

WEBER WEEKLY TANKER REPORT

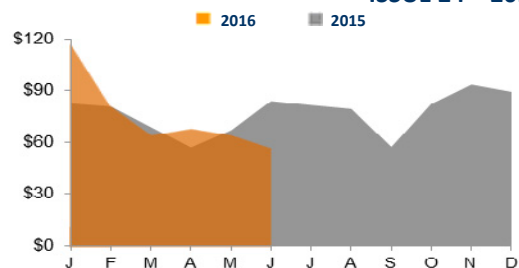


WEEK 24 – 17 JUNE 2016

ISSUE 24 – 2016

Spot Market	WS/LS	TCE ~\$/day	WS/LS	TCE ~\$/day
VLCC (13.0 Kts L/B)				
	10-Jun		17-Jun	
AG>USG 280k (TD1)	33.5	\$17,925	26.0	\$11,157
AG>USG/CBS>SPORE/AG	--	\$43,360	--	\$44,819
AG>SPORE 270k (TD2)	65.0	\$53,220	40.0	\$26,567
AG>CHINA 265k (TD3C)	65.0	\$47,048	40.0	\$21,578
WAFR>USG 260k (TD4)	70.0	\$56,196	57.0	\$43,637
WAFR>CHINA 260k (TD15)	65.0	\$48,052	52.0	\$35,539
CBS>SPORE 270k	\$4.70m	--	\$4.50m	--
SUEZMAX (13.0 Kts L/B)				
WAFR>USAC 130k	72.5	\$23,614	85.0	\$30,836
WAFR>UKC 130k (TD20)	72.5	\$19,789	87.5	\$28,166
BSEA>MED 140k (TD6)	80.0	\$31,223	82.5	\$33,207
CBS>USG 150k	72.5	\$27,514	72.5	\$28,230
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k (TD7)	107.5	\$32,641	125.0	\$47,245
AG>SPORE 70k (TD8)	95.0	\$21,011	95.0	\$21,722
BALT>UKC 100k (TD17)	77.5	\$28,409	97.5	\$43,213
CBS>USG 70k (TD9)	96.25	\$16,074	90.0	\$14,266
MED>MED 80k (TD19)	102.5	\$25,185	105.0	\$26,842
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k (TD21)	117.5	\$7,967	112.5	\$7,180
CONT>USG 55k (TD12)	115.0	\$15,895	90.0	\$9,707
ECU>USWC 50k	140.0	\$19,345	140.0	\$19,227
CPP (13.0 Kts L/B)				
UKC>USAC 37k (TC2)	105.0	\$7,854	110.0	\$10,318
USG>UKC 38k (TC14)	62.5	\$1,242	80.0	\$4,955
USG>UKC/UKC>USAC/USG	--	\$8,340	--	\$9,797
USG>POZOSCOLORADOS 38k	\$300k	\$5,083	\$400k	\$12,215
CBS>USAC 38k	105.0	\$8,967	110.0	\$10,318
AG>JPN 35k	101.0	\$6,807	99.0	\$7,066
AG>JPN 75k (TC1)	83.0	\$14,901	80.0	\$14,721
AG>JPN 55k (TC5)	93.0	\$11,213	90.0	\$11,241

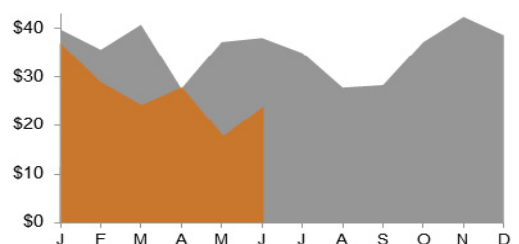
Time Charter Market \$/day (theoretical)	1 Year	3 Years
VLCC	\$38,000	\$35,000
Suezmax	\$27,000	\$26,000
Aframax	\$23,000	\$22,000
Panamax	\$20,000	\$18,000
MR	\$16,000	\$15,000



