

WEBER WEEKLY TANKER REPORT

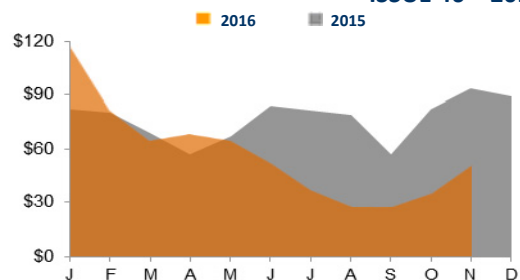


WEEK 46 – 18 NOVEMBER 2016

ISSUE 46 – 2016

Spot Market	WS/LS	TCE ~\$/day	WS/LS	TCE ~\$/day
VLCC (13.0 Kts L/B)				
	11-Nov		18-Nov	
AG>USG 280k (TD1)	38.5	\$22,366	41.0	\$24,679
AG>USG/CBS>SPORE/AG	--	\$54,121	--	\$56,044
AG>SPORE 270k (TD2)	62.5	\$48,887	70.0	\$56,903
AG>CHINA 265k (TD3C)	62.5	\$43,014	70.0	\$50,673
WAFR>USG 260k (TD4)	65.0	\$50,548	67.5	\$52,899
WAFR>CHINA 260k (TD15)	66.0	\$48,423	68.5	\$50,703
CBS>SPORE 270k	\$4.50m	--	\$4.50m	--
SUEZMAX (13.0 Kts L/B)				
WAFR>USAC 130k	75.0	\$24,687	85.0	\$29,763
WAFR>UKC 130k (TD20)	77.5	\$22,167	87.5	\$27,156
BSEA>MED 140k (TD6)	77.5	\$27,133	110.0	\$50,352
CBS>USG 150k	65.0	\$21,911	65.0	\$21,850
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k (TD7)	125.0	\$54,773	132.5	\$62,568
AG>SPORE 70k (TD8)	85.0	\$14,438	87.5	\$14,986
BALT>UKC 100k (TD17)	102.5	\$42,471	107.5	\$45,896
CBS>USG 70k (TD9)	115.0	\$22,680	122.5	\$25,351
MED>MED 80k (TD19)	140.0	\$35,065	185.0	\$53,497
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k (TD21)	110.0	\$6,139	120.0	\$8,479
CONT>USG 55k (TD12)	90.0	\$9,194	105.0	\$13,185
ECU>USWC 50k	122.5	\$13,712	127.5	\$14,691
CPP (13.0 Kts L/B)				
UKC>USAC 37k (TC2)	105.0	\$8,068	110.0	\$9,055
USG>UKC 38k (TC14)	85.0	\$5,494	90.0	\$6,392
USG>UKC/UKC>USAC/USG	--	\$11,935	--	\$13,240
USG>CBS (Pozos) 38k	\$400k	\$11,834	\$465k	\$16,171
USG>CHILE (Coronel) 38k	\$1.20m	\$17,961	\$1.20m	\$17,879
CBS>USAC 38k	105.0	\$8,955	115.0	\$10,839
AG>JPN 35k	92.0	\$4,795	92.0	\$4,640
AG>JPN 75k (TC1)	62.5	\$7,670	62.0	\$7,311
AG>JPN 55k (TC5)	75.0	\$6,407	75.0	\$6,210

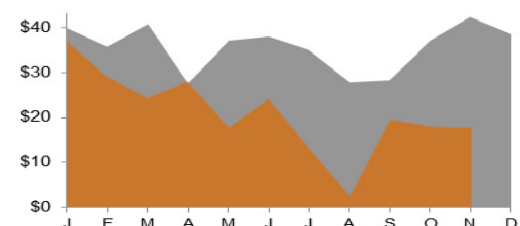
Time Charter Market \$/day (theoretical)	1 Year	3 Years
VLCC	\$30,000	\$29,000
Suezmax	\$21,000	\$20,000
Aframax	\$17,750	\$17,000
Panamax	\$15,000	\$15,000
MR	\$12,750	\$14,000



