

WEBER WEEKLY TANKER REPORT



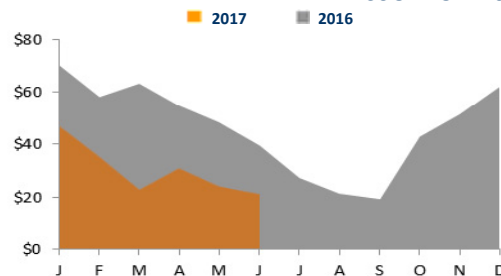
WEEK 25 – 23 June 2017

ISSUE 25 – 2017

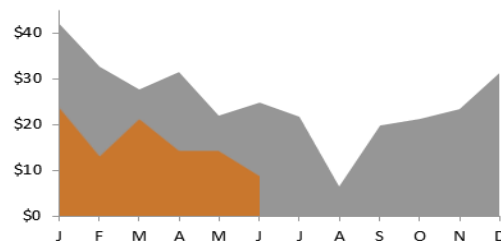
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)		16-Jun		23-Jun
AG>USG 280k	26.0	\$1,702	26.0	\$1,766
AG>USG/CBS>SPORE/AG	--	\$22,917	--	\$27,651
AG>SPORE 270k	52.0	\$19,018	54.0	\$20,869
AG>JPN 265k	50.0	\$19,791	52.0	\$21,719
AG>CHINA 270k	52.0	\$18,660	54.0	\$20,582
WAFR>CHINA 260k	56.5	\$24,577	56.0	\$24,227
CBS>SPORE 270k	\$3.01m	--	\$3.60m	--
VLCC Average Earnings		\$20,699		\$22,515
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	55.0	\$7,574	50.0	\$5,798
WAFR>UKC 130k	60.0	\$5,350	55.0	\$3,618
BSEA>MED 140k	72.5	\$4,857	67.5	\$2,301
CBS>USG 150k	57.5	\$8,383	52.5	\$5,363
Suezmax Average Earnings		\$6,781		\$4,650
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	100.0	\$14,902	97.5	\$12,789
AG>SPORE 70k	97.5	\$8,548	95.0	\$8,498
BALT>UKC 100k	75.0	\$11,970	70.0	\$9,614
CBS>USG 70k	90.0	\$3,898	85.0	\$2,838
USG>UKC 70k	70.0	--	65.0	--
CBS>USG/USG>UKC/NSEA		\$9,703	--	\$7,720
MED>MED 80k	95.0	\$9,316	90.0	\$7,924
Aframax Average Earnings		\$8,505		\$7,909
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	115.0	\$1,991	115.0	\$2,085
CONT>USG 55k	115.0	\$8,662	115.0	\$8,768
ECU>USWC 50k	152.5	\$12,091	152.5	\$12,279
Panamax Average Earnings		\$7,410		\$7,523
LR2 (13.0 Kts L/B)				
AG>JPN 75k	86.5	\$6,432	84.5	\$6,710
AG>UKC 80k	\$1.40m	\$6,835	\$1.35m	\$6,362
MED>JPN 80k	\$1.72m	\$9,926	\$1.71m	\$10,365
AG>UKC/MED>JPN/AG	--	\$14,245	--	\$14,209
LR2 Average Earnings		\$9,034		\$9,207
LR1 (13.0 Kts L/B)				
AG>JPN 55k	105.0	\$6,361	106.0	\$6,728
AG>UKC 65k	\$1.09m	\$4,164	\$1.11m	\$4,658
UKC>WAFR 60k	110.0	\$3,706	107.5	\$3,382
AG>UKC/UKC>WAFR/AG	--	\$9,586	--	\$9,707
LR1 Average Earnings		\$7,974		\$8,218
MR (13.0 Kts L/B)				
UKC>USAC 37k	120.0	\$5,590	140.0	\$8,708
USG>UKC 38k	120.0	\$6,446	130.0	\$7,996
USG>UKC/UKC>USAC/USG	--	\$11,552	--	\$14,494
USG>CBS (Pozos Colorados) 38k	\$460k	\$15,259	\$485k	\$17,016
USG>CHILE (Coronel) 38k	\$1.25m	\$18,806	\$1.28m	\$19,594
CBS>USAC 38k	145.0	\$11,251	145.0	\$11,324
MR Average Earnings		\$11,006		\$13,078
Handy (13.0 Kts L/B)				
MED>EMED 30k	138.0	\$9,702	149.5	\$12,399
SPORE>JPN 30K	135.0	\$4,982	147.5	\$6,440
Handy Average Earnings		\$6,681		\$8,585

Average Earnings weighted proportionally to regional activity share of each size class' worldwide market (including routes not necessarily shown above).

