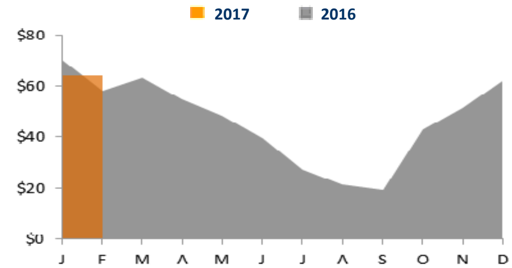
WEBER WEEKLY TANKER REPORT

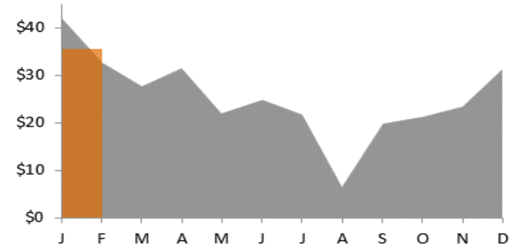
WEEK 1 – 6 JANUARY 2017 ISSUE 1 – 2017

Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**30-Dec ('16 WS)**		**6-Jan ('17 WS)**	
AG>USG 280k (TD1)	48.5	$28,366	59.1	$24,089
AG>USG/CBS>SPORE/AG	--	$65,368	--	$61,075
AG>SPORE 270k (TD2)	80.0	$63,934	91.2	$46,964
AG>CHINA 265k (TD3C)	80.0	$57,164	91.2	$48,269
WAFR>USG 260k (TD4)	85.0	$67,133	102.3	$59,206
WAFR>CHINA 260k (TD15)	82.5	$61,233	91.6	$49,220
CBS>SPORE 270k	$5.25m	--	$5.20m	--
VLCC Average Earnings		*$61,738*		*$50,235*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	105.0	$39,523	104.5	$25,820
WAFR>UKC 130k (TD20)	110.0	$35,733	110.7	$22,906
BSEA>MED 140k (TD6)	112.5	$47,263	117.0	$25,995
CBS>USG 150k	100.0	$45,273	112.8	$40,042
Suezmax Average Earnings		*$36,392*		*$27,270*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k (TD7)	95.0	$22,155	91.9	$15,640
AG>SPORE 70k (TD8)	112.5	$20,129	145.1	$19,297
BALT>UKC 100k (TD17)	95.0	$35,437	115.6	$35,310
CBS>USG 70k (TD9)	205.0	$53,552	147.5	$21,903
MED>MED 80k (TD19)	95.0	$14,205	147.32	$27,143
Aframax Average Earnings		*$36,327*		*$23,994*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k (TD21)	180.0	$20,809	218.7	$20,751
CONT>USG 55k (TD12)	125.0	$16,359	184.8	$21,677
ECU>USWC 50k	130.0	$13,977	191.9	$17,188
Panamax Average Earnings		*$19,848*		*$22,174*
CPP (13.0 Kts L/B)				
UKC>USAC 37k (TC2)	160.0	$16,833	205.0	$16,704
USG>UKC 38k (TC14)	100.0	$6,514	105.5	$2,869
USG>UKC/UKC>USAC/USG	--	$18,366	--	$15,415
USG>CBS (Pozos) 38k	$500k	$16,965	$400k	$9,920
USG>CHILE (Coronel) 38k	$1.25m	$17,699	$1.13m	$13,910
CBS>USAC 38k	125.0	$11,628	141.4	$9,457
MR Average Earnings		*$16,850*		*$14,055*
LR2 Average Earnings		*$21,105*		*$22,915*
LR1 Average Earnings		*$12,730*		*$13,949*
Handy Average Earnings		*$18,553*		*$14,748*

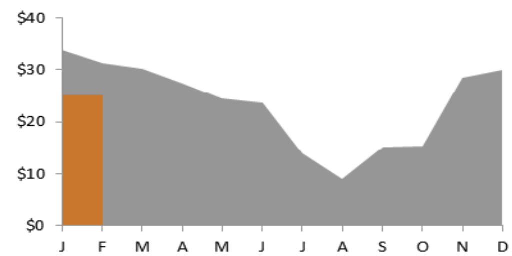
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$30,000	$29,000
Suezmax	$22,000	$21,500
Aframax	$17,500	$18,000
Panamax	$14,000	$15,000
MR	$12,750	$14,000



