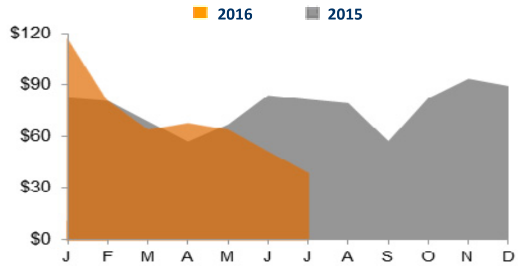
WEBER WEEKLY TANKER REPORT

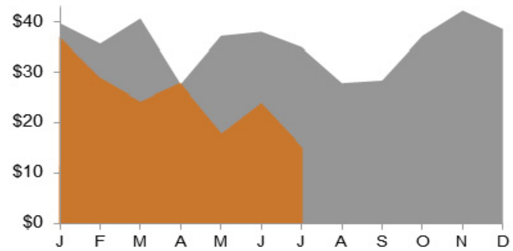
WEEK 29 – 22 JULY 2016 | **ISSUE 29 – 2016**

Spot Market	WS/LS	TCE ~$/day	WS/LS	TCE ~$/day
VLCC (13.0 Kts L/B)	15-Jul		22-Jul	
AG>USG 280k (TD1)	27.0	$11,505	26.0	$11,034
AG>USG/CBS>SPORE/AG	--	$33,771	--	$33,481
AG>SPORE 270k (TD2)	44.0	$30,034	42.5	$29,007
AG>CHINA 265k (TD3C)	42.5	$23,214	42.5	$23,873
WAFR>USG 260k (TD4)	52.5	$38,368	52.5	$38,909
WAFR>CHINA 260k (TD15)	48.5	$31,114	48.5	$31,656
CBS>SPORE 270k	$3.30m	--	$3.30m	--
SUEZMAX (13.0 Kts L/B)				
WAFR>USAC 130k	57.5	$16,147	55.0	$15,248
WAFR>UKC 130k (TD20)	60.0	$13,816	55.0	$11,665
BSEA>MED 140k (TD6)	70.0	$24,551	65.0	$21,172
CBS>USG 150k	70.0	$26,324	65.0	$22,965
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k (TD7)	92.5	$21,898	85.0	$16,230
AG>SPORE 70k (TD8)	90.0	$19,472	87.5	$19,024
BALT>UKC 100k (TD17)	67.5	$22,673	60.0	$17,721
CBS>USG 70k (TD9)	75.0	$8,367	85.0	$12,394
MED>MED 80k (TD19)	80.0	$14,680	77.5	$13,801
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k (TD21)	80.0	$(626)	80.0	$(354)
CONT>USG 55k (TD12)	87.5	$8,946	85.0	$8,581
ECU>USWC 50k	125.0	$15,988	120.0	$15,507
CPP (13.0 Kts L/B)				
UKC>USAC 37k (TC2)	95.0	$6,485	100.0	$7,700
USG>UKC 38k (TC14)	72.5	$3,468	60.0	$1,367
USG>UKC/UKC>USAC/USG	--	$9,296	--	$8,179
USG>CBS (Pozos) 38k	$350k	$8,718	$315k	$6,573
CBS>CHILE (Coronel) 38k	$1.15m	$16,801	$1.03m	$13,405
CBS>USAC 38k	105.0	$9,259	105.0	$9,481
AG>JPN 35k	100.0	$6,744	110.0	$8,438
AG>JPN 75k (TC1)	85.0	$15,603	89.0	$17,177
AG>JPN 55k (TC5)	99.5	$12,739	97.5	$12,660

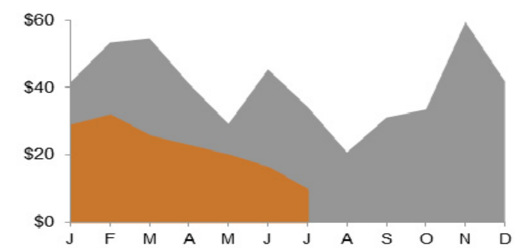
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$35,000	$33,000
Suezmax	$25,000	$23,000
Aframax	$19,000	$17,500
Panamax	$18,500	$17,500
MR	$14,500	$14,500



