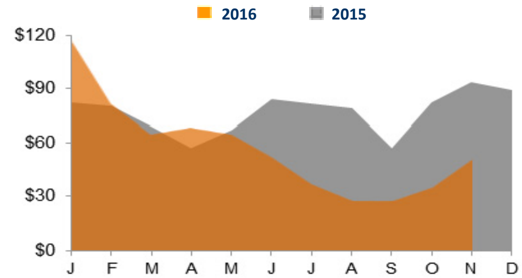
WEBER WEEKLY
TANKER REPORT
CHARLES R. WEBER COMPANY, INC.

WEEK 44 – 4 NOVEMBER 2016

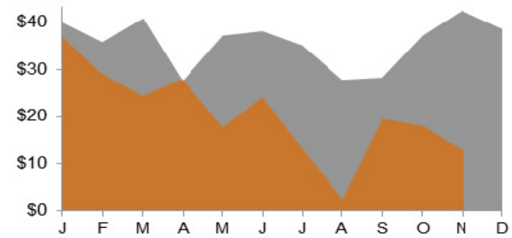
ISSUE 44 – 2016

Spot Market	WS/LS	TCE ~$/day	WS/LS	TCE ~$/day
VLCC (13.0 Kts L/B)	**28-Oct**		**4-Nov**	
AG>USG 280k (TD1)	37.0	$19,552	38.5	$22,419
AG>USG/CBS>SPORE/AG	--	$51,447	--	$54,181
AG>SPORE 270k (TD2)	59.0	$43,934	70.0	$57,151
AG>CHINA 265k (TD3C)	59.0	$37,179	70.0	$50,902
WAFR>USG 260k (TD4)	65.0	$49,282	65.0	$50,572
WAFR>CHINA 260k (TD15)	65.0	$46,184	66.0	$48,483
CBS>SPORE 270k	$4.50m	--	$4.50m	--
SUEZMAX (13.0 Kts L/B)				
WAFR>USAC 130k	57.5	$14,561	55.0	$14,243
WAFR>UKC 130k (TD20)	57.5	$10,924	57.5	$11,920
BSEA>MED 140k (TD6)	77.5	$26,353	70.0	$21,966
CBS>USG 150k	62.5	$18,950	67.5	$23,739
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k (TD7)	100.0	$28,281	87.5	$16,518
AG>SPORE 70k (TD8)	95.0	$16,802	92.5	$16,594
BALT>UKC 100k (TD17)	67.5	$18,644	60.0	$14,710
CBS>USG 70k (TD9)	112.5	$21,006	140.0	$31,991
MED>MED 80k (TD19)	67.5	$4,460	67.5	$5,140
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k (TD21)	107.5	$4,825	120.0	$8,482
CONT>USG 55k (TD12)	82.5	$6,363	82.5	$7,136
ECU>USWC 50k	127.5	$14,375	127.5	$14,649
CPP (13.0 Kts L/B)				
UKC>USAC 37k (TC2)	87.5	$3,971	110.0	$8,967
USG>UKC 38k (TC14)	67.5	$1,566	110.0	$10,156
USG>UKC/UKC>USAC/USG	--	$6,754	--	$16,179
USG>CBS (Pozos) 38k	$350k	$7,901	$550k	$21,945
USG>CHILE (Coronel) 38k	$975k	$10,892	$1.40m	$23,757
CBS>USAC 38k	95.0	$6,451	115.0	$10,860
AG>JPN 35k	99.0	$5,293	95.0	$5,141
AG>JPN 75k (TC1)	85.0	$13,748	70.0	$9,813
AG>JPN 55k (TC5)	88.0	$8,641	77.5	$6,858

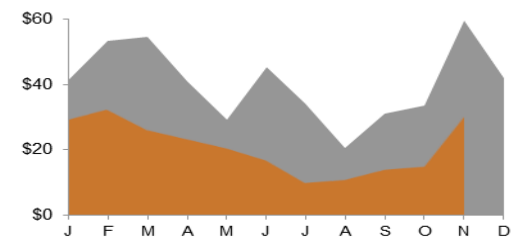
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$30,000	$29,000
Suezmax	$20,000	$19,000
Aframax	$17,000	$17,000
Panamax	$14,000	$15,000
MR	$12,000	$14,000



