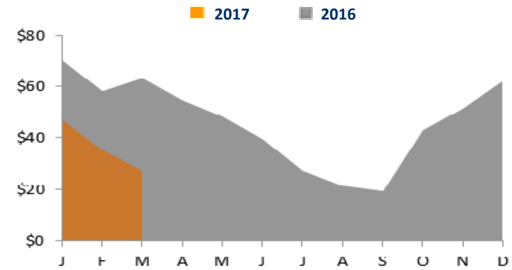
WEBER WEEKLY TANKER REPORT

WEEK 9 – 3 MARCH 2017 | **ISSUE 9 – 2017**

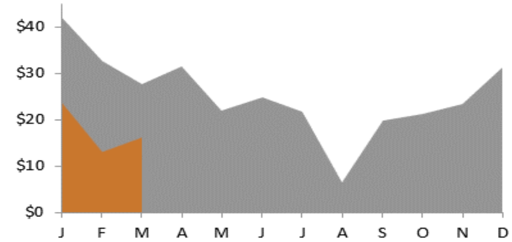
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**24-Feb**		**3-Mar**	
AG>USG 280k	32.5	$4,377	31.0	$3,447
AG>USG/CBS>SPORE/AG	--	$36,913	--	$35,221
AG>SPORE 270k	70.0	$31,506	60.0	$23,892
AG>CHINA 265k	67.5	$30,173	60.0	$24,344
WAFR>USG 260k	70.0	$34,668	65.0	$30,975
WAFR>CHINA 260k	67.5	$31,720	63.0	$28,310
CBS>SPORE 270k	$4.40m	--	$4.30m	--
VLCC Average Earnings		*$32,240*		*$27,060*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	80.0	$16,191	82.5	$17,455
WAFR>UKC 130k	85.0	$13,388	87.5	$14,590
BSEA>MED 140k	82.5	$8,703	82.5	$8,784
CBS>USG 150k	95.0	$29,537	86.7	$24,666
Suezmax Average Earnings		*$15,844*		*$16,620*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	100.0	$10,493	105.0	$15,049
AG>SPORE 70k	115.0	$11,745	115.0	$11,974
BALT>UKC 100k	97.5	$22,698	105.0	$27,271
CBS>USG 70k	142.5	$18,026	135.0	$15,934
MED>MED 80k	102.5	$11,009	117.5	$16,271
Aframax Average Earnings		*$17,473*		*$18,812*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	137.5	$5,051	120.0	$1,811
CONT>USG 55k	120.0	$8,195	120.0	$8,406
ECU>USWC 50k	175.0	$14,666	172.5	$14,614
Panamax Average Earnings		*$8,826*		*$7,625*
CPP (13.0 Kts L/B)				
LR2 Average Earnings		*$12,892*		*$16,620*
LR1 Average Earnings		*$9,668*		*$11,938*
UKC>USAC 37k	130.0	$5,622	145.0	$8,102
USG>UKC 38k	105.0	$3,111	122.5	$5,842
USG>UKC/UKC>USAC/USG	--	$9,310	--	$12,827
USG>CBS (Pozos Colorados) 38k	$430k	$12,228	$525k	$18,775
USG>CHILE (Coronel) 38k	$1.15m	$14,961	$1.35m	$20,870
CBS>USAC 38k	130.0	$7,907	135.0	$8,847
MR Average Earnings		*$9,605*		*$12,545*
Handy Average Earnings		*$8,002*		*$8,062*

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

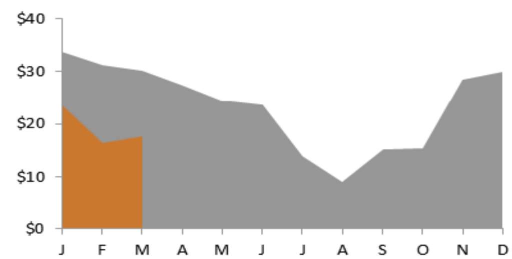
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$28,000	$27,000
Suezmax	$20,000	$20,000
Aframax	$16,500	$17,000
Panamax	$13,000	$14,000
MR	$12,750	$14,000
Handy	$11,250	$13,000