VLCC TCE
AG-USG /
CBS-SPORE/AG¹

MTD Average
~\$50,494/Day

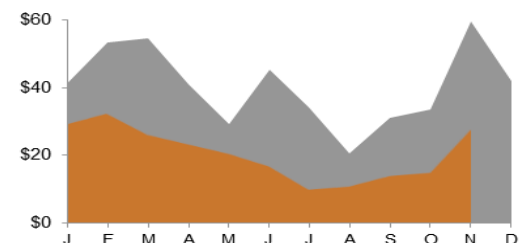
Month y/y
▼ -46%



S' MAX TCE
130k WAF-UKC

MTD Average
~\$17,803/Day

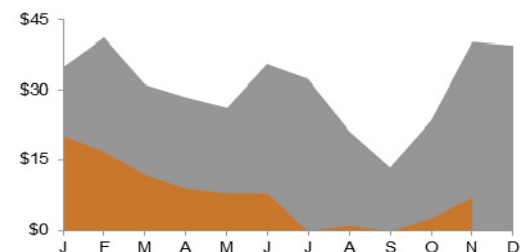
Month y/y
▼ -58%



A' MAX TCE
70k CBS-USG

MTD Average
~\$26,072/Day

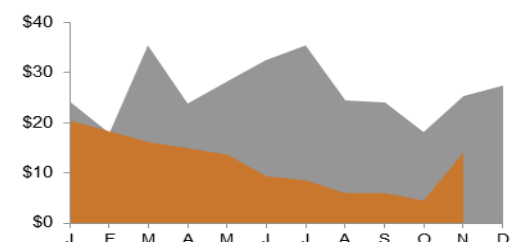
Month y/y
▼ -56%



P' MAX TCE
50k CBS-USG

MTD Average
~\$7,586/Day

Month y/y
▼ -81%



MR TCE
USG-UKC/
UKC-USAC/USG

MTD Average
~\$14,064/Day

Month y/y
▼ -44%

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SPOT MARKET SUMMARY

VLCC

The VLCC market was considerably quieter this week with much of the chartering community in Dubai for industry events. Despite the slowing, rates remained firm on a low supply of surplus tonnage carrying from November to December dates and declining replenishments following a recent surge in voyage lengths. A total of 14 fixtures were observed in the Middle East market, representing a 30% w/w decline. The West Africa market observed five fixtures, for the third consecutive week.

Though the market is generally highly reactionary to the immediate demand profile, owners maintained the positive trajectory of rates by pointing to the likelihood of near-term demand gains, reports of under-the-radar fixture activity, the presence of fewer surplus units and sustained West Africa demand. Stronger than realized rate gains may well have even materialized, absent this week's high number of available disadvantaged units.

A total of 15 December Middle East cargoes have been covered to-date, leaving a further 26 cargoes as likely uncovered through the end of the month's first decade. Against this, there are 42 units available and after accounting for likely West Africa draws, the expected surplus is 11 units. Though this represents a larger number than those available at the conclusion of the November program, rates are unlikely to be negatively influenced in-line; given the short upcoming week, during which time charterers will be busy progressing into December dates, rates could post further gains due to the activity. Thereafter, as charterers progress into more active second and third decades, rates could continue to gain further given the concentrating of demand between industry holiday parties – and expectations that VLCCs will remain busy in the West Africa market due to key Middle East OSPs disfavoring Asian buyers. This will only add to the momentum by keeping competition between the two regions for units elevated.

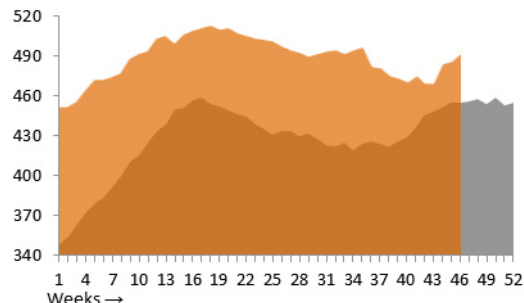
Middle East

Rates to the Far East added 7.5 points to conclude at ws70 with corresponding TCEs rising by 17% to conclude at ~\$54,335/day. Rates to the USG via the Cape added 2.5 points to conclude at ws41. Triangulated Westbound trade earnings rose 4% to conclude at ~\$56,044/day.

Atlantic Basin

The West Africa market returned to its lagging correlation to the Middle East. Rates on the WAFR-FEAST route added 2.5 points to conclude at ws68.5 with corresponding TCEs rising by 5% to conclude at \$50,703/day.