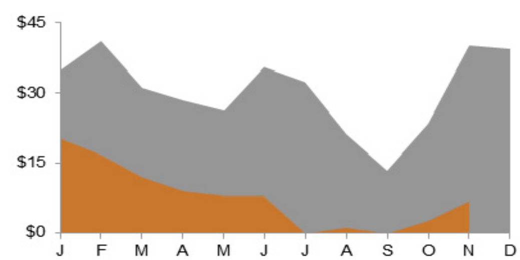
VLCC TCE AG-USG / CBS-SPORE/AG[1] — **MTD Average ~$50,626/Day** — **Month y/y ▼ -46%**



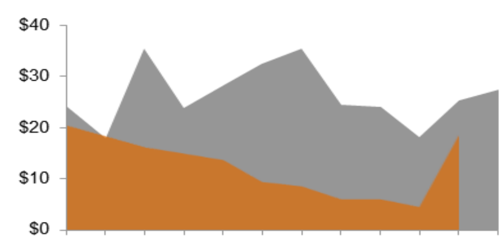
S'MAX TCE 130k WAF-UKC — **MTD Average ~$12,719/Day** — **Month y/y ▼ -70%**



A'MAX TCE 70k CBS-USG — **MTD Average ~$30,012/Day** — **Month y/y ▼ -50%**



P'MAX TCE 50k CBS-USG — **MTD Average ~$7,024/Day** — **Month y/y ▼ -83%**



MR TCE USG-UKC/ UKC-USAC/USG — **MTD Average ~$18,497/Day** — **Month y/y ▼ -27%**

SPOT MARKET SUMMARY

VLCC

Considerable demand strength was observed in the Middle East VLCC market this week, where the fixture tally jumped 105% w/w to an 18-month high of 43 fixtures. The demand strength saw positive pressure on rates build through the week but failed to initially support much observed upside due to a longer list of available units than had previously prevailed with many constituent units thereof being disadvantaged. As the week went on, however, the combination of strong Middle East demand, coupled with steady West Africa draws (five fixtures materialized in that market) and the clearing of disadvantaged units allowed rates to observe concerted gains. The AG-FEAST route ultimately gained 11 points to conclude at 70; together with gains on other routes, this pushed average earnings up to ~$53,310/day by the close of the week.

Of importance, loading data suggest that overall West Africa VLCC coverage for November has been high – and well above the proportionality suggested by spot fixtures and normal spot/program distributions. Though this has lent little support to Middle East market spot supply/demand fundamentals in recent weeks, it suggests both that Middle East spot demand could be supported by the balance and that fundamentals will be supported later during the quarter, as the program tonnage takes longer to reopen for cargoes. Already, rates have benefitted from a tightening of supply corresponding to a surge in spot VLCC demand in West Africa during October (when the region's fixture tally was at a multiple-year high), as fewer units have been available for November Middle East spot requirements. As the market progresses into December dates, the high rate of program coverage of West Africa November demand implies lower program tonnage availability in the December program, which should boost the spot balance, allowing the more hectic spot pace to boost sentiment and build upon narrowing overall supply/demand fundamentals.

In the near-term, rates are likely to maintain their positive bias. We note that to-date, a total of 106 Middle East cargoes have been covered, leaving an additional 30-35 likely uncovered. Against this, there are 40 units available, from which draws to service West Africa demand reduce the balance to a surplus of just 0-5 units.

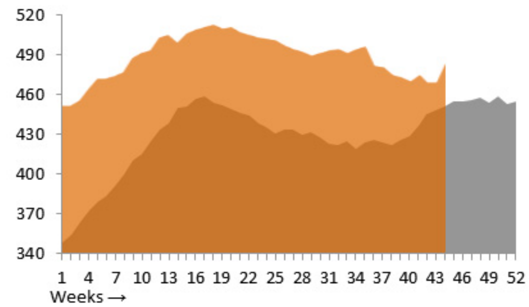
Middle East

The AG-FEAST route concluded with a 11-point gain to ws70; corresponding TCEs jumped 31% to conclude at ~$54,836/day. Rates to the USG via the cape added four points to conclude at ws38. Triangulated westbound trade earnings increased by 5% w/w to ~$54,181/day.

