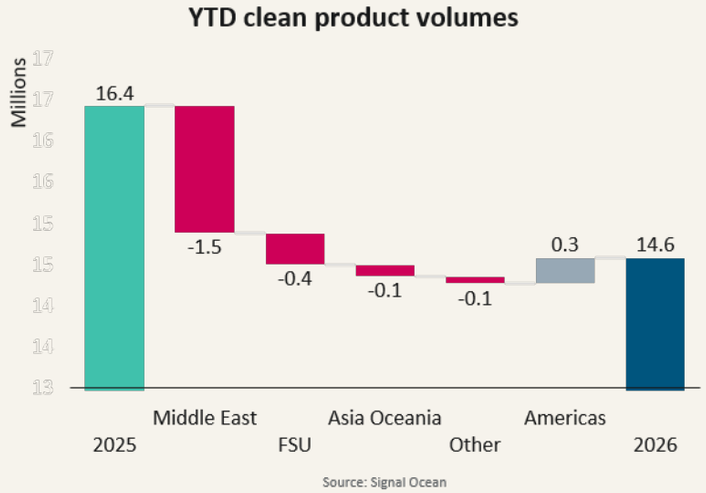


Year-to-date in 2026, oil and heavy-product volumes have fallen 5% year on year. Cargo volumes from the Middle East have understandably been hit particularly hard (-24%), while a 14% increase in cargo volumes from the Americas has only partly offset the losses. Venezuela, the US, Canada and Guyana have driven the increase in Americas exports.

Crude oil and dirty-product cargo volumes have meanwhile improved significantly in recent months. During March to July, global cargo volumes fell 9% year on year, while in August to October they fell only 4%. Ship-to-ship transfers in the Gulf of Oman from Strait of Hormuz shuttles narrowed the Middle East's cargo volume loss to 14% year on year during September-October, even though Saudi Arabian Red Sea exports fell during the same period because of the Houthi blockade and attacks.

Unfortunately, **recent increases in ship attacks in the Strait of Hormuz and Persian Gulf could threaten the improvement.** According to International Maritime Organization data compiled by Bloomberg, ship attacks averaged fewer than four per month from March to September. In October, 16 attacks were reported, and six have already been reported in November.

Year-to-date, clean-product cargo volumes have fallen 11% year on year due to the effective closure of the Strait of Hormuz and attacks on Russian refineries. So far in 2026, Middle East exports have fallen 39% year on year, while exports from the FSU have fallen 30%. Ship-to-ship transfers in the Gulf of Oman have increased Middle East exports, but not to a level comparable to that for crude oil and dirty-product exports. The reduction in FSU exports has deepened in recent months as Ukrainian attacks on Russian refineries have intensified. As a result, FSU clean-product exports were 59% lower than last year during July-October.



Crude tanker ship demand has fallen more than exports of crude oil and dirty products, as a larger share of these commodities has been carried by product tankers. In 2026, crude tankers will lose an estimated 1.8 mbpd to product tankers compared with 2025, equal to a 4% cargo volume loss. However, it is mainly the loss of Middle East exports

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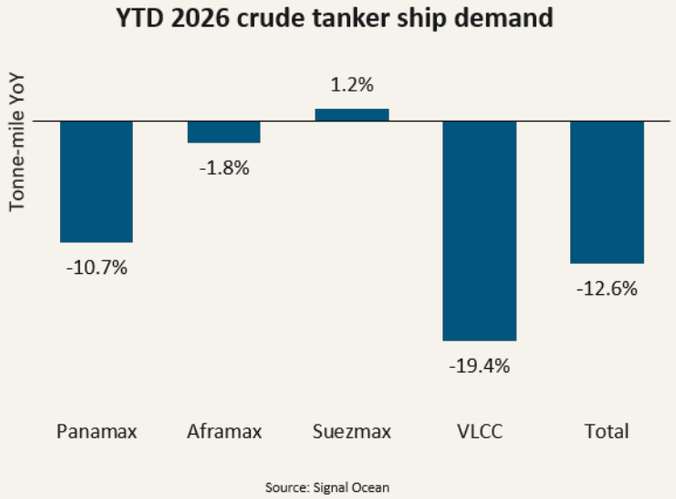
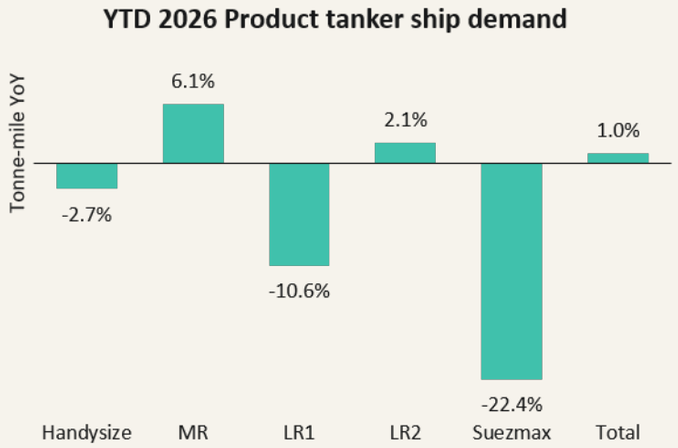
that has resulted in a 13% year-on-year fall in crude tanker ship demand year-to-date, which has hurt VLCC demand in particular.



