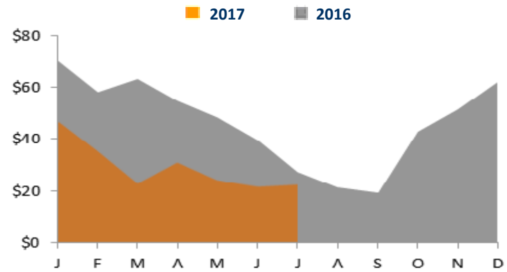
# WEBER WEEKLY TANKER REPORT

**WEEK 29 – 21 July 2017** **ISSUE 29 – 2017**

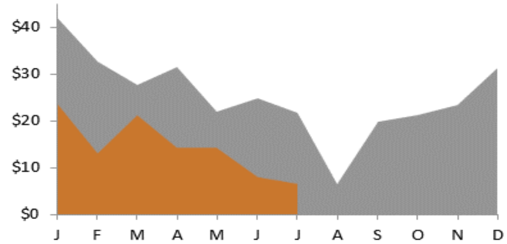
| Spot Market | WS/LS | TCE | WS/LS | TCE |
|---|---|---|---|---|
| **VLCC** (13.0 Kts L/B) | **14-Jul** | | **21-Jul** | |
| AG>USG 280k | 24.5 | $(123) | 24.5 | $(614) |
| AG>USG/CBS>SPORE/AG | -- | $22,165 | -- | $21,656 |
| AG>SPORE 270k | 55.0 | $21,359 | 52.0 | $18,873 |
| AG>JPN 265k | 52.5 | $21,925 | 50.0 | $19,748 |
| AG>CHINA 270k | 55.0 | $21,069 | 52.0 | $18,487 |
| WAFR>CHINA 260k | 55.0 | $22,744 | 54.0 | $21,521 |
| CBS>SPORE 270k | $3.20m | -- | $3.20m | -- |
| *VLCC Average Earnings* | | *$21,827* | | *$19,907* |
| **SUEZMAX** (13.0 Kts L/B) | | | | |
| WAFR>USG 130k | 60.0 | $9,370 | 60.0 | $8,948 |
| WAFR>UKC 130k | 62.5 | $5,658 | 65.0 | $6,222 |
| BSEA>MED 140k | 72.5 | $4,677 | 72.5 | $4,321 |
| CBS>USG 150k | 65.0 | $12,429 | 65.0 | $11,934 |
| *Suezmax Average Earnings* | | *$7,867* | | *$7,842* |
| **AFRAMAX** (13.0 Kts L/B) | | | | |
| N.SEA>UKC 80k | 90.0 | $3,721 | 92.5 | $5,125 |
| AG>SPORE 70k | 92.5 | $7,708 | 90.0 | $7,049 |
| BALT>UKC 100k | 62.5 | $4,763 | 67.5 | $6,807 |
| CBS>USG 70k | 90.0 | $3,861 | 102.5 | $7,235 |
| USG>UKC 70k | 65.0 | -- | 75.0 | -- |
| CBS>USG/USG>UKC/NSEA | -- | $7,761 | -- | $11,925 |
| MED>MED 80k | 82.5 | $3,986 | 92.5 | $7,175 |
| *Aframax Average Earnings* | | *$5,219* | | *$7,758* |
| **PANAMAX** (13.0 Kts L/B) | | | | |
| CBS>USG 50k | 112.5 | $1,162 | 112.5 | $833 |
| CONT>USG 55k | 107.5 | $6,694 | 102.5 | $5,266 |
| ECU>USWC 50k | 145.0 | $10,668 | 145.0 | $10,288 |
| *Panamax Average Earnings* | | *$6,052* | | *$5,201* |
| **LR2** (13.0 Kts L/B) | | | | |
| AG>JPN 75k | 93.0 | $8,505 | 104.5 | $11,065 |
| AG>UKC 80k | $1.35m | $5,801 | $1.35m | $5,490 |
| MED>JPN 80k | $1.87m | $12,458 | $1.85m | $11,812 |
| AG>UKC/MED>JPN/AG | -- | $15,434 | -- | $14,889 |
| *LR2 Average Earnings* | | *$10,813* | | *$12,338* |
| **LR1** (13.0 Kts L/B) | | | | |
| AG>JPN 55k | 111.0 | $7,434 | 112.5 | $7,620 |
| AG>UKC 65k | $1.14m | $4,968 | $1.14m | $4,480 |
| UKC>WAFR 60k | 126.5 | $6,008 | 123.0 | $5,198 |
| AG>UKC/UKC>WAFR/AG | -- | $11,615 | -- | $10,873 |
| *LR1 Average Earnings* | | *$9,525* | | *$9,246* |
| **MR** (13.0 Kts L/B) | | | | |
| UKC>USAC 37k | 125.0 | $5,855 | 120.0 | $4,745 |
| USG>UKC 38k | 117.5 | $5,643 | 95.0 | $2,053 |
| USG>UKC/UKC>USAC/USG | -- | $11,164 | -- | $7,763 |
| USG>CBS (Pozos Colorados) 38k | $475k | $16,013 | $375k | $9,020 |
| USG>CHILE (Coronel) 38k | $1.30m | $20,004 | $1.10m | $13,987 |
| CBS>USAC 38k | 150.0 | $11,782 | 132.5 | $8,732 |
| *MR Average Earnings* | | *$11,349* | | *$8,463* |
| **Handy** (13.0 Kts L/B) | | | | |
| MED>EMED 30k | 129.5 | $7,574 | 125.0 | $6,406 |
| SPORE>JPN 30K | 147.0 | $6,330 | 153.0 | $6,922 |
| *Handy Average Earnings* | | *$6,778* | | *$6,736* |