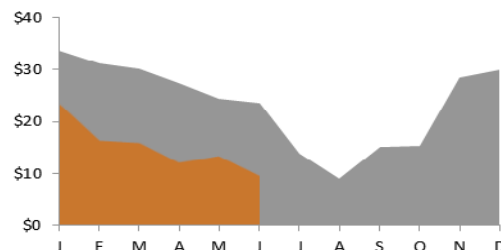
Time Charter Market \$/day (theoretical)	1 Year	3 Years
VLCC	\$26,000	\$29,000
Suezmax	\$17,000	\$18,500
Aframax	\$15,000	\$17,000
Panamax	\$13,000	\$14,000
MR	\$13,500	\$14,500
Handy	\$12,000	\$13,000



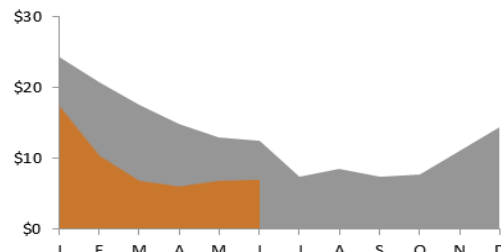
VLCC Average Earnings MTD Average ~\$21,162/Day Month y/y ▼ -46%



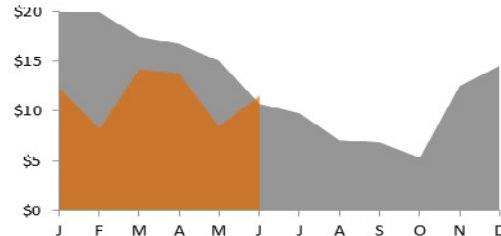
Suezmax Average Earnings MTD Average ~\$8,802/Day Month y/y ▼ -65%



Aframax Average Earnings MTD Average ~\$9,529/Day Month y/y ▼ -60%



Panamax Average Earnings MTD Average ~\$7,285/Day Month y/y ▼ -42%



MR Average Earnings MTD Average ~\$11,329/Day Month y/y ▲ +6%

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WEBER WEEKLY TANKER REPORT



SPOT MARKET SUMMARY

VLCC

VLCC rates were volatile this week on mixed sentiment, but concluded the week with modest gains on strong Middle East demand. There were 33 reported fixtures in the Middle East market, representing a 94% w/w gain – and the loftiest tally in four weeks. Meanwhile, the West Africa market was less active with the reported tally halving from last week's two-month high to five fixtures. Mixed sentiment is guided by both uncertainty over the extent of July loadings in the Middle East as no official Basrah stems were released for the month while an unofficial program is circulating that suggests loadings will be at a multiple-year low (though this may not include some exchange traded cargoes and may be incomplete). This week's pullback in West Africa demand adds to overall demand uncertainty. On the positive side, the surplus tonnage appears likely to decline progressively during July.

In terms of the supply balance, we note that the first decade of the July Middle East program is likely complete with 21 vessels uncovered. This represents a marked increase from the 13 units which were uncovered at the conclusion of the June program and is nearer to the recent peak surplus of 25 units at the conclusion of the May program. However, looking forward to the second decade of the July program, there are about 40 uncovered cargoes against 62 units available; once accounting for likely draws to service West Africa demand (which should be supported by disfavorable key Middle East OSPs that push interest to West Africa), surplus units should tally at about 8-10 units. This is, however, characteristically tenuous given an uncertain tally of potentially "hidden" positions, but the decline seems to align with rising numbers of units engaged in short-term storage and represents a considerable decline from the first decade. On this basis, may receive progressive support as the July program progresses, though even if the surplus supply is as constrained as data presently suggests, any corresponding gains will likely be delayed until charterers work late second-decade and early-third decade cargoes, when any tightening of fundamentals becomes more apparent.