VLCC TCE
AG-USG /
CBS-SPORE/AG¹

MTD Average
~\$56,682/Day

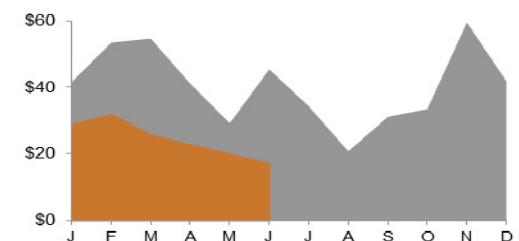
Month y/y
▼ -32%



S' MAX TCE
130k WAF-UKC

MTD Average
~\$24,132/Day

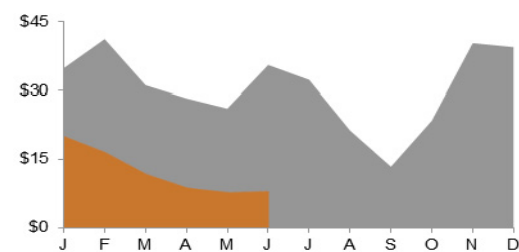
Month y/y
▼ -36%



A' MAX TCE
70k CBS-USG

MTD Average
~\$16,596/Day

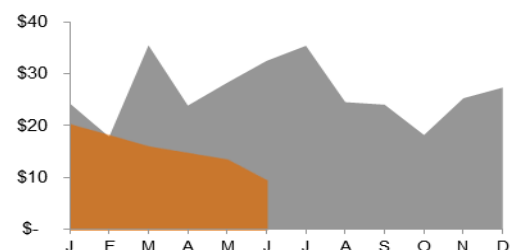
Month y/y
▼ -63%



P' MAX TCE
50k CBS-USG

MTD Average
~\$7,935/Day

Month y/y
▼ -78%



MR TCE
USG-UKC/
UKC-USAC/USG

MTD Average
~\$9,589/Day

Month y/y
▼ -70%

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WEBER WEEKLY TANKER REPORT



SPOT MARKET SUMMARY

VLCC

VLCC rates posted strong declines this week on a pause by charterers between the June and July Middle East programs and a coinciding buildup of available tonnage as earlier reported fixtures proved false and units previously hidden appeared on position lists. Rates on the AG-FEAST route dropped by 27.5 points to ws40 and pushed TCEs down by a massive 57% to ~\$21,158/day (a fresh YTD low).

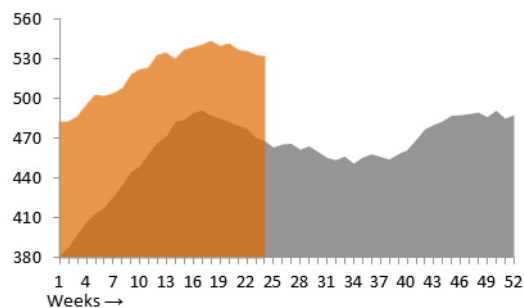
Whereas just five units were previously estimated to remain unfixed at the conclusion of June's cargo program in the Middle East, the tally now stands at 13. Though West Africa draws on these units should modestly reduce the number, the negative impact on rates has already materialized – and the forward outlook does not show much improvement. There are presently 55 units showing availability through July's first decade against which there are 30 cargoes estimated to materialize (10 have already been covered). Draws from West Africa could account for 10 of these, leaving an implied surplus of 15 units. Lower cargo estimates for July stems, in part, from a reduction of crude supply from Iraq during the month. We note that the Basrah program shows a supply rate of 2.99 Mb/d, the lowest since December '15 while VLCC-sized thereof are down by two cargoes from June. However, given usual and likely co-loadings, VLCC fixtures servicing exports from the terminal will more likely decline by 12 units, or 28%, m/m. Indications of supply from other key regional producers remain characteristically uncertain, but there is little to suggest a divergence from recent rates. The wider supply/demand imbalance will likely usher in the summer doldrums which will keep rates low.

