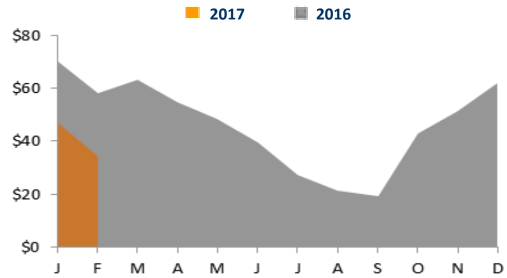
WEBER WEEKLY TANKER REPORT

WEEK 5 – 3 FEBRUARY 2017 ISSUE 5 – 2017

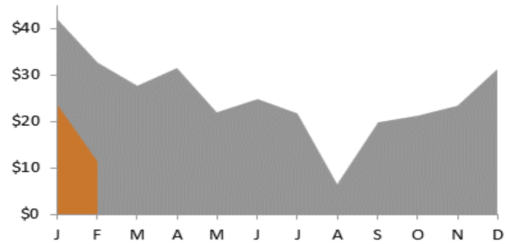
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**27-Jan**		**3-Feb**	
AG>USG 280k	43.3	$12,627	38.0	$8,696
AG>USG/CBS>SPORE/AG	--	$49,556	--	$45,753
AG>SPORE 270k	81.0	$40,272	72.0	$32,982
AG>CHINA 265k	79.0	$39,665	70.0	$32,117
WAFR>USG 260k	75.0	$38,527	70.0	$34,727
WAFR>CHINA 260k	76.5	$38,808	71.5	$34,973
CBS>SPORE 270k	$5.00m	--	$4.95m	--
VLCC Average Earnings		*$41,478*		*$35,134*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	75.0	$14,088	66.75	$10,725
WAFR>UKC 130k	80.0	$11,398	71.75	$8,223
BSEA>MED 140k	85.0	$10,022	82.5	$9,127
CBS>USG 150k	82.5	$21,829	70.0	$14,146
Suezmax Average Earnings		*$14,426*		*$10,975*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	115.0	$36,341	100.0	$22,988
AG>SPORE 70k	125.0	$15,451	117.5	$13,632
BALT>UKC 100k	110.0	$32,496	95.0	$24,194
CBS>USG 70k	155.0	$24,606	127.5	$16,324
MED>MED 80k	110.0	$14,753	87.5	$7,107
Aframax Average Earnings		*$25,243*		
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	182.5	$13,990	165.0	$10,584
CONT>USG 55k	155.0	$15,751	150.0	$14,721
ECU>USWC 50k	190.0	$17,064	190.0	$17,575
Panamax Average Earnings		*$16,379*		*$15,111*
CPP (13.0 Kts L/B)				
LR2 Average Earnings		*$10,027*		*$9,700*
LR1 Average Earnings		*$9,196*		*$8,487*
UKC>USAC 37k	160.0	$10,179	135.0	$6,401
USG>UKC 38k	95.0	$1,648	90.0	$936
USG>UKC/UKC>USAC/USG	--	$10,664	--	$7,982
USG>CBS (Pozos) 38k	$380k	$8,847	$350k	$6,849
USG>CHILE (Coronel) 38k	$1.15m	$14,942	$1.10m	$13,536
CBS>USAC 38k	130.0	$7,907	127.5	$7,531
MR Average Earnings		*$10,661*		*$8,519*
Handy Average Earnings		*$10,110*		*$9,786*

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

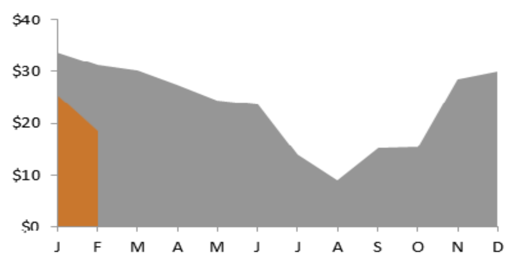
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$30,000	$29,000
Suezmax	$22,000	$21,500
Aframax	$17,500	$18,000
Panamax	$14,000	$15,000
MR	$13,000	$14,000
Handy	$11,250	$13,000