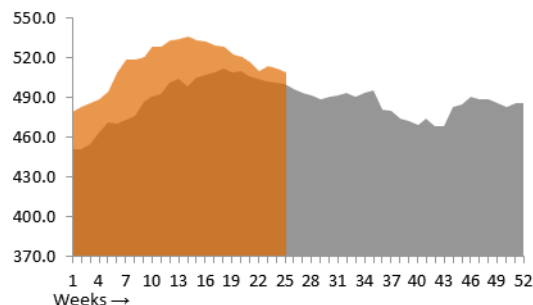
Middle East

Rates on the AG-JPN route gained 2.5 points to conclude at ws52.5 with corresponding TCEs rising by 10% to conclude at ~\$21,719/day. Rates to the USG via the Cape were steady at ws26 as rising ex-CBS rates gave owners more incentive to compete for AG-USG trades. Triangulated Westbound trade earnings rose by 21% to conclude at ~\$27,651/day.

Atlantic Basin

Rates in the West Africa market were generally unchanged. The WAFR-FEAST route eased 0.5 point to ws56 with corresponding TCEs eased 1% to conclude at ~\$24,227/day.

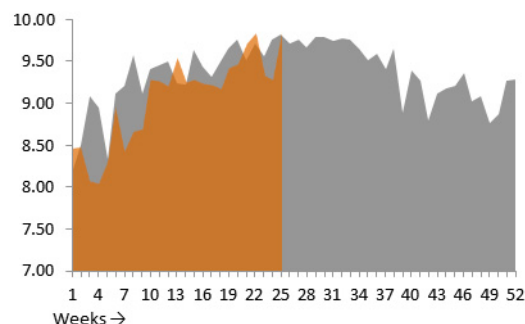
Sustained demand in the Caribbean market saw the supply/demand positioning narrow, leading to an extending of last week's rate gains. The CBS-SPORE route concluded with a \$500k gain to a one-month high of \$3.60m lump sum.



US Crude Stocks (EIA)

Last Week
509.1 MnBbls

Week y/y
▲ +1.8%



US Gasoline Demand (EIA)

Last week
9.816 MnB/d

Week y/y
▲ +0.0%

2017 2016

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Suezmax

Demand in the West Africa Suezmax market was off markedly this week with the slower pace against rising availability leading rates to extend losses to fresh YTD lows. Just seven fixtures were reported, representing a w/w decline of 67%. The WAFR-UKC route shed five points to conclude at ws55 with corresponding TCEs dropping 32% w/w to just ~\$3,618/day. Similar weakness was apparent in the Black Sea market, where the BSEA-MED route shed five points to ws67.5 with TCEs off 53% w/w to ~\$2,301/day.

Elsewhere, rates in the Caribbean Suezmax market followed Aframax losses with halted STS activities and pilotages into and out of some USG ports due to Tropical Storm Cindy failing to stem the trend as availability remained abundant in both classes. The CBS-USG route lost five points to conclude at 150 x ws52.5.

Rates remain soft in all markets with participants' questioning where the effective floor will be as some owners are already indicating an unwillingness to assume the risks of trading at sub-OPEX levels on routes without a clear triangulation prospect.

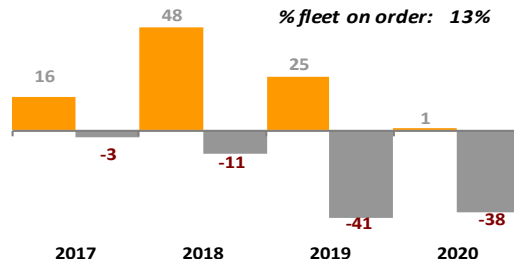
Aframax

The Caribbean Aframax market remained active this week with demand holding above the YTD average for a second-consecutive week; however, with regional availability remaining excessive – even amid the halting of STS activities and pilotages in and out of some USG ports -- rates remained on a negative trajectory. The CBS-USG route shed five points to conclude at a fresh YTD low of ws85 with corresponding gross freight levels touching a fresh eight-year low. Questions abound as to how low rates can go given that round-trip TCEs on the route now stand at just ~\$2,838/day. We note, however, that in many cases triangulation offers a notable boost to effective TCEs. An analysis of fixture data shows that number of spot-serviced trades from the USG and nearby ECMex represents 99.9% of the number of YTD spot-serviced trades to the USG. This percentage is up from 77% during 2016, as US crude exports have risen. The UKC region represents the largest share of ex-USG Aframax trades and a theoretical CBS-USG/USG-UKC/NSEA triangulation pattern with the latter laden voyage standing at ws65 yields a TCE of ~\$7,720/day (assuming 3.5 total waiting days). On this basis, owners' reluctance to trade may yet require lower rates, particularly with TCEs in the North Sea and Baltic markets yielding a premium to the Caribbean. Accordingly, further downside could well materialize in the near-term.