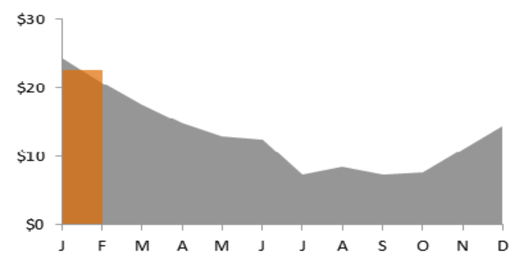
VLCC Average Earnings | **MTD Average ~$63,738/Day** | **Month y/y ▼ -10%**



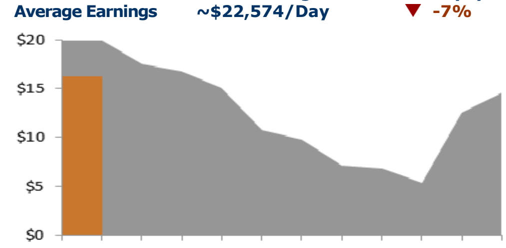
Suezmax Average Earnings | **MTD Average ~$35,392/Day** | **Month y/y ▼ -16%**



Aframax Average Earnings | **MTD Average ~$24,994/Day** | **Month y/y ▼ -26%**



Panamax Average Earnings | **MTD Average ~$22,574/Day** | **Month y/y ▼ -7%**



MR Average Earnings | **MTD Average ~$16,234/Day** | **Month y/y ▼ -19%**

SPOT MARKET SUMMARY

VLCC

The VLCC market concluded 2016 on a strong note, with average earnings during December surging to a nine-month high of ~$62,184/day. Despite a 30% y/y decline, 2016's average earnings of $46,591/day represented the second-strongest year since 2009 – and the third strongest year of the past decade. Progressing into 2017, the market appears set for stronger headwinds, however, with the tenuous specter of a global crude production cuts and ongoing fleet growth presenting a challenge to earnings. The VLCC fleet grew by 7.0% during 2016 and though we project a moderating thereof to 5.1% during 2017, we note the potential for a substantial rate of fleet growth in the Suezmax segment of 10.2% to see the smaller class increasingly compete for cargoes in the VLCC space. Offsetting some of the challenge, with 72% of the OPEC/non-OPEC cuts agreed late last year distributed to the Middle East region, Asian crude buyers could migrate, in part, to the West Africa region where supply could grow on a net basis from recent levels (if Nigeria is able to address its security situation and reduce production under forces majeure). The slow return of production under forces majeure and disappointing current cargo availability there, however, illustrates that this too is quite tenuous.

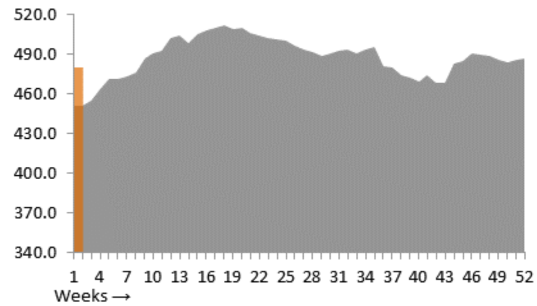
In the spot market this week, activity remained on the slow pace that characterized the holidays which appears to be building increasing bearishness. The Middle East market observed 26 fresh fixtures, one more than last week while the four-week moving average thereof dropped to a nine-week low. In the West Africa market, three fixtures were reported, also one more than last week, while the four-week moving average dropped to a four-month low. The latter is of greater concern, given implications for both the near-term rate progression due to the importance of competition between the Middle East and West Africa markets for tonnage and in the intermediate-term as the decline suggests that availability levels will rise due to the lower ton-miles generated in the absence of strong West Africa demand.

To-date, the January Middle East program has yielded 96 cargoes and a further 35 to 40 are expected. Against this, there are 52 units available. Though uncertain, we expect that draws from the West Africa market will remain low while the market monitors supply levels to interpret adherences to OPEC cuts data for clarity about grade-specific pricing differentials and the general direction of crude prices. Factoring for this, we estimate that the January program will conclude with around 11 surplus units, which compares with just two at the conclusion of the December program. Our models indicate that on the surplus alone rates are poised to ease, though the timing of demand for the remainder of the January program will likely rate progression ahead of a move into February cargoes, at which point the high surplus would require a strong start to the February program to prevent an accelerating of rate erosion. During the upcoming week, Basrah stems are expected to be released which will provide greater clarity both for near-term rate progression and compliance amongst parties to production cuts agreement. January's program was surprisingly high given its coinciding with the cuts' implantation date, though historically there is a lag of 3-4 weeks between production changes and supply changes.