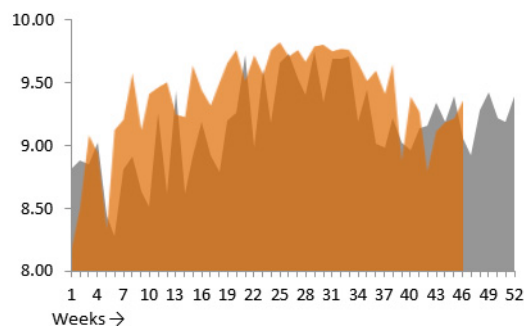
The Caribbean market was inactive this week, offsetting building positive pressure. However, with voyages from the North Sea market building on similar fixtures last week and leading to a modest degree of further Atlantic basin tightening, rates should retest higher once demand returns. The CBS-SPORE route was unchanged at \$4.5m lump sum.



US Crude Stocks (EIA)

Last Week
490.3 MnBbls

Week y/y
▲ +7.7%



US Gasoline Demand (EIA)

Last week
9.359 MnB/d

Week y/y
▲ +3.4%

2016 2015

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Suezmax

The West Africa Suezmax market was quieter this week with the regional fixture tally off 31% w/w to nine fixtures. Stronger demand in the Black Sea and Mediterranean markets, together with markedly tighter European Aframax markets and some carryover interest in Suezmaxes for voyages and short-term storage contracts, however, offset the demand lull to contribute to stronger rates. The WAFR-UKC route added 10 points to conclude at ws87.5 while the BSEA-MED route added 32.5 points to conclude at ws110. TCEs on the WAFR-UKC route stand at just 54% of those on the BSEA-MED route; this alone should maintain positive pressure on ex-West Africa rates but we note that West Africa demand poised to rise should further substantiate upside. While VLCC spot demand in the West Africa market has risen during the first two decades of December, VLCC cargoes covered on charterer tonnage appears to have declined, which should offer the Suezmax class more demand. This week, charterers for the smaller class progressed more concertedly into the month's first decade and during the upcoming week the market should be busy on further coverage thereof with potential for the Thanksgiving holiday to contribute to a pre-holiday rush for cargoes serviced by US-based charterers. Thereafter, regional demand could be tempered by the re-shutting of Nigeria's Forcados line (following renewed militant attacks) and maintenance at the Agbami deep-water field, but a negative impact on the Suezmax market overall could be delayed by Europe's rising crude surplus and corresponding storage demand for the Aframax and Suezmax classes.

Aframax

Demand in the Caribbean Aframax market surged this week, rising by more than 170% w/w to a two-month high of 19 fixtures. The demand surge commenced early during the week and quickly absorbed the surplus of available units which had prevailed at last week's close. As the week progressed, sustained demand saw upward pressure on rates continue and ultimately the CBS-USG route added 17.5 points to a peak of ws132.5 before a quiet conclusion to the week saw upward pressure subside and rates level settle in the low ws120s. However, with Aframax markets in Europe remaining tight and Caribbean TCEs standing at about half of the average of European TCEs, owners are likely to remain bullish and use the specter of outward ballasts to their advantage. On this basis, any pre-holiday rush during the upcoming week could see rates rebound and extend this week's gains.

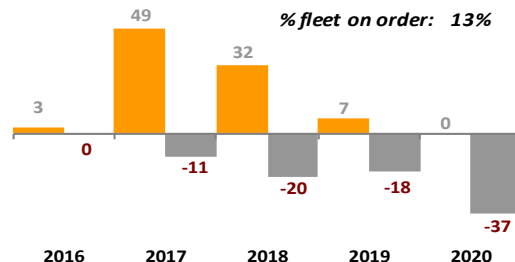
Panamax

Rates in the Caribbean Panamax market observed fresh rate gains this week with the CBS-USG route rising to the ws120 level. The gains came on the back of both a relatively active start to the week with a number of ex-USG voyages and some STS contracts materializing. A quiet conclusion to the week saw rates level off though sentiment remains firm. The extent of pre-holiday demand during the upcoming week will likely dictate the direction rates take and failing that some easing could materialize.

