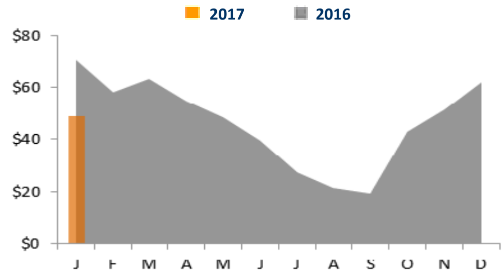
WEBER WEEKLY TANKER REPORT

WEEK 3 – 20 JANUARY 2017 | **ISSUE 3 – 2017**

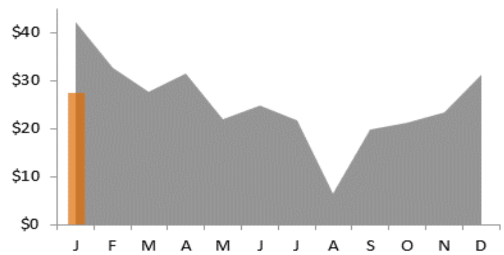
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**13-Jan**		**20-Jan**	
AG>USG 280k (TD1)	49.8	$17,065	49.0	$17,257
AG>USG/CBS>SPORE/AG	--	$55,089	--	$54,491
AG>SPORE 270k (TD2)	86.1	$43,186	90.0	$47,580
AG>CHINA 265k (TD3C)	84.2	$42,734	88.0	$47,231
WAFR>USG 260k (TD4)	87.5	$47,765	87.5	$48,518
WAFR>CHINA 260k (TD15)	83.7	$43,208	82.5	$43,014
CBS>SPORE 270k	$5.20m	--	$5.10m	--
VLCC Average Earnings		*$45,024*		*$48,035*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	107.5	$27,208	82.5	$17,358
WAFR>UKC 130k (TD20)	112.5	$23,780	87.5	$14,495
BSEA>MED 140k (TD6)	114.0	$24,866	95.0	$14,951
CBS>USG 150k	109.0	$37,850	85.0	$23,543
Suezmax Average Earnings		*$29,010*		*$18,207*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k (TD7)	100.0	$22,988	97.5	$21,077
AG>SPORE 70k (TD8)	110.0	$11,277	127.5	$16,114
BALT>UKC 100k (TD17)	105.0	$29,669	95.0	$24,495
CBS>USG 70k (TD9)	145.0	$21,254	165.0	$27,746
MED>MED 80k (TD19)	187.5	$41,045	150.0	$28,581
Aframax Average Earnings		*$26,200*		*$25,249*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k (TD21)	190.0	$15,235	170.0	$11,655
CONT>USG 55k (TD12)	175.0	$19,718	160.0	$16,935
ECU>USWC 50k	190.0	$16,903	190.0	$16,980
Panamax Average Earnings		*$26,200*		*$15,969*
CPP (13.0 Kts L/B)				
UKC>USAC 37k (TC2)	165.0	$10,773	147.5	$8,417
USG>UKC 38k (TC14)	118.0	$4,816	102.5	$2,849
USG>UKC/UKC>USAC/USG	--	$13,640	--	$10,619
USG>CBS (Pozos) 38k	$500k	$16,753	$400k	$10,283
USG>CHILE (Coronel) 38k	$1.20m	$16,164	$1.10m	$13,572
CBS>USAC 38k	147.5	$10,509	130.0	$7,996
MR Average Earnings		*$13,097*		*$10,669*
LR2 Average Earnings		*$16,396*		*$13,640*
LR1 Average Earnings		*$10,596*		*$10,263*
Handy Average Earnings		*$12,138*		*$10,238*

Average Earnings weighted proportionally to regional activity share of each size class' worldwide market.

