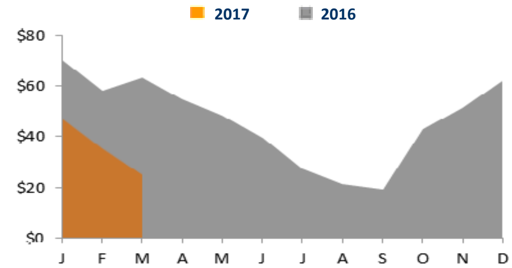
WEBER WEEKLY TANKER REPORT

WEEK 11 – 17 MARCH 2017 **ISSUE 11 – 2017**

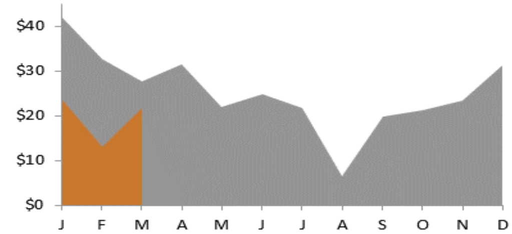
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	10-Mar		17-Mar	
AG>USG 280k	27.0	$1,453	27.0	$1,732
AG>USG/CBS>SPORE/AG	--	$32,813	--	$30,774
AG>SPORE 270k	54.0	$20,054	55.0	$21,322
AG>CHINA 265k	52.0	$18,703	52.0	$19,183
WAFR>USG 260k	62.5	$30,080	66.0	$33,105
WAFR>CHINA 260k	57.5	$25,005	63.5	$30,036
CBS>SPORE 270k	$4.15m	--	$3.95m	--
VLCC Average Earnings		*$22,578*		*$23,731*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	102.5	$26,572	87.5	$20,577
WAFR>UKC 130k	107.5	$23,245	90.0	$16,604
BSEA>MED 140k	130.0	$33,180	97.5	$16,625
CBS>USG 150k	90.0	$27,502	105.0	$37,041
Suezmax Average Earnings		*$28,347*		*$21,258*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	102.5	$13,571	92.5	$5,691
AG>SPORE 70k	117.5	$13,171	130.0	$16,397
BALT>UKC 100k	105.0	$27,906	87.5	$18,727
CBS>USG 70k	125.0	$13,653	95.0	$4,990
MED>MED 80k	110.0	$14,347	107.5	$13,633
Aframax Average Earnings		*$17,850*		*$11,640*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	112.5	$864	112.5	$1,052
CONT>USG 55k	112.5	$7,415	115.0	$8,179
ECU>USWC 50k	170.0	$14,581	172.5	$15,364
Panamax Average Earnings		*$6,614*		*$6,996*
CPP (13.0 Kts L/B)				
LR2 Average Earnings		*$14,069*		*$13,982*
LR1 Average Earnings		*$10,740*		*$12,618*
UKC>USAC 37k	147.5	$8,937	165.0	$11,779
USG>UKC 38k	110.0	$4,474	102.5	$3,538
USG>UKC/UKC>USAC/USG	--	$11,993	--	$12,758
USG>CBS (Pozos Colorados) 38k	$475k	$15,818	$450k	$14,268
USG>CHILE (Coronel) 38k	$1.25m	$18,413	$1.15m	$15,641
CBS>USAC 38k	140.0	$10,070	125.0	$7,820
MR Average Earnings		*$11,929*		*$12,041*
Handy Average Earnings		*$10,582*		*$14,512*

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

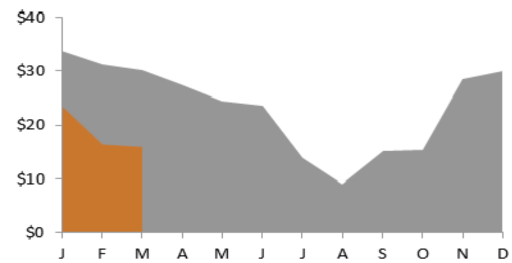
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$27,000	$26,000
Suezmax	$18,500	$19,000
Aframax	$16,500	$17,000
Panamax	$13,000	$14,000
MR	$12,750	$14,000
Handy	$11,250	$13,000



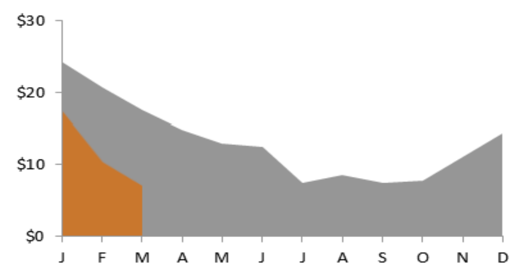
VLCC Average Earnings | **MTD Average ~$24,475/Day** | **Month y/y ▼ -61%**



