

# WEBER WEEKLY TANKER REPORT



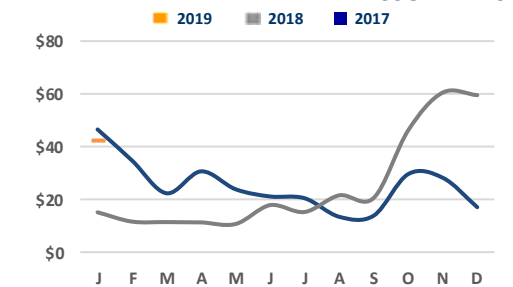
WEEK 2 – 11 JANUARY 2019

ISSUE 2 – 2019

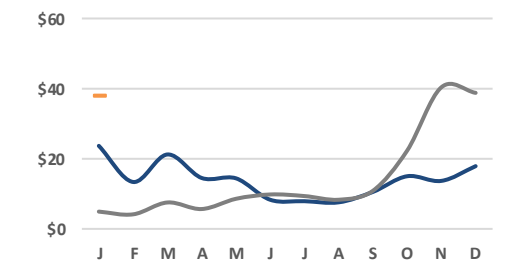
| Spot Market                     | WS/S    | TCE             | WS/S    | TCE             |
|---------------------------------|---------|-----------------|---------|-----------------|
| <b>VLCC</b> (13.0 Kts L/B)      |         | <b>4-Jan</b>    |         | <b>11-Jan</b>   |
| AG>USG 280k                     | 25.2    | --              | 25.0    | --              |
| AG>SPORE 270k                   | 61.4    | \$43,022        | 55.0    | \$34,078        |
| AG>JPN 265k                     | 58.2    | \$43,125        | 52.5    | \$34,577        |
| AG>CHINA 270k                   | 61.0    | \$41,371        | 56.0    | \$33,906        |
| WAFR>CHINA 260k                 | 56.9    | \$38,804        | 53.8    | \$33,413        |
| USG>SPORE 270k                  | \$5.50m | \$37,287        | \$6.10m | \$41,950        |
| AG>USG/USG>SPORE/AG             | --      | \$48,966        | --      | \$52,203        |
| <i>VLCC Average Earnings</i>    |         | <i>\$42,445</i> |         | <i>\$36,211</i> |
| <b>SUEZMAX</b> (13.0 Kts L/B)   |         |                 |         |                 |
| WAFR>USG 130k                   | 82.7    | \$29,536        | 87.5    | \$30,929        |
| WAFR>UKC 130k                   | 86.6    | \$26,056        | 92.5    | \$27,885        |
| BSEA>MED 140k                   | 129.1   | \$49,725        | 132.5   | \$51,321        |
| CBS>USG 150k                    | 93.6    | \$45,738        | 92.5    | \$43,360        |
| USG>UKC 130k                    | 80.6    | --              | 90.0    | --              |
| CBS>USG/USG>UKC/WAFR            | --      | \$40,402        | --      | \$43,024        |
| AG>USG 140k                     | 37.8    | --              | 45.0    | --              |
| USG>SPORE 130k                  | \$4.40m | --              | \$4.40m | --              |
| AG>USG/USG>SPORE/AG             | --      | \$37,013        | --      | \$38,695        |
| <i>Suezmax Average Earnings</i> |         | <i>\$36,749</i> |         | <i>\$38,456</i> |
| <b>AFRAMAX</b> (13.0 Kts L/B)   |         |                 |         |                 |
| N.SEA>UKC 80k                   | 115.0   | \$30,535        | 107.5   | \$23,746        |
| BALT>UKC 100k                   | 107.5   | \$40,903        | 95.0    | \$31,127        |
| CBS>USG 70k                     | 200.0   | \$52,367        | 145.0   | \$29,482        |
| USG>UKC 70k                     | 160.0   | --              | 115.0   | --              |
| CBS>USG/USG>UKC/NSEA            | --      | \$72,838        | --      | \$43,929        |
| MED>MED 80k                     | 165.0   | \$45,764        | 160.0   | \$42,503        |
| AG>SPORE 70k                    | 125.0   | \$24,378        | 125.0   | \$23,296        |
