

WEBER WEEKLY TANKER REPORT



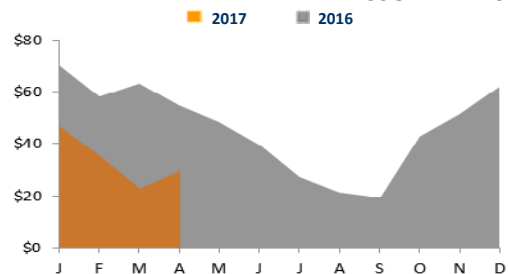
WEEK 17 – 28 APRIL 2017

ISSUE 17 – 2017

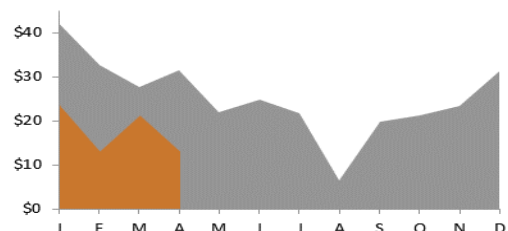
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)		21-Apr		28-Apr
AG>USG 280k	40.0	\$11,082	35.0	\$7,872
AG>USG/CBS>SPORE/AG	--	\$42,844	--	\$40,178
AG>SPORE 270k	80.0	\$40,377	62.0	\$26,486
AG>JPN 265k	77.5	\$42,385	60.0	\$27,584
AG>CHINA 270k	77.5	\$38,884	60.0	\$24,794
WAFR>CHINA 260k	72.5	\$36,261	62.5	\$28,702
CBS>SPORE 270k	\$4.40m	--	\$4.40m	--
VLCC Average Earnings		\$39,977		\$28,530
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	75.0	\$14,790	87.5	\$20,413
WAFR>UKC 130k	80.0	\$12,129	92.5	\$17,460
BSEA>MED 140k	85.0	\$10,509	102.5	\$20,204
CBS>USG 150k	67.5	\$13,289	72.5	\$16,863
Suezmax Average Earnings		\$13,741		\$20,140
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	107.5	\$19,395	100.0	\$13,855
AG>SPORE 70k	120.0	\$13,458	115.0	\$12,367
BALT>UKC 100k	90.0	\$18,344	77.5	\$12,203
CBS>USG 70k	100.0	\$6,014	120.0	\$12,233
MED>MED 80k	105.0	\$12,099	102.5	\$11,494
Aframax Average Earnings		\$12,439		\$11,180
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	110.0	\$156	120.0	\$2,444
CONT>USG 55k	107.5	\$6,112	120.0	\$9,123
ECU>USWC 50k	155.0	\$11,719	145.0	\$10,416
Panamax Average Earnings		\$5,386		\$7,268
LR2 (13.0 Kts L/B)				
AG>JPN 75k	84.5	\$5,628	85.5	\$5,925
AG>UKC 80k	\$1.33m	\$4,540	\$1.33m	\$4,860
MED>JPN 80k	\$1.65m	\$8,232	\$1.64m	\$8,349
AG>UKC/MED>JPN/AG	--	\$12,037	--	\$12,224
LR2 Average Earnings		\$7,757		\$8,023
LR1 (13.0 Kts L/B)				
AG>JPN 55k	100.0	\$5,232	108.0	\$6,633
AG>UKC 65k	\$1.05m	\$2,721	\$1.09m	\$3,765
UKC>WAFR 60k	109.0	\$2,889	110.0	\$3,303
AG>UKC/UKC>WAFR/AG	--	\$8,311	--	\$9,195
LR1 Average Earnings		\$6,826		\$7,914
MR (13.0 Kts L/B)				
UKC>USAC 37k	172.5	\$12,576	165.0	\$11,801
USG>UKC 38k	90.0	\$1,294	90.0	\$1,583
USG>UKC/UKC>USAC/USG	--	\$11,531	--	\$11,237
USG>CBS (Pozos Colorados) 38k	\$375k	\$8,894	\$385k	\$9,810
USG>CHILE (Coronel) 38k	\$1.15m	\$15,337	\$1.10m	\$14,109
CBS>USAC 38k	155.0	\$12,187	135.0	\$9,247
MR Average Earnings		\$11,148		\$10,378
Handy (13.0 Kts L/B)				
MED>EMED 30k	220.0	\$28,354	177.5	\$18,645
SPORE>JPN 30K	142.5	\$5,584	138.0	\$5,145
Handy Average Earnings		\$13,777		\$10,005

