WEBER WEEKLY

TANKER REPORT

CHARLES R. WEBER COMPANY, INC.

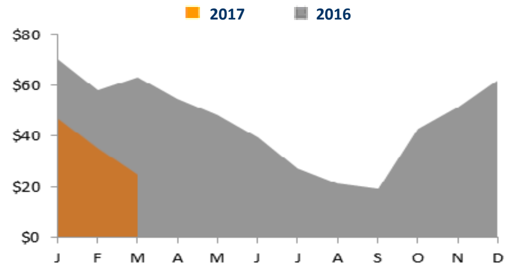
WEEK 13 – 31 MARCH 2017

ISSUE 13 – 2017

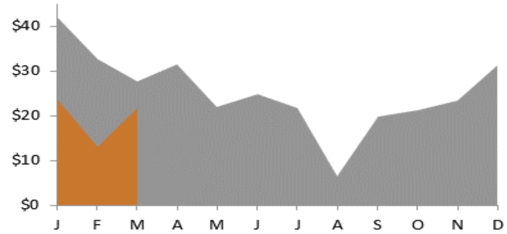
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	24-Mar		31-Mar	
AG>USG 280k	25.0	$776	25.0	$(35)
AG>USG/CBS>SPORE/AG	--	$28,688	--	$27,825
AG>SPORE 270k	46.0	$14,563	48.0	$15,390
AG>CHINA 265k	45.0	$13,826	46.0	$13,871
WAFR>USG 260k	58.0	$27,394	57.5	$26,214
WAFR>CHINA 260k	53.5	$22,657	55.0	$23,070
CBS>SPORE 270k	$3.80m	--	$3.80m	--
VLCC Average Earnings		*$18,178*		*$18,315*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	85.0	$19,944	85.0	$19,338
WAFR>UKC 130k	87.5	$16,025	87.5	$15,426
BSEA>MED 140k	97.5	$17,011	97.5	$16,930
CBS>USG 150k	102.5	$35,865	97.5	$32,174
Suezmax Average Earnings		*$20,656*		*$19,793*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	110.0	$20,313	105.0	$15,665
AG>SPORE 70k	125.0	$15,497	115.0	$12,664
BALT>UKC 100k	100.0	$25,770	97.5	$23,834
CBS>USG 70k	95.0	$5,341	90.0	$3,369
MED>MED 80k	107.5	$13,995	120.0	$17,819
Aframax Average Earnings		*$14,950*		*$13,939*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	112.5	$1,300	115.0	$1,382
CONT>USG 55k	112.5	$7,910	115.0	$7,975
ECU>USWC 50k	172.5	$15,329	165.0	$13,826
Panamax Average Earnings		*$6,984*		*$6,931*
CPP (13.0 Kts L/B)				
LR2 Average Earnings		*$14,055*		*$13,678*
LR1 Average Earnings		*$13,474*		*$12,469*
UKC>USAC 37k	200.0	$17,250	202.5	$17,254
USG>UKC 38k	140.0	$9,262	115.0	$5,233
USG>UKC/UKC>USAC/USG	--	$20,285	--	$17,195
USG>CBS (Pozos Colorados) 38k	$700k	$31,355	$525	$19,217
USG>CHILE (Coronel) 38k	$1.50m	$26,014	$1.20m	$16,988
CBS>USAC 38k	170.0	$15,213	165.0	$14,087
MR Average Earnings		*$19,438*		*$14,809*
Handy Average Earnings		*$19,810*		*$13,230*

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

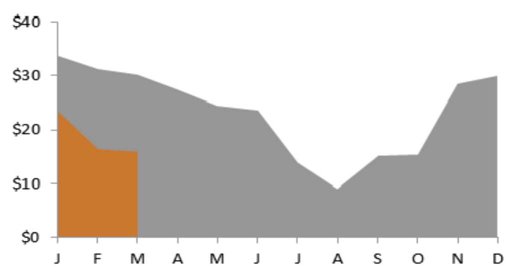
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$27,000	$28,000
Suezmax	$18,500	$20,000
Aframax	$16,000	$17,000
Panamax	$13,000	$14,000
MR	$12,750	$14,000
Handy	$11,250	$15,000



