

WEBER WEEKLY TANKER REPORT



WEEK 10 – 11 MARCH 2016

ISSUE 10 – 2016

VLCC monthly availability excess at lowest in eight years

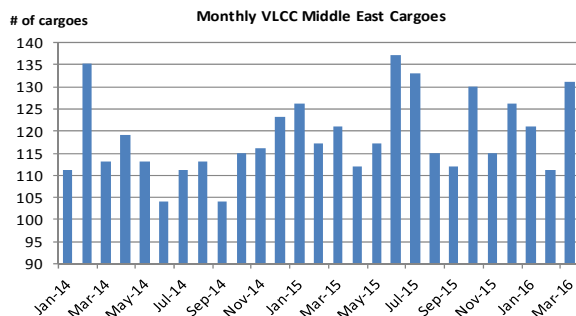
Zero units available for March loadings to slip into April dates unchartered

VLCC TCEs in the Middle East rallied to nearly \$90,000/day this week after a stronger-than-expected demand run to service March cargoes cut monthly surplus tonnage to zero units for the first time in eight years. Just a week ago, TCEs were hovering just over the \$40,000/day mark after several weeks of directionally softer rates accompanied slowing Middle East demand since the start of the year. Lofty earnings could remain a characteristic of the market through Q2 as a ton-mile demand surge at the close of Q1 could keep supply/demand fundamentals tight between now and summer demand strength.

Demand

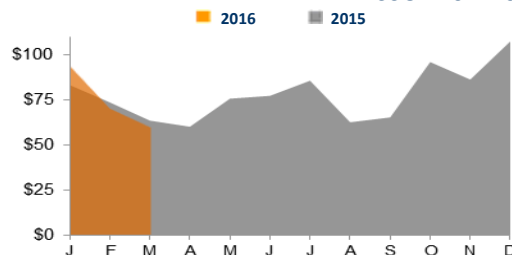
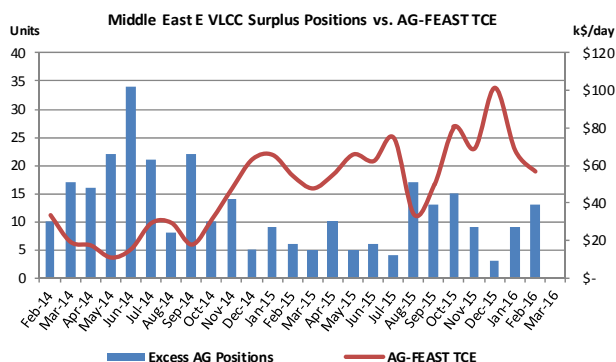
A surprisingly large number of fresh March VLCC cargoes materialized this week in the Middle East, boosting the month's cargo tally to an eight-month high of 131 cargoes, despite expectations by many market participants for March volume to match February's on a daily cargo rate basis – which implied fewer than 120 cargoes. A small number of Iranian cargoes also contributed to the March tally, representing as many as four (including options) and a likely harbinger of stronger cargo volumes to come.

Adding to this week's demand run, fresh VLCC inquiry in the West Africa market was strong amid a progression into April loadings. These followed disfavorable Saudi and Iranian OSPs (Official Selling Prices) to Asian buyers for April cargoes, which pushed Asian VLCC demand into the West Africa market. Greater implied AG-WEST and WAFR-FAEST voyages imply both greater ton-miles and lower levels of fleet efficiency.



Supply

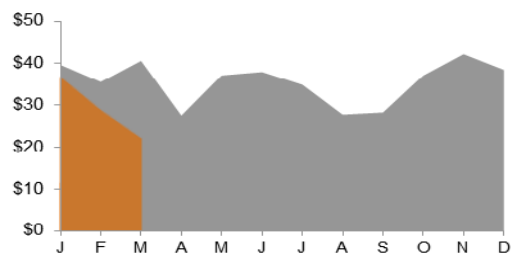
Lower availability levels in the Middle East market have resulted from an extending of instances of delays in China, where weather issues have curtailed cargo operations and slowed the pace of return ballast to the Middle East. As these units return to the market, a fresh reduction of available units could accompany the normal reappearance time of units fixed to transport March cargoes from Basrah which have been substantially delayed (up to 15 days for heavy crude and 12 days for light crude).



