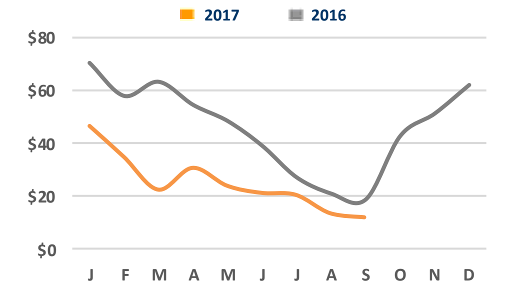
WEBER WEEKLY TANKER REPORT

WEEK 38 – 22 SEPTEMBER 2017 **ISSUE 38 – 2017**

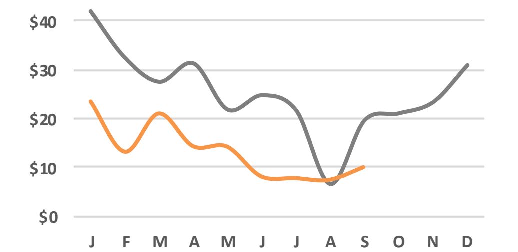
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**15-Sep**		**22-Sep**	
AG>USG 280k	19.0	$(6,995)	23.0	$(3,984)
AG>USG/CBS>SPORE/AG	--	$23,226	--	$25,796
AG>SPORE 270k	41.0	$8,064	47.5	$13,130
AG>JPN 265k	39.0	$8,528	45.0	$13,397
AG>CHINA 270k	41.0	$7,297	47.5	$12,564
WAFR>CHINA 260k	47.0	$13,994	51.5	$17,525
CBS>SPORE 270k	$4.00m	--	$4.00m	--
VLCC Average Earnings		*$10,994*		*$15,422*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	65.0	$9,303	60.0	$7,155
WAFR>UKC 130k	70.0	$6,475	65.0	$4,441
BSEA>MED 140k	82.5	$8,758	77.5	$6,198
CBS>USG 150k	77.5	$17,728	67.5	$11,469
Suezmax Average Earnings		*$9,828*		*$6,995*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	107.5	$15,242	107.5	$15,116
AG>SPORE 70k	95.0	$6,875	105.0	$9,173
BALT>UKC 100k	90.0	$16,751	87.5	$15,250
CBS>USG 70k	150.0	$19,921	140.0	$16,924
USG>UKC 70k	115.0	--	110.0	--
CBS>USG/USG>UKC/NSEA	--	$28,244	--	$25,308
MED>MED 80k	135.0	$20,647	107.5	$11,163
Aframax Average Earnings		*$18,944*		*$16,049*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	125.0	$1,999	120.0	$963
CONT>USG 55k	117.5	$6,983	112.5	$5,864
ECU>USWC 50k	140.0	$8,719	140.0	$8,733
Panamax Average Earnings		*$6,300*		*$5,358*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	114.5	$11,990	122.0	$13,671
AG>UKC 80k	$1.55m	$8,092	$1.70m	$10,982
MED>JPN 80k	$1.51m	$5,494	$1.51m	$5,414
AG>UKC/MED>JPN/AG	--	$12,222	--	$13,698
LR2 Average Earnings		*$12,067*		*$13,680*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	141.0	$11,215	143.5	$11,602
AG>UKC 65k	$1.47m	$9,722	$1.62m	$12,642
UKC>WAFR 60k	96.5	$(138)	94.0	$(572)
AG>UKC/UKC>WAFR/AG	--	$11,596	--	$13,343
LR1 Average Earnings		*$11,406*		*$12,473*
MR (13.0 Kts L/B)				
UKC>USAC 37k	100.0	$414	130.0	$4,873
USG>UKC 38k	75.0	$(2,011)	70.0	$(2,794)
USG>UKC/UKC>USAC/USG	--	$2,509	--	$4,364
USG>CBS (Pozos Colorados) 38k	$300k	$2,990	$300k	$2,950
USG>CHILE (Coronel) 38k	$925k	$7,993	$900k	$7,233
CBS>USAC 38k	112.5	$4,532	110.0	$4,090
MR Average Earnings		*$5,350*		*$6,886*
Handy (13.0 Kts L/B)				
MED>EMED 30k	146.5	$10,806	189.5	$20,739
SPORE>JPN 30K	200.0	$11,104	210.0	$12,142
Handy Average Earnings		*$10,987*		*$15,237*