Source: Signal Ocean

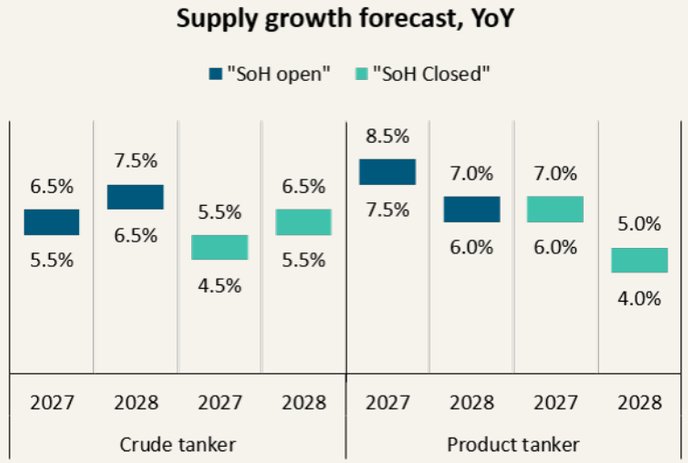
Year-to-date, product tanker demand has increased year on year despite an 11% fall in clean-product cargo volumes due to the increase in crude oil and dirty-product cargo volumes. LR2s have benefited almost exclusively from the increase in these volumes, which come mainly from the US, Venezuela and North Africa. This has helped LR2s offset the loss of clean-product exports from the Middle East, while LR1s have felt the full impact. Meanwhile, MRs have captured almost the full increase in Americas clean-product exports, which, combined with an increase in average sailing distance, has increased ship demand year on year.



Source: Signal Ocean

Supply forecast

In the **“SoH open” scenario we forecast that the supply will grow faster than fleet capacity** as we expect a normalisation of congestion levels, sailing speeds and ballast/laden ratios, returning fleet efficiency to 2024/2025 levels. During 2026, fleet efficiency has been lower in both sectors primarily due to longer ballast sailing distances.



Source: BIMCO

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In the "SoH closed" scenario we forecast supply growth in line with fleet growth as we expect a continuation of 2026 fleet efficiency levels.

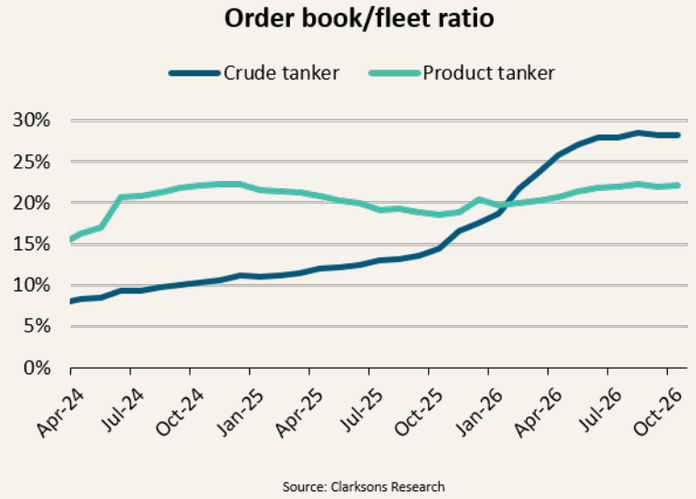
Crude tanker supply is forecast to grow faster in both 2027 and 2028 than in 2026 in both scenarios as newbuilding deliveries from the large order book will increase and fleet efficiency returns to 2024/2025 levels.

Product tanker fleet growth is expected to slow compared with 2026, but we still expect supply growth to end higher during 2027-2028 than in 2026 due to the impact lower fleet efficiency has had on supply growth in 2026.

In both sectors, supply growth in the unsanctioned fleet could be 1-2 pp higher than the average. This assumes that recycling is split proportionally between the sanctioned and unsanctioned fleets and that all ships in the order book join the unsanctioned fleet. In that case, the sanctioned fleet will shrink while the unsanctioned fleet grows faster than the overall fleet.