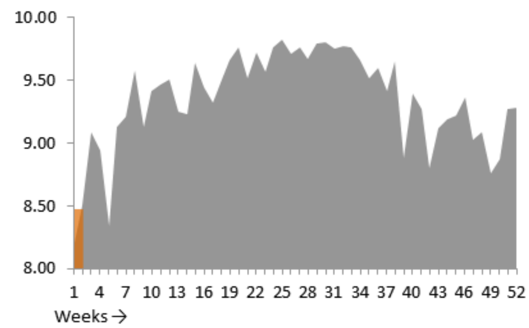
Middle East
Rates to the Far East dropped 13 points over the course of the week to conclude at ws91.25 (basis 2017 WS) with corresponding TCEs dropping 18% to conclude at ~$48,885/day. Rates to the USG via the Cape observed a loss of 4.6 points this week to conclude at ws59.75 (basis 2017 WS). Triangulated Westbound trade earnings were off by 5% to a closing assessment of ~$62,004/day. We note that a two-tiered market for AG-FEAST fixtures has prevailed since late during 2016 with disadvantaged units (units 15+ years old, newbuildings on their first trade and ex-DD units, among others) trading around a 15 point discount to their more non-disadvantaged counterparts.

Atlantic Basin
The West Africa market followed the Middle East with the WAFR-FEAST route losing 9.8 points to conclude at ws94.9 (basis 2017 WS) and corresponding TCEs off by 13% to an assessed ~$51,799/day. Further weakness in the Middle East market will likely see WAFR-FEAST TCEs come under stronger negative pressure as owners seek the longer voyage duration of trades to the Far East from West Africa relative to those from the Middle East. The Caribbean market was relatively quiet while rates were steady. The CBS-SPORE route was unchanged around the $5.2m lump sum level.

Suezmax
Demand in the West Africa Suezmax market commenced with an extending of the slow pace observed during the prior, holidays-eclipsed week, leading to a fresh weakening of rates. Rate erosion slowed at mid-week by an earnest resumption of demand and a subsequent end-week burst of demand saw rates pare some of the earlier losses. Eleven fixtures were reported over the course of the week, a weekly gain of one fixture. Rates on the WAFR- UKC route lost 17 points over the course of the week to conclude at ws111 (basis 2017 flat rates), having earlier dipped into the high ws100s. Given low VLCC coverage of the January West Africa program to-date, sufficient further demand length for Suezmaxes likely remains to support a modest extending of gains during the upcoming week.



US Crude Stocks (EIA)	Last Week 479.2 MnBbls	Week y/y ▲ +6.2%



US Gasoline Demand (EIA)	Last week 8.465 MnB/d	Week y/y ▲ +3.8%

2017 2016

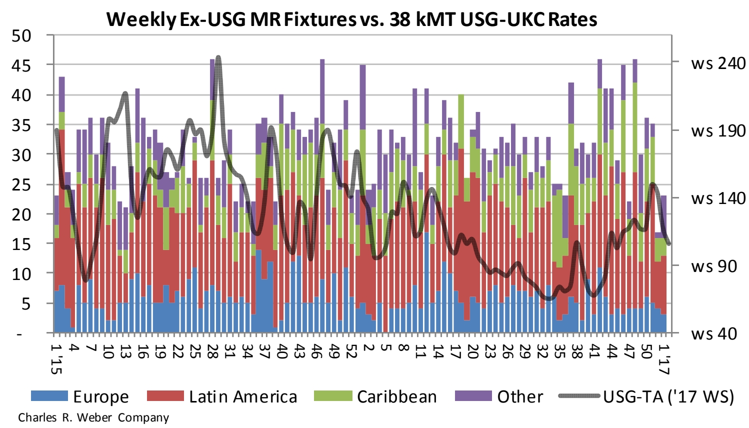
WEBER WEEKLY TANKER REPORT

Aframax

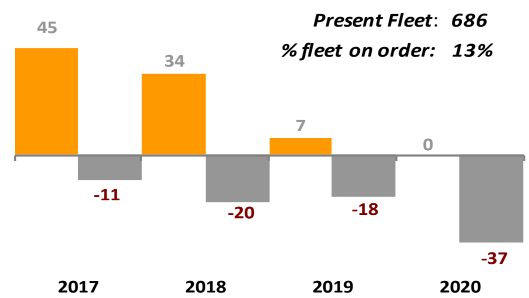
The Caribbean Aframax market commenced the week with an extending of last week's bullish tone by owners, pointing to weather-related delays. However, after a quiet start and with the weather concerns having moderated, participants became cognizant of a loosening regional supply/demand position, leading to strong rate losses. Having commenced at ws221 (basis 2017 flat rates), the CBS-USG route dropped into the low ws140s by midweek before rebounding modestly to the mid-high ws140s following a replacement premium which saw owners pose greater resistance for subsequent trades. Nevertheless, with availability sufficient to meet expected demand and likely to be augmented with new positions following the weekend, rates appear poised to observe fresh losses during the upcoming week.

