WEBER WEEKLY
TANKER REPORT
CHARLES R. WEBER COMPANY, INC.

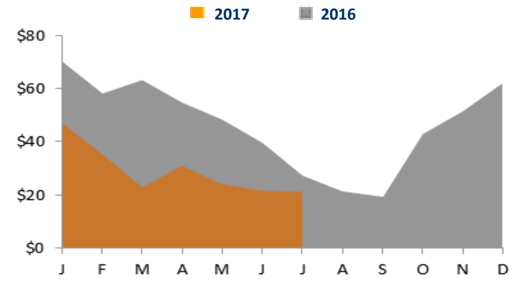
WEEK 27 – 7 July 2017

ISSUE 27 – 2017

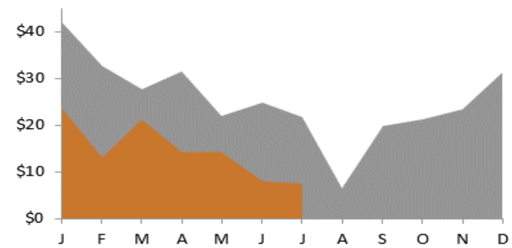
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	30-Jun		7-Jul	
AG>USG 280k	24.0	$(372)	25.0	$649
AG>USG/CBS>SPORE/AG	--	$24,770	--	$25,698
AG>SPORE 270k	53.0	$19,547	54.0	$20,808
AG>JPN 265k	51.0	$20,352	52.0	$21,657
AG>CHINA 270k	53.0	$19,219	54.0	$20,521
WAFR>CHINA 260k	55.0	$22,883	60.0	$27,116
CBS>SPORE 270k	$3.50m	--	$3.50m	$39,641
VLCC Average Earnings		*$20,990*		*$22,770*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	55.0	$7,403	60.0	$9,663
WAFR>UKC 130k	60.0	$5,112	65.0	$7,258
BSEA>MED 140k	70.0	$3,458	72.5	$4,389
CBS>USG 150k	57.5	$7,927	65.0	$12,740
Suezmax Average Earnings		*$6,359*		*$8,714*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	90.0	$6,006	90.0	$6,163
AG>SPORE 70k	95.0	$8,162	90.0	$7,293
BALT>UKC 100k	67.5	$7,619	65.0	$6,415
CBS>USG 70k	87.5	$3,209	82.5	$1,882
USG>UKC 70k	65.0	--	60.0	--
CBS>USG/USG>UKC/NSEA	--	$7,651	--	$5,706
MED>MED 80k	70.0	$734	75.0	$2,593
Aframax Average Earnings		*$5,586*		*$4,889*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	115.0	$1,736	115.0	$1,859
CONT>USG 55k	112.5	$7,845	105.0	$6,402
ECU>USWC 50k	147.5	$11,231	147.5	$10,971
Panamax Average Earnings		*$6,866*		*$6,219*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	93.0	$8,316	95.0	$9,078
AG>UKC 80k	$1.33m	$5,946	$1.35m	$6,144
MED>JPN 80k	$1.71m	$10,180	$1.75m	$10,821
AG>UKC/MED>JPN/AG	--	$13,708	--	$14,447
LR2 Average Earnings		*$10,112*		*$10,866*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	118.5	$8,531	118.5	$8,796
AG>UKC 65k	$1.19m	$5,946	$1.17m	$5,625
UKC>WAFR 60k	105.0	$2,669	122.5	$5,581
AG>UKC/UKC>WAFR/AG	--	$10,256	--	$11,745
LR1 Average Earnings		*$9,393*		*$10,270*
MR (13.0 Kts L/B)				
UKC>USAC 37k	130.0	$6,846	130.0	$6,958
USG>UKC 38k	130.0	$7,688	100.0	$3,396
USG>UKC/UKC>USAC/USG	--	$13,330	--	$9,898
USG>CBS (Pozos Colorados) 38k	$475k	$16,007	$400k	$11,110
USG>CHILE (Coronel) 38k	$1.28m	$19,339	$1.10m	$14,368
CBS>USAC 38k	150.0	$11,848	135.0	$9,551
MR Average Earnings		*$12,589*		*$10,037*
Handy (13.0 Kts L/B)				
MED>EMED 30k	137.5	$9,461	143.5	$10,921
SPORE>JPN 30K	147.5	$6,240	147.0	$6,365
Handy Average Earnings		*$7,400*		*$8,005*

Average Earnings weighted proportionally to regional activity share of each size class' worldwide market (including routes not necessarily shown above).