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

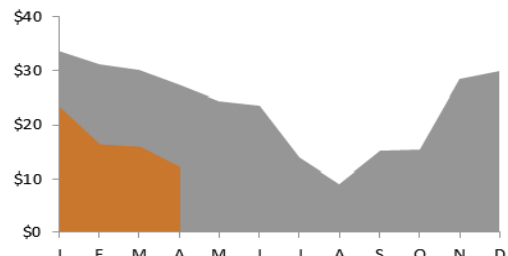
Time Charter Market \$/day (theoretical)	1 Year	3 Years
VLCC	\$29,000	\$29,000
Suezmax	\$18,500	\$19,000
Aframax	\$16,500	\$17,000
Panamax	\$13,000	\$14,000
MR	\$12,750	\$14,000
Handy	\$11,250	\$13,000



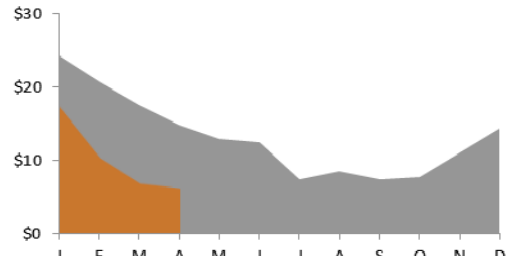
VLCC Average Earnings April Average ~\$30,829/Day Month y/y ▼ -44%



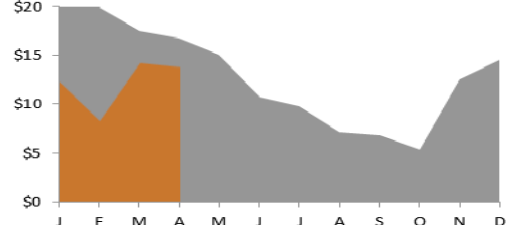
Suezmax Average Earnings April Average ~\$14,338/Day Month y/y ▼ -54%



Aframax Average Earnings April Average ~\$11,934/Day Month y/y ▼ -57%



Panamax Average Earnings April Average ~\$5,998/Day Month y/y ▼ -60%



MR Average Earnings April Average ~\$14,815/Day Month y/y ▼ -18%

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WEBER WEEKLY TANKER REPORT



SPOT MARKET SUMMARY

VLCC

After commencing the week with an extending of bullish sentiment, rates progressed firmly into correction mode by midweek on sluggish demand in the Middle East and West Africa markets, which prompted participants to reconsider the extent of highs rates had reached. In the Middle East market, no fixtures were reported on Monday and although demand picked up thereafter, it remained lackluster relative to expectations – and more than a third of the week's fixtures were covered under COAs, making the market seem quieter than it was. For its part, the West Africa market lent little support as fixture activity there declined for a third consecutive week. Just two fixtures were reported (though one Middle East fixture is believed to have a West Africa load option), representing a third of usual demand and a stark reversal of the strong demand run the region observed during Q1 and through the start of April. The combination of slow demand in both regions saw owners aggressively pursue those cargoes that materialized. Adding to the souring sentiment, some participants pointed to China's contribution to the strong Atlantic basin demand and ton-mile demand growth observed during Q1, painting the trend as temporary and correlated to inventory building amid low oil prices. Although China has been largely absent from the West Africa market over the past two weeks, demand appears to have migrated to the Middle East instead where China-bound voyages accounted for 65% of the week's tally – and total China-bound fixtures remain above the 52-week average on both a weekly basis and four-week moving average basis. Instead, the pullback likely owes to a narrow spread between Brent and Dubai benchmarks with freight components accounted for – and a Saudi OSP discount for Asian buyers of May cargoes.

Despite the negative pressures on sentiment stemming from this week's disappointing fixture tally, we note that fundamentals remain largely unchanged from recent weeks. The May spot Middle East program appears likely to remain unchanged from the March and April programs in terms of volume, and the end-March/early-April surge in West Africa demand has already done much to rebalance the market from the oversupply which had pushed average earnings to the \$18,000/day range in March. With 69 May Middle East fixtures covered to date, there are a further 12 cargoes likely remaining through the conclusion of the month's second decade. Against this, there are 28 units, from which draws to West Africa should increase modestly to service late May cargoes and thus account for four units, implying a Middle East surplus of 12 units. This compares with 10 surplus units at the conclusion of the April program and 11 surplus units at mid-May.