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

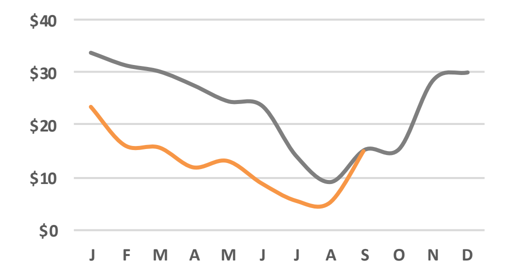
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$24,500	$28,000
Suezmax	$17,000	$18,500
Aframax	$15,000	$17,000
Panamax	$12,000	$13,500
MR	$12,750	$14,500
Handy	$12,000	$13,000



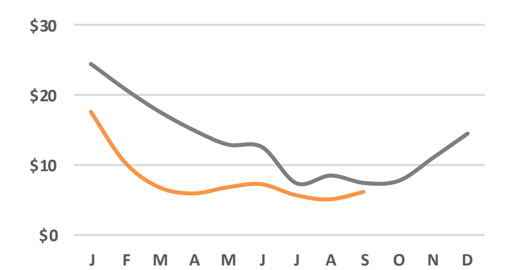
VLCC Average Earnings | **MTD Average** ~$11,915/Day | **Month y/y** ▼ -38%



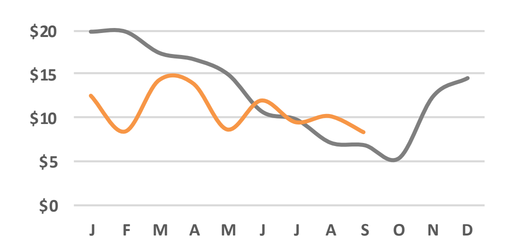
Suezmax Average Earnings | **MTD Average** ~$9,938/Day | **Month y/y** ▼ -50%



Aframax Average Earnings | **MTD Average** ~$15,023/Day | **Month y/y** ▼ -1%



Panamax Average Earnings | **MTD Average** ~$6,227/Day | **Month y/y** ▼ -17%



MR Average Earnings | **MTD Average** ~$8,227/Day | **Month y/y** ▲ +21%

SPOT MARKET SUMMARY

VLCC

Rates in the VLCC market experienced a late-week uptick, driven by a modest improvement in Middle East demand and recent draws on Middle East tonnage to both sides of the Atlantic basin amid sustained elevated West Africa demand and a supply shortage in the CBS/USG market. The Middle East market observed 25 fixtures, marking a 47% w/w gain. The West Africa market was unchanged at seven fixtures. Meanwhile, two North Sea-Asia fixtures were reported this week, building upon the five observed last week. As VLCC deliveries to points in Europe generally comprise the "natural" position list for the Caribbean/USG market, the recent demand strength there implies a reduction of available tonnage, which has raised owners' expectations of further draws on Middle East positions by attracting ballast units from Asia. Furthering this expectation, sustained demand strength was observed in the Americas, where eight fixtures were reported this week.

Further rate gains should materialize during the upcoming week as the supply/demand view has improved markedly. With 28 October Middle East cargoes covered thus far, we anticipate that a further 14 remain uncovered through the end of the month's first decade. Against this, there are 38 units available, from which the West Africa market is expected to absorb 7. This leaves 17 surplus units, or the fewest in four months and 41% fewer than the end-September surplus. Moreover, the surplus could decline further if any fresh ballasts to the Americas materialize. Historically, seventeen surplus vessels have supported average AG-FEAST TCEs of around $22,750/day; presently, these routes yield an average just ~$13,145/day, illustrating the rate upside potential.