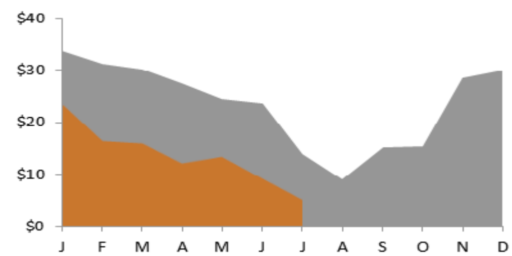
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$26,000	$29,000
Suezmax	$17,000	$18,500
Aframax	$15,000	$17,000
Panamax	$13,000	$14,000
MR	$13,500	$14,500
Handy	$12,000	$13,000



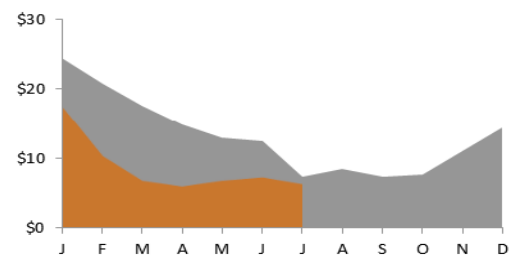
VLCC Average Earnings | **MTD Average ~$21,095/Day** | **Month y/y ▼ -23%**



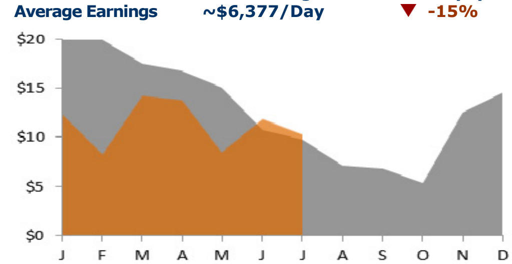
Suezmax Average Earnings | **MTD Average ~$7,707/Day** | **Month y/y ▼ -65%**



Aframax Average Earnings | **MTD Average ~$4,918/Day** | **Month y/y ▼ -65%**



Panamax Average Earnings | **MTD Average ~$6,377/Day** | **Month y/y ▼ -15%**



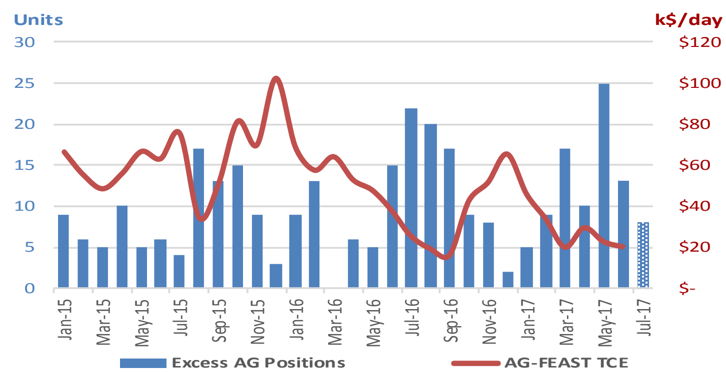
MR Average Earnings | **MTD Average ~$10,336/Day** | **Month y/y ▲ +5%**

SPOT MARKET SUMMARY

VLCC

Rates in the VLCC market continued to hover in the same range that has prevailed over the past month with participants unable to make a sufficiently strong argument to move rates concertedly in either direction. Supply/demand fundamentals, however, appear to have tightened following robust spot cargo coverage during the July Middle East program's first two decades and a reduction of overall supply from floating storage, STS activities and units in dry dock – as well as sustained draws on Middle East availability to service West Africa demand. The tightening is illustrated by a likely decline in surplus tonnage. With 98 Middle East cargoes covered to date, we anticipate a further 30 will materialize. Against this, there are 44 units available, from which draws for West Africa demand should account for six, implying an end-month surplus of just 8 units. This compares with 19 surplus units at mid-July, illustrating the tighter fundamentals and suggesting forward rate strength. Complicating positive rate progression on this basis has been uncertainty over the precise number of remaining cargoes, with some participants suggesting a steep drop off in demand during July's final decade – as well as the fact that disadvantaged units currently account for nearly a third of the total position list. However, small gains were realized at the close of the week and possibly reflect the reality of a tighter market, if still somewhat tenuous.

