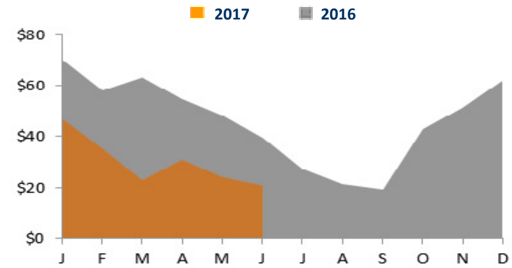
WEBER WEEKLY TANKER REPORT

WEEK 23 – 9 June 2017 | **ISSUE 23 – 2017**

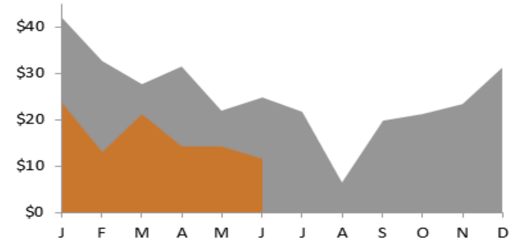
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**2-Jun**		**9-Jun**	
AG>USG 280k	26.0	$956	26.0	$1,501
AG>USG/CBS>SPORE/AG	--	$22,138	--	$21,775
AG>SPORE 270k	55.0	$21,085	53.0	$19,688
AG>JPN 265k	50.0	$19,488	51.0	$20,492
AG>CHINA 270k	55.0	$20,816	53.0	$19,359
WAFR>CHINA 260k	53.0	$21,120	55.0	$23,199
CBS>SPORE 270k	$3.10m	--	$3.00m	--
VLCC Average Earnings		*$20,613*		*$20,795*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	75.0	$15,265	62.5	$10,527
WAFR>UKC 130k	80.0	$12,595	65.0	$7,153
BSEA>MED 140k	77.5	$6,869	75.0	$5,827
CBS>USG 150k	70.0	$15,402	65.0	$12,832
Suezmax Average Earnings		*$13,554*		*$9,297*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	97.5	$11,977	95.0	$10,561
AG>SPORE 70k	100.0	$8,941	97.5	$8,472
BALT>UKC 100k	75.0	$11,034	67.5	$7,630
CBS>USG 70k	112.5	$10,049	92.5	$4,506
MED>MED 80k	97.5	$9,776	95.0	$9,207
Aframax Average Earnings		*$10,332*		*$7,092*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	120.0	$2,500	112.5	$1,379
CONT>USG 55k	115.0	$8,130	115.0	$8,524
ECU>USWC 50k	147.5	$10,761	155.0	$12,473
Panamax Average Earnings		*$7,248*		*$7,114*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	89.0	$6,806	90.5	$7,269
AG>UKC 80k	$1.40m	$6,354	$1.40m	$6,707
MED>JPN 80k	$1.58m	$7,434	$1.60m	$8,057
AG>UKC/MED>JPN/AG	--	$12,387	--	$12,929
LR2 Average Earnings		*$8,665*		*$9,145*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	109.5	$6,952	104.5	$6,211
AG>UKC 65k	$1.06m	$4,087	$1.11m	$4,482
UKC>WAFR 60k	103.0	$2,201	107.0	$3,123
AG>UKC/UKC>WAFR/AG	--	$8,750	--	$9,486
LR1 Average Earnings		*$7,851*		*$7,849*
MR (13.0 Kts L/B)				
UKC>USAC 37k	150.0	$9,619	140.0	$8,479
USG>UKC 38k	115.0	$5,299	110.0	$4,871
USG>UKC/UKC>USAC/USG	--	$13,005	--	$11,924
USG>CBS (Pozos Colorados) 38k	$450k	$14,234	$450k	$14,492
USG>CHILE (Coronel) 38k	$1.20m	$17,028	$1.20m	$17,270
CBS>USAC 38k	140.0	$10,085	140.0	$10,356
MR Average Earnings		*$11,619*		*$11,123*
Handy (13.0 Kts L/B)				
MED>EMED 30k	137.0	$9,273	129.0	$7,566
SPORE>JPN 30K	131.0	$4,447	132.0	$4,620
Handy Average Earnings		*$6,185*		*$5,680*