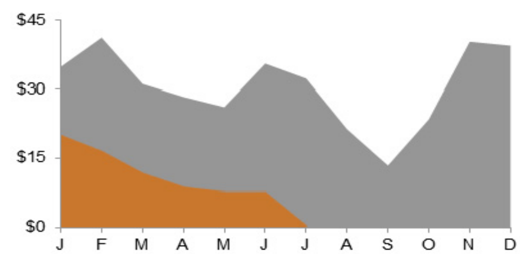
VLCC TCE AG-USG / CBS-SPORE/AG[1] | **MTD Average ~$39,328/Day** | **Month y/y ▼ -52%**



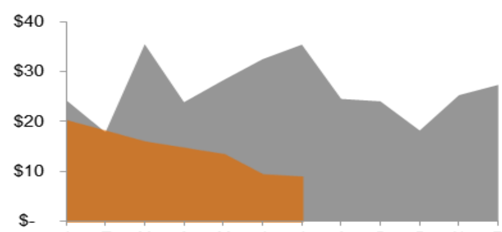
S'MAX TCE 130k WAF-UKC | **MTD Average ~$15,191/Day** | **Month y/y ▼ -56%**



A'MAX TCE 70k CBS-USG | **MTD Average ~$10,109/Day** | **Month y/y ▼ -71%**



P'MAX TCE 50k CBS-USG | **MTD Average ~$811/Day** | **Month y/y ▼ -97%**



MR TCE USG-UKC/ UKC-USAC/USG | **MTD Average ~$9,193/Day** | **Month y/y ▼ -74%**

SPOT MARKET SUMMARY

VLCC

Rates in the VLCC market were largely unchanged this week despite a modestly wider supply/demand imbalance that follows greater availability builds and slower weekly demand figures. The Middle East market yielded 20 fixtures, off by four from last week's tally while the West Africa market was off by one fixture to five. Of note, whereas around half of last week's West Africa fixtures were fixed onto units sourced from the Atlantic basin, all of this week's fixtures are believed to be concluded on units ballasting from Asia (one unit is TBN and thus its origin is uncertain). The latter fact is likely behind the steady rates observed as the key Middle East market experienced an effectively unchanged pace of demand.

Whereas the surplus at the conclusion of the region's first decade August loading program was estimated at 18 units, new contributions to position lists have boosted that to 20. Our estimate is on the basis of there being 34 units available through 10 August with nine Middle East cargoes likely uncovered for loading through the same date (31 fixtures have been covered thus far) and the West Africa market anticipated to draw away a further five units. Given that the surplus at the conclusion of the July program was 22 units, the upwardly revised first decade number is unlikely to have a material impact on rates – unless a pause prevails between the first and second decades long enough to break owners' confidence levels and lead to softer rates purely on sentiment (a not uncommon occurrence). We note, additionally, that the two-tiered market which materialized during recent weeks prevails with disadvantaged units trading at a nearly-consistent discount to their more competitive counterparts

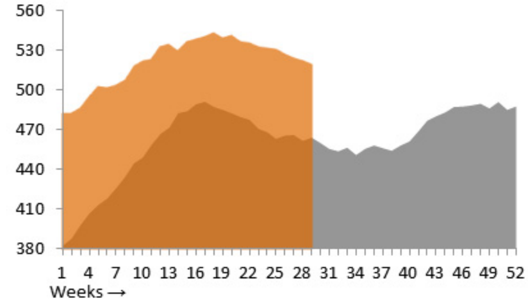
Middle East

Rates to the Far East concluded the week with a one point gain to an assessed ws42.5. Corresponding TCEs gained 3% w/w to conclude at ~$23,873/day. Rates to the USG via the Cape concluded off by one point at ws26, despite earlier expectations that owners would seek higher rates for this direction to offset the souring Caribbean market. Triangulated Westbound trade earnings closed the week with a 1% weekly loss to ~$33,481/day.