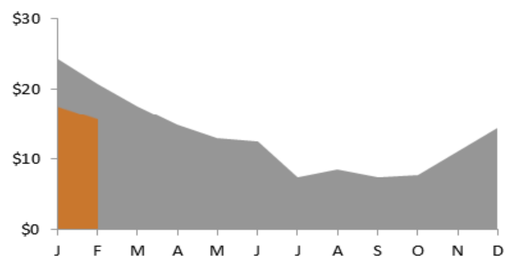
VLCC Average Earnings | **MTD Average ~$34,188/Day** | **Month y/y ▼ -41%**



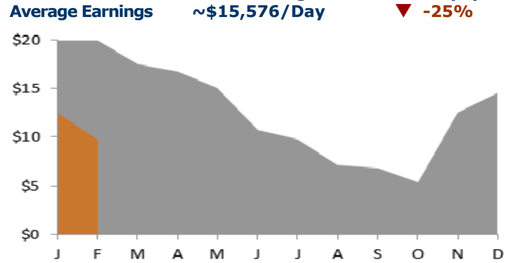
Suezmax Average Earnings | **MTD Average ~$11,436/Day** | **Month y/y ▼ -65%**



Aframax Average Earnings | **MTD Average ~$18,645/Day** | **Month y/y ▼ -40%**



Panamax Average Earnings | **MTD Average ~$15,576/Day** | **Month y/y ▼ -25%**



MR Average Earnings | **MTD Average ~$9,672/Day** | **Month y/y ▼ -51%**

SPOT MARKET SUMMARY

VLCC

Rates in the VLCC market continued to slide this week as light fixture activity in the Middle East market exacerbated fundamentals which appeared at the start of the week to be souring. Rates on the AG-JPN benchmark route shed 9 points to conclude at ws70. Just 18 fixtures were reported in the Middle East market, a 44% w/w decline and the fewest in three months. The dive in demand in the Middle East market this week may have led to greater rate erosion, in our view, but was fended off by the sustained demand strength and forward demand length in the West Africa market. There, seven fixtures were reported, representing a gain of one as compared with last week while the four-week average now stands at its highest level since early October. Asian buyers have reportedly subscribed heavily to March West Africa offerings, which boosted sentiment on the expectation that demand there will remain elevated and sustain completion between the two markets for tonnage in the immediate near-term and reduce replenishment of the Middle East position list thereafter by consuming performing units for a longer period of time.

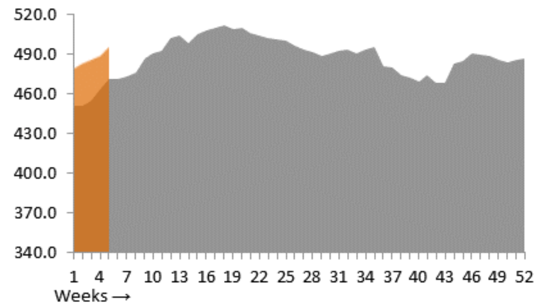
The West Africa market's demand surge has reduced Middle East availability markedly. There are presently 56 units showing Middle East availability through end-February and an additional seven units projected to be available. Against this, a likely further 40 Middle East February cargoes remain and West Africa draws on February positions could account for a further 12-14 units. This implies an end-month surplus of 6-11 units, as compared with a surplus range projected a week ago through the second decade of February of 9-21 units. Given the narrowing and reduction in the range of likely surplus units, the supply side present significantly less of a threat to near-term rate progression than might have been the case. On this basis, we believe that rates have likely found a near-term bottom and could potentially post fresh, modest gains during the upcoming week.