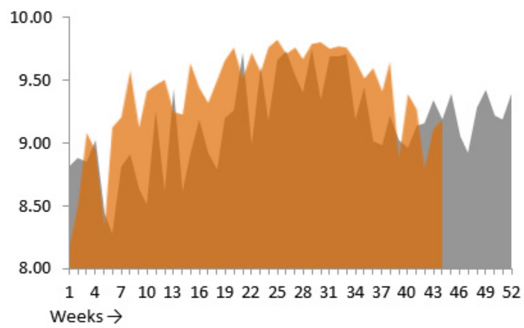
Atlantic Basin

The West Africa market returned to its usual lag of the Middle East market. The WAFR-FEAST route added one point to conclude at ws66 with corresponding TCEs rising by 5% to ~$48,483/day.

The Caribbean market observed light activity which, against the earlier negative overall sentiment, saw rates post no change. The CBS-SPORE route held at the $4.5m level but with sentiment now rising elsewhere and availability replenishments slowing on fewer USG-bound voyages, rates should observe fresh upside during the upcoming week.



US Crude Stocks (EIA)	Last Week	Week y/y
	482.6 MnBbls	▲ +7.0%



US Gasoline Demand (EIA)	Last week	Week y/y
	9.183 MnB/d	▼ -0.001%

2016 2015

Suezmax

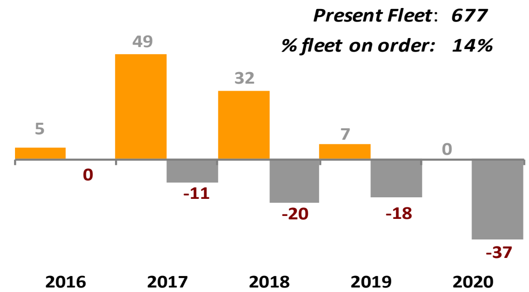
The West Africa Suezmax market was weaker this week as the impact of a disproportionately high volume of regional cargo being covered off the spot market on VLCCs left less cargo than expected for the smaller class. A total of 14 fixtures were reported representing a weekly gain of one fixture Rates on the WAFR-UKC route were unchanged at ws57.5 while the WAFR-USAC route lost 2.5 points to conclude at ws55. Further rate downside could materialize during the upcoming week before charterers move into December dates.

Demand in the Middle East market remains strong, however – with the four-week moving average of fixtures matching last week's 8-month high. The stronger demand, combined with rising VLCC rates, saw rates from the region strengthen with the AG-USWC route adding 12.5 points to conclude at 140 x ws67.5.

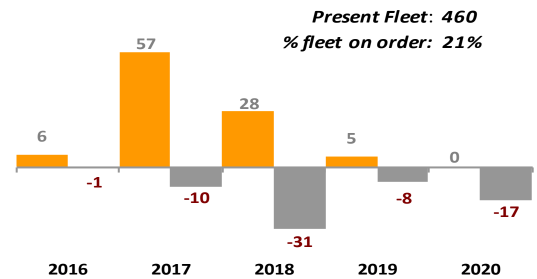
Aframax

The Caribbean Aframax market was markedly stronger this week on the back of strong demand in the early part of the week. A total of 14 fixtures were reported for the week (with half of these concluded on Tuesday), marking a 40% w/w gain. The demand surge saw owners command strong gains and the CBS-USG route added 27.5 points to conclude at ws140. Owners remain bullish at the close of the week, but the slower late-week demand, combined with a small number of late-week failed fixtures and likely availability gains over the week could see rates pare back some of this week's gains, particularly given the extreme TCE differential between the Caribbean and Mediterranean market, which could see some units ballast across the Atlantic.