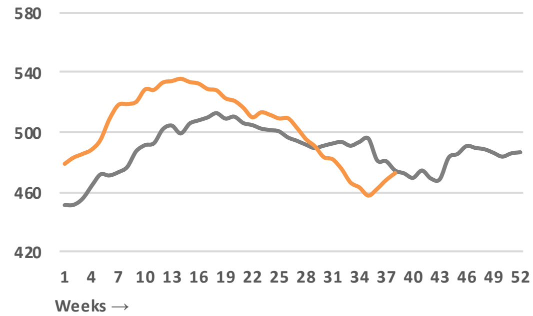
Middle East

Rates to the AG-JPN gained six points to conclude at ws45 with corresponding TCEs rising by 57% to ~$13,397/day. Rates to the USG via the Cape added four points to conclude at ws23. Triangulated Westbound trade earnings rose by 11% to ~$25,796/day.

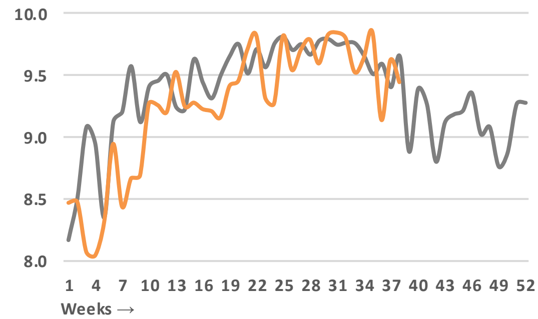
Atlantic Basin

Rates in the West Africa market were stronger in-line with the Middle East market. The WAFR-FEAST rose by 4.5 points to conclude at ws51.5 with corresponding TCEs improving by 25% with a closing assessment of ~$17,525/day.

The Caribbean market remained strong on a tightening regional supply/demand positioning. Rates on the CBS-SPORE route was unchanged at $4.00m lump sum.



US Crude Stocks (EIA)	Last Week	Week y/y
	472.8 MnBbls	▼ -0.2%



US Gasoline Demand (EIA)	Last Week	Week y/y
	9.441 MnB/d	▼ -2.2%

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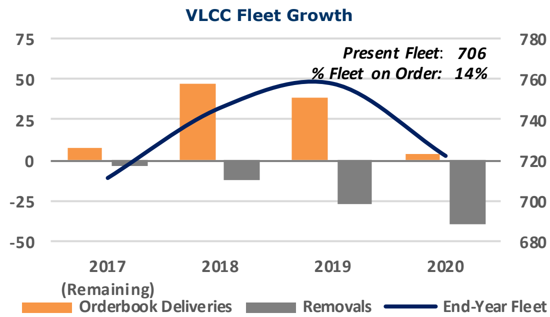
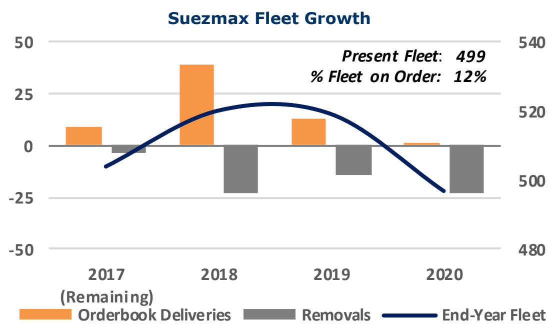
Suezmax

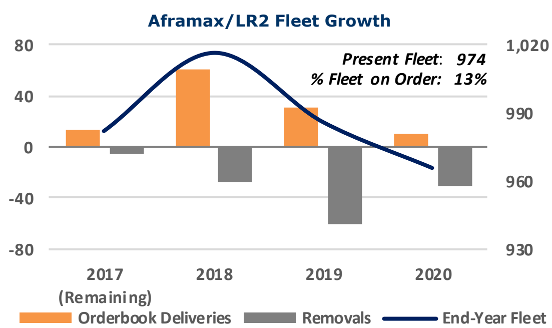
The West Africa Suezmax market was softer this week as lower cargo availability in recent weeks and declining rates in the Caribbean alternative market took their toll on sentiment. Spot cargo trades, which generally favor the Suezmax class, were also sluggish this week as inventory sales have picked up as traders unwound earlier storage. This has put negative pressure on price differentials, however which could support fresh demand during the upcoming week. Simultaneously, VLCC demand has remained robust through October's second decade, which will likely continue to imply lower cargo availability for Suezmaxes and further rate downside is envisioned in the near-term. The WAFR-UKC route shed five points to conclude at ws65. In the Caribbean market, rates on the CBS-USG route shed 10 points to conclude at 150 x ws67.5