Middle East

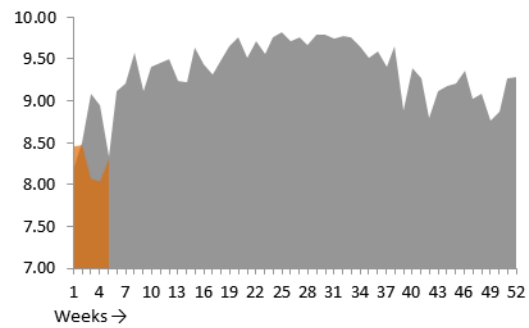
Rates to the Far East lost 9 points over the course of the week to conclude at ws70 while corresponding TCEs were off 19% to ~$32,117/day. Rates to the USG shed 5.3 points to conclude at ws38. Triangulated Westbound trade earnings were off by 8% to a closing assessment of ~$45,753/day.

Atlantic Basin

The West Africa market lagged the Middle East and the WAFR-FEAST route shed 5 points to conclude at ws71.5. Corresponding TCEs fell 10% to conclude at ~$34,973/day. An absence of fresh demand in the Caribbean market saw rates there remain soft. The CBS-SPORE route shed $50k to conclude at $4.95m lump sum.



US Crude Stocks (EIA)	Last Week	Week y/y
	494.8 MnBbls	▲ +5.0%



US Gasoline Demand (EIA)	Last week	Week y/y
	8.310 MnB/d	▼ -0.4%

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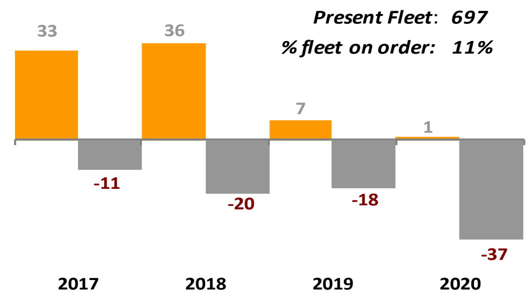
Suezmax

The West Africa Suezmax market was markedly quieter this week as strong earlier coverage of the February program's first two-decade date ranges by VLCCs left few cargoes for Suezmax charterers to work. Just eight fixtures were reported, representing a 27% w/w decline and the fewest in five weeks. Against an expansion of available tonnage, the demand lull saw the recent negative trend of regional rates to extend; the WAFR-UKC route shed 8.25 points to conclude at ws71.75 with corresponding TCEs off by 28% to their lowest level since August, when large-scale forces majeure in Nigeria sharply limited cargo availability. As charterers move more concertedly forward next week into February's final decade, cargo availability should expand as VLCC demand in the date range was lighter than the prior two decades, which should help spur stronger Suezmax demand potentially limit further rate erosion. Further forward, however, VLCC charterers have already been active covering early March dates; March's West Africa program has been heavily subscribed by Asian buyers, which implies a maintaining of strong regional VLCC demand, thereof. On this basis, while rates could experience some support from a potentially active start to the upcoming week, fresh downside appears likely quickly follow.

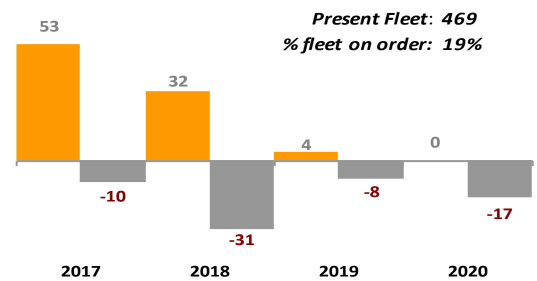
Aframax

Rates in the Caribbean Aframax market continued their slide this week with the pace of rate erosion accelerating after an active start to the week gave way to a marked slowing of demand amid a lengthening of position lists. A total of 14 fixtures were reported, representing a 27% w/w decline (Monday accounted for half of the week's fixtures). Rates on the CBS-USG benchmark route concluded the week untested at an assessed ws127.5, representing a loss of 27.5 points. Given prevailing supply levels – which are likely to build over the weekend – and light recent demand, rates appear poised to decline further early during the upcoming week.