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

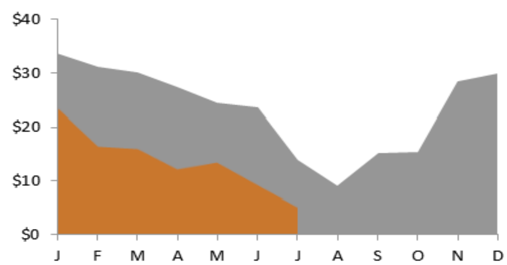
| Time Charter Market $/day (theoretical) | 1 Year | 3 Years |
|---|---|---|
| **VLCC** | $26,000 | $29,000 |
| **Suezmax** | $17,000 | $18,500 |
| **Aframax** | $15,000 | $17,000 |
| **Panamax** | $13,000 | $14,000 |
| **MR** | $13,500 | $14,500 |
| **Handy** | $12,000 | $13,000 |



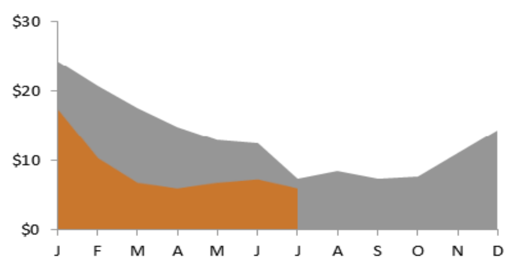

**VLCC Average Earnings** | **MTD Average ~$21,318/Day** | **Month y/y ▼ -22%**



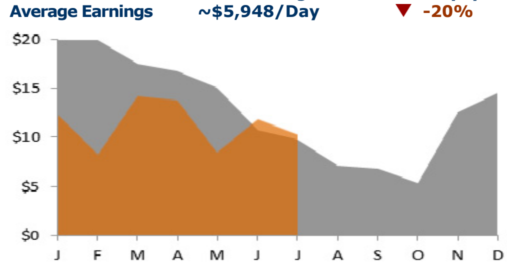

**Suezmax Average Earnings** | **MTD Average ~$6,651/Day** | **Month y/y ▼ -69%**




**Aframax Average Earnings** | **MTD Average ~$5,095/Day** | **Month y/y ▼ -63%**




**Panamax Average Earnings** | **MTD Average ~$5,948/Day** | **Month y/y ▼ -20%**




**MR Average Earnings** | **MTD Average ~$10,236/Day** | **Month y/y ▲ +4%**

## SPOT MARKET SUMMARY

### VLCC

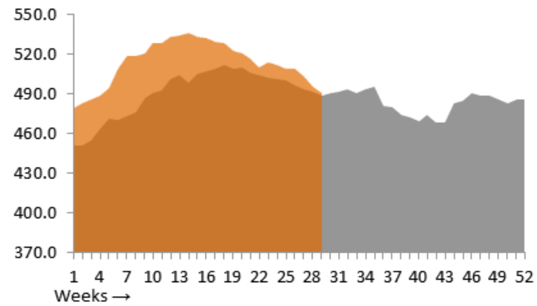
Rates in the VLCC market were under renewed negative pressure this week, paring last week's modest gains and extending to a near two-month low. Though demand in the Middle East was stronger, rising 85% w/w from last week's YTD low to 24 fixtures – boosted by a surge in demand for AG-China voyages to an eight-month high – the pace of demand seemed slower as half of this week's tally was covered under COAs. Moreover, a third of this week's fixtures with reported rates were on disadvantaged units. Ironically, though, the lack of sufficient testing of rates on normalized terms likely limited the extent of rate erosion that should have accompanied a fresh weakening of fundamentals. We note that the tally of surplus July Middle East VLCCs jumped after the month's program concluded on the lower end of the anticipated range; from an earlier estimate of 15 surplus units we now count 21, marking a two-month high and eight more than the average during 1H17. The present view of surplus tonnage through the first decade of August shows potentially as few as 16 units, though we take an unconstructive view that this will have any meaningful impact on VLCC rates as hidden tonnage is likely to see this number rise, and Middle East cargo availability appears increasingly tenuous. Reports indicate that Saudi Arabia is set to cut supply to a YTD low during August, in line with a usual domestic summertime demand surge while August Basrah stems have been elusive. For its part, there appears to be an increasing disconnect between Basrah stems and AIS data for loaded cargo from the terminal, casting further uncertainty around the extent of regional exports.