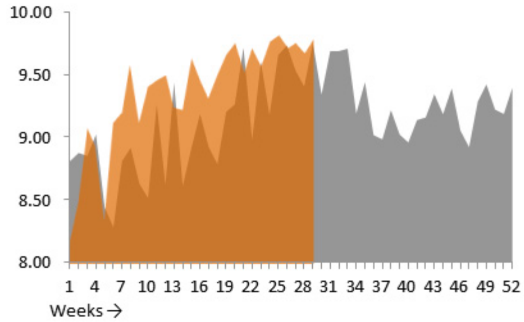
Atlantic Basin

The West Africa market continued to track the Middle East and observed little change on this basis. The WAFR-FEAST route was unchanged at ws48.5 while corresponding TCEs gained 2% to conclude at ~$31,656/day.

No fixtures were reported in the Caribbean market this week and regional rates were unchanged on this basis with the CBS-SPORE route holding at $3.3m lump sum. It is unclear if the present rate reflects an effective near-term floor though a growing volume of units bound for the USG could well see rates retest lower during the upcoming weeks.



US Crude Stocks (EIA)	Last Week	Week y/y
	519.5 MnBbls	▲ +12.0%



US Gasoline Demand (EIA)	Last week	Week y/y
	9.785 MnB/d	▲ +0.4%

■ 2016 ■ 2015

Suezmax

Suezmax demand in the West Africa market improved modestly with 12 fixtures materializing (+3, w/w). However, with the regional supply/demand position having widened due to a slow July program and a modest pace of chartering within August dates thus far, rates remained in negative territory. The WAFR-UKC route lost five points to conclude at ws55. Rates elsewhere were broadly lower as well: BSEA-MED rates were off 5 points to ws65 and CBS-USG rates were also off 5 points to ws65. Demand in the Middle East was muted and though slightly more active on a w/w basis, the four-week moving average of regional fixtures now stands at a 6-month low. The demand profile there is likely to remain muted with Basrah programs showing a 34% fewer Suezmax stems during August, based on our estimate of likely co-loadings onto VLCCs.

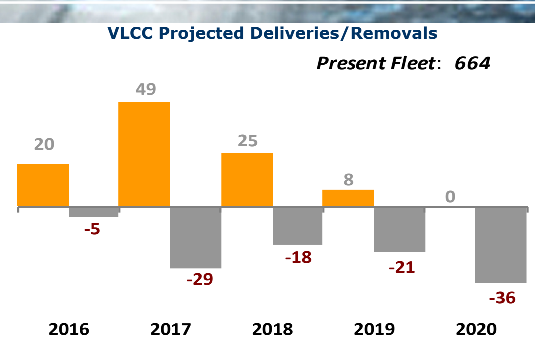
For near-term West Africa rate progression, though recent VLCC fixtures for regional loadings are easing from earlier highs which could leave more cargoes for Suezmaxes, we expect that rates will remain in negative territory due to the slower Middle East market which will likely see more ballasts to the West Africa area.