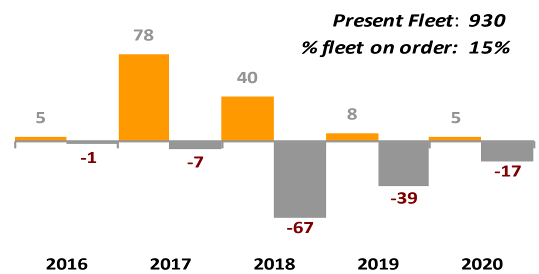
VLCC Projected Deliveries/Removals



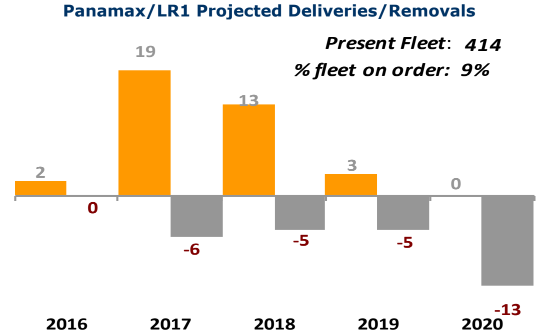
Suezmax Projected Deliveries/Removals



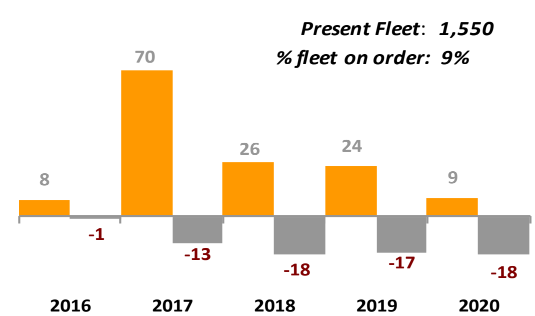
Aframax/LR2 Projected Deliveries/Removals



Panamax/LR1 Projected Deliveries/Removals



MR Projected Deliveries/Removals

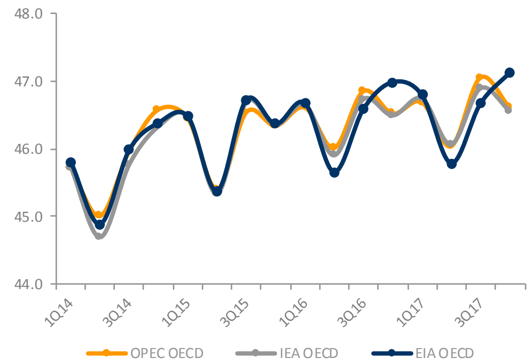


MR

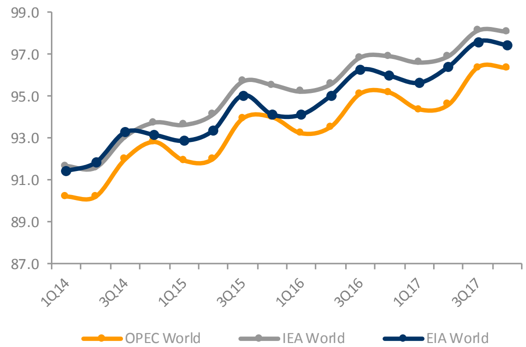
MRs in the Atlantic basin experienced one of their most interesting weeks in a number of months with rates surging on both sides after an explosion on the Colonial Pipeline on Monday gyrated product markets. The explosion occurred just miles away from the site of an explosion in September and forced shutting of the systems two lines which facilitate the vast majority of product movements from the US' PADD3 refining center to PADD1 demand centers. The corresponding isolating of USG products saw regional prices declined while those on the East Coast surged, creating fresh trading opportunities. The impact was most notable ahead of a mid-day Tuesday update from the lines' operator which suggested that the system's gasoline pipeline (Line 1) would remain shut for the remainder of the week and noting that the distillates line (Line 2) was restarted late Monday, due to the uncertainty over a restart timeline. Demand on both sides of the Atlantic surged Tuesday as a result, leading to substantial rate gains. As of COB Friday, Line 2 is estimated to be restarted by Sunday afternoon.