| <i>Aframax Average Earnings</i> |         | <i>\$47,059</i> |         | <i>\$33,722</i> |
| <b>PANAMAX</b> (13.0 Kts L/B)   |         |                 |         |                 |
| CBS>USG 50k                     | 155.0   | \$19,824        | 155.0   | \$18,895        |
| CONT>USG 55k                    | 147.5   | \$25,229        | 150.0   | \$24,901        |
| ECU>USWC 50k                    | 212.5   | \$33,800        | 212.5   | \$32,285        |
| <i>Panamax Average Earnings</i> |         | <i>\$23,152</i> |         | <i>\$22,421</i> |
| <b>LR2</b> (13.0 Kts L/B)       |         |                 |         |                 |
| AG>JPN 75k                      | 120.0   | \$23,930        | 128.0   | \$25,418        |
| AG>UKC 80k                      | \$2.35m | \$23,310        | \$2.45m | \$24,154        |
| MED>JPN 80k                     | \$2.43m | \$18,137        | \$2.44m | \$17,093        |
| AG>UKC/MED>JPN/AG               | --      | \$29,069        | --      | \$29,063        |
| <i>LR2 Average Earnings</i>     |         | <i>\$25,642</i> |         | <i>\$26,632</i> |
| <b>LR1</b> (13.0 Kts L/B)       |         |                 |         |                 |
| AG>JPN 55k                      | 161.5   | \$25,358        | 151.0   | \$21,941        |
| AG>UKC 65k                      | \$2.14m | \$22,250        | \$2.19m | \$22,154        |
| UKC>WAFR 60k                    | 126.0   | \$12,700        | 109.0   | \$8,113         |
| AG>UKC/UKC>WAFR/AG              | --      | \$27,581        | --      | \$25,033        |
| <i>LR1 Average Earnings</i>     |         | <i>\$26,469</i> |         | <i>\$23,487</i> |
| <b>MR</b> (13.0 Kts L/B)        |         |                 |         |                 |
| UKC>USAC 37k                    | 115.2   | \$8,681         | 140.0   | \$12,766        |
| USG>UKC 38k                     | 127.9   | \$12,356        | 95.0    | \$5,026         |
| USG>UKC/UKC>USAC/USG            | --      | \$18,483        | --      | \$15,176        |
| USG>CBS (Pozos Colorados) 38k   | \$600k  | \$23,240        | \$450k  | \$12,366        |
| USG>CHILE (Coronel) 38k         | \$1.45m | \$23,128        | \$1.25m | \$16,571        |
| CBS>USAC 38k                    | 149.0   | \$17,248        | 130.0   | \$12,597        |
| WCIND>JPN/ROK>SPORE/WCIND       | --      | \$23,458        | --      | \$23,208        |
| <i>MR Average Earnings</i>      |         | <i>\$17,422</i> |         | <i>\$15,250</i> |
| <b>Handy</b> (13.0 Kts L/B)     |         |                 |         |                 |
| MED>EMED 30k                    | 199.5   | \$30,039        | 190.5   | \$26,996        |
| SPORE>JPN 30k                   | 200.0   | \$18,363        | 195.0   | \$17,007        |
| <i>Handy Average Earnings</i>   |         | <i>\$22,566</i> |         | <i>\$20,603</i> |