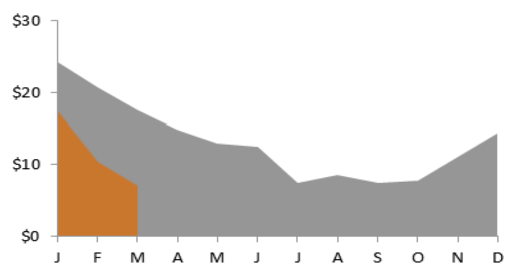
VLCC Average Earnings | **March Average ~$23,461/Day** | **Month y/y ▼ -65%**



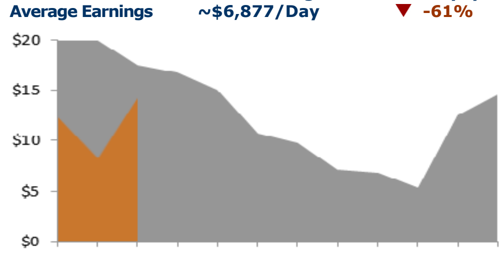
Suezmax Average Earnings | **March Average ~$21,193/Day** | **Month y/y ▼ -23%**



Aframax Average Earnings | **March Average ~$15,734/Day** | **Month y/y ▼ -48%**



Panamax Average Earnings | **March Average ~$6,877/Day** | **Month y/y ▼ -61%**



MR Average Earnings | **March Average ~$14,220/Day** | **Month y/y ▼ -19%**

SPOT MARKET SUMMARY

VLCC

The negative direction of the VLCC market extended through the start of this week as the reality of a supply/demand imbalance at multiple-year highs combined with a pullback in Middle East demand further soured sentiment. As the week progressed, however, rates appeared to have found to an effective floor – from which they subsequently bounced to conclude with a modest weekly gain. Key factors behind the bounce likely include a further acceleration of demand in the West Africa market, where the fixture tally jumped 38% w/w to a ten-week high of 11 fixtures and growing resistance from owners reluctant to lock into trades with potentially sub-OPEX returns.

Moreover, we note that the swollen availability surplus of 30 units observed at the conclusion of April's first-decade has contracted markedly during the second-decade due to lower tonnage replenishment and this week's above-expected draws to service West Africa demand. With 68 April Middle East cargoes covered to-date, we anticipate a further 15 will materialize through the end of the month's second decade; once accounting for further likely draws thereof to the West Africa market, we estimate that the surplus will decline to 10 units. This level matches the end-month average surplus during 1Q17, when benchmark AG-FEAST TCEs stood at ~$33,346/day. The routes are presently averaging ~$15,493/day . As developments in supply/demand fundamentals tend to have a lagging impact on rate levels, we expect that this has been limitedly priced-in thus far, suggesting that rates are poised for further gains during the upcoming week. The extent of any gains, however, may be capped by uncertainty around April's final decade Middle East balance – and particularly the extent of "hidden" positions available during the period – with some participants opining that the level may be high and halt any rally that prevails during the upcoming week when participants shore up remaining second-decade cargoes.

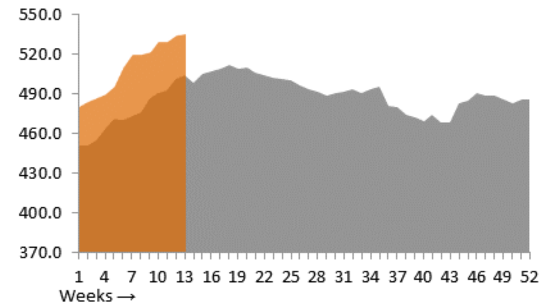
Middle East

Rates to the Far East concluded the week with a gain of one point to ws46, having dipped to as low as an assessed ws43 at mid-week. Corresponding TCEs rose nominally to conclude at ~$13,871/day. Rates to the USG via the Cape were unchanged at ws25. Triangulated Westbound trade earnings fell by 3% to conclude at ~$27,825/day.