Middle East

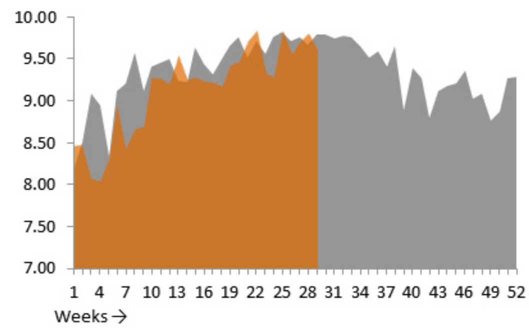
Rates to the Far East shed 2.5 points to conclude at ws50 – with corresponding TCEs off 10% to ~$19,748/day. Rates to the USG via the Cape were unchanged at ws24.5. Triangulated Westbound trade earnings eased 2% to conclude at ~$21,656/day, due to higher bunker prices.

Atlantic Basin

Rates in the West Africa market followed those in the Middle East. The WAFR-FEAST route shed one point to conclude at ws54; corresponding TCEs were down 5% w/w to ~$21,521/day. Demand in the Caribbean market remained slow for a fourth consecutive week. The CBS-SPORE route held steady $3.2m lump sum, accordingly.




| US Crude Stocks (EIA) | Last Week | Week y/y |
|---|---|---|
| | 490.6 MnBbls | ▲ +0.4% |




| US Gasoline Demand (EIA) | Last week | Week y/y |
|---|---|---|
| | 9.592 MnB/d | ▼ -2.0% |

■ 2017 ■ 2016

## Suezmax

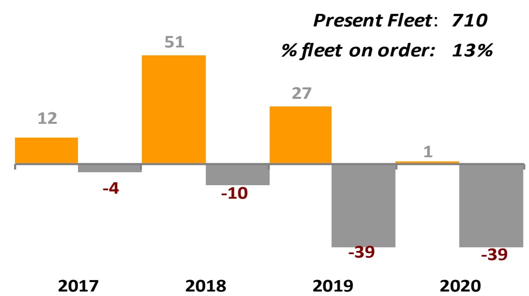
The West Africa Suezmax market observed a fresh decline in demand following three consecutive weeks of significantly above-average fixture activity. There were just six fixtures reported this week, representing a 65% w/w decline to a seven-week low. Rates commenced the week with fresh losses, before rebounding to conclude the week largely unchanged. Contributing to rebound, supply levels were modestly lower following the earlier strong demand while demand in the Middle East market was at marked strength this week, influencing sentiment as fewer ballasters were expected. The WAFR-USG route concluded unchanged at ws60, having earlier dipped to ws55. The WAFR-UKC route gained 2.5 points to conclude at ws65. Total confirmed this week that exports from the Djeno terminal in Congo Republic were continuing unaffected from last week's strike action and SBM incident, despite earlier reports indicating a force majeure. Meanwhile, the status of Bonny light force majeure remains unclear. Further forward, reports indicate strong overall West Africa demand for the September program on anticipated refining margins strength. As such, demand-side headwinds in the region are likely to be more muted than previously anticipated while fresh strength could materialize from August, in line with normal seasonality. Supply-side headwinds, however, remain evident with the Suezmax fleet having expanded by 29 units, or 6.3%, on a net basis since the start of the year.