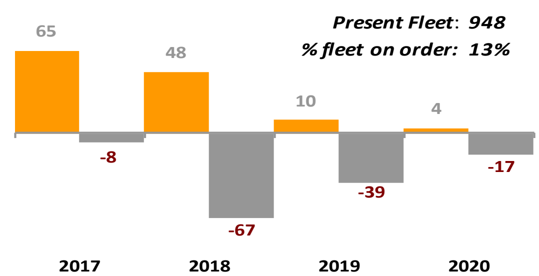
VLCC Projected Orderbook Deliveries/Phase-Outs



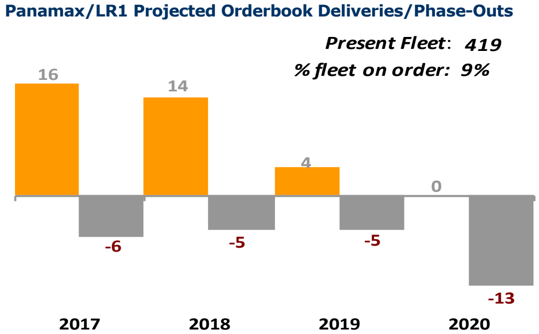
Suezmax Projected Orderbook Deliveries/Phase-Outs



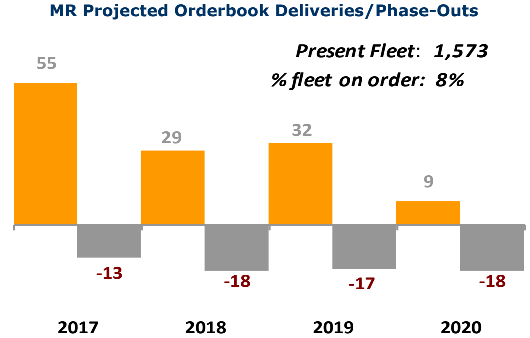
Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs



MR Projected Orderbook Deliveries/Phase-Outs



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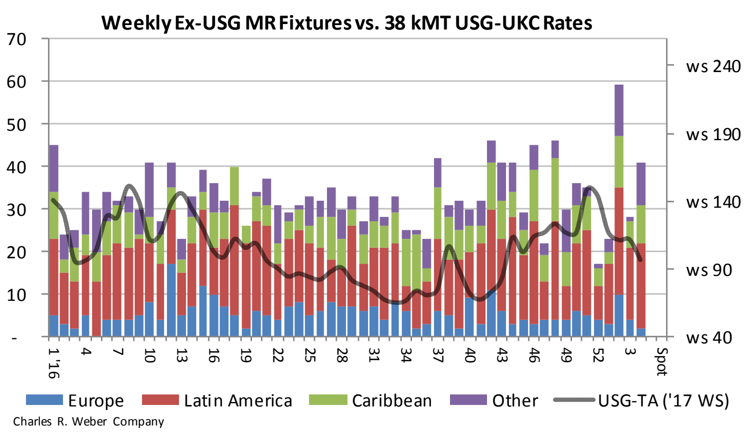
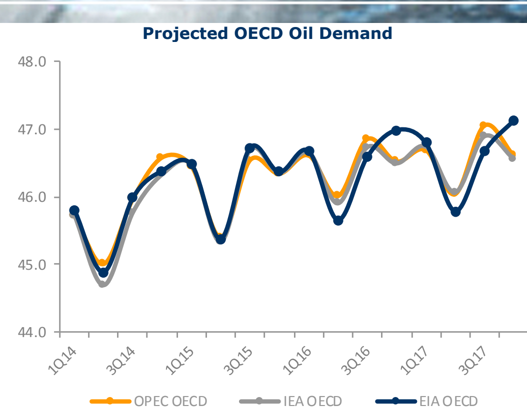
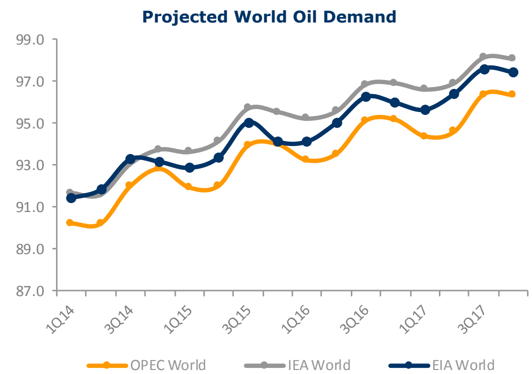
MR