VLCC TCE AG-USG / CBS-SPORE/AG

MTD Average
~\$59,709/Day

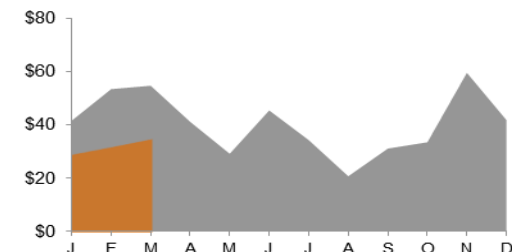
Month y/y
▼ -6%



S'MAX TCE 130k WAF-UKC

MTD Average
~\$22,264/Day

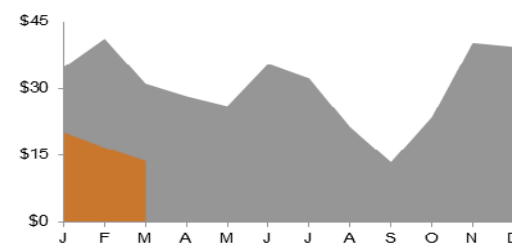
Month y/y
▼ -45%



A'MAX TCE 70k CBS-USG

MTD Average
~\$34,724/Day

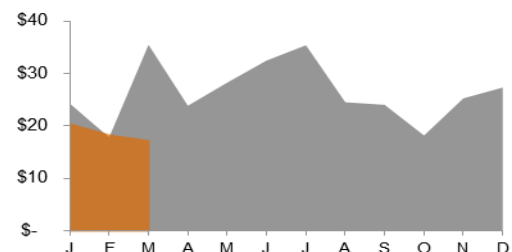
Month y/y
▼ -36%



P'MAX TCE 50k CBS-USG

MTD Average
~\$12,402/Day

Month y/y
▼ -60%



MR TCE USG-UKC / UKC-USAC/USG

MTD Average
~\$17,314/Day

Month y/y
▼ -51%

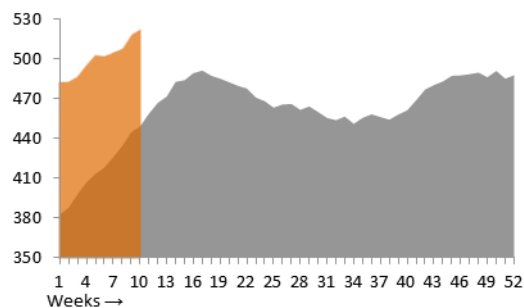
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Spot Market	WS/LS	TCE ~\$/day	WS/LS	TCE ~\$/day
VLCC (13.0 Kts L/B)				
	4-Mar		11-Mar	
AG>USG 280k (TD1)	28.0	\$18,149	50.0	\$39,372
AG>USG/CBS>SPORE/AG	--	\$55,084	--	\$79,113
AG>SPORE 270k (TD2)	52.5	\$44,525	97.5	\$93,372
AG>CHINA 265k (TD3C)	52.5	\$39,030	97.5	\$85,764
WAFR>USG 260k (TD4)	65.0	\$56,739	92.5	\$83,890
WAFR>CHINA 260k (TD15)	60.0	\$48,502	87.5	\$75,559
CBS>SPORE 270k	\$4.85m	--	\$5.50m	--
SUEZMAX (13.0 Kts L/B)				
WAFR>USAC 130k	65.0	\$24,081	75.0	\$28,264
WAFR>UKC 130k (TD20)	67.5	\$21,654	75.0	\$24,444
BSEA>MED 140k (TD6)	72.5	\$27,636	77.5	\$30,968
CBS>USG 150k	77.5	\$35,839	77.5	\$34,758
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k (TD7)	92.5	\$24,768	92.5	\$23,792
AG>SPORE 70k (TD8)	117.5	\$31,404	130.0	\$34,727
BALT>UKC 100k (TD17)	72.5	\$29,286	70.0	\$26,471
CBS>USG 70k (TD9)	137.5	\$34,686	135.0	\$32,985
MED>MED 80k (TD19)	80.0	\$17,663	120.0	\$35,683
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k (TD21)	130.0	\$13,908	120.0	\$10,808
CONT>USG 55k (TD12)	102.5	\$15,973	90.0	\$11,793
ECU>USWC 50k	235.0	\$41,825	220.0	\$37,930
CPP (13.0 Kts L/B)				
UKC>USAC 37k (TC2)	112.5	\$12,204	97.5	\$8,618
USG>UKC 38k (TC14)	100.0	\$17,516	90.0	\$8,485
USG>UKC/UKC>USAC/USG	--	\$17,516	--	\$13,760
USG>POZOSCOLORADOS 38k	\$550k	\$24,367	\$475k	\$18,733
CBS>USAC 38k	160.0	\$22,031	130.0	\$15,664
AG>JPN 35k	130.0	\$13,191	133.5	\$13,092
AG>JPN 75k (TC1)	87.5	\$19,295	97.5	\$21,504
AG>JPN 55k (TC5)	105.0	\$16,762	114.0	\$17,987