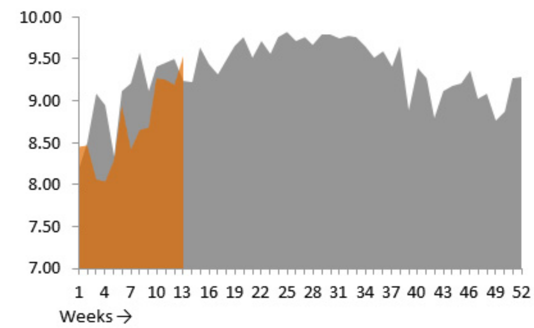
Atlantic Basin

The West Africa market was stronger this week with the WAFR-FEAST route gaining 1.5 points to conclude at ws55, after touching a low of ws53 early during the week. Corresponding TCEs rose by 2% to conclude at ~$23,070/day.

The Caribbean market continued to decline as regional supply/demand fundamentals remain widely disjointed. The CBS-SPORE route shed a further $100k to conclude at $3.80m lump sum, the lowest seasonal rate for the route in four years. Rates should stabilize at this level during the upcoming week, subject to sentiment elsewhere in the VLCC market.



US Crude Stocks (EIA)	Last Week	Week y/y
	5341.0 MnBbls	▲ +6.0%



US Gasoline Demand (EIA)	Last week	Week y/y
	9.524 MnB/d	▲ +3.0%

2017 2016

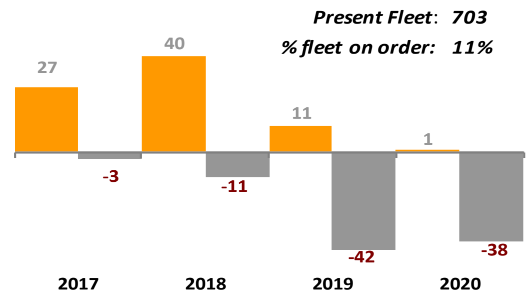
Suezmax

The West Africa Suezmax market remained quiet this week as charterers slowly progressed into the April program. The week's fixture tally dropped to a three-month low with just five fixtures reported – a 58% w/w decline. The slowing came as VLCCs were markedly busier in the region, ushering further pessimism for the forward Suezmax outlook as fewer cargoes will remain available to the smaller class. While this may have negative implications once charterers progress into April's final decade, the light coverage by charterers to-date in the first two decades implies that demand should accelerate during the upcoming week, as overall coverage has been light even once accounting for VLCC coverage. This likely factored into sentiment this week, helping to prevent a weakening of Suezmax rates and the WAFR-UKC route was unchanged at the ws87.5 level throughout the week. During the upcoming week, we expect that rates will remain around this level before starting to weaken thereafter.

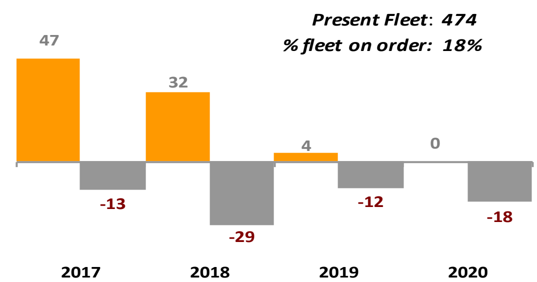
Aframax

The Caribbean Aframax market tested fresh lows this week with the CBS-USG route descending to its lowest gross freight value since 2009 (corresponding TCEs, meanwhile, are "only" at a 30-month). The decline came as regional demand shrank for a fourth consecutive week. Rates on the CBS-USG route lost 5 points to conclude at ws90 with corresponding TCEs falling 37% to ~$3,369/day. With this level having been repeated a number of times, it seems that the market has reached an effective floor; while it remains to be seen if this floor will be broken through, we believe that a marked further slowing of would be required during the upcoming week to test lower rates.