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

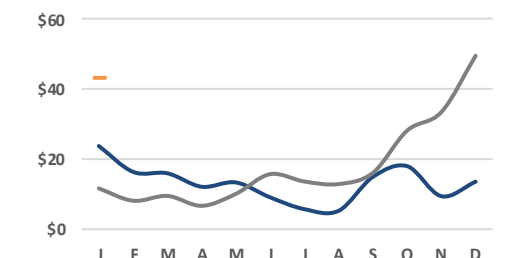
| Time Charter Market<br>\$/day (theoretical) | 1 Year   | 3 Years  |
|---|----------|----------|
| <b>VLCC</b>                                 | \$35,500 | \$38,000 |
| <b>Suezmax</b>                              | \$24,000 | \$25,000 |
| <b>Aframax</b>                              | \$18,500 | \$21,500 |
| <b>Panamax</b>                              | \$15,000 | \$16,500 |
| <b>MR</b>                                   | \$14,250 | \$16,000 |
| <b>Handy</b>                                | \$13,250 | \$14,000 |



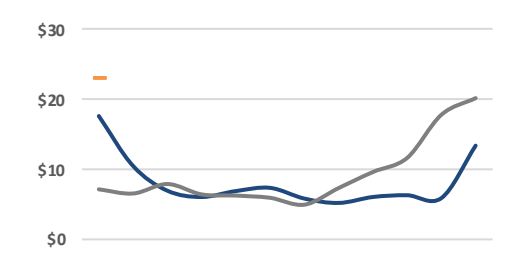
**VLCC Average Earnings**  
MTD Average ~\$42,016/Day  
Month y/y ▲ +178%



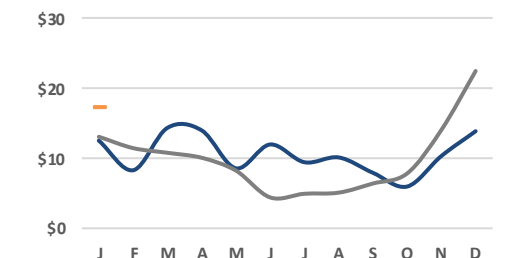
**Suezmax Average Earnings**  
MTD Average ~\$37,688/Day  
Month y/y ▲ +661%



**Aframax Average Earnings**  
MTD Average ~\$42,764/Day  
Month y/y ▲ +264%



**Panamax Average Earnings**  
MTD Average ~\$22,898/Day  
Month y/y ▲ +218%



**MR Average Earnings**  
MTD Average ~\$17,173/Day  
Month y/y ▲ +31%

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# WEBER WEEKLY TANKER REPORT



## SPOT MARKET SUMMARY

### VLCC

Following two consecutive weeks of lackluster fixture activity, VLCC demand surged this week across all regional markets, helping to stem rising available tonnage and raising prospects for a halting of ongoing, albeit modest, incremental rate losses in the very near-term. The Middle East market observed 35 fixtures this week, representing a w/w gain of 133%. However, with 15 of these covered under COAs, the activity rebound did little to immediately impact sentiment. Meanwhile, the West Africa market observed seven fixtures – or three more last week. The Atlantic Americas were markedly more active with US crude export cargoes at a record weekly high and joined by strong demand for voyages originating elsewhere in the region; collectively, 14 fixtures were reported, marking a 75% w/w gain. Rates in the region rose in isolation as the supply/demand positioning quickly tightened.

This week's demand gains could prompt modest rate gains during the upcoming week as near-term fundamentals are improved. The Middle East availability surplus projected for January now stands at 11 units, once likely draws to the Atlantic basin are accounted for. This compares with 13 at the conclusion of the December program and 14 at the conclusion of the November program. Meanwhile, the anticipated wave of newbuilding deliveries are unlikely to appear on Middle East position lists in the very near-term as many of these units have found East-West gasoil trades for their initial.

Looking further forward, headwinds remain likely to materialize once charterers progress past early February dates, though the extent of losses could potentially be tempered by the recent run in Atlantic basin demand, which elevates ton-miles and delays the reappearance of performing units on Middle East tonnage lists. Moreover, many participants are expecting US crude exports to remain robust going forward, which may place a floor on Middle East rates by either prompting – or raising the specter of – speculative ballasts and strong draws on Middle East positions to service corresponding cargoes. The hike in Saudi OSPs for US-bound cargoes, a move likely designed to support crude prices by tempering quickly trackable (through EIA data) US crude inventories, furthers this prospect by further limiting VLCC movements into the Atlantic Americas – albeit with some risk for VLCCs that moderating US crude inventories will curtail US crude export demand.