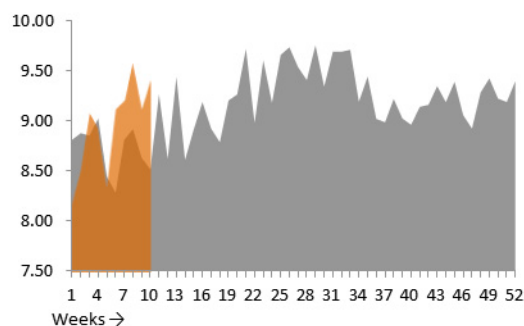
Time Charter Market \$/day (theoretical)	1 Year	3 Years
VLCC	\$50,000	\$40,000
Suezmax	\$35,000	\$30,000
Aframax	\$27,000	\$23,500
Panamax	\$23,000	\$21,000
MR	\$17,750	\$17,500



US Crude
Stocks (EIA)

Last Week
521.9 MnBbls

Week y/y
▲ +16.3%



US Gasoline
Demand (EIA)

Last week
9.411 MnB/d

Week y/y
▲ +10.5%

2016 2015

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SPOT MARKET SUMMARY

VLCC

Middle East

Rates to the Far East gained 12.3 points w/w to an assessed average of ws62.5. Corresponding TCEs jumped 30% to an average ~\$52,546/day. The route is presently assessed at ws75 with TCE yield of ~\$65,217/day. Rates to the USG via the Cape were assessed at an average of ws31.8, representing a weekly gain of 2.8 points. Amid lower ex-CBS rates, however, triangulated Westbound trade earnings were off 5% w/w ~\$57,565/day.

Atlantic Basin

The West Africa market saw rates gain in tandem with the Middle East market and the WAFR-FEAST route was assessed at an average of ws64, representing a weekly gain of 7 points. Corresponding TCEs rose by 15% w/w to an average of ~\$51,845/day.

The ongoing Caribbean market demand slump was worsened this week by a lack of April stem confirmations and one charterer ballasting four units to the region from Asia to service their own program cargoes. Rate downside, however, was limited by rising sentiment elsewhere, which has already seen USG/CBS positions examine ballasts to West Africa. As April stem confirmations materialize next week, continued strength in the West Africa market could see charterers need to compete more aggressively and push CBS-SPORE rates back above the \$5.0m level. This week the route was steady at \$4.85m.

Suezmax

Suezmax demand in the West Africa market was busier this week as charterers covered remaining March cargoes, which were more abundant a slow month for VLCCs which left more cargo to the smaller class. A total of 17 fixtures were reported, representing a 21% w/w gain. Rates on the WAFR-UKC route gained 12.5 points over the course of the week to a closing assessment of ws75. Though April VLCC loadings are shaping up to account for a larger share than during March, Suezmaxes could find further rate support by competing with VLCCs as the smaller class presently offers a 17% \$/MT freight discount.