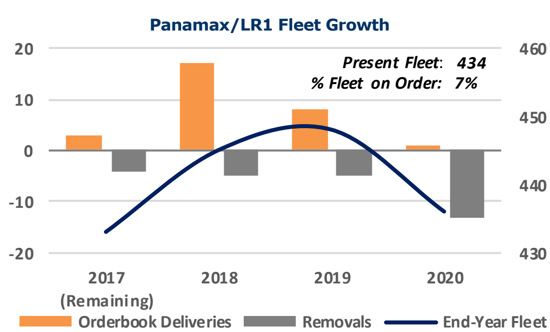
Aframax

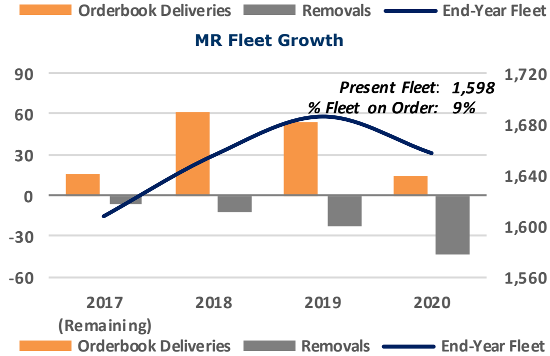
The Caribbean Aframax market commenced the week with rising sentiment on uncertainty around the impact of Hurricane Maria on vessel availability, despite a longer list of available units appearing on Monday. A replacement fixture concluded at a premium on Monday notionally substantiated a modest strengthening of rates, but any upside proved short-lived. By mid-week the CBS-USG route had tested a 10-point discount to last week's closing assessment; the corresponding rate, ws140, remained achievable throughout the remainder of the week thereafter. Further availability builds over the weekend are likely to support a further eroding of rates.











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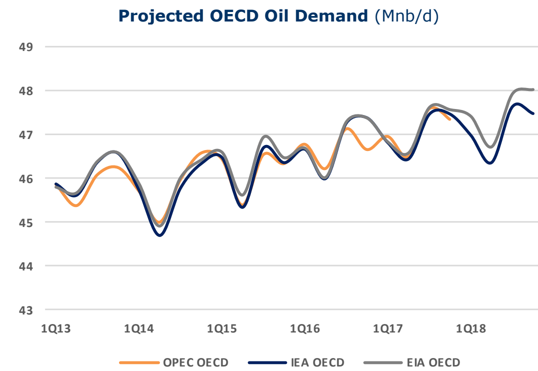
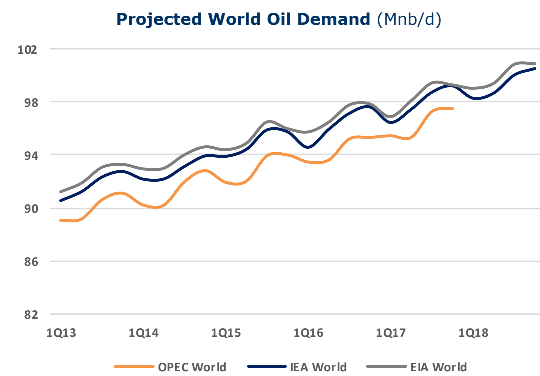
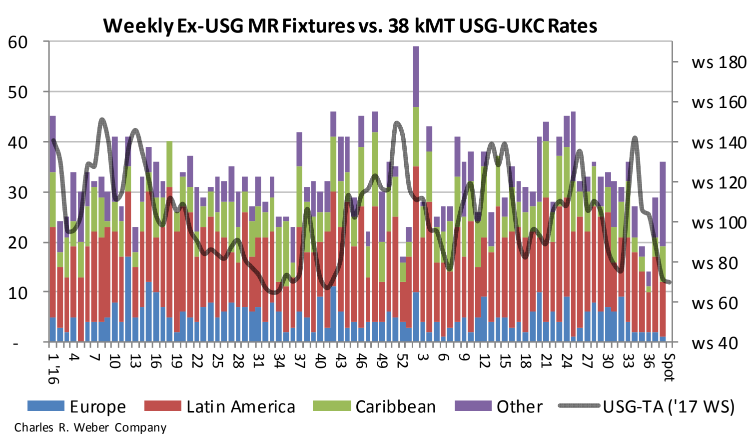
MR