Middle East

Rates to the Far East lost 27.5 points to conclude at ws40 with corresponding TCEs off by 57% to ~\$21,158/day. Rates to the USG via the Cape dropped 6 points to a closing assessment of ws27.5. Triangulated Westbound trade earnings at current AG-USG and CBS-SPORE assessments stands at ~\$45,242/day, representing a w/w loss of 14%.

Atlantic Basin

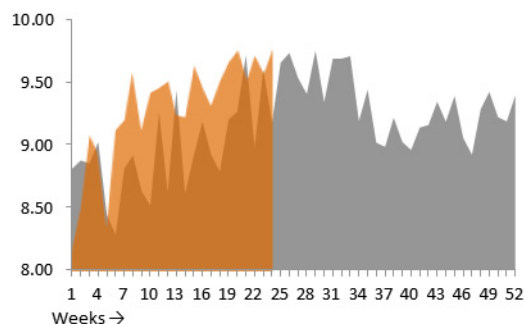
The West Africa market continued to lag the Middle East. Rates on the WAFR-FEAST route lost 12.5 points to conclude at ws52.5 with corresponding TCEs declining by 26% w/w to ~\$35,633/day. Further rate losses bringing TCEs closer to those prevailing in the Middle East market are likely during the upcoming week. A fresh round of activity in the Caribbean market this week failed to stem rate downside there on an ongoing regional oversupply situation and souring sector-wide sentiment. The CBS-SPORE route fell by \$200k to \$4.5m lump sum.



US Crude
Stocks (EIA)

Last Week
531.5 MnBbls

Week y/y
▲ +13.6%



US Gasoline
Demand (EIA)

Last week
9.762 MnB/d

Week y/y
▲ +6.4%

2016 2015

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Suezmax

The West Africa Suezmax market was more active this week with fixtures rising by 42% w/w to 17. The demand strength came as charterers progressed into the July program and, coming against a tighter supply profile, supported fresh rate gains. The WAFR-UKC route added 15 points to a closing assessment of ws87.5. The market remains firm at the close of the week and could observe further upside for early July cargoes. Thereafter, the extent VLCC coverage (and thus remaining cargo for Suezmaxes) – as well as the progressing of the security situation in Nigeria, where militant group Delta Avengers have promised to cut the country's production to zero – will likely dictate rate sentiment.

Aframax

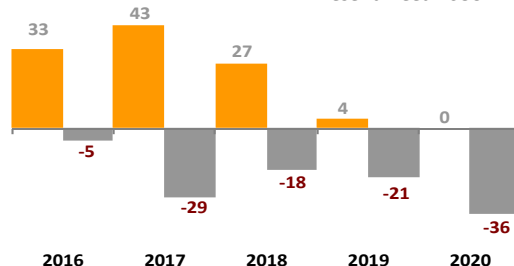
The Caribbean Aframax market was under negative pressure throughout the week on limited enquiry and further availability builds. The CBS-USG route shed 6.25 points to conclude at ws90. Though lower appeared likely to materialize theoretically achievable, apathy from charterers in pushing rates lower and greater resistance by owners who noted strengthening Aframax rates in alternative markets (regional TCEs are 28% below the average of worldwide earnings excluding the Caribbean market) meant that they failed to come to pass. Whether these factors will be sufficient to hold rates steady during the upcoming week remains to be seen and the prevailing supply/demand ration suggests that more rate losses are likely.

Panamax

Caribbean Panamax rates started the week under negative pressure as charterers moved into the month's second decade for which positions were more flexible. Rates on the CBS-USG route lost 5 points to conclude at ws112.5. Further losses were prevented by the departure of some units from the region in hopes of better fortunes in the UKC market. While this succeeded in limiting rate downside in the Caribbean, it also prompted strong losses in the UKC market where rates on the UKC-USG route fell 25 points to conclude at ws90. Sentiment is soft at the close of the week and with ex-UKC TCEs now more closely aligned with those in the Caribbean, further downside could materialize for units in the latter as they have less to substantiate further resistance.