MR

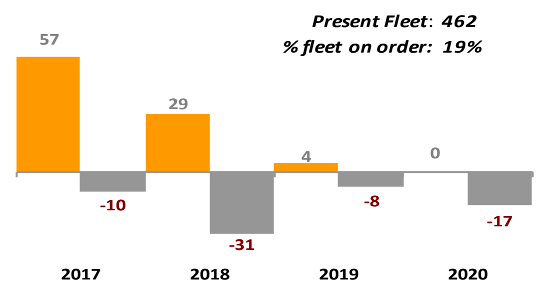
The USG MR market commenced with an extending of the negative rate direction that accompanied the final week of 2016 on the back of a second-consecutive week of sluggish demand. A total of 23 fixtures were reported; although a 35% w/w gain, the figure was 30% below the 2016 weekly average. Meanwhile, the four-week moving average of fixtures dropped to its lowest since September. Of the week's fixtures, three were bound for points in Europe (-1, w/w), 13 were bound for points in Latin America and the Caribbean (+1), and the remainder were yet to be determined or bound for alternative destinations. Rates on the USG-UKC route shed 15.5 points over the course of the week to conclude at ws105.5 (basis 2017 flat rates). Fundamentals suggest that demand is poised to improve during the upcoming week on surging PADD 3 product inventories but rates are likely to continue to observe losses given rising availability rates as units trading earlier short-haul intraregional cargoes return to position lists. The two-week forward view of available tonnage shows 51 units available, representing a 31% w/w gain and the highest availability since mid-November.



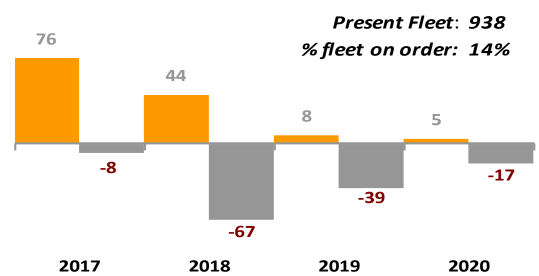
VLCC Projected Orderbook Deliveries/Phase-Outs



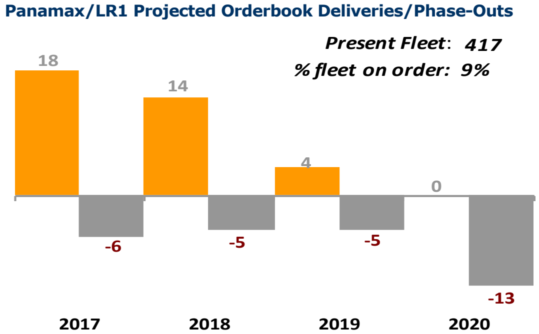
Suezmax Projected Orderbook Deliveries/Phase-Outs



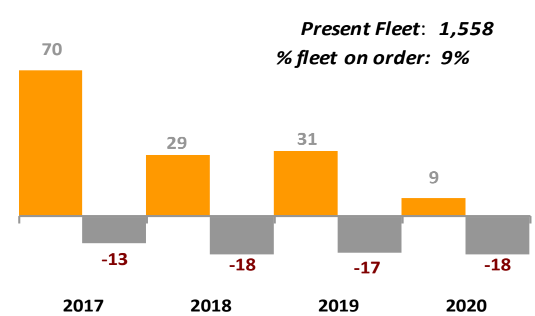
Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs



MR Projected Orderbook Deliveries/Phase-Outs



REPORTED TANKER SALES

"Hangzhou" – 319,611/16 – Jinhai Heavy – DH
-Sold for $60.0m to Greek buyers (New Shipping).

"Nucleus" – 307,284/07 – Dalian – DH
"Neptun" – 307,284/07 – Dalian – DH
"Navarin" – 307,284/07 – Dalian – DH
"Nautilus" – 307,284/06 – Dalian – DH
-Sold en bloc for $186.0m to US buyers (Wafra Capital Partners) with BBBs on each unit for 5 years at $22,000/day.

"Universal Brave" – 301,242/97 – Hyundai Ulsan – DH
-Sold for $20.0m to Thai buyers (Nathalin) for conversion.