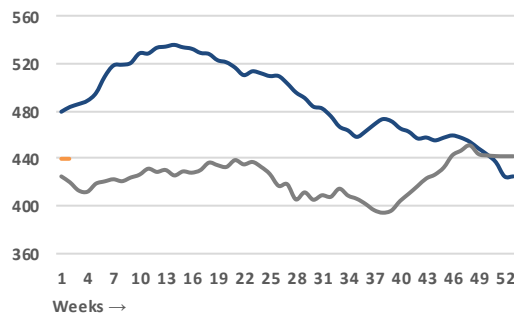
### Middle East

Rates on the AG-CHINA route concluded off 5 points to ws56. Corresponding TCEs were down 18% on the rate losses and rising bunker prices to conclude at ~\$33,413/day. Rates to the USG via the Cape were largely steady, dropping 0.2 point to conclude at ws25. Triangulated Westbound trade earnings were off by 7% to ~\$52,203/day.

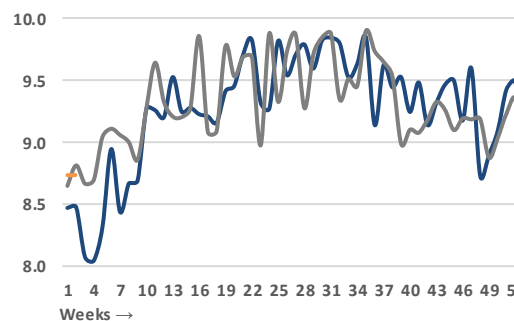
### Atlantic Basin

Rate progression in the West Africa market tracked that in the Middle East. The WAFR-CHINA route shed 3.1 points to conclude at ws53.75, with corresponding TCEs losing 14% to conclude at ~\$33,413/day.

Rates for voyages commencing in the Americas rebounded this week on the strong regional demand. The USG-SPORE route added \$600k to conclude at \$6.1m, lump sum.



**US Crude Stocks (EIA)** Last Week 439.7 MnBbls Week y/y ▲ +3.6%



**US Gasoline Demand (EIA)** Last Week 8.735 MnB/d Week y/y ▲ +1.0%

■ 2019 ■ 2018 ■ 2017

# WEBER WEEKLY TANKER REPORT



## Suezmax

Europe's snowstorm this week extended to the Turkish straits, adding to transit delays there that were already at multiple-year highs. The BSEA-MED route added 3.4 points to conclude at ws132.5, accordingly. West Africa rates, meanwhile, were stronger this week on a rebound in activity and positive sentiment from rising rates in the Black Sea market. A total of 15 West Africa fixtures were reported, representing a tripling from last week's tally. Rates on the WAFR-UKC route added 5.9 points to conclude at ws92.5.

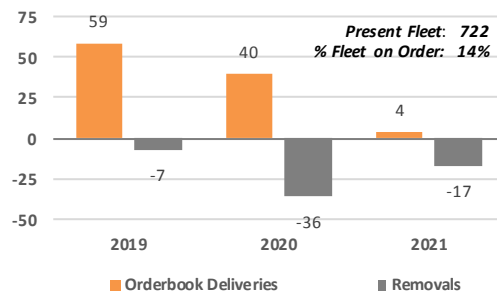
In the Atlantic Americas, easing rates for regional Aframaxes failed to hit Suezmax rates with an equivalent impact as the specter of demand trickling from exceptionally strong regional VLCC demand and rising Suezmax rates in the West Africa region prompted strong resistance from owners. The CBS-USG route was off by 1.1 points to conclude at 150 x ws92.5 while the USG-SPORE route was unchanged at \$4.40m lump sum. The USG-UKC route added 9.4 points to conclude at ws90.

Suezmax demand in the Middle East market was at a record high with 20 fixtures materializing, which compares with three last week and a 2018 weekly average of nine. The strong demand here is expected to lend support to Suezmax rates in the West Africa market by keeping performing units from ballasting into that region in the near-term. Moreover, more than half of this week's tally were for eastbound voyages, thus keeping these units out of the wider western supply/demand balance in the near-term.