VLCC Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 713

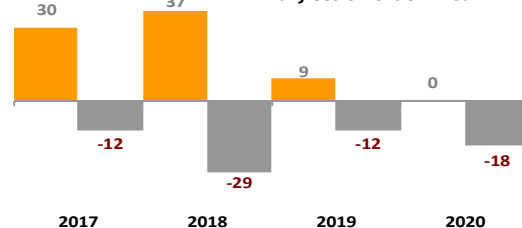
% fleet on order: 13%



Suezmax Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 490

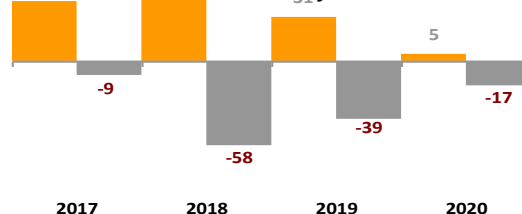
% fleet on order: 16%



Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 963

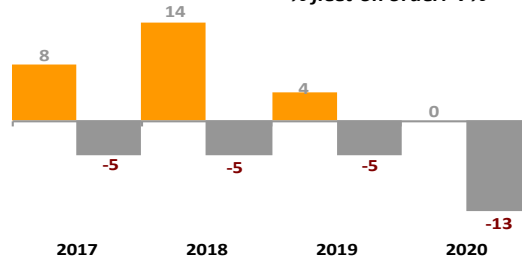
% fleet on order: 14%



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 426

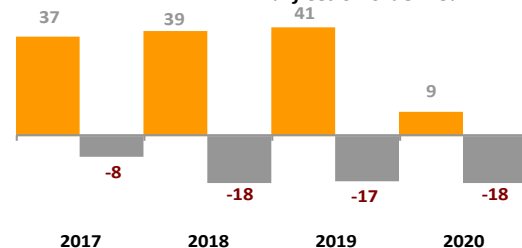
% fleet on order: 7%



MR Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 1,586

% fleet on order: 8%

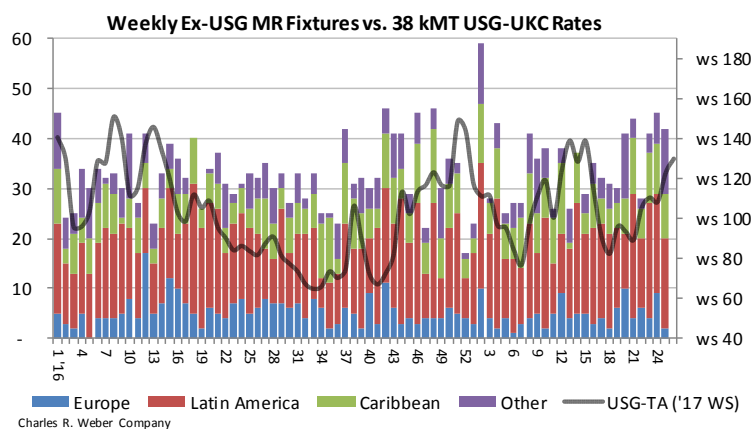


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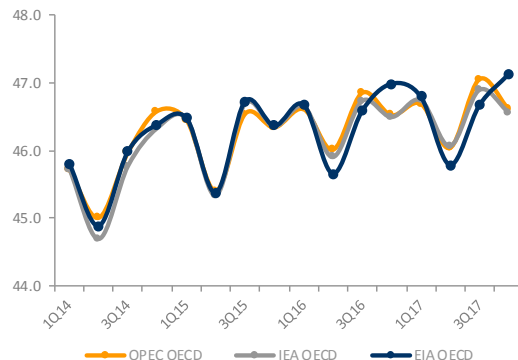