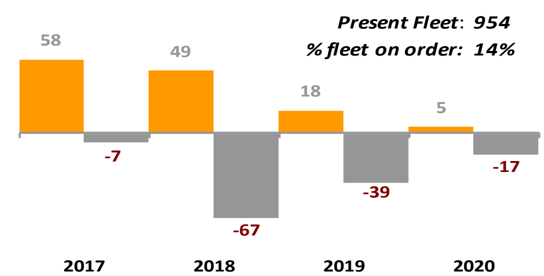
VLCC Projected Orderbook Deliveries/Phase-Outs



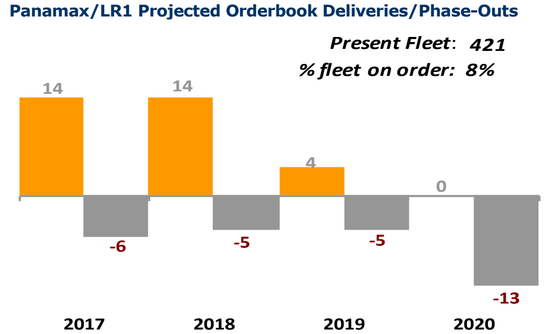
Suezmax Projected Orderbook Deliveries/Phase-Outs



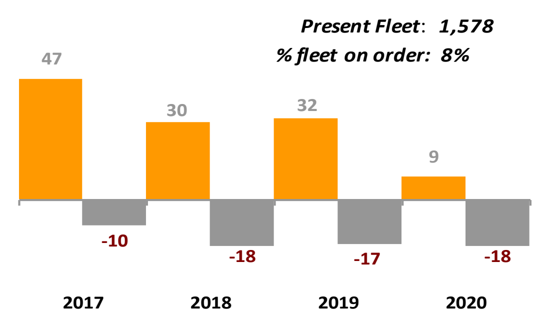
Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs



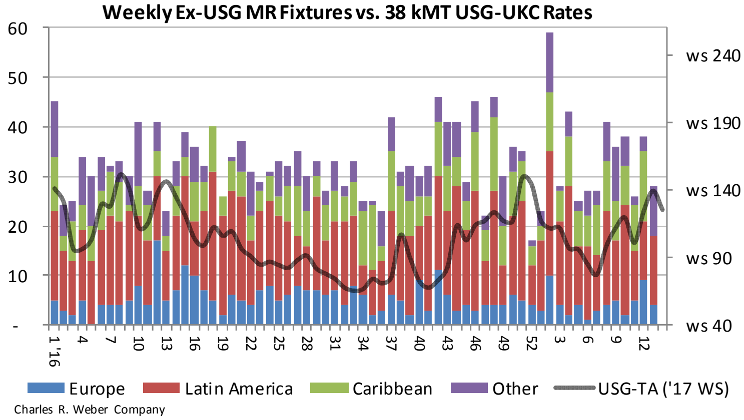
MR Projected Orderbook Deliveries/Phase-Outs