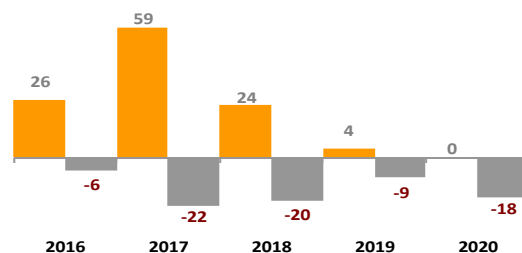
VLCC Projected Deliveries/Removals

Present Fleet: 659



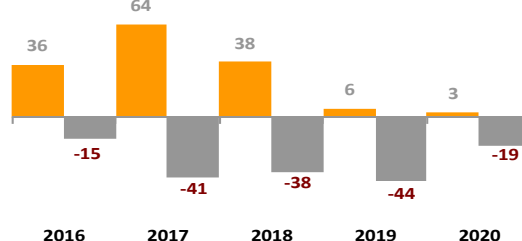
Suezmax Projected Deliveries/Removals

Present Fleet: 443



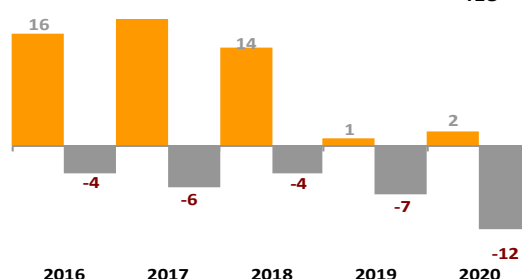
Aframax/LR2 Projected Deliveries/Removals

Present Fleet: 917



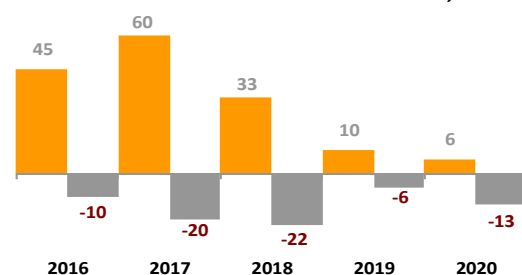
Panamax/LR1 Projected Deliveries/Removals

Present Fleet: 418



MR Projected Deliveries/Removals

Present Fleet: 1,394



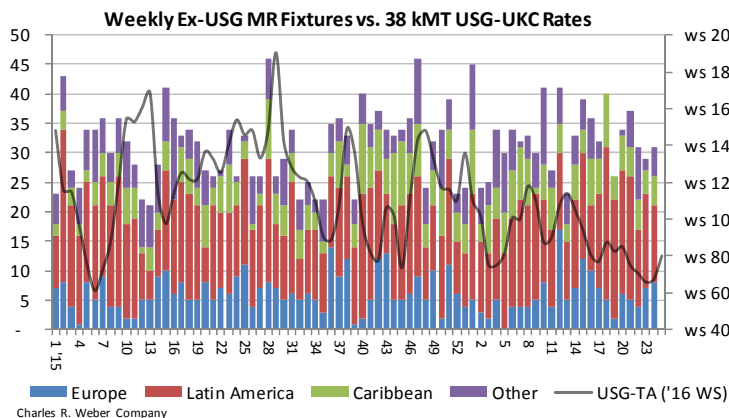
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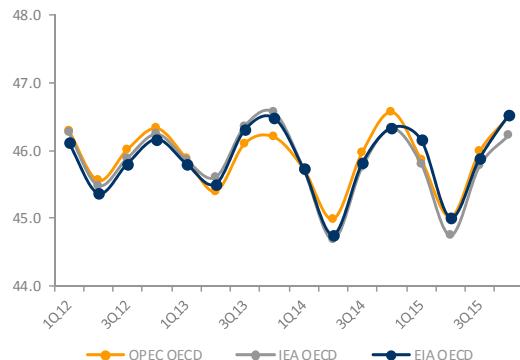
MR

Chartering demand was largely unchanged in the USG MR market. The week's fixture tally was up by two w/w to 31. Of these, 8 were bound for points in Europe (+1, w/w), 18 were bound for points in Latin America and the Caribbean (-2, w/w) and the remainder were for alternative areas or are yet to be determined. Though relatively robust, the orientation of much of the week's fixtures to intraregional voyages – and most thereof on the very short-haul voyage to Mexico's East Coast – meant that participants were largely uninspired by demand. Instead, a sharp correcting of rates in the UKC market made owners more bullish for trans-Atlantic voyages, which carried over to round-trip voyages. The USG-UKC route added 17.5 points to conclude at ws80 while the USG-POZOS route added \$100k to conclude at \$400k lump sum.