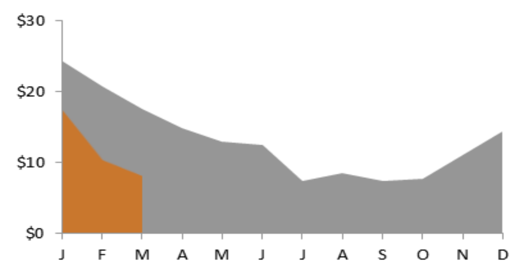
VLCC Average Earnings | **MTD Average ~$26,750/Day** | **Month y/y ▼ -58%**



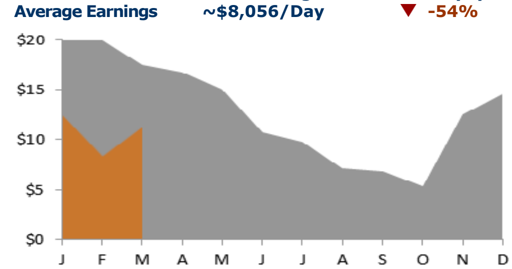
Suezmax Average Earnings | **MTD Average ~$16,110/Day** | **Month y/y ▼ -42%**



Aframax Average Earnings | **MTD Average ~$17,518/Day** | **Month y/y ▼ -42%**



Panamax Average Earnings | **MTD Average ~$8,056/Day** | **Month y/y ▼ -54%**



MR Average Earnings | **MTD Average ~$11,105/Day** | **Month y/y ▼ -36%**

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SPOT MARKET SUMMARY

VLCC

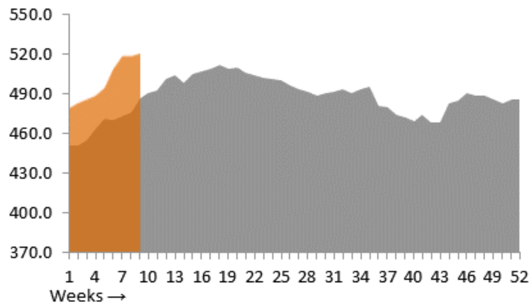
The VLCC market commenced under strong negative pressure this week with an early S-Oil cargo having received several offers and ultimately setting a fresh YTD rate low. However, despite ongoing talk of sluggish Middle East demand, the tally of fixtures there inched up to a three-week high of 29 (+12%, w/w), which exceeds the 52-week average by 10%. Elsewhere, the Atlantic basin experienced a surge in demand in all key load regions: the West Africa market observed nine fresh fixtures (+50% w/w and a six-week high) while 8 fixtures materialized for loading in the Caribbean and Latin America and five materialized for loading in the North Sea region. After the S-Oil cargo set a fresh low, rates stabilized on the sustained demand.

On a combined basis, this week's demand in the Middle East and West Africa and expectations for both regions to remain active could have proven supportive of rates – even if modestly – independently of supply given usual psychological factors. However, supply was ample throughout the week following last week's buildup of positions and remains both elevated and heavily comprised of disadvantaged units. On this basis, we expect that rate support will remain elusive during the upcoming week. There are presently 38 units available for loading in the Middle East through the end of March's second decade. Against this, we expect that there will be an additional 16 Middle East cargoes through the same space of time and 8 additional draws to service West Africa demand, implying a surplus of 14 units. This, however, compares with a week-ago estimate of 16 surplus units at the close of the month's first decade, which furthers our thesis that the market has little downside potential in the immediate near-term.

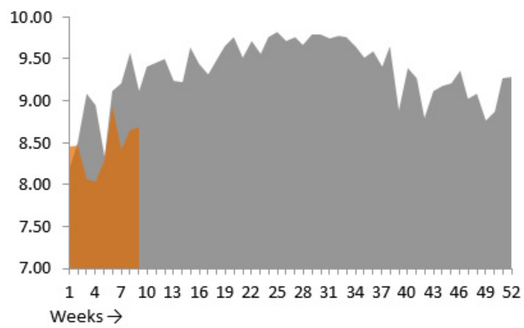
Middle East
Rates to the Far East lost 7.5 points to conclude at ws60 with corresponding TCEs declining by
20% to ~$25,074/day. Rates to the USG via the Cape shed 1.5 points to conclude at ws31. Triangulated Westbound trade earnings fell 6% to ~$34,891/day.