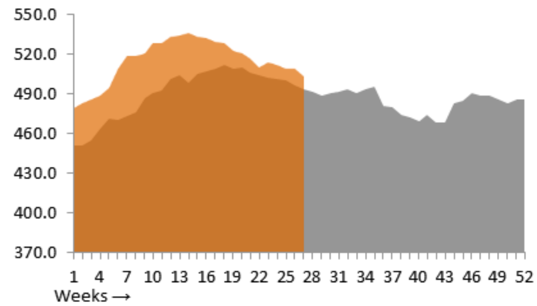
This week's demand was relatively strong with 29 fixtures representing a 53% w/w gain and 9% more than the YTD average. In the West Africa market, the weekly tally rose by two to eight fixtures, or 19% more than the YTD average. During the upcoming week, the pace of demand in the Middle East should sustain as charterers cover remaining July cargoes, which could further expose the tighter fundamentals – provided the remaining cargo tally hold up to expectations – with the combination of tighter fundamentals and an active pace finally allowing owners to make command more meaningful rate gains.



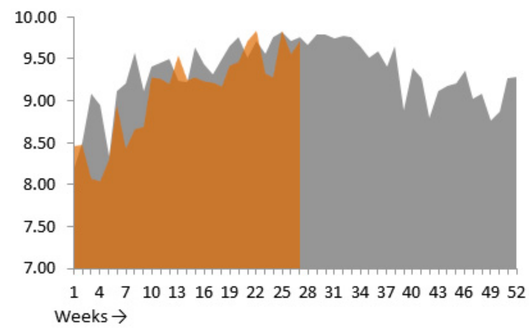
Middle East
Rates on the AG-JPN route gained one point to conclude at ws51. Corresponding TCEs rose by 6% to ~$21,657/day. Rates to the USG rose by one point to ws25. Triangulated Westbound trade earnings rose by 4% to ~$25,698/day.

Atlantic Basin
Rates in the West Africa market led those in the Middle East with the WAFR-FEAST route gaining five points to conclude at ws60. Corresponding TCEs jumped 18% to ~$27,116/day.

Demand in the Caribbean market remained slow for a second consecutive week, leading rates to further modest erosion before overall VLCC market sentiment saw the losses regained. The CBS-SPORE concluded unchanged, accordingly, at $3.50m lump sum.



US Crude Stocks (EIA)	Last Week 502.9 MnBbls	Week y/y ▲ +1.9%



US Gasoline Demand (EIA)	Last week 9.705 MnB/d	Week y/y ▼ -0.5%

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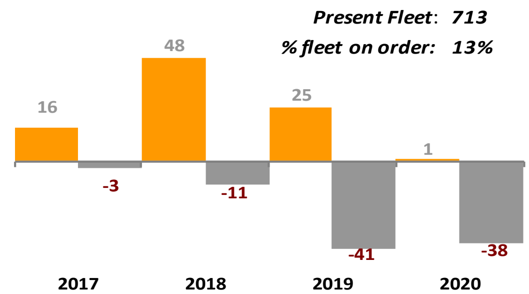
Suezmax

The West Africa Suezmax market was modestly stronger this week thanks to rising West Africa crude exports that have sustained elevated demand. A total of 17 fixtures were reported this week, representing a 13% w/w gain. Meanwhile, the four-week moving average of regional fixtures jumped to its highest level since 1Q16. Stronger rate gains, however, were complicated by ongoing high availability levels created by a 13% expansion of the global fleet since the start of 2016. Rates on the WAFR-UKC route added five points to conclude at ws65 with corresponding TCEs rising by 42% w/w to ~$7,258/day. Though forward West Africa demand appears positive in light of strong West Africa exports and a Saudi OSP cut for Asian buyers which could keep VLCC demand in the West Africa market from rising, substantial rate gains could remain elusive. Seaborne crude exports from Russia have continued to decline, with those in the key Suezmax Black Sea market impacted by declining exports and pipeline maintenance at Primorsk. Thus, we see limited further rate upside potential in the near-term.