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	$13,000	$14,000

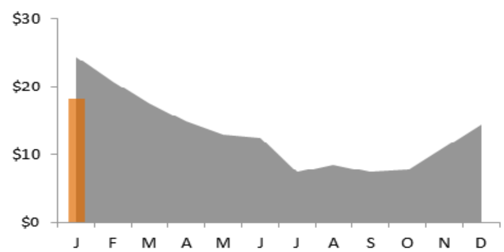


VLCC Average Earnings | **MTD Average ~$48,798/Day** | **Month y/y ▼ -31%**

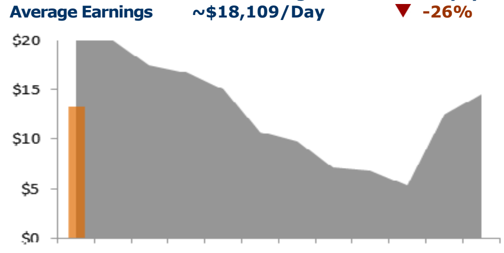


Suezmax Average Earnings | **MTD Average ~$27,280/Day** | **Month y/y ▼ -35%**

Aframax Average Earnings | **MTD Average ~$26,025/Day** | **Month y/y ▼ -23%**



Panamax Average Earnings | **MTD Average ~$18,109/Day** | **Month y/y ▼ -26%**



MR Average Earnings | **MTD Average ~$13,264/Day** | **Month y/y ▼ -33%**

WEBER WEEKLY TANKER REPORT

SPOT MARKET SUMMARY

VLCC

The VLCC market was stronger this week as participants took stock of a low Middle East tonnage surplus amid elevated West Africa demand while the market awaited an imminent progression in earnest by charterers into the February Middle East program. A total of 25 Middle East fixtures materialized, representing a 26% w/w decline while the West Africa market observed 11 fixtures, or a 38% w/w gain—and the loftiest tally in four months. Contributing to sentiment, the January Middle East program proved longer than previously expected with 136 cargoes (a m/m gain of five cargoes). Together with an unexpectedly high number of unit draws to service West Africa demand, the number of end-month Middle East surplus positions dropped to five units (which is below the 4Q16 average).

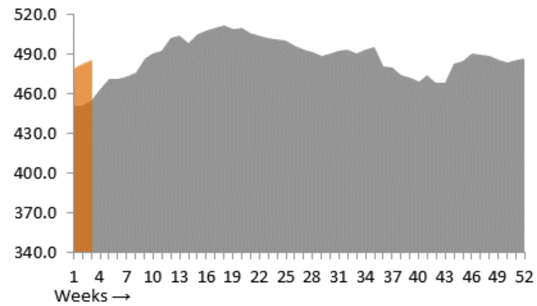
Rates on the AG-FEAST benchmark rallied five points through mid-week to ws89 before settling at that level for the balance of the week, in line with a heavy distribution of West Africa fixtures to the start of the week. Thereafter, sentiment waned as West Africa demand moderated and the Middle East slowed, as charterers were strategically slow in their progression into February dates after concluding the January program. The strategy appeared to be successful in eroding owners' confidence with rates easing modestly at the close of the week. Nevertheless, we believe that losses will be short-lived as fundamentals are balanced and strong Middle East demand during the upcoming week will ultimately prove favorable to owners with rates lagging the fundamentals. Following a usual expansion of availability at the start of the February program, surplus supply levels decline progressively from the end of the month's first decade to mid-month with a projected surplus at February 10th of 12 units and a reduction thereof to 6 units at February 15th. This implies a potential for incremental rate gains in the near-term, though uncertainty around hidden positions and West Africa draws on positions is high, which could ultimately alter the supply/demand balance materially.

Middle East
Rates to the Far East gained 3.8 points over the course of the week to conclude at ws88 with corresponding TCEs gaining 11% to conclude at ~$47,231/day. Rates to the USG via the Cape posted a 0.8-point loss to conclude at ws49. Triangulated Westbound trade earnings eased 1% to conclude at ~$54,491/day.

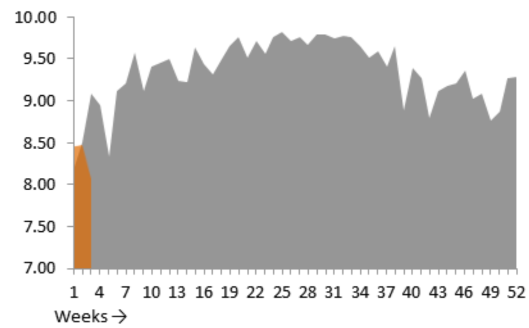
Atlantic Basin
The WAFR-FEAST route eased 1.2 points to conclude at ws82.5. Corresponding TCEs eased 0.4% to conclude at ~$43,014/day. The Caribbean market was relatively unchanged with the CBS-SPORE route easing $100k to conclude at $5.1m lump sum.

Suezmax

Rates in the West Africa Suezmax market dropped to a two-month low as availability levels were ample to cover this week's softer demand whilst strong elevated VLCC coverage of the February program's first two decades rocked sentiment by decreasing the number of expected Suezmax cargoes. A total of 10 Suezmax fixtures were reported in the region this week, representing a 23% w/w drop. Rates on the WAFR-UKC route shed 25 points to conclude at ws87.5. Though potential demand gains could limit further rate losses downside during the upcoming week, structural headwinds are likely to characterize the market going forward. Through the remainder of the February program, cargo availability will likely be light on the high levels of VLCC coverage (though the month's third decade could be somewhat more favorable for Suezmaxes than the first two decades as a number of cargoes remain unsold and late purchases tend to favor the smaller class). Looking forward into March, Chinese buyers have reportedly been very active in the spot oil market for Angola cargoes, implying a sustaining of light overall demand for Suezmaxes – just as a wave of early 2017 Suezmax newbuilding deliveries will start appear in the region.