VLCC Projected Deliveries/Removals

Present Fleet: 679

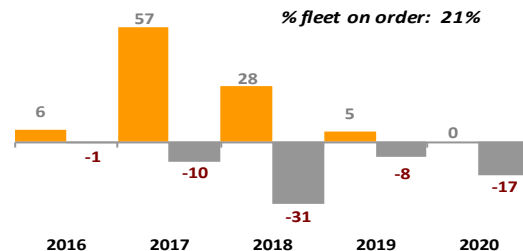
% fleet on order: 13%



Suezmax Projected Deliveries/Removals

Present Fleet: 460

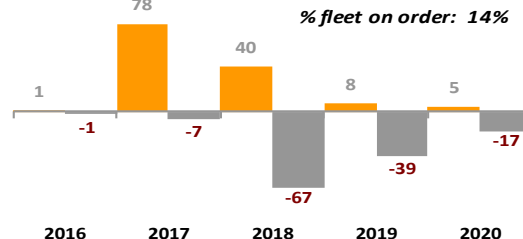
% fleet on order: 21%



Aframax/LR2 Projected Deliveries/Removals

Present Fleet: 934

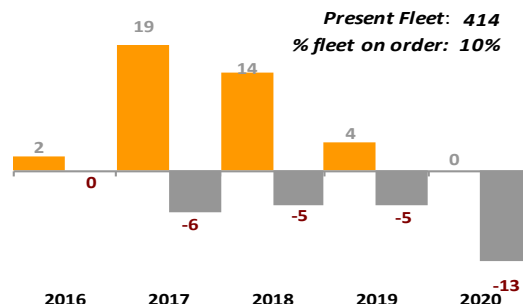
% fleet on order: 14%



Panamax/LR1 Projected Deliveries/Removals

Present Fleet: 414

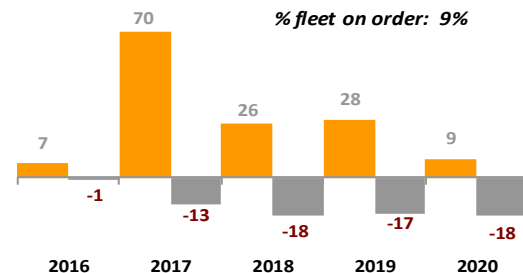
% fleet on order: 10%



MR Projected Deliveries/Removals

Present Fleet: 1,551

% fleet on order: 9%



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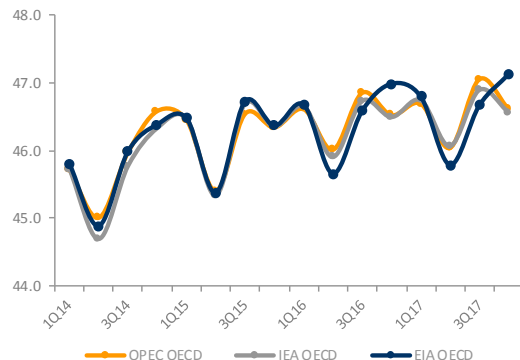
MR

The USG MR market was firmer this week on the back of an early-week surge in demand which coincided with a decline of available units amid recent Atlantic basin strength and delays on Mexico's East Coast ports. The demand gains followed stronger flows, particularly of gasoline, to points in Latin America. Among these, Brazil's gasoline imports have been directionally stronger as end-users have migrated away from more expensive ethanol while gasoline imports elsewhere in the region have been supported by delayed refinery capacity additions and lower utilization rates. Rates quickly turned firmer but as the week progressed availability loosened as more units entered the region and returned from prior voyages which saw rates level off. Ultimately, a total of 46 fixtures were reported, matching the YTD high observed in mid-October. Of the week's tally, three were for voyages to Europe (-1, w/w), 27 were bound for points in Latin America and the Caribbean (+6, w/w) and the remainder were yet to be determined or bound for alternative destinations. Rates pared last week's losses with the USG-UKC route adding 5 points to conclude at ws90 and the USG-CBS route adding \$65k to conclude at \$465k. The long-haul USG-CHILE route was unchanged at \$1.2m.