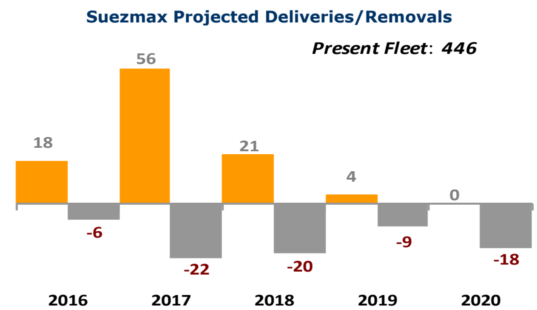
Aframax

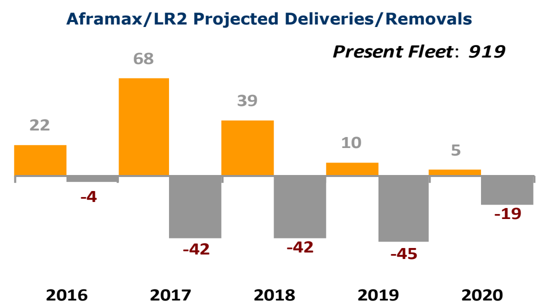
The Caribbean Aframax market experienced a second consecutive week of demand gains – this time observing a 29% w/w gain to a 10-week high of 18 fixtures. Though supply/demand fundamentals remained in imbalance, availability levels did decline and the active pace bolstered owners' sentiment sufficiently to allow rates to bounce off of their earlier multiple-year lows. The CBS-USG route added 10 points to conclude at ws85. Despite rate losses in alternative Aframax markets in the West, earnings in the Caribbean remain at a strong discount which should continue to deter tonnage from entering the region and support probabilities of outward voyages from the Caribbean (in ballast or by offering attractive rates to make DPP/Crude cargoes more viable and simultaneously offset voyage costs). This should be supportive of Caribbean rates in the coming weeks (if negative for alternative markets like the UKC which face ballasts from the Mediterranean where demand levels have dropped with recent export issues in Libya).

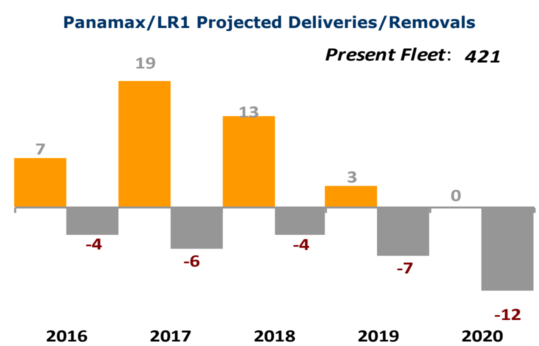
Panamax

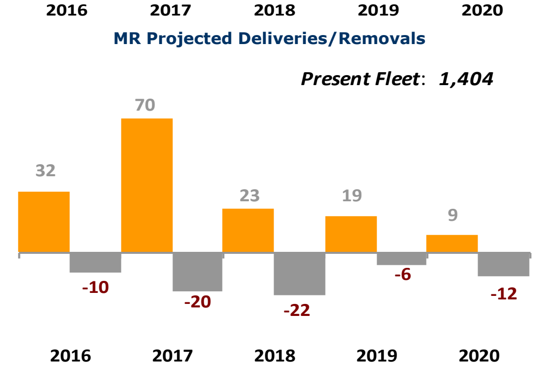
The Caribbean Panamax market remained mired at multiple-year lows with the CBS-USG route holding at an assessed ws80. Fuel oil trades were stronger as export economics from the US were modestly more positive than during recent months. Meanwhile, crude cargoes to the USG and USWC from points in the Caribbean were more abundant. Coming against the high levels of surplus units prevailing, the stronger demand had little impact on rates. Going forward, however, they should help to support a rebalancing later during Q3 by moving units away from the region. If the week's demand pace is maintained, rates could show modest upside during the upcoming week.