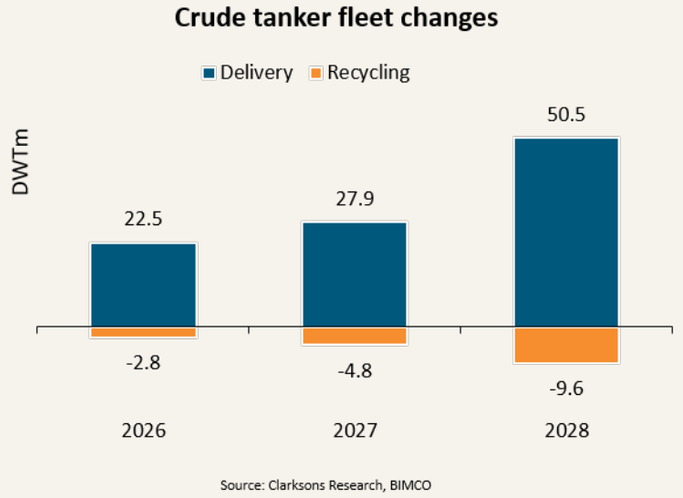
New ship contracting has remained high in both sectors in 2026. During the first 10 months of the year, crude tanker contracting reached 74m DWT, which already exceeds the previous full-year record by 15m DWT. Product tanker contracting of 21m DWT is only slightly below the post-financial crisis high of 22m DWT in 2024.

As a result, **the crude tanker order book is now the largest ever, while the product tanker order book remains the largest in 18 years**. The crude tanker order book totals 137m DWT, equal to 28% of the fleet, while the product tanker order book has reached 47m DWT, or 22% of the current fleet.



Source: Clarksons Research

The order books already include ships scheduled for delivery in 2030-2031, but **60% of the crude tanker order book and 65% of the product tanker order book is scheduled for delivery before the end of 2028**.



Source: Clarksons Research, BIMCO

Recycling has increased from the decade-long low of 2023 but remains low compared with historical levels. We have included an increase in recycling in our 2027 and 2028 supply and fleet growth estimates. In the crude tanker sector in particular, recycling of sanctioned ships must increase to

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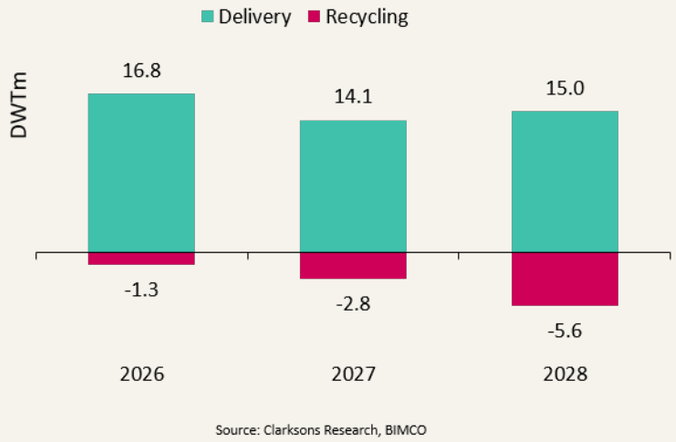
reach these estimates, as sanctioned ships make up 64% of the tonnage of ships aged 20 years or older. In the product tanker sector, sanctioned ships make up only 30% of the tonnage in this age bracket.

Product tanker fleet changes

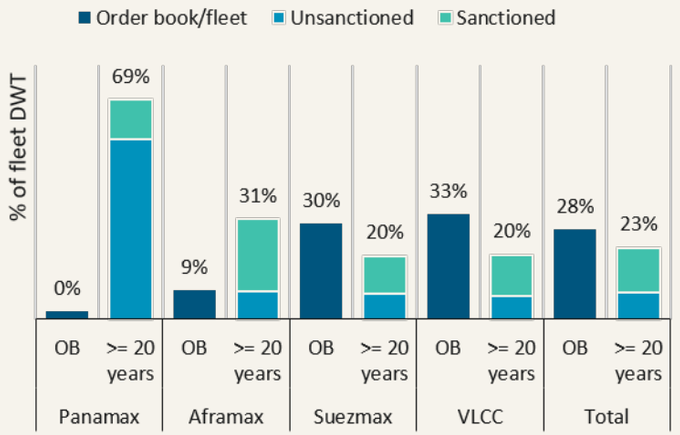


Source: Clarksons Research, BIMCO

Two cash buyers have received approval from the US Office of Foreign Assets Control (OFAC) to buy sanctioned ships for recycling which may help speed up the recycling of old and underutilised sanctioned ships. On average, sanctioned crude tankers continue to see less than 40% of the tonne-mile demand of unsanctioned ships**.**