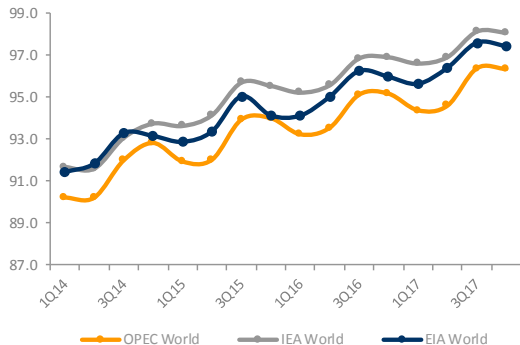
PADD3 refinery utilization rates continue to rise, reaching 91.1% last week from a low of 85.9% during the week ending 10/21. Together with the halting earlier this month of throughputs on the Colonial Pipeline, this has led regional gasoline inventories 7.1 Mnbbls, or 9.5%, above year-ago levels. Resulting negative pressure on USG prices should continue to support gasoline export flows. Meanwhile, growing concern that PADD1 distillate inventories have been overbuilt amid unseasonably warm weather (against earlier expectations for a colder than normal winter) are unlikely to be quelled by prevailing high temperatures – and we note that inventories in the region stand 3.9 Mnbbls, or 6%, above year ago levels with a similar y/y percentage gain reported for the PADD1B sub-region. This could limit PADD3 to PADD1 distillate flows going forward and add to USG export demand. All of this could bode well for demand figures, but may not do much to maintain positive rate momentum with much of the gasoline exports generally oriented to short-haul voyages and the distillate exports unlikely to find their way to Europe as the USAC region is unlikely to pull exports from Europe to support that region's imports. Additionally, recent support to refining margins could once again delay lower European refining runs and rationalizations.

In the immediate near-term, headwinds appear to be building as we note that the two-week forward USG availability view shows 54 units, representing a 69% w/w build (and a 10-week high). These headwinds could be delayed if the market returns to a hectic pace during the upcoming week ahead of the Thanksgiving holiday. Whether this week's demand surge accounts for some of the pre-holiday rush is uncertain. Failing a hectic start, the high prevailing availability will likely be too overwhelming to prevent negative pressure and on that basis rates are likely to observe a correction during the upcoming week.

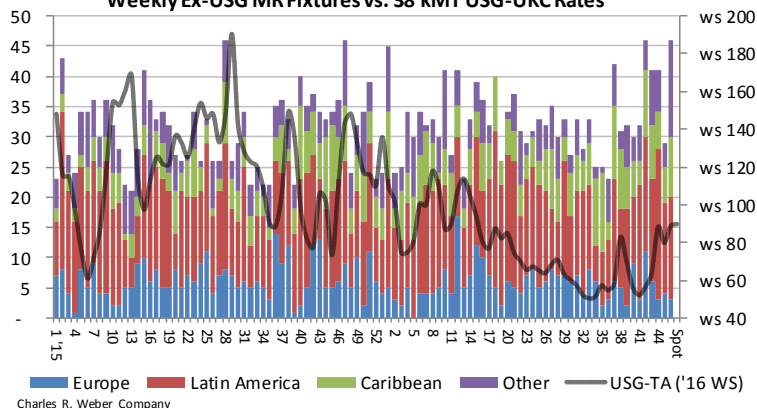
Projected OECD Oil Demand



Projected World Oil Demand



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



Charles R. Weber Company

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REPORTED TANKER SALES

"Thera" – 150,678/01 – NKK – DH
-Sold for \$16.5m to Indian buyers (AZA Shipping).

"Amor" – 50,072/15 – Samsung Ningbo – DH – IMO II/III
-Sold for \$32.8m to undisclosed buyers.

"Poulopom" – 37,270/01 – Hyundai Mipo – DH
-Sold for \$10.5m to Indonesian buyers (Soechi Lines).

"Santrina" – 36,457/94 – Sestri – DH
-Sold for \$5.15m to undisclosed Middle East buyers.

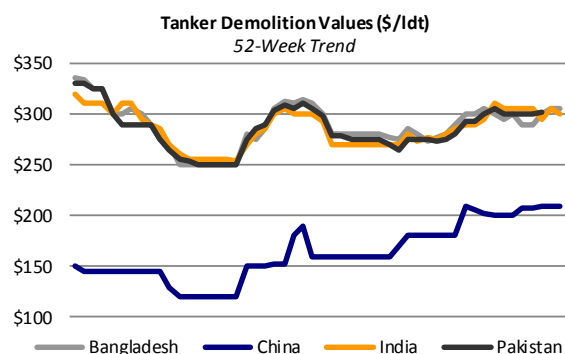
"Golden Pacific" – 18,041/12 – Zhejiang Hangchang – DH – IMO II
-Sold for \$14.0m to undisclosed Chinese buyers. Unit reactivated from 13-month layup 10/2016.

"Bro Vario" – 16,596/03 – Kyokuyo – DH – IMO II
-Sold for \$5.9m to undisclosed Far East buyers.

"Leon Dias" – 9,055/03 – Fukuoka – DH – IMO II/III
-Sold for \$8.0m to undisclosed South Korean buyers.

REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 46.



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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