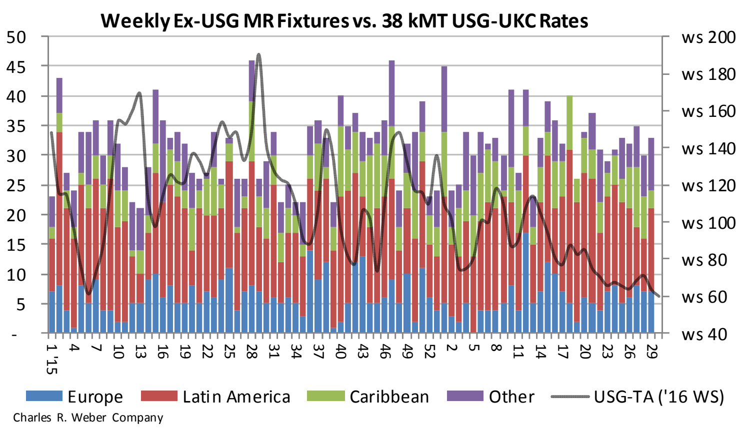


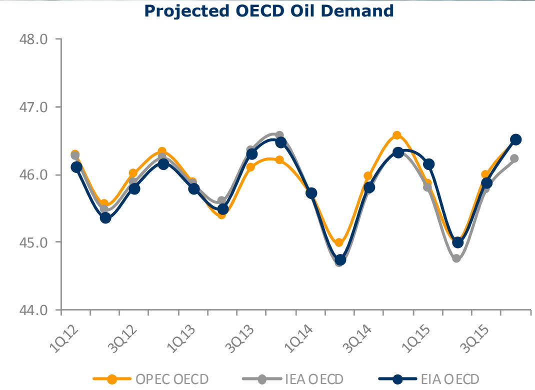
MR

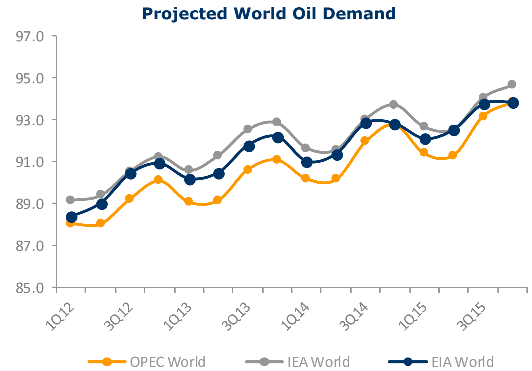
Despite sustained elevated demand levels, the USG MR market remained weak as participants reacted to last week's late tonnage builds and a rebounding of rates in the UKC market incentivized voyages in that direction and deflated USG-UKC rates with spillover effects on round-trip voyages.

A total of 33 fixtures were reported – three more than last week. This held the three week moving average at 33 as well for the third consecutive week. This is marginally ahead of the 52-week average of 32. Of this week's fixtures, seven were bound for points in Europe (unchanged, w/w), 17 were bound for points in Latin America and the Caribbean (+1, w/w) and the remainder were for alternative destinations or have yet to be determined. The two-week forward tally of available tonnage declined by two units w/w to 49 at the close of the week but remains elevated and stands 63% above the 52-week average. Rates on the USG-UKC route were off by 12.5 points to a closing assessment of ws60. The negative impact thereof on triangulated trade earnings was only modestly offset by rate gains in the UKG market (where UKC-USAC was up by 5 points to ws100); triangulation presently offers ~$8,179/day, off 12% w/w. The USG-UKC route dropped by $35k to $315k lump sum with corresponding TCEs losing 25% w/w.

Given low recent overall ton-miles, limited long-haul voyages from the region during recent weeks and limited arbitrage opportunities, we expect that availability levels will remain substantially ahead of demand through at least the coming week. The extent to which this will negatively impact rates remains to be seen with the effective floor not yet fully evident.







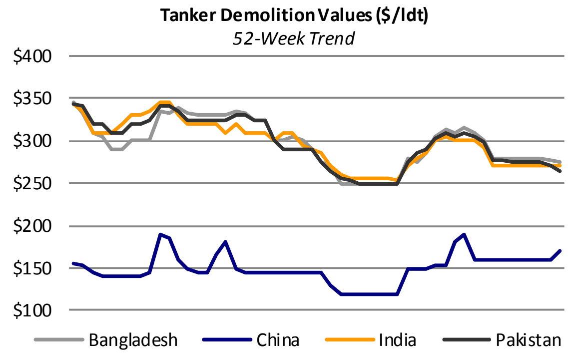
REPORTED TANKER SALES

"Genmar Vision" 312,679/01 – Hyundai Ulsan – DH
-Sold for $28.0m to Taiwanese buyers (Winson Shipping).

"Kelsey 2" 8,424/02 – Kurinoura – DH – IMO II
-Sold for $7.8m to South Korean buyers (Woo Shin Marine).

REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 29.



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

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