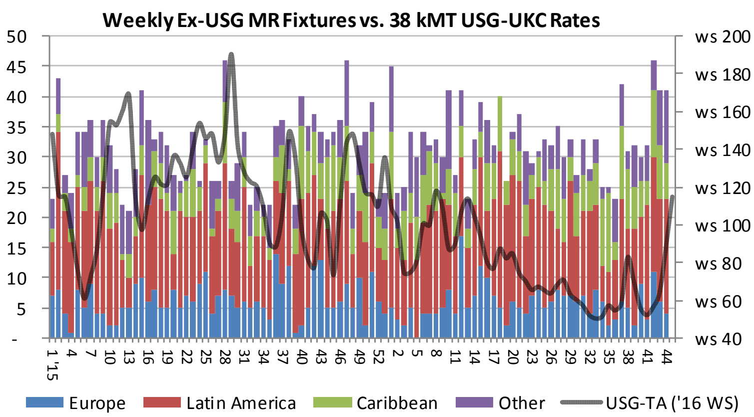
In the USG market, the Tuesday demand surge came on the back of two consecutive weeks of strong demand and quickly absorbed many available units. A quarter of the week's fixtures subsequently failed on subjects – largely those contracted on Tuesday – leading to a correcting of rates thereafter. Ultimately, 41 fixtures were concluded or remain on subjects at the close of the week, which matches last week's fixture tally. However, given the sustained elevated demand of the past three weeks, we note that the four-week moving average of fixtures stands at a record high. Rates on the USG-UKC route touched as high as ws135 before retreating to ws110 by the close of the week, representing a gain of 42.5 points from last week's close. The USG-Chile route ended with a $425k gain to $1.4m lump sum, having risen to as high as $1.7m and the USG-CBS route ended with a $200k gain to $550k, having risen to as high as $650k. At the close of the week, there are 44 units available on a two-week forward basis, representing a 7% w/w increase (largely as units freeing on the USAC are more decidedly in play for onward USG trades than a week ago, when return ballasts to the UKC were more heavily favored by owners). On this basis, we expect that rates will continue to correct during the upcoming week.

Projected OECD Oil Demand



Projected World Oil Demand





Charles R. Weber Company

WEBER WEEKLY TANKER REPORT

REPORTED TANKER SALES

"Front Century" – 311,189/98 – Hyundai Ulsan – DH
-Sold for $18.8m to Hong Kong buyers (Kunlun Energy Company) for storage.

"V. K. Eddie" – 305,261/05 – Daewoo – DH
-Sold for $39.0m to Belgian buyers (Euronav) as part of a buyout of 50% JV interest in the vessel.

"Ganges Spirit" – 159,453/02 – Hyundai Ulsan – DH
"Yamuna Spirit" – 159,435/02 – Hyundai Ulsan – DH
-Sold en bloc for $17.5m each to Greek buyers (New Shipping).

"Raquel Knutsen" – 152,208/15 – COSCO Zhoushan – DH – Shuttle DP2
-Sold on private terms to undisclosed Japanese buyers, including TCB.

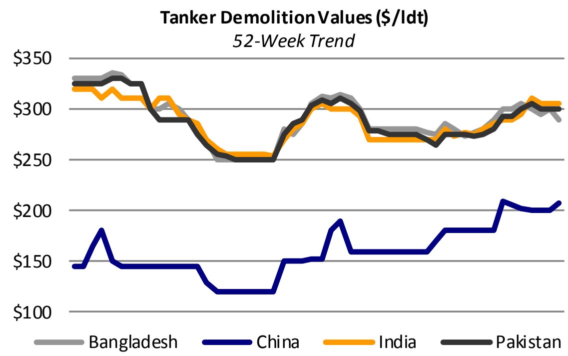
"Sienna" – 105,328/02 – Daewoo – DH
-Sold for $15.0m to Saudi buyers (Bakri Bunker Trading Co.).

"Morning Glory VIII" – 99,990/02 – Onomichi – DH
-Sold for $13.0m to undisclosed buyers.

"Ema Querida" – 19,998/08 – Sekwang – DH – IMO II
"Royal Flos" – 19,998/08 – Sekwang – DH – IMO II
"Royal Natura" – 19,998/08 – Sekwang – DH – IMO II
"Strilen" – 19,996/08 – Sekwang – DH – IMO II
-Sold en bloc for $56.0m to undisclosed Greek buyers.

REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 44.



[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.

George P. Los
Senior Market Analyst
Charles R. Weber Research
research@crweber.com

Charles R. Weber Company, Inc.
Greenwich Office Park Three,
Greenwich, CT 06831
Tel: +1 203 629-2300
Fax: +1 203 629-9103
www.crweber.com

1001 McKinney Street,
Suite 475
Houston, TX 77002
Tel: +1 713 568-7233
Fax: +1 713 337-6486