The average TCE of AG-FEAST routes presently stand at ~\$26,541/day, which is largely in-line with levels suggested by our models in light of prevailing fundamentals. We had noted in our April 6th note that the end-April surplus of 10 units implied TCEs in the low \$30,000/day range; ultimately, they rallied briefly to over the \$40,000/day range as participants likely took an excessive forward view of further West Africa draws. As such, we believe TCEs are now largely in range of fundamentals and expect that during the upcoming week will be driven mostly by sentiment stemming from fresh inquiry levels and timing thereof.

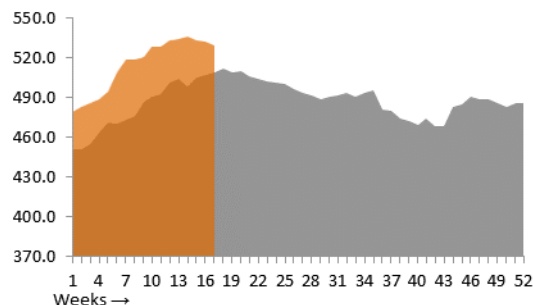
Middle East

Rates to the Far East concluded the week with a loss of 17.5 points to ws60. TCEs on the AG-JPN route were off 35% w/w to ~\$27,584/day. Rates on the AG-USG route via the Cape shed five points to conclude at ws35. Triangulated Westbound trade earnings lost 6% to conclude at ~\$40,178/day.

Atlantic Basin

Rates in the West Africa market retained their usual lag of movements in the Middle East market. Rates on the WAFR-FEAST route shed 10 points to conclude at ws62.5. Corresponding TCEs were off by 21% to ~\$28,702/day.

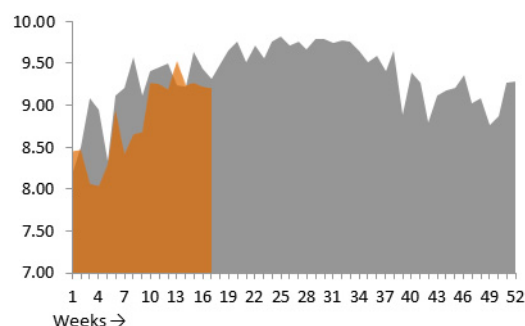
The CBS-SPORE route was unchanged at the \$4.40m lump sum level. Declining forward USG arrivals should set the stage for stronger ex-CBS rates during the coming weeks.



US Crude Stocks (EIA)

Last Week
528.7 MnBbls

Week y/y
▲ +3.8%



US Gasoline Demand (EIA)

Last week
9.206 MnB/d

Week y/y
▼ -1.2%

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Suezmax

Demand in the West Africa Suezmax market surged to a YTD high this week on a sharp pullback in Asian purchases of regional cargoes for loading past May's first decade which left a greater volume for Suezmaxes than has been the case for much of the year. A total of 14 fixtures were reported, representing a 40% w/w gain. Europe led the discharge profile, accounting for more 11 fixtures – and marking a 12-month high. The regional supply/demand positioning was more balanced as a result, allowing rates to extend gains. The WAFR-UKC route added 12.5 points to conclude at ws92.5. With a narrower spread between Brent and Dubai benchmark prices once freight is accounted for and an advantageous Saudi OSP for Asian buyers both working to keep VLCC-oriented demand at bay, we expect Suezmaxes to remain active during the coming week with further rate gains likely. Thereafter, however, we expect that the structural set-up of the market amid OPEC cuts and stable supply from the Middle East will return, favoring VLCCs at the expense of Suezmaxes and coinciding with a likely appearance of ballast into the region. These factors will likely weigh negatively on rates when charterers move into the June program.