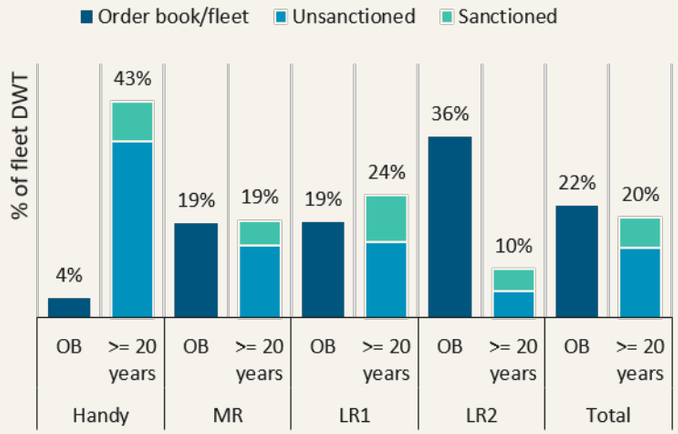
The recycling potential in both the crude tanker and product tanker sectors is so large that overcapacity could be avoided despite the large order books. However, we must expect that significant increases in recycling will only start once markets have already weakened and it becomes unprofitable to operate older ships.

Crude order book vs. recycling potential



If all ships currently aged 20 years or older are recycled by the time all ships in the order book have been delivered by the end of 2030, **the crude tanker fleet would grow only 5% and the product tanker fleet only 2%**. That may be unlikely, but it shows that recycling can dampen fleet growth significantly.

Product order book vs. recycling potential



So far in 2026, **the average sailing speed of both crude tankers and product tankers has increased slightly**, adding to supply growth. Conversely, increased congestion, has

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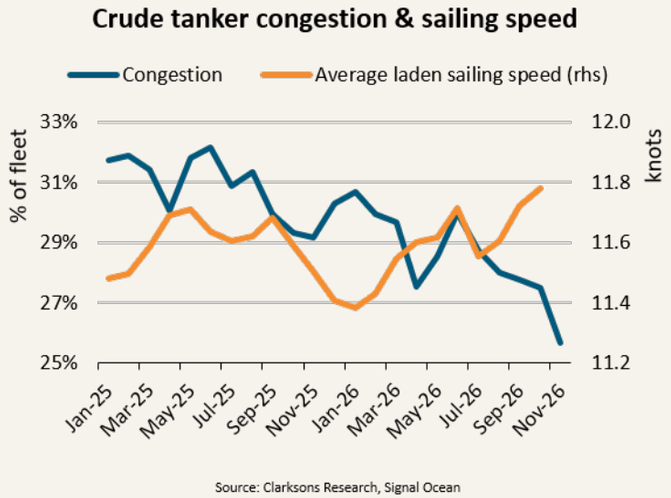
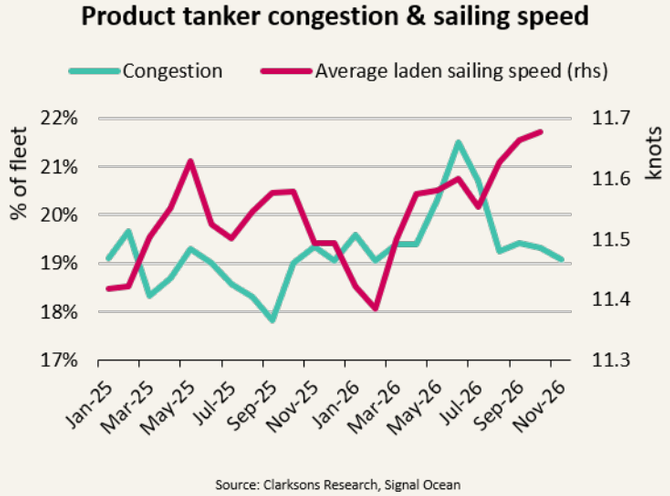
reduced product tanker supply growth compared with 2025 while crude tanker congestion has been lower than in 2025 due to recent reductions. Excluding fleet efficiency changes, we estimate that crude tanker supply would have grown 1.9% in 2026 instead of the 1.2% we now estimate. Product tanker supply is expected to grow 3.0% in 2026, but excluding fleet efficiency changes, supply could have grown 6.7%.



Source: Clarksons Research, Signal Ocean



Source: Clarksons Research, Signal Ocean

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Contact

Niels Rasmussen
Chief Shipping Analyst
nr@bimco.org

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