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

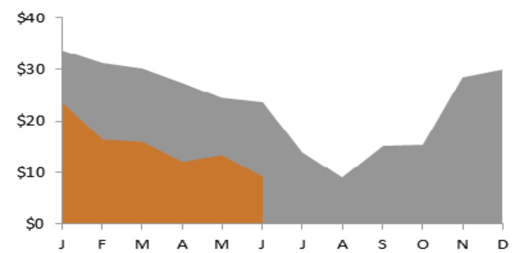
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$27,000	$29,000
Suezmax	$18,500	$19,000
Aframax	$15,000	$17,000
Panamax	$13,000	$14,000
MR	$13,500	$14,500
Handy	$12,000	$13,000



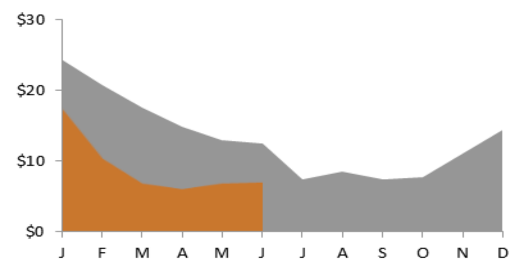
VLCC Average Earnings | **MTD Average ~$20,685/Day** | **Month y/y ▼ -47%**



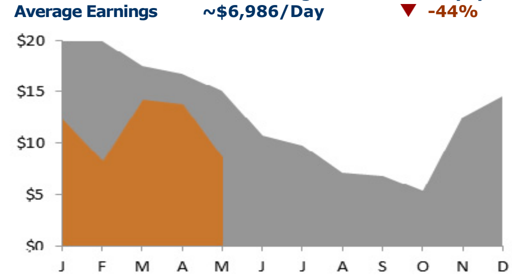
Suezmax Average Earnings | **MTD Average ~$11,579/Day** | **Month y/y ▼ -53%**



Aframax Average Earnings | **MTD Average ~$9,000/Day** | **Month y/y ▼ -62%**



Panamax Average Earnings | **MTD Average ~$6,986/Day** | **Month y/y ▼ -44%**



MR Average Earnings | **MTD Average ~$11,477/Day** | **Month y/y ▲ +7%**

SPOT MARKET SUMMARY

VLCC

Rates in the VLCC market improved modestly this week as the participants reacted to a progressively narrowing supply/demand balance during the June Middle East program. Fundamentals dictate that rates would likely have pushed higher, but were capped by a slower pace of demand in the Middle East this week and the fact that 38% of cargoes there were covered under COA (the highest COA coverage rate in three months).

29 fixtures were reported in the Middle East region, representing a 17% w/w decline. Elsewhere, fixture activity in the West Africa market remained lofty with seven reported. Unlike last week when a small number of West Africa fixtures sourced tonnage from the Caribbean basin, all of this weeks were on ballasters from Asia, implying a 1:1 reduction of Middle East availability. The four-week moving average of West Africa fixtures continued to extend gains, reaching a seven-week high and thus lending rising support to overall VLCC fundamentals.

The emerging diplomatic crisis between Qatar and the UAE, Saudi Arabia, Bahrain and Egypt saw port authorities in the UAE and Saudi Arabia issue guidance disallowing vessels transiting immediately to or from Qatar (as well as Qatari flagged vessels) to trade into their ports. AIS data suggests that Qatar's YTD VLCC, Suezmax and Aframax supply rate is just ~400,000 b/d while OPEC data shows that Qatar accounts for around just 3% of total Arabian Gulf crude supply. On this basis, any long-term implications for Qatar's isolation is limited. In the initial aftermath, however, four VLCCs fixed to part-load cargoes in Qatar and elsewhere failed with the cargoes instead broken down to Suezmaxes, which added those units to the projected end-June regional spot tonnage surplus. Going forward, as charterers rearrange their cargo programs and scheduling, we do not expect this to remain a feature of the market – and already, the emirate of Abu Dhabi has eased its restrictions on tankers transiting to and from Qatar implying that any associated implications for tankers could be short lived.