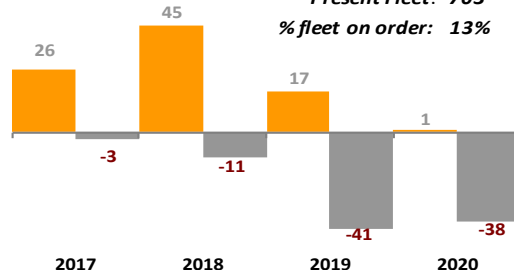
Aframax

An active start to the week in the Caribbean Aframax market allowed owners to boost rates modestly from low levels tested at last week's close. Sustained elevated demand through mid-week allowed further incremental gains. Ultimately, the market observed 20 fixtures, representing a 54% w/w gain. Adding to the momentum was a small number of replacement fixtures on Friday, which allowed rates for normal fixtures to post a further late-week gain. The CBS-USG route concluded with a gain of 20 points to ws120. The market remains balanced at the close of the week which could allow rates to remain positive momentum at the start of the upcoming week, or at least hold on to this week's gains given that regional TCEs have now come in line with those prevailing in alternative Western markets.

VLCC Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 703

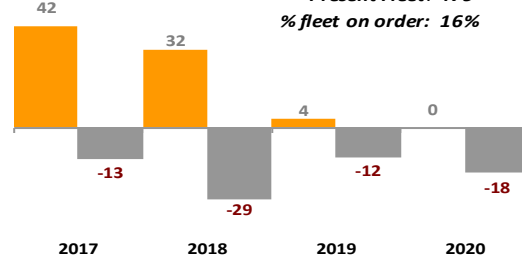
% fleet on order: 13%



Suezmax Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 479

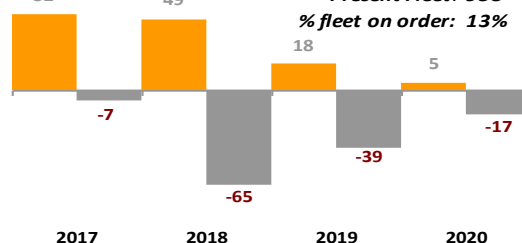
% fleet on order: 16%



Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 958

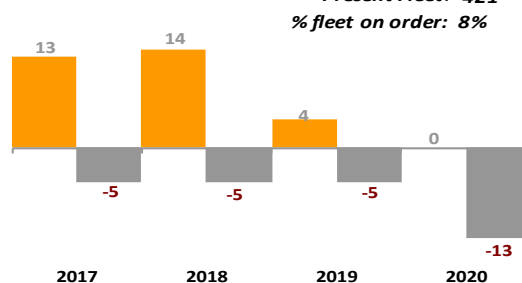
% fleet on order: 13%



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 421

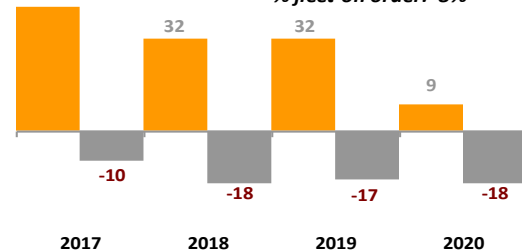
% fleet on order: 8%



MR Projected Orderbook Deliveries/Phase-Outs

Present Fleet: 1,582

% fleet on order: 8%



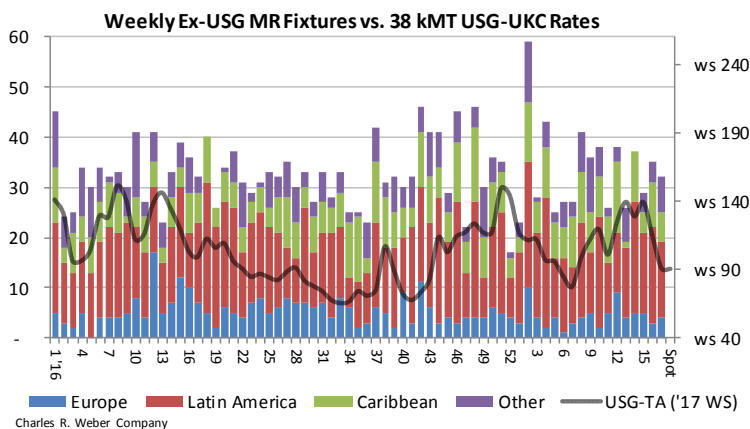
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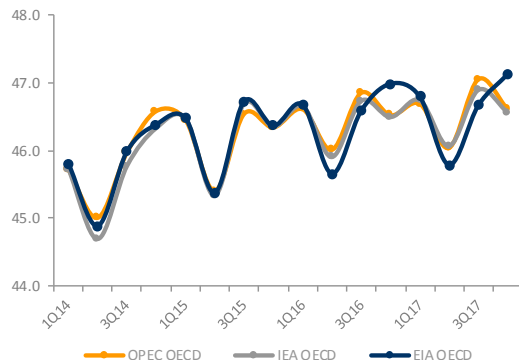
MR