Aframax

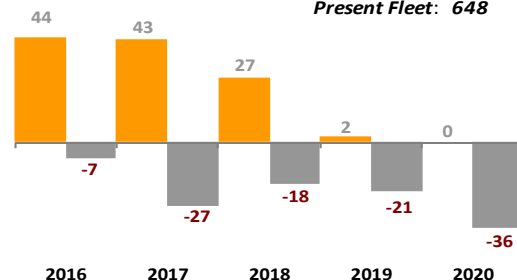
Rates in the Caribbean Aframax market were softer this week with the CBS-USG route shedding 2.5 points to conclude at ws135. Regional demand was off 40% w/w with just nine fixtures reported. Some upside was observed at the start of the week due to port closures; though the impact on supply/demand fundamentals were largely offset by the presence of a small number of prompt ships, by the close of the week the lackluster extent of fresh demand had taken its toll. With availability expected to be boosted by units ballasting into the region, failing a strong rise in inquiry at the start of the upcoming week rates should remain soft.

Panamax

Panamax markets on both sides of the Atlantic were softer this week on rising availability and limited demand. In the Caribbean, rates on the CBS-USG route shed 10 points to conclude at ws120. Steady recent demand this week, however, should see rates stabilize during the start of the upcoming week.

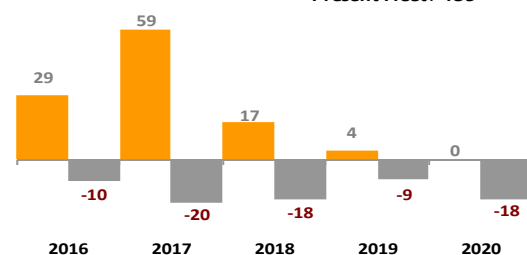
VLCC Projected Deliveries/Removals

Present Fleet: 648



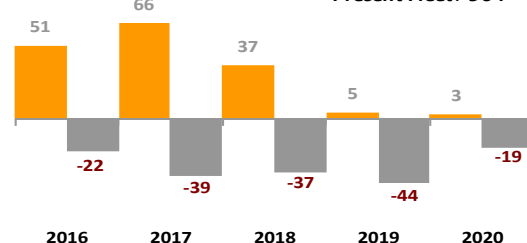
Suezmax Projected Deliveries/Removals

Present Fleet: 439



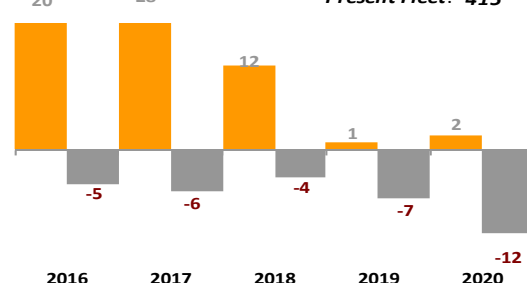
Aframax/LR2 Projected Deliveries/Removals

Present Fleet: 904



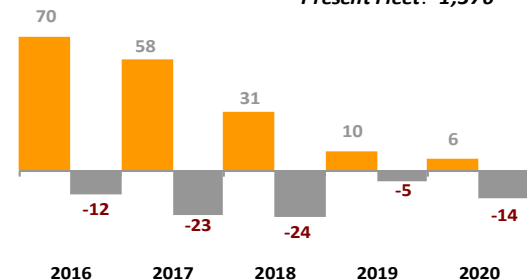
Panamax/LR1 Projected Deliveries/Removals

Present Fleet: 415



MR Projected Deliveries/Removals

Present Fleet: 1,376



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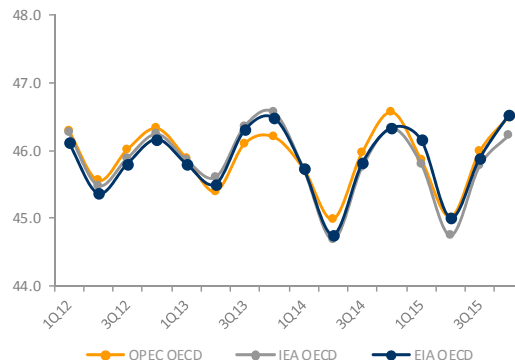