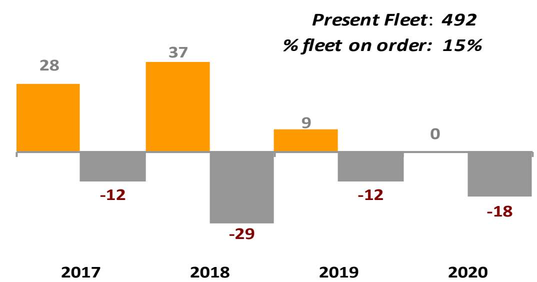
Aframax

Rates in the Caribbean Aframax market tested fresh YTD lows as demand declined for a fourth consecutive week while supply levels remain high. The CBS-USG route shed five points to conclude at ws82.5. Further rate erosion could be limited by the fact that both round-trip and triangulated TCEs for ex-CBS voyages are now well below OPEX levels. Meanwhile, modest rate gains in the West Africa Suezmax market carried over to the Caribbean Suezmax market, making Suezmaxes markedly more expensive than their smaller counterparts and potentially allowing Aframaxes to command some of the larger class' intraregional demand.

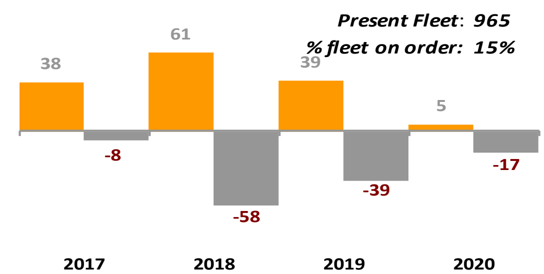
VLCC Projected Orderbook Deliveries/Phase-Outs



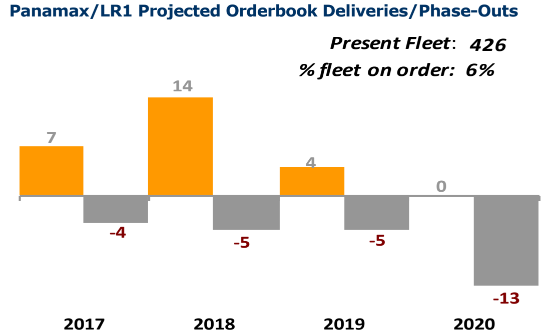
Suezmax Projected Orderbook Deliveries/Phase-Outs



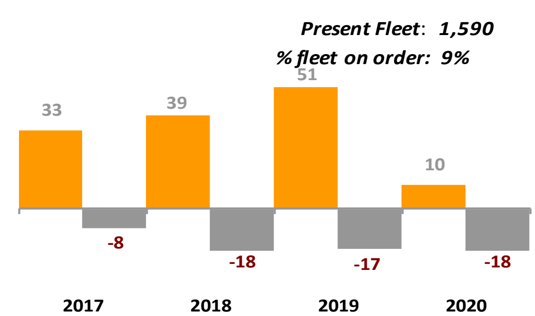
Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs



MR Projected Orderbook Deliveries/Phase-Outs



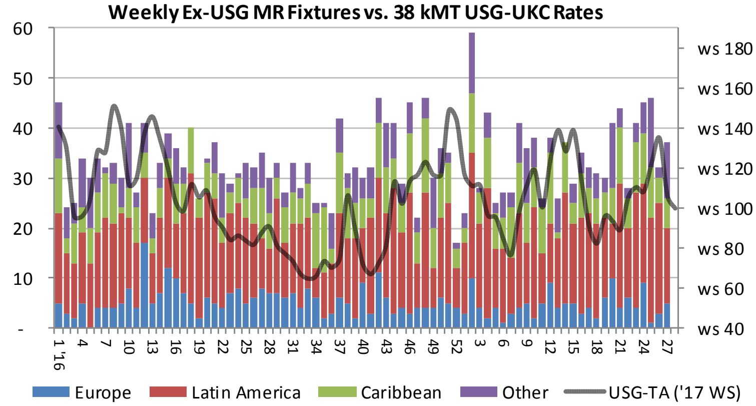
MR

Rates in the USG MR market came under strong negative pressure as a prolonged pause in demand that commenced late during last week, prevailed through the holiday-abridged start of this week and strongly eroded confidence. Though demand this week was relatively robust, the earlier pause led to a temporarily long list of available units combined with the renewed pessimism led to strong rate losses. A total 37 fixtures were reported this week, representing a 16% w/w gain. Of these, five were bound for points in Europe (the most in three weeks and two more than last week), 21 were bound for points in Latin America and the Caribbean (-6, w/w) and the remainder were yet to be determined or bound for alternative destinations. Rates dropped to a five-week low with the USG-UKC route falling by 30 points to conclude at ws100 while the USG-CBS route lost $75k to $400k lump sum and the USG-CHILE route shed $175k to $1.10m lump sum.