Rates in the USG MR commenced the week with negative pressure following a buildup of tonnage during the prior two weeks. As the week progressed, however, rates pared earlier losses and concluded with modest gains as demand remained relatively elevated and supply declined as sustained UKC market strength absorbed a number of units freeing on the USAC. A total of 32 fixtures were reported, or three fewer than last week; of these, four were bound for points in Europe (+1, w/w), 21 were bound for points in Latin America and the Caribbean (-7, w/w) and the remainder were bound for alternative destinations or have yet to be determined. Rates on the USG-UKC route concluded unchanged at ws90 (having eased into the mid-ws80s early during the week). Rates on the USG-CBS route added \$10k to conclude at \$385k lump sum.

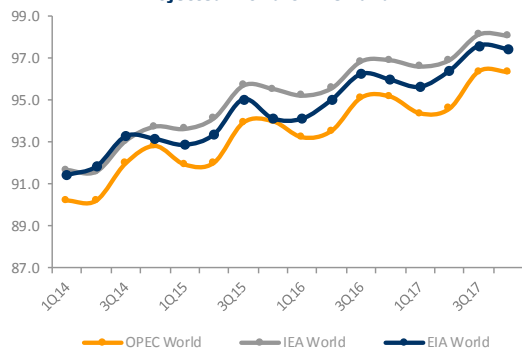
Two-week forward availability stands at 47 units, representing an 11% reduction from a week ago. Though this remains somewhat ample (and in excess of the 52-week average) date sensitivity remains an issue for some units and a weak gasoline arbitrage (and a strong PADD1 gasoline inventory build) has reduced the number of units en route to the USAC, which should offset negative pressures from the supply side. Meanwhile, strong demand prospects are apparent in light of seasonal factors and rebounding PADD 3 distillate inventories. As a result, we are optimistic that rates will remain around present levels during the upcoming week.



Projected OECD Oil Demand



Projected World Oil Demand



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REPORTED TANKER SALES

TBN – 51,000/08 – TBD – DH

-Sold on private terms to Indian buyers (Great Easter Shipping), delivery 1Q18.

"STI Beryl" – 49,990/13 – Hyundai Mipo – DH

"STI Larvotto" – 49,990/13 – Hyundai Mipo – DH

"STI Le Rocher" – 49,990/13 – Hyundai Mipo – DH

-Sold for \$29.0m each to Chinese buyers (Bank of Communications Financial Leasing), including BBB for up to 8 years at \$8,800/day per unit with purchase options from end-year five.

"Iver Example" – 46,784/07 – Hyundai Mipo – DH – IMO II – SS due 06/2017

"Iver Express" – 46,784/07 – Hyundai Mipo – DH – IMO II – SS due 06/2017

-Sold en bloc for \$15.6m each to undisclosed buyers.

"SB Count" – 11,042/97 – Daedong Busan – DH

-Sold for \$3.5m to undisclosed Middle East buyers.

"Newlead Granadino" – 5,887/09 – Zhejiang Tianshi – DH

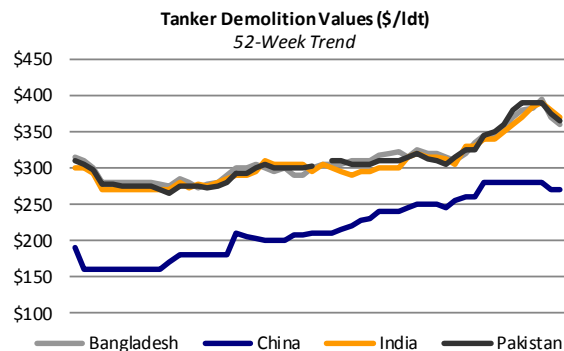
-Sold at auction on private terms to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

Bangladesh

"Varada Blessing" – 299,994/93 – 41,150 LDT – DH

-Sold for \$257/ldt. Unit withdrawn from trading in 2014.



**Monthly triangulated VLCC AG-USG/CBS-SPORE/AG TCE averages based on current-month average CBS-SPORE assessments and prior-month AG-USG assessments to reflect the earnings reality for units engaged in this trade.*



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