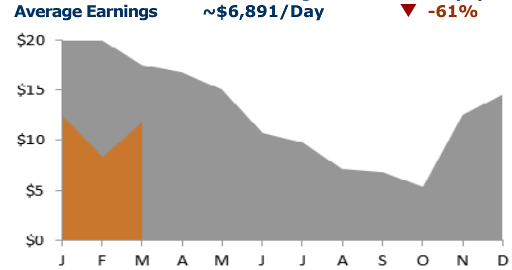
Suezmax Average Earnings | **MTD Average ~$21,691/Day** | **Month y/y ▼ -22%**



Aframax Average Earnings | **MTD Average ~$15,822/Day** | **Month y/y ▼ -48%**



Panamax Average Earnings | **MTD Average ~$6,891/Day** | **Month y/y ▼ -61%**



MR Average Earnings | **MTD Average ~$11,645/Day** | **Month y/y ▼ -33%**

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WEBER WEEKLY

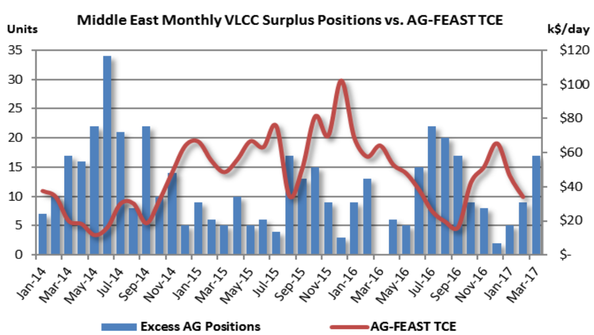
TANKER REPORT

SPOT MARKET SUMMARY

VLCC

The VLCC market commenced the week with a slight measure of positive sentiment following last week's strong demand and simultaneous rate losses. However, as the week progressed, fresh demand across all market proved light, prompting a closer look at souring fundamentals and, consequently, a paring back of any earlier gains. Adding to negative pressures, competitive units continue to face strong competition from disadvantaged units for requirements workable on vessels of either status, as well as a long number of options presented to charterers for each fresh inquiry.

Supply/demand fundamentals appear to have soured in recent weeks on rising availability in the Middle East and a decline in the number of draws thereof to service West Africa cargoes over the past two weeks. The Middle East market yielded 14 fixtures this week, representing a four-week low and a 65% w/w decline while the West Africa market yielded four fixtures, up by one from last week but off 34% from the YTD weekly average. On the demand side, we see little change for the April Middle East loading program. The latest OPEC monthly report notes that Saudi Arabia increased its production back over 10.0 MnB/d during February (+ 0.26 MnB/d over January) based on direct reporting which exceeds figures by third party sources. Any corresponding implications for tanker demand, however, should be tempered against the fact that the discrepancy likely owes to internal consumption and domestic inventory building. On the supply side, we note that availability gains have pushed up the level of surplus tonnage. At the conclusion of the March Middle East program, there were 17 units uncovered, which represents a six-month high and an increase from the nine surplus units at the close of the February program. Incidentally, the March surplus matches 1:1 the number of YTD newbuilding deliveries in the VLCC space (a further 28 are projected through the end of the year). Looking forward, we project the surplus to rise to 18 at the conclusion of April's first decade loading program. We believe that the increasingly apparent surplus will complicate owners' attempts to hold rates steady and expect further rate erosion on this basis. The extent of possible downside, however, could by limited by voyage TCEs that are already approaching OPEX levels. Our modeling of the prevailing fundamentals suggests an AG-FEAST TCE of ~$20,375/day, though the uniquely elevated presence of disadvantaged units presently requires a negative deviation thereof. These routes are presently yielding ~$20,918/day.



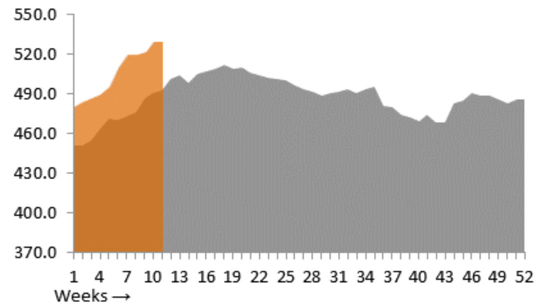
Middle East

Rates to the Far East concluded the week unchanged at ws52, having risen to ws53.5 earlier during the week. Corresponding TCEs gained a marginal $121/day to conclude at ~$20,918/day. Rates to the USG via the Cape concluded unchanged at ws27. Triangulated Westbound trade earnings were deflating by falling ex-CBS rates, losing 6% to conclude at ~$30,774/day.

