

WEBER WEEKLY TANKER REPORT



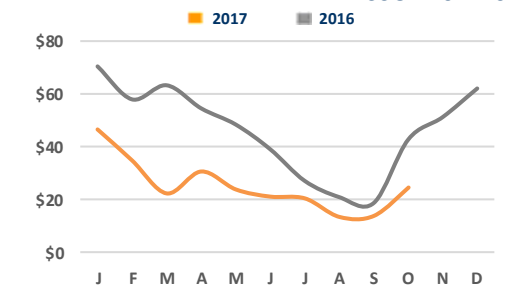
WEEK 40 – 6 OCTOBER 2017

ISSUE 40 – 2017

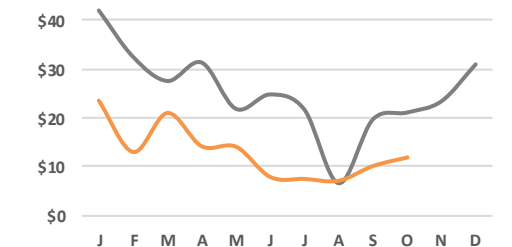
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)		29-Sep		6-Oct
AG>USG 280k	23.0	\$(3,975)	26.0	\$(1,380)
AG>USG/CBS>SPORE/AG	--	\$25,804	--	\$26,683
AG>SPORE 270k	55.0	\$18,630	62.0	\$24,623
AG>JPN 265k	52.5	\$19,137	59.0	\$24,963
AG>CHINA 270k	54.0	\$17,471	62.0	\$24,511
WAFR>CHINA 260k	60.0	\$24,309	62.0	\$26,148
CBS>SPORE 270k	\$4.00m	\$26,171	\$3.85m	\$24,240
<i>VLCC Average Earnings</i>		\$20,453		\$25,180
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	77.5	\$14,449	70.0	\$11,571
WAFR>UKC 130k	80.0	\$10,355	72.5	\$7,646
BSEA>MED 140k	82.5	\$8,758	85.0	\$10,041
CBS>USG 150k	77.5	\$17,671	72.5	\$14,868
<i>Suezmax Average Earnings</i>		\$13,099		\$11,079
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	102.5	\$11,054	95.0	\$5,243
AG>SPORE 70k	110.0	\$10,080	112.5	\$10,962
BALT>UKC 100k	80.0	\$11,210	72.5	\$7,500
CBS>USG 70k	130.0	\$13,984	115.0	\$9,739
USG>UKC 70k	100.0	--	97.5	--
CBS>USG/USG>UKC/NSEA	--	\$21,124	--	\$18,416
MED>MED 80k	97.5	\$7,727	125.0	\$17,317
<i>Aframax Average Earnings</i>		\$12,776		\$11,703
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	120.0	\$982	117.5	\$680
CONT>USG 55k	107.5	\$4,829	95.0	\$2,402
ECU>USWC 50k	140.0	\$8,767	140.0	\$8,754
<i>Panamax Average Earnings</i>		\$4,890		\$3,644
LR2 (13.0 Kts L/B)				
AG>JPN 75k	141.5	\$17,875	139.5	\$17,720
AG>UKC 80k	\$1.90m	\$14,909	\$2.05m	\$18,026
MED>JPN 80k	\$1.72m	\$8,593	\$1.75m	\$9,295
AG>UKC/MED>JPN/AG	--	\$17,937	--	\$20,025
<i>LR2 Average Earnings</i>		\$17,895		\$18,488
LR1 (13.0 Kts L/B)				
AG>JPN 55k	153.5	\$13,051	130.0	\$9,367
AG>UKC 65k	\$1.77m	\$15,587	\$1.51m	\$10,683
UKC>WAFR 60k	99.5	\$303	99.5	\$449
AG>UKC/UKC>WAFR/AG	--	\$15,882	--	\$12,572
<i>LR1 Average Earnings</i>		\$14,466		\$10,969
MR (13.0 Kts L/B)				
UKC>USAC 37k	125.0	\$4,145	125.0	\$4,349
USG>UKC 38k	80.0	\$(1,311)	72.5	\$(2,246)
USG>UKC/UKC>USAC/USG	--	\$5,149	--	\$4,455
USG>CBS (Pozos Colorados) 38k	\$325k	\$4,650	\$300k	\$3,100
USG>CHILE (Coronel) 38k	\$950k	\$9,317	\$950k	\$8,815
CBS>USAC 38k	115.0	\$4,902	110.0	\$4,248
<i>MR Average Earnings</i>		\$7,300		\$6,574
Handy (13.0 Kts L/B)				
MED>EMED 30k	201.5	\$23,515	180.5	\$18,728
SPORE>JPN 30K	200.0	\$10,927	185.0	\$9,515
<i>Handy Average Earnings</i>		\$15,459		\$12,831

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

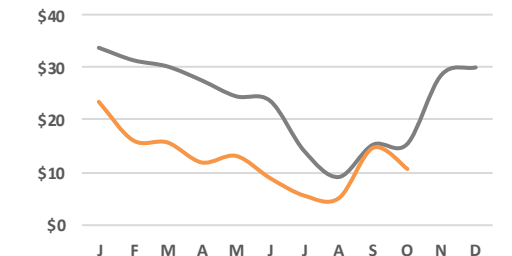
Time Charter Market \$/day (theoretical)	1 Year	3 Years
VLCC	\$25,500	\$28,000
Suezmax	\$17,000	\$18,500
Aframax	\$15,000	\$17,000
Panamax	\$12,000	\$13,500
MR	\$12,750	\$14,500
Handy	\$12,000	\$13,000