US Crude Stocks (EIA)	Last Week	Week y/y
	485.5 MnBbls	▲ +6.7%



US Gasoline Demand (EIA)	Last week	Week y/y
	8.069 MnB/d	▼ -11.1%

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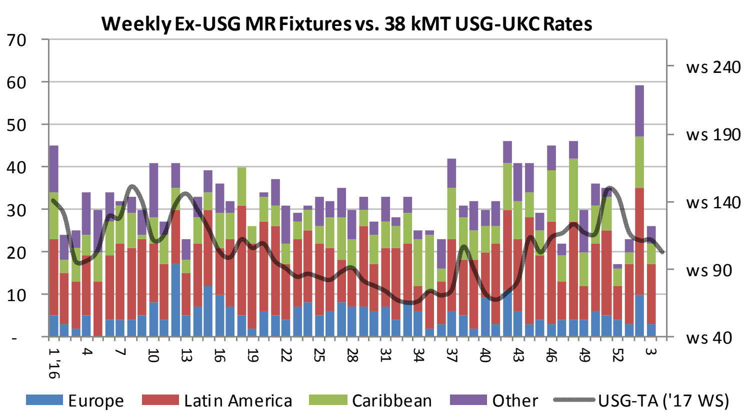
Aframax

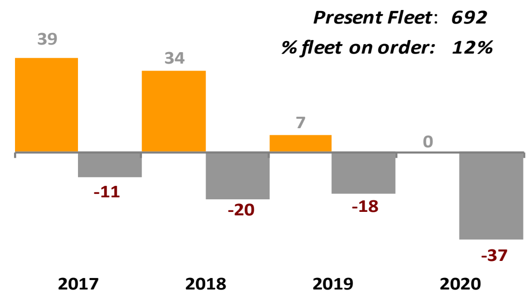
The Caribbean Aframax market commenced with mounting negative sentiment on the back of a buildup of available tonnage over the weekend and light Monday demand. Demand levels rebounded on Tuesday, however, with natural demand augmented by USG-area weather delays and two replacement fixtures commanding a premium, supporting a fresh rallying of rates. The CBS-USG route jumped 20 points on Tuesday to ws160 and remained firm thereafter on sustained weather issues, additional replacement fixtures and a tight-front end of the position list. The route concluded at ws165 – a 20-point gain from a week ago. Channel closures and berthing delays continue to affect USG schedules as dense fog prevailed Friday; the National Weather Service forecasts severe storms for southwest Texas on Saturday, implying that these issues may continue for at least another day, which should see rates remain around present levels at the start of the upcoming week. Mild weather is forecasted thereafter which should help to improve availability and allow rates to correct.

MR

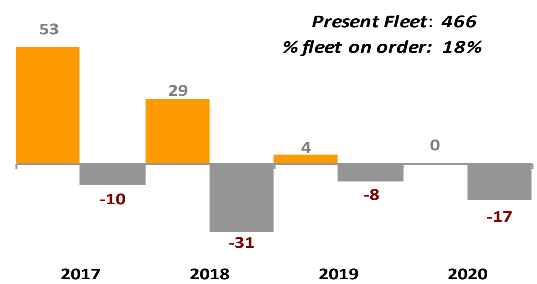
Demand in the USG MR pared back this week following last week's surge to a record high. A total of 26 fixtures were reported, representing a 56% w/w decline and pushing the four-week moving average to 31 fixtures (6% below the 52-week average). Of this week's tally, three fixtures were bound for points in Europe (-7, w/w), 19 were for voyages to Latin America and the Caribbean (-18, w/w) and the remainder were for voyages to alternative destinations or have yet to be determined. The demand decline allowed the directional MTD slide in rates to extend and the USG-UKC route shed 15.5 points to conclude at ws102.5 while the USG-CBS route shed $100k to conclude at $400k lump sum, accordingly. The two-week forward view of available tonnage shows a 31% w/w gain to 47 units. A soft rate environment in the UKC market should continue to push units freeing on the USAC into the USG market, adding to a growing regional supply/demand imbalance and weighing negatively on rates in the immediate near-term.