"Perseus Trader" – 299,992/03 – Universal Tsuneishi – DH
-Sold for $29.0m to Greek buyers (New Shipping).

"Devon" – 159,600/11 – Samsung Geoje – DH
"Eugenie" – 157,672/10 – Samsung Geoje – DH
-Sold en bloc for $75.0m to Indian buyers (Great Eastern Shipping).

"Asian Spirit" – 151,693/04 – Hyundai Ulsan – DH
-Sold for $21.0m to Greek buyers (Eurotankers).

"Cosmic" – 150,284/00 – NYK – DH
-Sold for $14.0m to Indian buyers (Great Eastern).

"Athens Star" – 73,869/05 – New Century – DH
-Sold for $12.0m to undisclosed buyers.

"Tintomara" – 46,733/03 – Brodotrogir – DH – IMO II
-Sold for $13.0m to undisclosed buyers including TCB for 2 years on private terms.

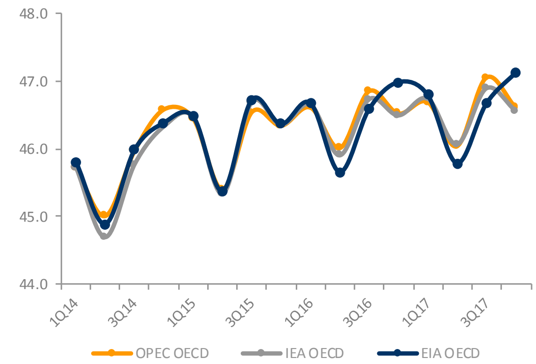
"Mermaid Express" – 45,763/02 – Minaminippon – DH
-Sold for $9.2m to Greek buyers (OceanGold Tankers).

"Yong Sheng Hua 7" – 7,849/11 – Taizhou Hongda – DH – IMO II – Ice FS II
-Sold for $11.02m to Chinese buyers (Nanjing Shenghang), subject to BOD approval.

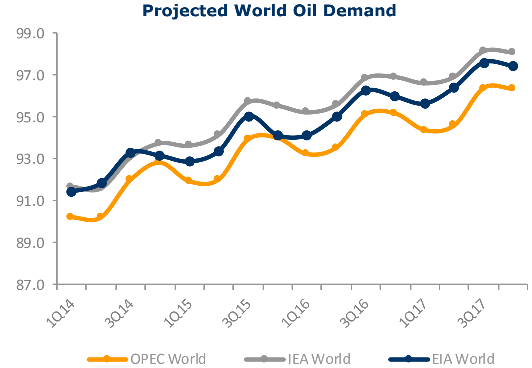
"Yong Cheng 58" – 5,717/12 – Zhoushan Qifan – DH – IMO II – Ice FS II
-Sold for $11.38m to Chinese buyers (Nanjing Shenghang), subject to BOD approval.

"Lydian Trader" – 5,504/08 – Celiktekne Tuzla – DH – IMO II
"Ionian Trader" – 5,495/08 – Celiktekne Tuzla – DH
-Sold en bloc on private terms.

Projected OECD Oil Demand



Projected World Oil Demand



WEBER WEEKLY TANKER REPORT

REPORTED TANKER DEMOLITION SALES

Bangladesh

"Crete" 40,553/88 – 7,694 LDT – DB
-Sold on private terms.

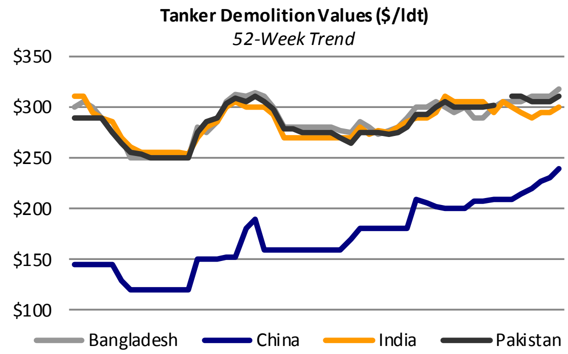
"Fortune 9" 2,408/77 – 879 LDT – SH
-Sold on private terms

India

"Zoja I" 28,610/88 – 9,732 LDT – DB
-Sold for $210/ldt basis as is, Lagos, including 500 MT bunkers ROB.

"Zoja II" 28,557/89 – 9,732 LDT – DB
-Sold for $210/ldt basis as is, Lagos, including 650 MT bunkers ROB.

"Pacific Lady" 24,728/85 – 7,835 LDT – DB
-Sold for $507/ldt.



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

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