MR

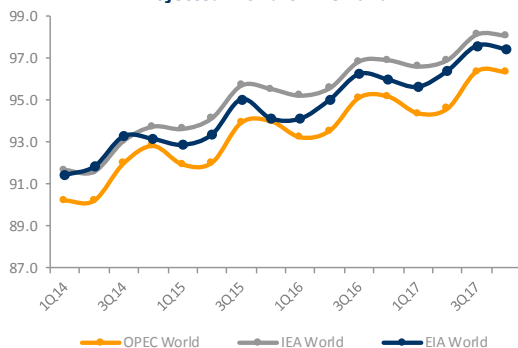
The USG MR market observed a modest gain in availability at the start of the week that led to a brief period of softer rates. However, as the week progressed with demand remaining strong and delays along the USG due to Tropical Storm Cindy adding to delays on Mexico's east coast, the supply/demand positioning tightened leading to fresh rate gains. A total of 42 USG fixtures materialized and though this number was off by three from last week it was still 24% above the 52-week average. Just two of these were bound for points in Europe (-7, w/w) while 27 were bound for points in Latin America and the Caribbean (-3, w/w) and the remainder were for alternative areas or have yet to be determined. Rates on the USG-UKC route added ten points to conclude at ws130 while the CBS-USG route added \$15k to conclude at \$485k lump sum and the USG-CHILE route added \$25k to conclude at \$1.275m lump sum. Two-week forward availability shows a 33% w/w decline to just 31 units (a three-month low). We expect that the supply/demand positioning will remain tight through the coming two weeks on strong seasonal demand and a recent improvement in the geographical distribution of MR trades throughout the Atlantic basin. Lingering delay issues and a decline in UKC-USAC voyages should contribute to the upside. Moreover, rising UKC rates could make ballasts to the USG from some delivery areas a slightly lower certainty, leading to a greater degree of completion for units between regional markets. Potentially considerable rate gains could materialize during the upcoming week, accordingly.



Projected OECD Oil Demand



Projected World Oil Demand



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REPORTED TANKER SALES

"Hrvatska" – 166,447/05 – Brodosplit – DH

-Sold on subjects for \$20.7m to Greek buyers (Eurotankers).

"Silvaplane" – 109,250/03 – Daewoo – DH

-Sold for \$11.5m to Saudi buyers (Bakri Bunker Trading Co Ltd).

"Hellasport Protector" – 78,821/07 – New Century – DH

"Hellasport Progress" – 78,727/06 – New Century – DH

"Hellasport Pride" – 78,727/06 – New Century – DH

-Sold en bloc for \$40.0m to undisclosed buyers.

"King Dorian" – 73,611/07 – New Times – DH – IMO III

-Sold for \$14.5m to undisclosed buyers, basis SS/DD passed 04/2017.

"Jenny" – 45,861/02 – Shin Kurushima – DH

-Sold for \$9.5m to undisclosed Indonesian buyers, basis SS/DD passed 04/2017.

"Martin" – 35,808/93 – IHI Tokyo – DH – IMO III

-Sold for \$3.5m to Emirati buyers (Vaarin Marine Services LLC).

"Maersk Rhode Island" – 34,801/02 – Guangzhou – DH

-Sold for \$8.5m to undisclosed buyers.

"Priam" – 7,902/92 – Higaki – DH – IMO II/III

-Sold for \$2.5m to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

India

"Tirupati" – 149,258/94 – 23,902 LDT – DH

-Sold for \$330/ltd.

"Al Basrawi" – 121,109/89 – 20,147 LDT – DH

-Sold for \$332/ltd.

"Distya Ameya" – 95,420/95 – 16,480 LDT – DH

-Sold for \$330/ltd.

Pakistan

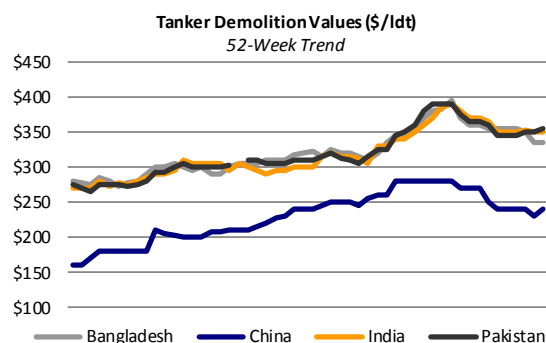
"Palenque I" – 44,646/92 – 8,615 LDT – DH

-Sold for \$350/ltd.

Latvia

"Grigory Shevtsov" – 9,891/92 – 4,755 LDT – DH – Ice 1C

-Sold on private terms.



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