Near-term fundamentals continue to look positive for rate development and we expect that notable gains could accompany the commencement of the July program. There are presently 30 units available through end-June, against which there are a likely 17 remaining Middle East cargoes and at least six likely draws to service West Africa cargoes, implying an end-June surplus of just seven units. This represents the smallest surplus since January and compares with 25 units at the conclusion of the May program.

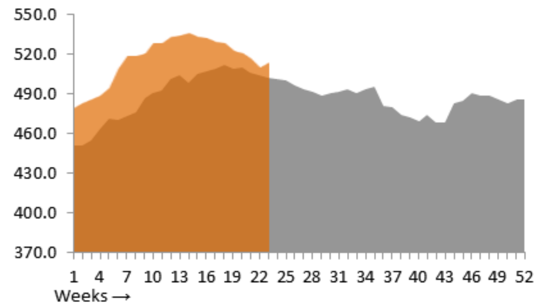
Middle East

Rates on the AG-JPN route concluded the week with a gain of 1 point to ws51 with corresponding TCEs gaining 2% to conclude at ~$20,492/day. Rates to the USG via the Cape were unchanged at ws26. Triangulated Westbound trade earnings fell by 2% to conclude at $21,775/day.

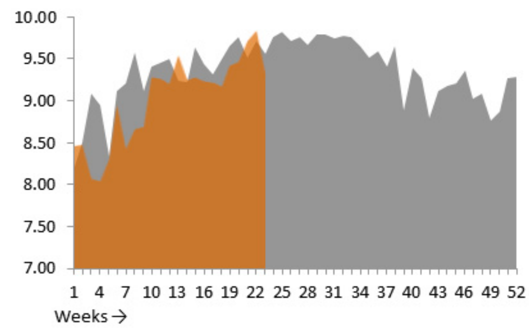
Atlantic Basin

Rates in the West Africa market followed those in the Middle East. The WAFR-FEAST route gained two points to conclude at ws55 with corresponding TCEs rising by 10% to conclude at ~$23,199/day.

The Caribbean market observed limited demand this week, allowing regional rates to continue to test fresh YTD lows. The CBS-SPORE route shed $100k to conclude at a fresh YTD low of $3.0m lump sum.



US Crude Stocks (EIA)	Last Week	Week y/y
	513.2 MnBbls	▲ +2.3%



US Gasoline Demand (EIA)	Last week	Week y/y
	9.317 MnB/d	▼ -2.6%

2017 2016

WEBER WEEKLY

TANKER REPORT

Suezmax

Suezmax fixture activity in the West Africa market remained slow this week; with eight fixtures reported, the tally was two greater than last week but two below the YTD average. Meanwhile, a rising number of available units regionally and weakening Aframax rates in regions where Suezmaxes compete, impinged rate sentiment. Rates on the WAFR-UKC route shed 15 points to conclude at a fresh YTD low of ws65. With only a small number of June cargoes remaining outstanding, as charterers work these and progress into the July program, the large number of surplus tonnage will likely extend the negative trend to an effective floor guided by OPEX in the immediate near-term.

In the Caribbean market, Suezmax rates were under negative pressure on the sour West Africa market and a collapsing regional Aframax rates. The CBS-USG route shed five points to conclude at ws65 – a YTD last tested in late May. TCE differentials placing the Caribbean at a premium to alternative markets imply that rates could weaken further during the coming week.