MR

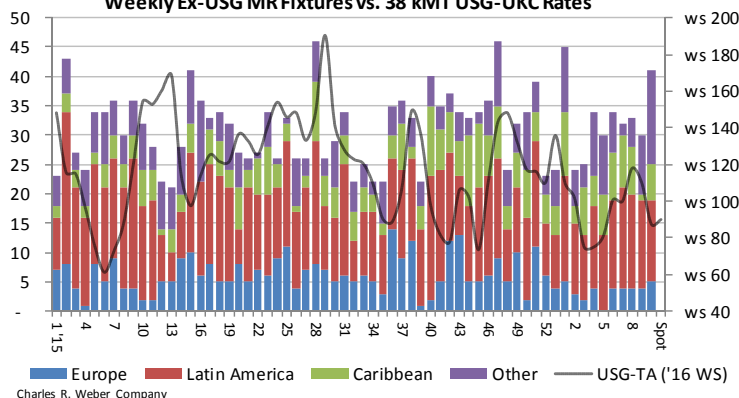
USG MR demand jumped 37% this week to a nine-week high of 41 fixtures. Of these, five were bound for points in Europe (+25%, w/w), 20 were bound for points in Latin America and the Caribbean (+25% w/w) and the remainder were for alternative destinations or are yet to be determined. The strong export flow comes despite an extended PADD 3 refinery utilization slump as this is offset by slow US distillate demand and high product inventories. The demand gains drew on availability, with the two-week forward view of available tonnage off 21% w/w to 27 units.

Rates commenced the week with an extending of the softness observed last week. However, after the extent of this week's demand became apparent in the shorter list, some fresh upside prevailed at the close of the week. The USG-UKC route dropped 15 points from last week's closing assessment to ws85 before rebounding to ws90 on Friday. Meanwhile the USG-POZOS route closed the week off 25 points from a week ago at \$475k lump sum, having fallen earlier into the low-\$400s. The tight supply/demand positioning should support stronger rate gains on further testing at the start of the upcoming week.

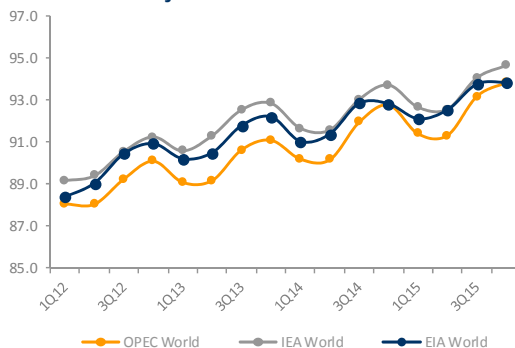
Projected OECD Oil Demand



Weekly Ex-USG MR Fixtures vs. 38 kMT USG-UKC Rates



Projected World Oil Demand



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REPORTED TANKER SALES

"Ratna Puja" 104,635/06 – Shanghai Waigaoqiao – DH
-Sold for \$23.0m to Greek buyers (Eurotankers).

"Trident Star" 105,996/05 – Namura – DH
-Sold on subjects for \$26.0m to Thai buyers (Nathalin).

"Cielo di Milano" 40,083/03 – Shina – DH
-Sold for \$14.0m to Italian buyers (d'Amico International Shipping).

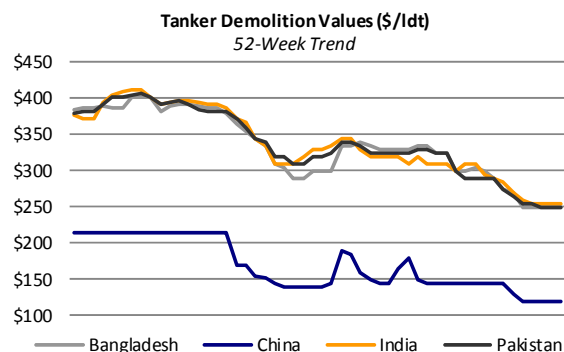
"Kasugta" 19,822/04 – Fukuoka – DH
-Sold for \$17.2m to undisclosed Chinese buyers.

"Deva Maria" 13,921/90 – Shin Kurushima – DH – IMO II
-Sold for \$2.5m to undisclosed buyers.

"Furenas" 12,924/98 – Tulcea, RO – DH – IMO II – Ice 1A
-Sold on private terms to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 10.



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