## Aframax

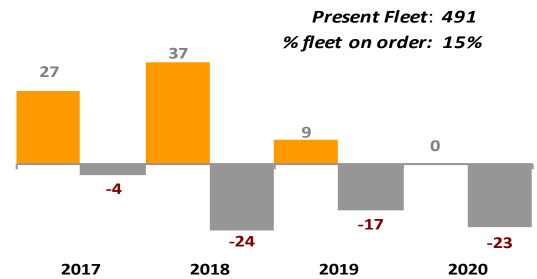
A surge in demand in the Caribbean Aframax market saw rates jump to a near two-month high. The fixtures tally jumped to a three-month high of 21, representing a 50% w/w gain. All but three of these were for intraregional voyages – and heavily oriented towards USG discharges, likely as declining US crude inventories amid high refinery utilization rates prompted greater – and more diverse – crude import requirements. Inventory declines in the PADD2 region are notable for their decline out of step with alternative regions, implying that domestic grades could increasingly be absorbed there enabling modestly stronger PADD3 imports.

Rates on the CBS-USG route gained 12.5 points to conclude at ws102.5 with corresponding TCEs rising by 52% to a still-meager ~$7,235/day. If the demand run extends through the start of the upcoming week, negative pressures resulting from a usual weekend buildup of available tonnage could be offset, allowing rates to hold at present levels or possibly rise further. The forward near-term view of fundamentals, however, remains lackluster as oversupply issues throughout the Atlantic basin and in the Aframax market more generally will remain a challenge. Moreover, this week's fixtures bound for the USG are unlikely to be matched in number by extra-regional onward trades, implying a relatively quick return to position lists during the coming weeks, which will weigh negatively on rates.

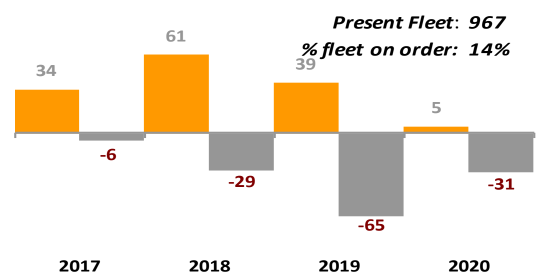
**VLCC Projected Orderbook Deliveries/Phase-Outs**