Atlantic Basin
Rates in the West Africa market lagged those in the Middle East and the WAFR-FEAST route shed 4.5 points to conclude at ws63. Corresponding TCEs were off by 12% to ~$28,009/day.

The Caribbean market tested a fresh low early this week and despite being followed by an influx of fresh fixtures rates failed to pare the earlier losses. The CBS-SPORE route shed $100k to $4.3m lump sum and is likely to hover around this level through the upcoming week.



US Crude Stocks (EIA)	Last Week	Week y/y
	520.2 MnBbls	▲ +6.9%



US Gasoline Demand (EIA)	Last week	Week y/y
	8.686 MnB/d	▼ -4.8%

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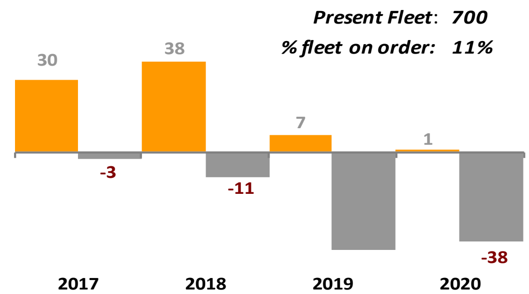
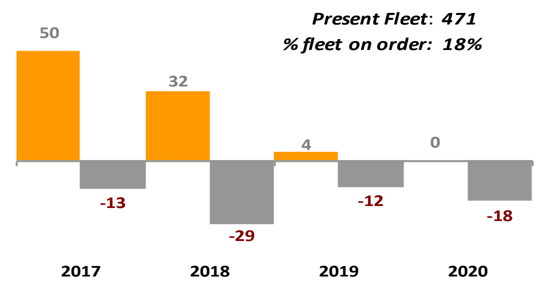
Suezmax
The West Africa Suezmax market observed further modest rate gains this week. Regional availability remains tight on light availability replenishment, as demand for units in alternative markets has been active. The weekly tally of regional fixtures rose by two to nine, though this remains 23% below the 52-week average – and the 4-week moving average remains 15% below the 52-week average. Light demand for Suezmaxes in the region follows strong recent coverage by VLCCs, which leaves fewer Suezmax cargoes available. Further aiding rates, however, loadings of some export streams have been delayed while a number of March cargoes remain uncovered, raising optimism by owners for the supply/demand ratio to remain in their favor in the near-term. Additionally, reports indicate that a small number of cargoes for loading from storage facilities at South Africa's Saldanha Bay will materialize thanks to a flattening contango structure in crude futures markets which makes holding these cargoes uneconomical. Limiting the corresponding postive impact on Suezmax fundamentals, however, we note that one VLCC fixture was reported for South African loading this week, which implies that further demand in the region will be limited. Rates on the WAFR-UKC route gained 2.5 points to conclude at ws87.5. Elsewhere, rates in the Caribbean market slipped this week with the CBS-USG route shedding 8.3 points to conclude at ws86.7, as a function of by softer Aframax rates and lighter Suezmax inquiry.

Aframax
The Caribbean Aframax market commenced with rates continuing their retreat from last week's highs. Strong demand materialized on Monday and Tuesday, however, which quickly tightened positions, leading to a fresh rebound. Rates on the CBS-USG route lost 12.5 points early during the week to a low of ws130 before rebounding to the ws135 level at the close of the week, representing a 7.5-point loss for the week. As demand levels pared back sharply after mid-week, we expect that the appearance of fresh units on position lists on Monday will be sufficient to see rates break into negative territory.