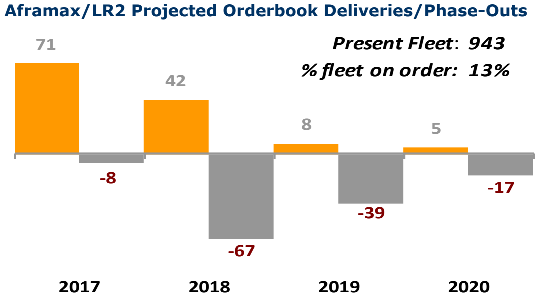
VLCC Projected Orderbook Deliveries/Phase-Outs



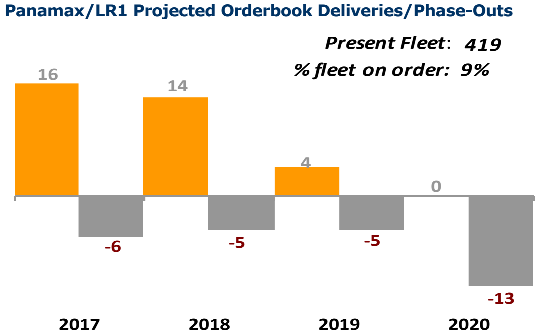
Suezmax Projected Orderbook Deliveries/Phase-Outs



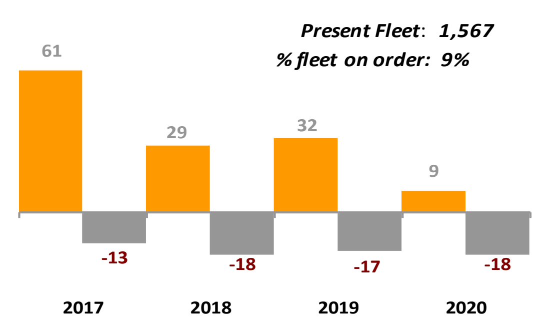
Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs



MR Projected Orderbook Deliveries/Phase-Outs



REPORTED TANKER SALES

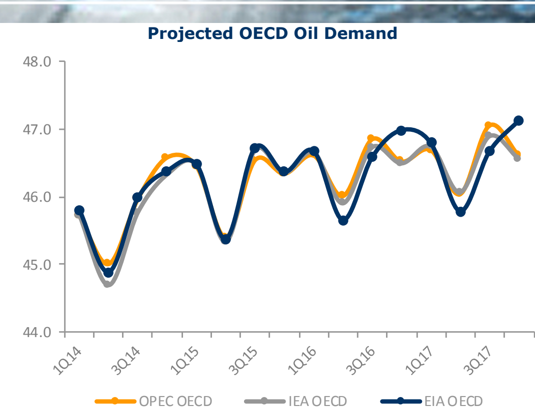
"Shanghai" – 319,858/15 – Jinhai – DH
-Sold for $60.0m to Greek buyers (New Shipping).

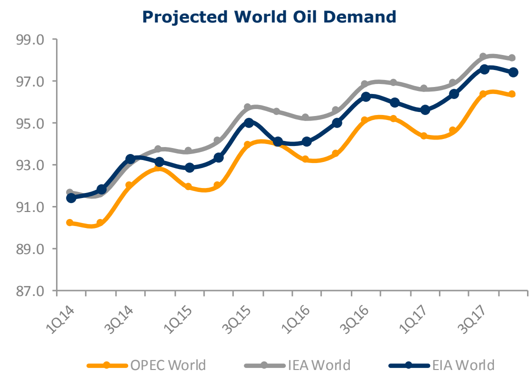
"Eagle Stealth" – 105,322/01 – Sumitomo – DH
-Sold on subjects for $11.8m to Taiwanese buyers (Winson Shipping).

"Fairchem Maverick" – 19,909/12 – Fukuoka – DH – IMO II
-Sold for $24.0m to Danish buyers (Nordic Tankers).

"Oriental Chemi" – 8,762/99 – Imabari – DH – IMO II/III
-Sold on private terms to undisclosed buyers.

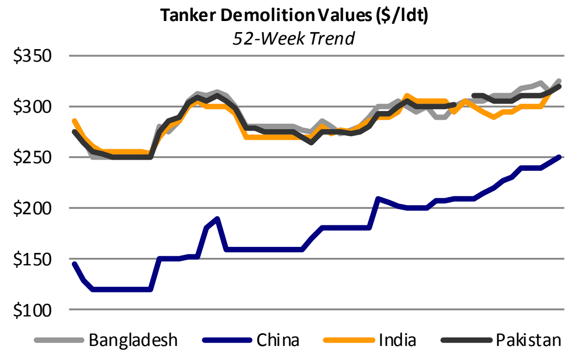
"Rikke Theresa" – 3,456/07 – Dearsan Tuzla – DH – IMO II – Ice 1C
-Sold on private terms to undisclosed buyers.





REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 3.



[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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