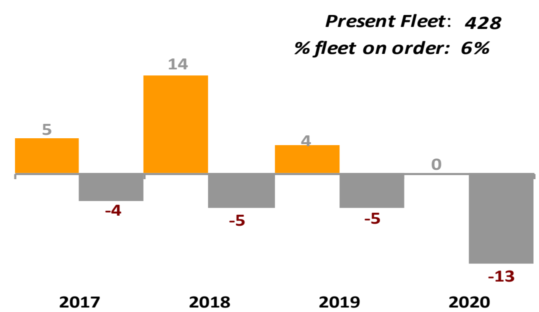

**Suezmax Projected Orderbook Deliveries/Phase-Outs**



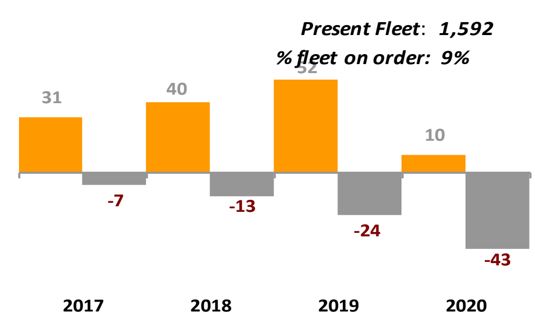

**Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs**




**Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs**

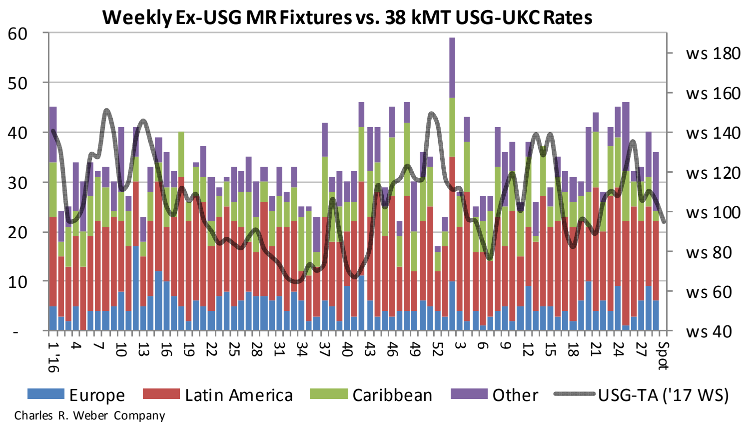


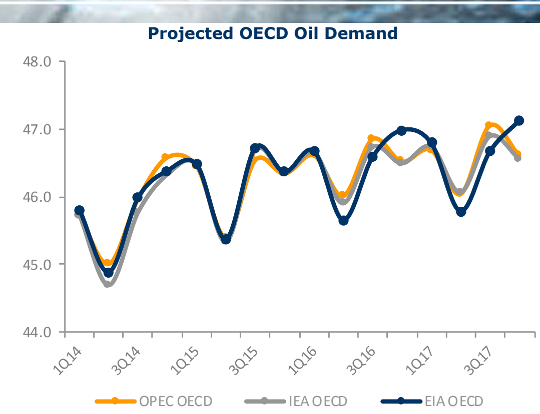

**MR Projected Orderbook Deliveries/Phase-Outs**

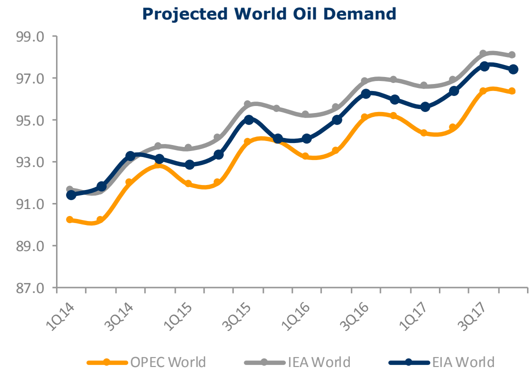


## MR

The USG MR market saw rates come under strong negative pressure this week on lagging sentiment of last week's supply/demand disjointing, prompting rates to drop to two-month lows. That followed a surge in availability from a recent rise in units delivering gasoline to the USAC and a fresh surge in voyages to Mexico – while other units on intraregional voyages came free. Rates on the USG-UKC route lost 22.5 points to conclude at ws95. The USG-CBS route shed \$100k to conclude at \$375k lump sum while the USG-CHILE route shed \$200k to conclude at \$1.1m. Despite the pessimism, which we believe was part of a usual lagging reaction to last week's supply gains and was likely furthered by a seemingly long list of units freeing on Mexico's east coast, demand in the USG market remained strong and overall fundamentals improved this week. There were 36 fixtures concluded, or four fewer than last week – but one more than the YTD average, at a point during the year when seasonality usually sees below-average cargo tallies. Of this week's fixtures, six were bound for points in Europe (-3, w/w), 18 were bound for points in Latin America and the Caribbean (-4, w/w) and the remainder were yet to be determined or bound for alternative destinations. Meanwhile, the two-week forward view of viable tonnage availability declined 16% to 41 units, which is also below the YTD average. On this basis, rates are likely near a near-term bottom and after the start of the upcoming week (when more units generally appear on position lists) should start to level off.



# WEBER WEEKLY TANKER REPORT

## REPORTED TANKER SALES

**"Front Ardenne" –** 153,152/97 – Hyundai Ulsan – DH
*-Sold for $8.0m to undisclosed buyers.*

**"Resolve" –** 46,048/04 – STX Jinhae – DH
*-Sold for $11.0m to undisclosed buyers.*

**"Global Vika" –** 16,408/99 – Usuki – DH – IMO II
*-Sold for $6.5m to undisclosed far east buyers.*

## REPORTED TANKER DEMOLITION SALES

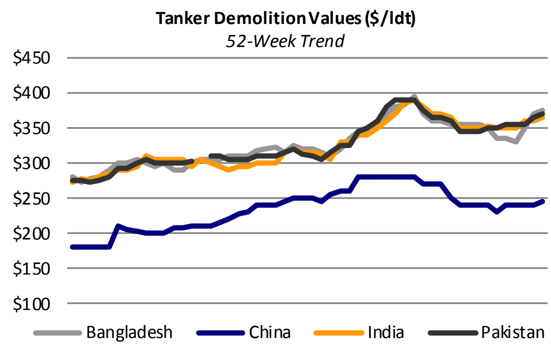
### Bangladesh

**"Ambassador"** – 153,044/97 – 22,137 LDT – DH
*-Sold for $375/ldt.*

**"Bunga Kelana Dua"** – 105,976/97 – 16,899 LDT – DH
*-Sold for $398/ldt, basis as is, Malaysia.*

### India

**"Iron Monger 3"** – 98,624/90 – 15,871 LDT – DH
*-Sold for $340/ldt basis as is, Khor Fakkan. Unit converted to DH 11/2008.*

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