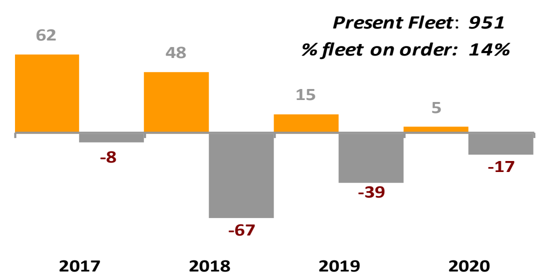
VLCC Projected Orderbook Deliveries/Phase-Outs



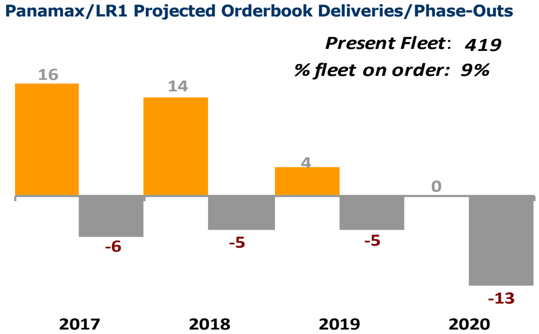
Suezmax Projected Orderbook Deliveries/Phase-Outs



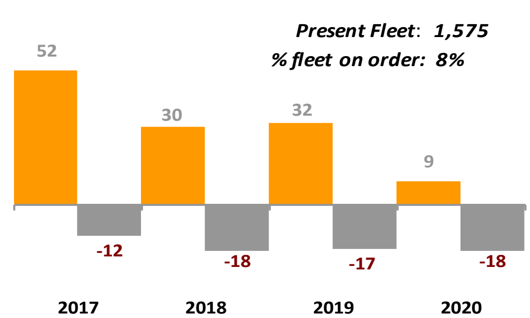
Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs



MR Projected Orderbook Deliveries/Phase-Outs



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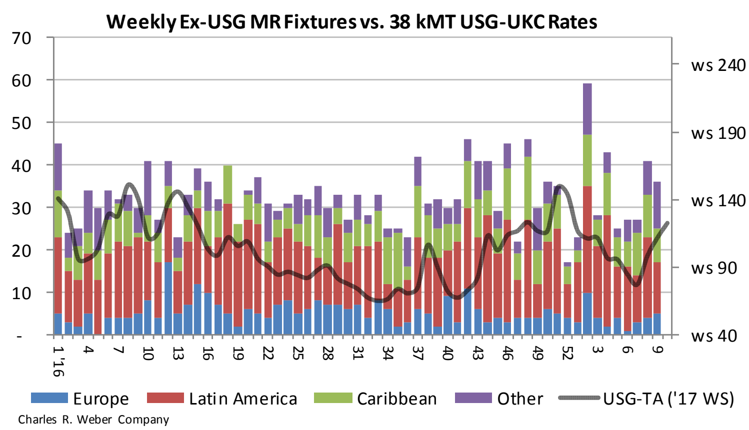
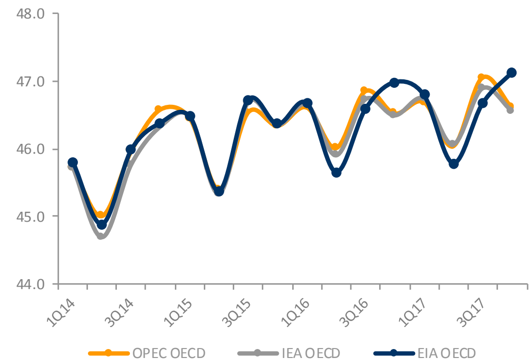
MR