Despite this week's grim rate progression, overall fundamentals do not appear materially disjointed relative to the environment during June when rates were consistently above present levels. The week's strong demand absorbed much of the earlier buildup, leading the two-week forward view of workable, available units to decline by 8% w/w 34 units. This compares with a YTD end-week average of 42 available units and comes as the four-week moving average of fixtures has remained at or above 40 for four consecutive weeks. Historical YTD data shows that availability at around present levels has guided rates considerably above prevailing levels, even when demand has been lower. Meanwhile, despite a recent decline, EIA data shows that both total US and PADD3 distillate inventories remain above year-ago levels – and above the five-year range. The situation is similar for PADD3 gasoline inventories. Moreover, US crude production has remained in directional strength while PADD3 refinery utilization rates remain robust. On this basis, the prospect for USG CPP demand to remain elevated is evident.

While we expect that some availability gains will materialize on Monday as usual, the fundamentals suggest fresh rate gains thereafter. Further forward, a recent rise in long-haul, extra-regional fixtures from the USG should help to keep availability levels manageable, which could help to keep a floor on rates during at least the first half of the traditionally low Q3 seasonal market.

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



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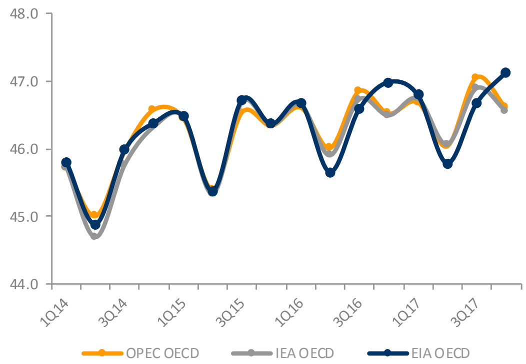
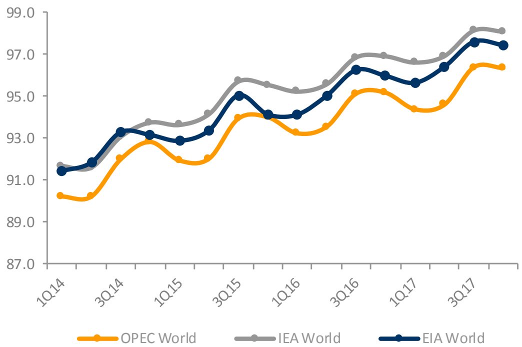
Projected OECD Oil Demand



Projected World Oil Demand



REPORTED TANKER SALES

"Taizan" – 300,405/02 – NKK – DH
-Sold for $15.0m to Greek buyers (Prominence Maritime). Unit damaged; requires immediate DD.

"Amba Bhavanee" – 107,081/03 – Koyo Dock – DH
-Sold at auction for $5.6mm to undisclosed buyers. Unit out of class; idled several years.

"Acquaviva" – 40,113/02 – Dalmare SpA – DH – IMO III
-Sold for $9.5m to undisclosed buyers.

"Torea" – 40,058/04 – ShinA – DH – IMO III
-Sold for $10.8m to undisclosed Qatari buyers.

"Pine Galaxy" – 19,997/04 – Shin Kurushima – DH – IMO II/III
-Sold for $12.5m to undisclosed Greek buyers.

"Golden Pacific" – 18,041/12 – Zhejiang Hangchang – DH – IMO II
-Sold for $14.5m to undisclosed buyers. Unit reactivated from 13-month layup 10/2016.

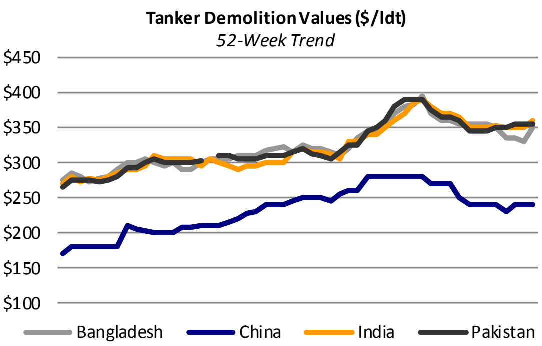
"Anamaria" – 6,487/09 – Zhejiang Sopo – DH – IMO II
-Sold at auction for $3.55m to undisclosed Cypriot buyers.

REPORTED TANKER DEMOLITION SALES

India

"Theresa Arctic" – 84,040/88 – 14,830 LDT – DH
-Sold for $350/ldt. Unit in casualty.

"Irisiana" – 3,237/91 – 1,322 LDT – SH – Molten Sulphur
-Sold on private terms.



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