Rates in the USG MR market remained under negative pressure this week as cargo demand levels continued to be undermined by low refining runs due to Hurricane Sandy. PADD3 refinery utilization rates rose last week to 73.0% last week, according to EIA data, from a near decade low of 60.7% a week earlier. Meanwhile, US diesel demand levels have surged with last week's 4.264 Mb/d representing a 5% w/w gain and a 24% y/y gain, with recovery works in disaster-affected parts of the US' south building upon a directionally stronger US diesel demand profile this year due to domestic consumer activity (trucking) and gains in other diesel outlets. PADD3 diesel inventories are now 1.8 Mbbls, or 5%, below year-ago levels – and total US inventories are 21.6 Mbbls, or 15%, below year-ago levels. Total forward US coverage is down by 12.3 days y/y to 34.1 days. Similarly, PADD 3 gasoline inventory levels are down 7.4 Mbbls, or 9%, y/y. Though USG MR demand rose 24% w/w to 36 fixtures (which is above the YTD average), forward demand expectations are weak and a backlog of available tonnage has continued to grow as inbound voyages to the Americas contribute to position lists. There are presently 55 units available on a two-week forward basis, representing a 6% w/w gain and 28% more than the YTD average. Rates on the USG-UKC route shed 5 points to conclude at ws70. The USG-CBS route was unchanged at $300k lump sum while the USG-Chile route lost $25k to the YTD low of $900k lump sum. A recent rally in the UKC market does not help asa USG MR positions are vying strongly for voyages in that direction and thus contributing exerting further negative sentiment on all ex-USG routes. Further rate downside at the start of the upcoming week should be limited, however, by the UKC market attracting ballast units from the USAC and thus reducing that component of the USG position list. Further forward, though, demand on the UKC-USAC route is expected to remain elevated and be augmented by supply losses resulting from closures of Caribbean-area inventory centers hit by Hurricane Maria this week, which will likely also stoke greater UKC-CBS and UKC-ECMEX voyages. With this bringing more tonnage into the region, USG supply levels will likely remain disjointed from demand and weigh negatively on rates for longer than previously expected.







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REPORTED TANKER SALES

"Mare Atlantic" – 68,467/01 – Koyo Dock – DH
"Mare Pacific" – 68,467/01 – Koyo Dock – DH
-Sold en bloc for $6.7m each to Greek buyers (Stalwart Tankers).

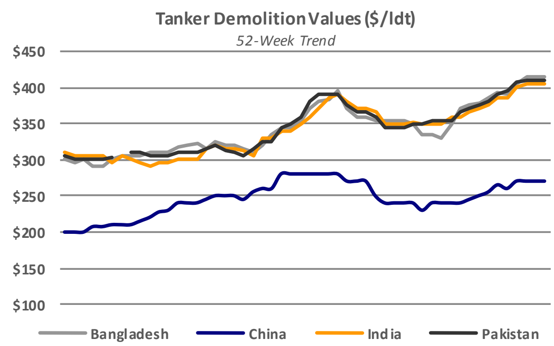
"Blue Garnet" – 6,870/10 – Tuzla Gemi – DH – IMO II/III – IMO 1A
-Sold for $15.5m to German buyers (JT Essberger).

REPORTED TANKER DEMOLITION SALES

Bangladesh

"Nataly" 143,386/93 – 24,512 LDT – DH
-Sold for $405/ldt. Unit converted to DH 04/2007.

"M Spirit" 95,386/95 – 16,529 LDT – DH
-Sold for $385/ldt.



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