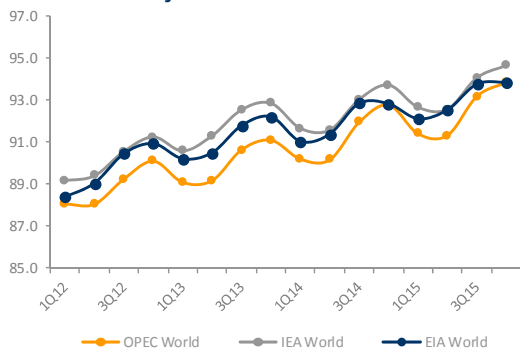
The resolving of refinery strikes in France this week will likely help to support further trans-Atlantic activity in the coming week, as well as support some trans-Atlantic demand from the US East Coast which reduces potential ballasts to the USG. Meanwhile, strong PADD 1 gasoline inventories could limit further imports from Europe and keep rates there under pressure. The combination of these factors could prove supportive of the USG market in the near-term. Two-week forward availability levels rose 7% w/w to 30 units which could complicate rate progression at the start (especially given likely additions to the list over the weekend), but thereafter the USG market could observe some upside subject also to progression in the UKC market.



Projected OECD Oil Demand



Projected World Oil Demand



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REPORTED TANKER SALES

"St. Johannis" 51,218/07 – STX Jinhae – DH

"St. Marien" 51,218/07 – STX Jinhae – DH

-Sold on subjects en bloc for \$20.0m each to UK buyers (Union Maritime);
sale includes 5-year BB.

"British Loyalty" 46,803/04 – Hyundai Mipo – DH

"British Fidelity" 46,803/04 – Hyundai Mipo – DH

-Sold en bloc for \$14.5m each to undisclosed buyers.

"Pure Grace" 46,057/96 – Brodotrogir – DH

-Sold on private terms to Indian buyers (Seven Islands Shipping Ltd).

"Sten Fjord" 13,670/04 – Yangzhou Dayang – DH – Ice 1A

-Sold for \$13.5m to Canadian buyers (Woodward Group).

"Fiona" 8,511/97 – Miyoshi Zosen – DH – IMO II/III

-Sold for \$5.15m to undisclosed South Korean buyers.

"Anatolia Pacific" 3,842/05 – Miura Saiki – DH

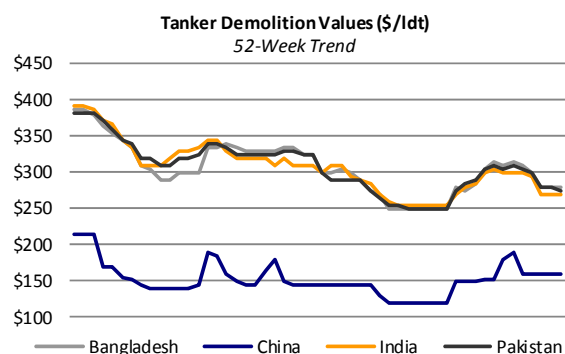
-Sold for \$7.0m to undisclosed Philippine buyers.

"Lian Run 6" 2,359/06 – Najing Jiangning– DH – IMO II

-Sold at auction for \$2.12m to undisclosed Chinese buyers.

REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 24.



¹Monthly triangulated VLCC AG-USG/CBS-SPORE/AG TCE averages based on average CBS-SPORE assessments and prior-month AG-USG assessments to reflect earnings reality for units engaged in this trade.



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