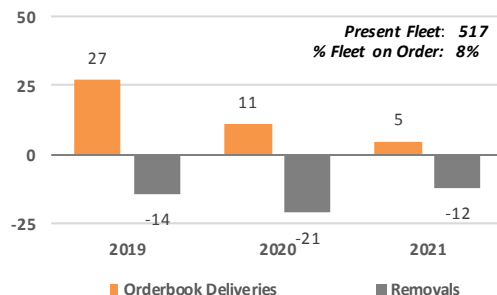
## Aframax

The Caribbean Aframax market was softer this week as more units appeared on position lists and some extra-regional demand was lost oriented to larger size classes due to the Aframax \$/mt premium, which at the start of the week was substantial. Overall regional demand was strong, nevertheless, and as Aframax rates retreated while those for VLCCs rose, more trans-Atlantic demand materialized. This trend should extend during the upcoming week and could stem rate losses, accordingly. Further forward, the recent strength in US crude exports on VLCCs will lend support to Aframax demand for lightering activities, raising the specter of a rebound in Aframax rates. The CBS-USG route shed 55 points to conclude at ws145 while the USG-UKC route shed 45 points to conclude at ws115.

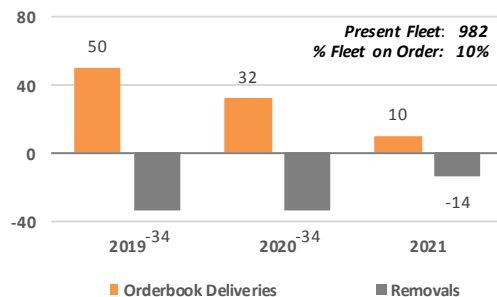
VLCC Fleet Growth



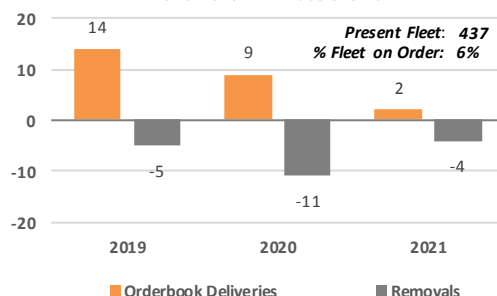
Suezmax Fleet Growth



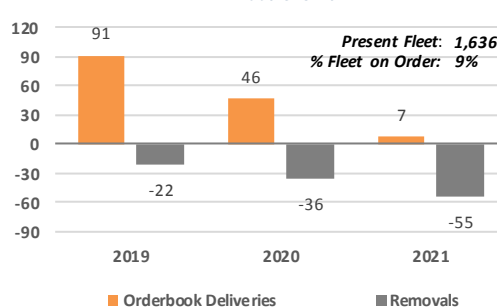
Aframax/LR2 Fleet Growth



Panamax/LR1 Fleet Growth



MR Fleet Growth



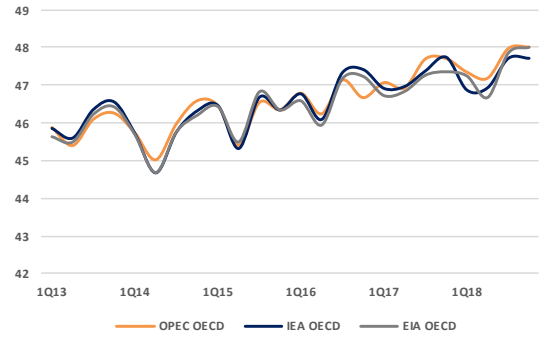
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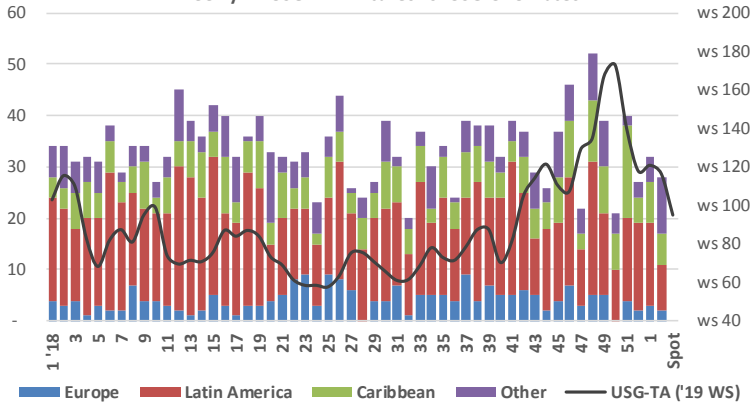
## MR