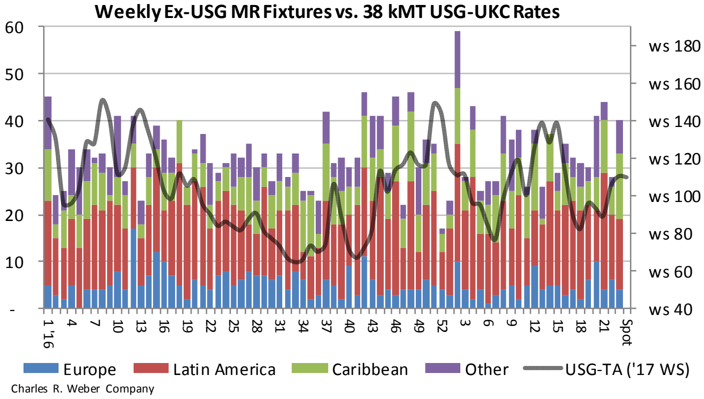
Aframax

The Caribbean Aframax market was under strong negative pressure this week as supply levels overwhelmed a notable increase in regional fixture activity. Rates on the CBS-USG route shed 20 points to conclude at ws95. Though fundamentals remain disjointed at the close of the week, further downside could be limited by earnings differentials that now place the Caribbean's TCE of $4,506/day at around half those achievable alternative west-of-Suez market. Such lows will undoubtedly intensify owners' resistance to further losses, particularly given that the class' average OPEX stands at about $8,000/day.

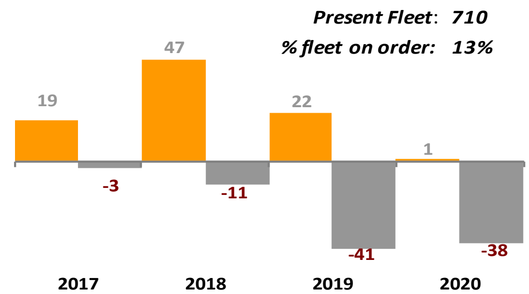
MR

Rates in the USG MR market commenced with an extending of last week's strength, aided by a strong demand environment, before a fresh buildup of available tonnage arrested the trend and prompted a paring of earlier gains. A total of 40 fixtures were reported this week, representing a 43% w/w gain which boosted the four-week moving average to its highest level since late January. Of this week's tally, four fixtures were bound for points in Europe (-2, w/w), 38 were bound for points in Latin America and the Caribbean (+2) and the remainder were for voyages to alternative destinations or have yet to be determined. The two-week forward view of certain availability rose 22% w/w to a six-week high of 45 units. The availability gains include a number of units freeing on the USAC, where the pool of tonnage is poised for an imminent expansion on a burst in UKC-USAC demand this week. The availability gains are likely to weigh negatively on rates during the upcoming week. Thereafter, we anticipate that seasonal demand strength will lead to an inflexion point between supply/demand supporting a fresh rate rally during late June.

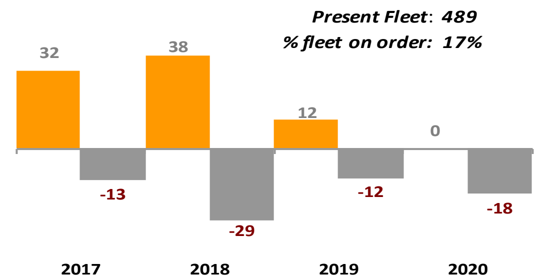
Weekly Ex-USG MR Fixtures vs. 38 kMT USG-UKC Rates



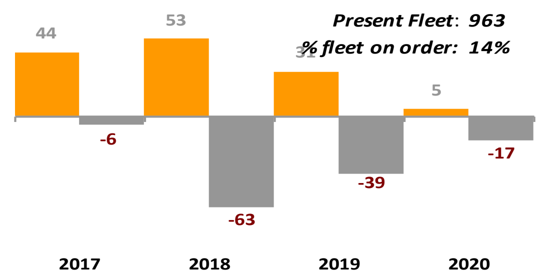
VLCC Projected Orderbook Deliveries/Phase-Outs



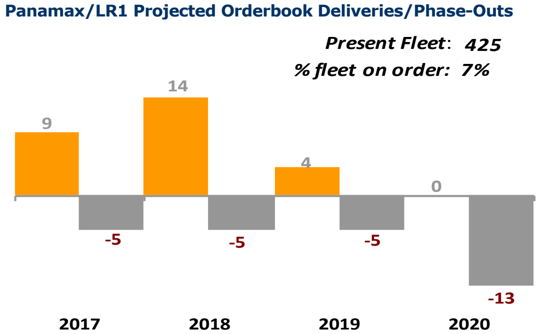
Suezmax Projected Orderbook Deliveries/Phase-Outs



