Product tankers on a rising tide

The outlook for product tankers is looking positive as owners see opportunities for vessels in the crude trades.

June 20, 2025 ***by*** ***Barry Parker****, New York Correspondent*

Credit: Torm

A rising tide lifts all boats; this was one of the implications of Marine Money's panel on product tankers, where multiple panelists were noting the shifts, both real and hoped for, of LR tankers into the crude trades as that market took a dramatic turn upward in the past week.

In a panel moderated by Fearnleys' equity research analyst Frederik Dybwad, executives from leading listed companies offered their views on present and possible future market developments.

Jacob Meldgaard, CEO of Torm (Nasdaq - TRMD), citing LR1 vessels getting equivalents of $50,000 per day, LR2s now worth $60,000 per day, and MRs worth around $40,000 per day, noted various previous rate spikes, and said, "This time around, it's clearly Iran and Israel". He said that the upcoming freight action "...would be totally dependent on military actions going forward."

Udo Lange, CEO of Stolt-Nielsen (Oslo Bourse - SNI), responding to a question on the market for chemical tankers, said, "We are always happy when owners of MRs are happy," alluding to the moves of these vessels capable of taking easy chemicals back into the refined products trades. He mentioned $20,000 per day as a switching point; smiling, he said, "Right now, MRs are way above $20,000. We wish you all the best going forward."

Panel member Gernot Ruppelt, CEO of Ardmore Tankers (NYSE - ASC), stressed that "markets are in motion." He highlighted the dynamics of recent developments, described euphemistically "trade dislocations", in the diesel trades, noting that buyers relying on sources in the Middle East "ought to a very close look at how robust my inventory levels are, how comfortable I am with my forward bookings, and very quickly move into some contingency planning."

Ruppelt also said that Ardmore was continually exploring opportunities of freight arbitrage, "chartering vessels in and chartering them out."

James Doyle, from Scorpio Tankers (NYSE - STNG), noted that vessel asset values had dipped earlier this year. He pointed to uncertainties regarding proposals from the US Trade Representative regarding Chinese linked vessels into the States and then worries about a recession.

Referring to the aging product tanker fleet, and the now positive market outlooks, he described the present situation as "constructive for a stronger rate environment, and that's going to lead to stronger asset prices."

Michael Skov, CEO of Hafnia (NYSE - HAFN) which had bought numerous vessels in 2021 – 2022, and has been selling off older ships, talked about a focus on providing the best returns to shareholders." Ardmore's Ruppelt noted a recent pickup in sale and purchase activity, and suggested that product tanker buyers who are waiting for a return to the levels of the trough in 2024 "will be waiting for a long time."

When the subject of rewarding shareholders comes up at such panels, the perennial debate among listed companies is whether equity holders would be better served with dividend payouts, or buybacks of shares - initiated, usually, when the company feels that the share price has become overly discounted. These conversations typically result in polite disagreement; this Marine Money panel was no exception.

Scorpio's Doyle defended STNG's large share buybacks - $850 million over the past two years - citing a large divergence between the share price, below the Net Asset Value (NAV). He explained that buybacks turned out to be more accretive, boosting earnings, more than dividend payments, which he pegged at $180 million during the same period and are still ongoing. He cited an arbitrage, offering that asset sales might have worked back to 80% of NAV, with the possibility of then buying back shares "in the 60% - 70% range"

Hafnia's Skov said "We have a different view of what serves our customers best…we have a very transparent, and you could say boring profile…whenever we have excess cash, we pay it out to the shareholders….and they can then decide whether they want to invest in shares."