Demand in the USG MR market was markedly slower this week following last week's active pace. A total of 27 fixtures were reported, the fewest in four weeks and a w/w reduction of 37%. Of these, four were bound for points in Europe (+2, w/w) 16 were bound for points in Latin America and the Caribbean (-20, w/w) and the remainder were bound for alternative destinations or have yet to be determined. Rates commenced the week on a firm note in a lagging reflection of last week's narrowing of the supply/demand balance; however, as the week progressed light demand eroded owners' confidence and ushered incremental rate losses. The USG-UKC route concluded the week off by five points to ws90, having touched ws100 early during the week and the USG-CHILE route ended with a $50k loss to $1.1m, having risen earlier to $1.2m. Rates appear set to remain soft at least through the start of the upcoming week as vessel availability has risen (and will likely expand over the weekend) while sentiment has been hit by this week's light demand levels. There are presently 52 units available for loading during the upcoming two weeks, marking a 21% w/w gain. Further forward, however, rates should stabilize as the USG market appears well-poised to open up to stronger export cargoes and inward ballasts from the TC2 market should decline on waning UKC-USAC demand. PADD1 gasoline inventories rose to a record high last week, according to this week's EIA data, on soft YTD US gasoline demand figures. Directionally upward PADD1 gasoline builds prompted a reduction of demand for voyages into the USAC since mid-January and the trend appears likely to extend in the near-term, which could bode well for USG rates by reducing the specter of ballasts into the region from units freeing on the USAC.







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REPORTED TANKER SALES

"Crude Med" – 308,000/17 – Hyundai Gunsan – DH
"Crude Progress" – 308,000/17 – Hyundai Gunsan – DH
-Sold en bloc on subjects for $82.0m each to Greek buyers (Onassis Group).

***Hyundai Samho S811* –** 113,2840/17 – Hyundai Samho – DH
***Hyundai Samho S812* –** 113,2840/17 – Hyundai Samho – DH
-Sold en bloc to Greek buyers (Stealth Maritime).

"Shin Ei" – 106,361/02 – NKK – DH
-Sold for $10.75m to Greek buyers (Eurotankers) basis DD due 05/2017.

"CPO Japan" – 51,747/10 – Hyundai Mipo – DH – IMO III
"CPO Korea" – 51,747/10 – Hyundai Mipo – DH – IMO III
-Sold en bloc for $18.7m and $17.3m, respectively, to undisclosed buyers.

"Energy Pride" – 51,319/04 – STX Jinhae – DH – IMO III
"Energy Protector" – 51,319/04 – STX Jinhae – DH – IMO III
-Sold en bloc for $27.2m to Greek buyers (Union Maritime).

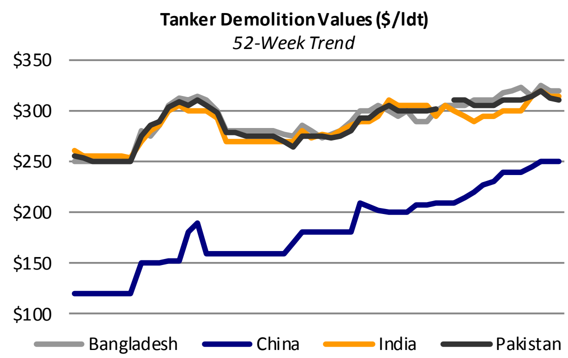
"High Endurance" – 46,992/04 – STX Jinhae – DH – IMO II/III
"High Endeavour" – 46,991/04 – STX Jinhae – DH – IMO III/III
-Sold en bloc for $27.0m to Monacan buyers (Sea World Management), including 4-year TCBs on private terms.

"Gandhi" – 40,249/08 – SLS – DH – IMO III
-Sold for $15.8m to Greek buyers (Leon Shipping & Trading).

"Davino D" – 14,246/05 – Asakawa – DH – IMO II/III
-Sold for $14.0m to Dutch buyers (Chemship BV).

REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 5.



[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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