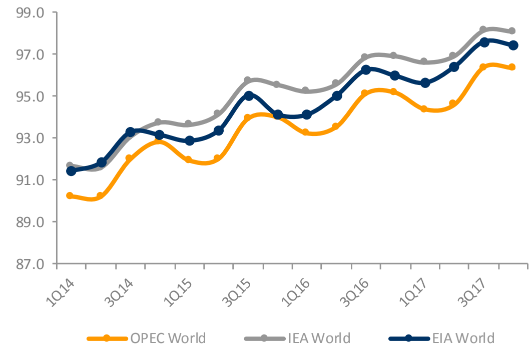
Rates in the USG MR market continued to firm this week as available positions remained tight even as fresh demand eased from last week's high. The recent tightness has been prompted by ongoing discharge delays at ECMex and elsewhere in Latin America, a rising share of USG fixtures being bound for medium and long-haul destinations and a decline in USAC arrivals following record PADD1B gasoline inventories at mid-February. A total of 36 units were fixed in the USG this week, off 12% from last week; of these, five were bound for points in Europe (+1 w/w), 20 were bound for points in Latin America and the Caribbean (-9, w/w) and the remainder were for alternative destinations or have yet to be determined. Rates on the USG-UKC route rose 17.5 points to conclude at a ws122.5 – the highest rate since 4 Jan. The USG-CBS route rose $95k to a YTD high of $525k lump sum. Two-week forward availability concludes the week up 8% to 43 units, though we note that the front-end of this list remains markedly tighter on the ongoing delays. Until these units berth and return to certain availability, rates appear likely to remain elevated with any additional gains likely to be guided by the extent of fresh inquiry.



Projected OECD Oil Demand



Projected World Oil Demand



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REPORTED TANKER SALES

"DHT Ann" – 309,327/01 – Hyundai Ulsan – DH
-Sold on subjects for $21.0m to undisclosed buyers for a storage project.

"Front Circassia" – 306,009/99 – Mitsubishi Nagasaki – DH
-Sold for $18.5m to undisclosed Chinese buyers.

Daewoo 5421 – 300,000/17 – Daewoo – DH
Daewoo 5422 – 300,000/17 – Daewoo – DH
-Sold en bloc for $77.5m each to Norwegian buyers (Frontline).

"Nissos Anafi" – 115,666/12 – Samsung Geoje – DH
-Sold for $29.1m to Greek buyers (TMS Tankers).

"Ratna Shalini" – 105,849/10 – Hyundai Ulsan – DH
"Ratna Namrata" – 105,830/08 – Hyundai Ulsan – DH
"Ratna Shradha" – 105,777/08 – Hyundai Ulsan – DH
"Ratna Shruti" – 105,746/08 – Hyundai Ulsan – DH
-Sold en bloc on subjects for $90.0m to Swiss buyers (Advantage Tankers).

"New York Star" – 73,869/06 – New Century – DH
-Sold for $14.5m to US buyers (Norstar Tankers LLC).

"Batissa" – 51,506/08 – STX Jinhae – DH – IMO III
"Atlantic Hope" – 47,128/08 – Hyundai Mipo – DH – IMO III
-Sold en bloc for $18.5m each to Greek buyers (Product Shipping & Trading).

"Alam Bakti" – 47,999/03 – Iwagi Zosen – DH
-Sold for $10.0m to undisclosed Indonesian buyers.

"Theano" – 47,198/97 – Onomichi – DH – IMO III
-Sold for $5.5m to undisclosed buyers.

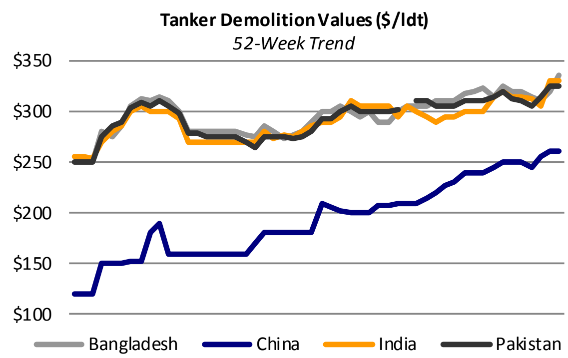
"Caribbean Orchid" – 19,998/09 – Fukuoka – DH – IMO II/III
-Sold for $17.5m to Dutch buyers (Ace Tankers Management BV).

"Eastern Mermaid" – 8,906/04 – Shin Kurushima Imabari – DH – IMO II/III
-Sold for $9.0m to undisclosed Vietnamese buyers.

REPORTED TANKER DEMOLITION SALES

India

"Golden Virginia" – 2,865/81 – 1,071 LDT – Asphalt/Bitumen – Ice 1C
-Sold on private terms.



[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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