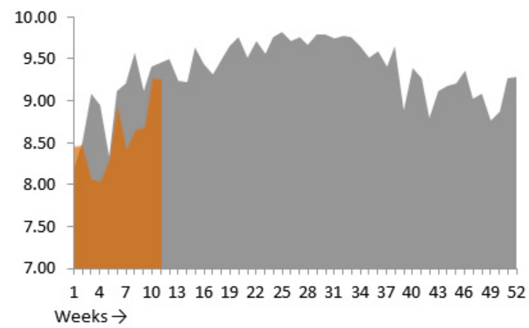
Atlantic Basin

Rates in the West Africa market bucked their usual lag of those in the Middle East as the WAFR-FEAST route added 6 points to conclude at ws63.5 and corresponding TCEs jumped 20% to ~$30,036/day. The gains were largely led by stronger resistance to the route's earlier low by owners given the longer voyage duration.

Despite the stronger sentiment in the West Africa market, the Caribbean market was under rising negative pressure as regional arrivals continue to exceed ex-CBS demand (with no such fixtures reported this week). The CBS-SPORE route shed a



US Crude Stocks (EIA)	Last Week 528.2 MnBbls	Week y/y ▲ +7.3%



US Gasoline Demand (EIA)	Last week 9.254 MnB/d	Week y/y ▼ -2.2%

■ 2017 ■ 2016

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further $200k to conclude at a five-month low of $3.95m lump sum. Following this week's losses, we expect rates will stabilize during the upcoming week.

Suezmax

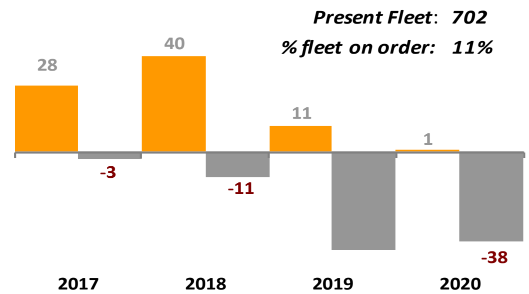
Suezmax rates were softer this week across most markets with earnings declining 25% w/w to ~$21,258/day. The Black Sea market led the decline with the BSEA-MED route shedding 32.5 points to conclude at ws97.5. The fall followed a pullback in demand between the March and April programs, which offset the earlier strength that had accompanied a robust conclusion to the March program and Turkish straits transit delays that have hovered around 5 days in both directions in recent weeks.

In the West Africa market, rates on the WAF-UKC route shed 17.5 points to conclude at ws90. The drop came despite a strong conclusion to the March program as charterers paused before progressing earnestly into April dates, which allowed fundamentals to loosen while overall sentiment softened. Given the extent of recent pressure on regional TCEs, we expect that owners' will raise resistance to lower rates in anticipation of a relatively robust start to the early April program (which has been relatively lightly covered by VLCCs) will see the pace of rate erosion decline and support a stabilizing by mid-week.

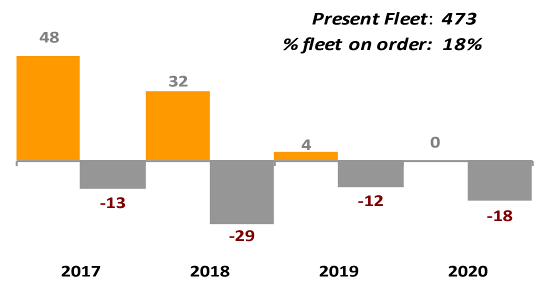
Aframax

The Caribbean Aframax market experienced a strong pullback in demand early during the week that, together with a significant available tonnage build over the weekend, set rates on a negative trajectory. Rates remained soft despite a rebound in inquiry on Thursday and Friday, as tonnage remained abundant (and is expected to build further during the upcoming weekend). A total of 18 fixtures were reported this week, representing a w/w decline of 7 fixtures (though the tally remained above the 52-week average of 14). Rates on the CBS-USG route shed 30 points to conclude at ws95, or 2.5 points above YTD low. Corresponding TCEs conclude at ~$4,990/day – well below average OPEX of ~$8,000/day; this should limit the extent of further rate downside as resistance to further losses grows accordingly.