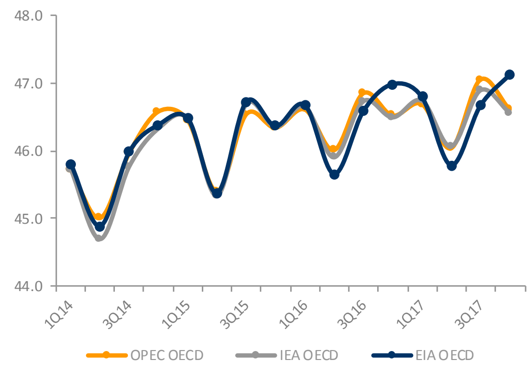
MR

The USG MR market remained firm through the start of the week following last week's tight supply/demand positioning. By mid-week, however, availability posted a marked expansion and following a short lag thereafter, participants became cognizant of the emerging fundamentals and rates quickly turned negative. A total of 28 fixtures were reported, marking a 26% w/w decline. Europe-bound voyages account for four of these (-5, w/w) after a number of fixtures for the route failed, Latin America and the Caribbean accounted for 14 (-12, w/w) and the remainder were bound for alternative destinations or have yet to be determined. Rates on the USG-UKC route lost 25 points from last week's closing value to conclude at ws115, having reached as high as ws150 at mid-week. The USG-CBS route shed $175k to conclude at $525k lump sum, having touched a high of $775k at mid-week. Despite the increasingly sour sentiment, we note that availability levels remain low on a recent historical basis; there are presently 33 units showing certain availability on a two-week forward basis, which although marking a 17% w/w gain remains 18% below the 52-week average. Present fundamentals and a likelihood that further units will free on the USAC and seek onward trades from the USG suggest that rates will remain modestly soft during the upcoming week. Losses that are more substantial could well prevail, given historically quicker and deeper downturns than upswings.

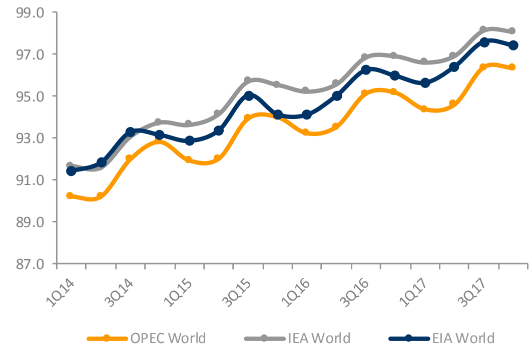
Weekly Ex-USG MR Fixtures vs. 38 kMT USG-UKC Rates



Projected OECD Oil Demand



Projected World Oil Demand



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REPORTED TANKER SALES

"Gener8 Elektra" – 106,560/02 – Tsuneishi – DH
"Gener8 Daphne" – 106,548/02 – Tsuneishi – DH
-Sold en bloc for $10.5m each to undisclosed buyers.

"Morning Glory VIII" – 99,990/02 – Onomichi – DH
-Sold for $10.2m to undisclosed Far East buyers.

"Mare Caribbean" – 46,718/04 – Hyundai Mipo – DH – IMO III – Ice 1C
-Sold for $11.4m to Greek buyers (Union Maritime).

"Marine Express" – 45,989/09 – Shin Kurushima – DH
-Sold for $16.1m to undisclosed buyers.

"Mare Action" – 37,467/05 – Hyundai Mipo – DH – IMO II – Ice 1B
-Sold for ~$10.0m to undisclosed buyers.

"Torm Trinity" – 35,834/00 – Daedong – DH – IMO III
-Sold for $7.5m to Indonesian buyers (Waruna).

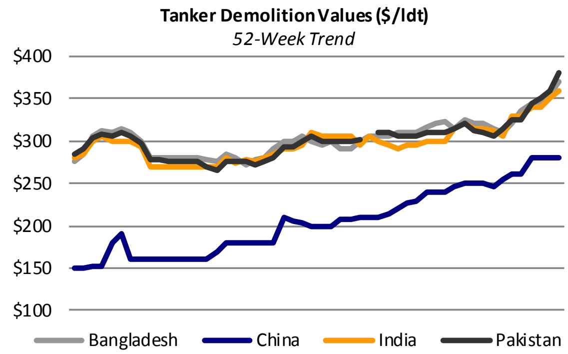
"Cape Dawson" – 12,789/09 – STX Jinhae – DH – IMO II
-Sold for $10.5m to undisclosed South Korean buyers.

"Semua Mutiara" – 11,134/10 – Yangzhou Kejin – DH
"Semua Muhibbah" – 11,134/10 – Yangzhou Kejin – DH
-Sold en bloc on private terms to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

Bangladesh

"Grace Pioneer" – 3,678/83 – 1,726 LDT – DH
-Sold for $310/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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