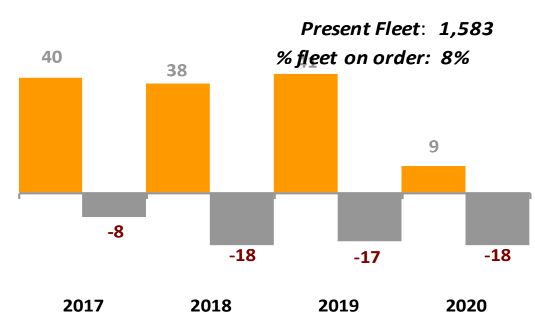
Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs



MR Projected Orderbook Deliveries/Phase-Outs



REPORTED TANKER SALES

"DS Commander" – 311,168/99 – Hyundai Ulsan – DH
-Sold for $16.5m to Taiwanese buyers (Winson Shipping) basis DD due 07/2017.

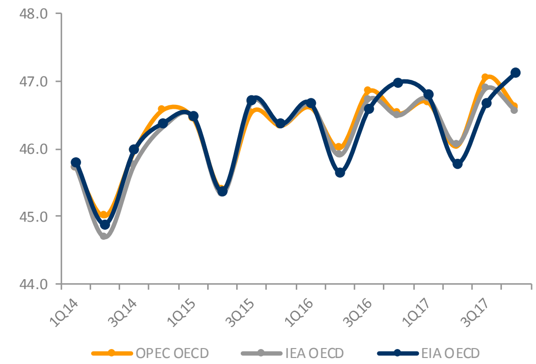
Hyundai Samho S852 – 159,000/17 – Hyundai Samho – DH
Hyundai Samho S853 – 159,000/17 – Hyundai Samho – DH
-Sold en bloc for $57.5m each to Greek buyers (Delta Tankers); units scheduled for delivery from yard 06/2017.

"Ruby Express" – 106,516/04 – Tsuneishi – DH
-Sold for $12.3m to undisclosed buyers basis DD due 09/2017.

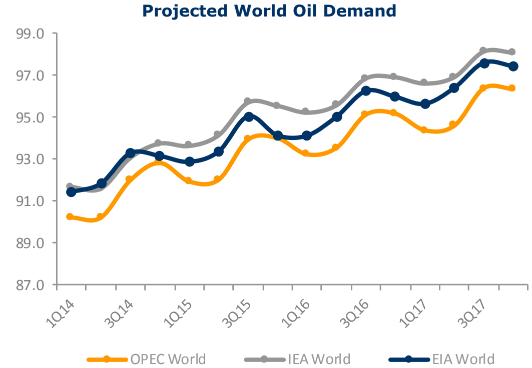
"Santrina" – 36,457/94 – Sestri – DH
-Sold for $3.5m to undisclosed buyers.

"Crystal East" – 311,168/99 – Aarhus Fuldedok – DH – IMO II – Ice 1A
-Sold on private terms to undisclosed buyers.

Projected OECD Oil Demand



Projected World Oil Demand



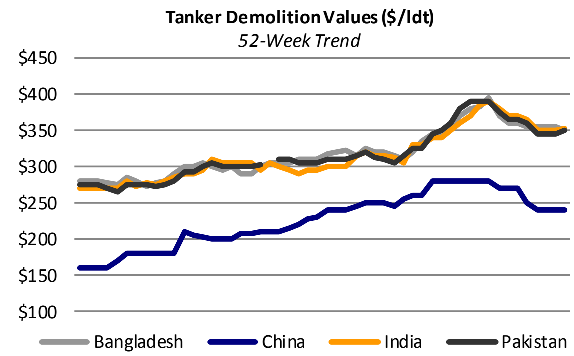
REPORTED TANKER DEMOLITION SALES

India

OBO **"SKS Tugela"** – 109,891/97 – 18,300 LDT – DH
-Sold for $328.0/ldt basis NK-certified Green Recycling.

"Med Star" – 96,214/95 – 14,669 LDT – DH
-Sold on private terms.

"Consuela" – 50,615/84 – 11,945 LDT – DH
-Sold for $385.0/ldt.



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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