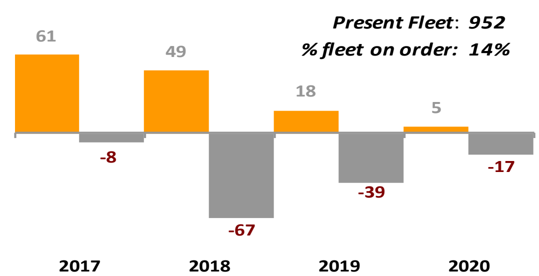
VLCC Projected Orderbook Deliveries/Phase-Outs



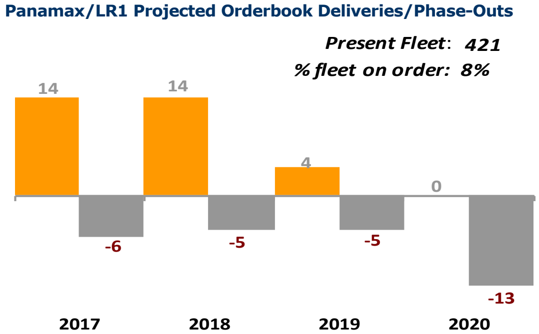
Suezmax Projected Orderbook Deliveries/Phase-Outs



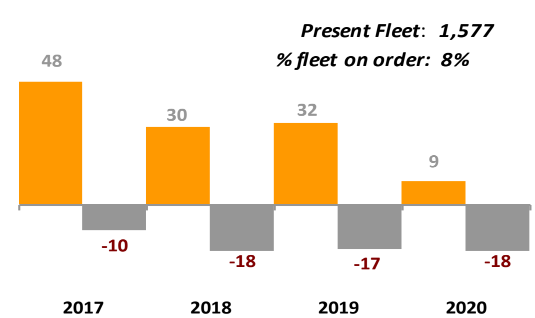
Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs



MR Projected Orderbook Deliveries/Phase-Outs



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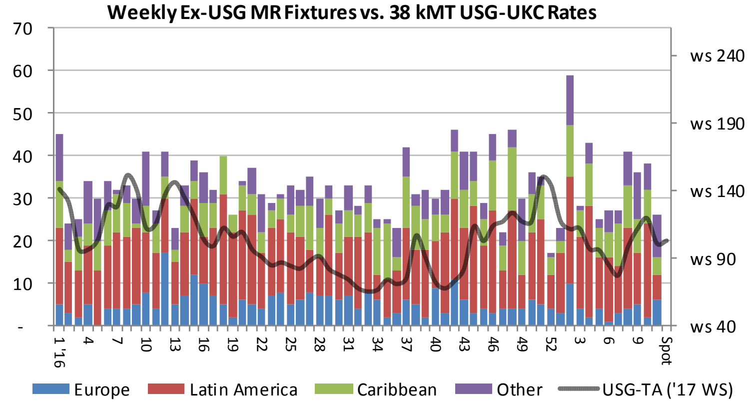
MR

The USG MR market commenced the week with rates coming off last week's highs on the back of a buildup of available tonnage and amid light demand. Although demand remained light throughout the week, by Friday rates were again on a positive trajectory. This followed a marked reduction of available units as an earlier rebound of rates in the UKC market drew units freeing on the USAC away and delays on Mexico's east coast made some positions unviable.

A total of 26 fixtures were reported this week (-32%, w/w), including six units provisionally bound for points in Europe (+2), 10 were bound for points in Latin America and the Caribbean (-29) and the remainder were for alternative destinations or have yet to be reported. Rates on the USG-UKC route shed 7.5 points to conclude at ws102.5, having dropped into the mid-ws90s at midweek; the USG-CBS route lost $25k to conclude at $450k lump sum, having dipped into the mid-$300s at midweek.

The two-week forward view of available tonnage concludes the week at a fresh YTD low with just 30 units (-33% w/w). Meanwhile, European refinery turnarounds appear to be either at or near peak levels for the season – ahead of the usual timeline – which will likely maintain a muted flow of MRs bringing gasoline into the Americas and helping to support a modest increase in distillate flows from the USG to Europe. Delays also remain a key issue; long berthing delays along Mexico's east coast and at ports in Brazil and Argentina are consuming vessels for long periods whilst delays in the Turkish straits (~5 days NB and SB) and West Africa are contributing to a tighter overall Atlantic basin. These factors should see the USG supply/demand ratio remain tight in the near-term with rates likely to remain firm accordingly. The extent of gains are expected to be guided by the extent of demand with a strong rebound thereof having the potential to support substantial gains.