The USG MR market was softer this week as demand dropped to a four-week low while available tonnage rose to a nine-week high. A total of 28 fixtures were reported, representing a 13% w/w decline. The two-week forward view of available tonnage rose 23% w/w to 38 units. Rates on the USG-UKC route shed 32.5 points to conclude at ws95, while the USG-CBS route shed \$150k to conclude at \$450k lump sum and the USG-CHILE route was off \$200k to \$1.25m lump sum. Demand is likely to pick up during the upcoming week while delays on Mexico's east coast, where ullage issues are now resulting from internal pipeline issues creating supply constraints, could expand. Thus, we expect that further rate losses may prove elusive, if not Monday then by Tuesday. Moreover, we note that the supply/demand setup on Friday, which does not account for the Mexico issues, already guides our model to materially higher rates than current levels.

Projected OECD Oil Demand (Mnb/d)

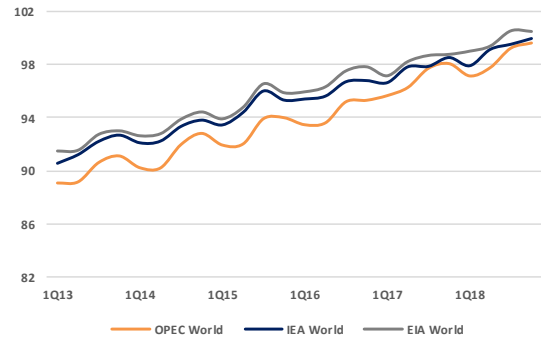


Weekly Ex-USG MR Fixtures vs. USG-UKC Rates



Charles R. Weber Company

Projected World Oil Demand (Mnb/d)



# WEBER WEEKLY TANKER REPORT



## REPORTED TANKER SALES

**Pacific Glory** – 299,999/01 – Imabari – DH  
-Sold for \$22.0m to Kunlun Shipping.

**Blue River** – 106,638/02 – Tsuneishi Tadotsu – DH  
-Sold for \$11.5m to Stalwart Tankers.

**Green Hellas** – 50,885/14 – Dae Sun – DH  
-Sold for \$26.0m to undisclosed Chinese buyers. Unit due for SS 07/2019.

**High Glow** – 46,846/14 – Dae Sun – DH  
-Sold on subjects for \$12.0m to undisclosed Indian buyers.

**Marine Express** – 45,989/09 – Shin Kurushima – DH  
-Sold for \$16.25m to Shapoorji Pallonji Forbes Shipping. Unit due for SS/DD 06/2019.

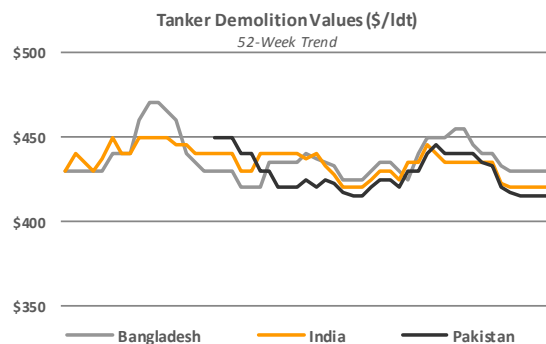
**Chemical Aquarius** – 18,045/12 – Zhejiang Hangchang – DH  
-Sold for \$11.0m to Lavinia Corporation.

**Njord Cloud** – 16,882/04 – Poli Pellestrina – DH  
-Sold for \$6.9m to undisclosed Chinese buyers. Unit due for SS/DD 06/2019.

## REPORTED TANKER DEMOLITION SALES

Final Destination: **Unknown**

**Eurovision** – 71,345/00 – 15,555 LDT – DH  
-Sold for \$425/ldt basis as is, Singapore.



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