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



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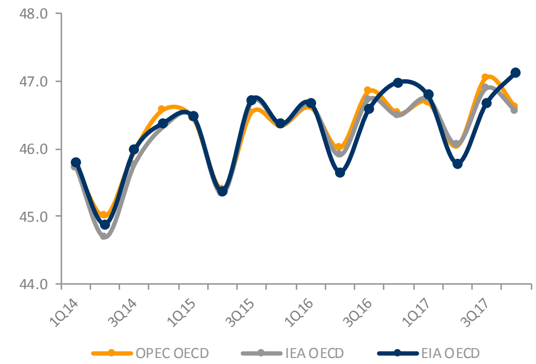
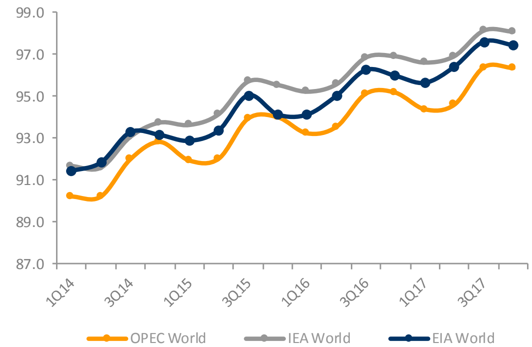
Projected OECD Oil Demand



Projected World Oil Demand



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REPORTED TANKER SALES

"Bunga Kasturi Dua" – 300,542/05 – Universal Ariake – DH
-Sold for ~$31.0m to Indian buyers (AZA Shipping).

"Heydar Aliyev" – 164,551/02 – Hyundai Ulsan – DH
"Zarifa Aliyeva" – 164,533/03 – Hyundai Ulsan – DH
"Shah Deniz" – 107,507/10 – Tsuneishi Tadotsu – DH
"Absheron" – 107,488/10 – Tsuneishi Tadotsu – DH
"Baku" – 105,387/03 – Sumitomo Yokosuka – DH
"Azerbaijan" – 105,250/03 – Sumitomo Yokosuka – DH
"Guneshli" – 104,403/02 – Sumitomo Yokosuka – DH
-Sold en bloc on private terms to Azerbaijani buyers (SOCAR).

"Phoenix Alpha" – 104,707/03 – Daewoo – DH
-Sold for $12.9m to undisclosed buyers including BBB.

"Torm Helene" – 99,999/97 – Hyundai Ulsan – DH
-Sold on private terms to undisclosed buyers.

"Torm Mary" – 46,348/02 – STX Jinhae – DH – IMO II
-Sold on private terms to undisclosed buyers including BBB.

"Torm Anne" – 45,507/99 – Halla Samho – DH
-Sold on private terms to undisclosed buyers.

"Bow Architect" – 30,058/05 – Kitanihon – DH
-Sold for $16.7m to Norwegian buyers (Odfjell) as an exercised purchase option.

"Alsterstern" – 17,034/94 – MTW Schiffswerft – DH – Ice 1A
-Sold on private terms to undisclosed buyers.

"Loyal Pegasus" – 12,250/08 – Jinse – DH – IMO II
-Sold for $11.0m to undisclosed Far East buyers.

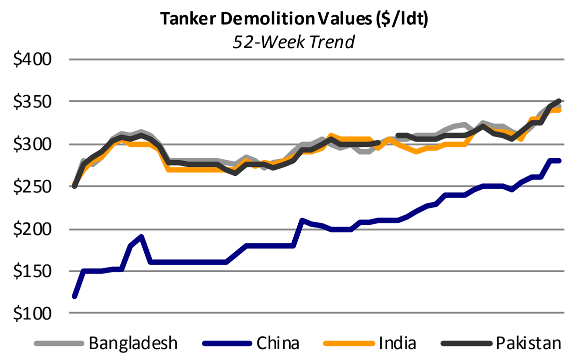
"Dong-A Peneus" – 12,891/09 – STX Busan – DH – IMO II
-Sold for $10.75m to Vietnamese buyers (Prime Marine Corporation).

"Cap Ferret" – 8,012/98 – Niestern Sander – DH – IMO II
-Sold for $2.7m to undisclosed Greek buyers.

REPORTED TANKER DEMOLITION SALES

Bangladesh

"Sentinel 1" – 51,546/85 – 10,644 LDT – DH
-Sold for $360/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.

George P. Los
Senior Market Analyst
Charles R. Weber Research
research@crweber.com

Charles R. Weber Company, Inc.
Greenwich Office Park Three, Greenwich, CT 06831
Tel: +1 203 629-2300
Fax: +1 203 629-9103
www.crweber.com

1001 McKinney Street, Suite 475
Houston, TX 77002
Tel: +1 713 568-7233
Fax: +1 713 337-6486

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