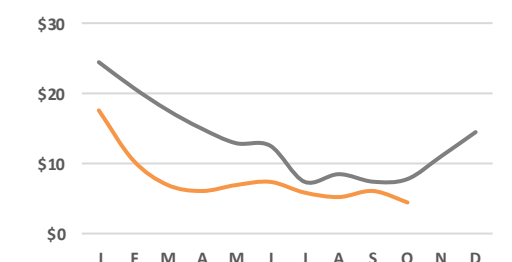
VLCC Average Earnings MTD Average ~\$24,707/Day Month y/y ▼ -43%



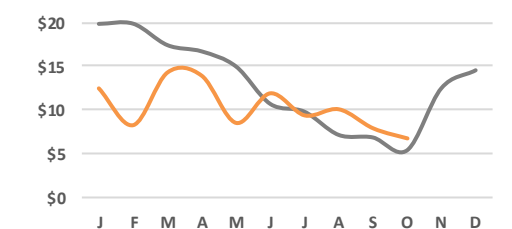
Suezmax Average Earnings MTD Average ~\$12,056/Day Month y/y ▼ -43%



Aframax Average Earnings MTD Average ~\$10,690/Day Month y/y ▼ -30%



Panamax Average Earnings MTD Average ~\$4,360/Day Month y/y ▼ -44%



MR Average Earnings MTD Average ~\$6,808/Day Month y/y ▲ +27%

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SPOT MARKET SUMMARY

VLCC

VLCC demand was mixed this week with the Atlantic basin continuing to observe strong activity while the Middle East was slower on a slower progression into the final decade of the October loading program amid the China National Day Golden Week holiday. There were 24 fresh fixtures in the Middle East market, off 29% w/w, though net of COA-covered cargoes the tally was off by a smaller 19%. Meanwhile, combined West Africa and South Africa fixture tally was unchanged on the week with eight fixtures. The Atlantic Americas market yielded eight fixtures, or one more than last week.

The sustained demand strength in the Atlantic basin augmented mounting positive rate pressure in the Middle East market by drawing away available units and allowing rates to react positively to the narrowing supply/demand situation. Indeed, as the market progresses towards the end of the October program, surplus Middle East supply has continued to decline. We project that October will conclude with 11 surplus units, or the fewest since the April program. This compares with 14 at the conclusion of October's second decade and 29 units at September's conclusion. On this basis, we believe that rates have further near-term upside potential as our model suggests an AG-FEAST TCE of around \$28,750/day while the present TCE yield is ~\$24,799/day. Stronger activity expected to materialize during the upcoming week in the Middle East will likely hasten gains.

Further forward, we continue to upwardly revise our views for Q4 as prospects continue to appear. Among these, it was confirmed this week that Saudi Arabia would raise their OSPs for Asian buyers a third-consecutive month during November, which should maintain positive demand momentum in the Atlantic basin by pushing some of Asia's purchases to the region. Meanwhile, US crude exports continue to develop positively and are expected to combine with a further migrating of Venezuela's exports towards Asia and away from points in North America. Additionally, the market observed an extending of demand gains in the North Sea and Mediterranean markets. As these units generally comprise the list of natural positions for voyages from the Atlantic Americas, their onward trades from Europe suggest that Atlantic Americas loadings may need to source more units from the Middle East's position lists in the coming weeks. These developments would dictate a further narrowing of the Middle East surplus. Meanwhile, any forward short supply of positions in the Americas would require the CBS-SPORE route to strengthen as the economics of ballasting from Asia to the Americas will be insufficient to draw units against further AG-FEAST TCE gains.

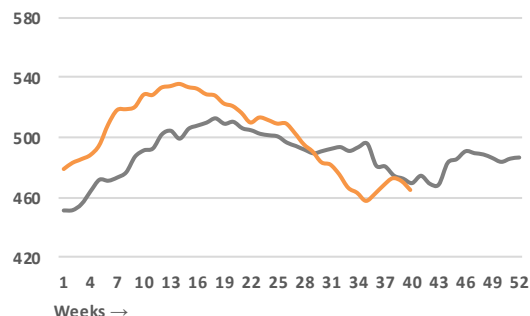
Middle East

Rates to the Far East gained 6.5 points to conclude at ws59 with corresponding TCEs rising 30% to ~\$24,963/day. Rates to the USG via the Cape added three points to conclude at ws26. Triangulated Westbound trade earnings rose 3% to ~\$26,683/day.

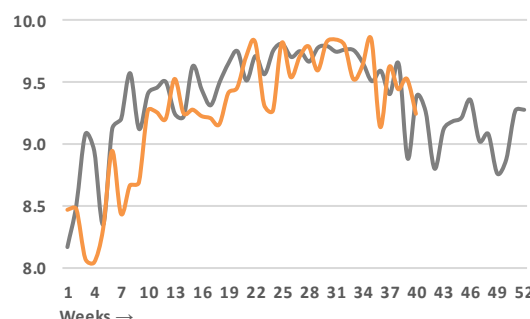
Atlantic Basin

Rates in the West Africa market were stronger, in-line with the Middle East. The WAFR-FEAST rose by 2 points to conclude at ws62 with corresponding TCEs adding 8% to a closing assessment of ~\$26,148/day.

Rates in the Caribbean market eased modestly as recent inbound tonnage from the Middle East saw the supply/demand positioning rebalance. The CBS-SPORE rate initially declined from last week's closing assessment of \$4.0m lump sum to \$3.8m before paring some of the losses to conclude at \$3.85m. Sustained demand strength, however, is likely to lead to a fresh tightening of fundamentals in the coming weeks and fresh gains are expected to materialize on this basis as drawing tonnage from other regions will be more complicated amid rising VLCC rates in the Middle East.



US Crude Stocks (EIA) Last Week 465.0 MnBbls Week y/y ▼ -0.9%



US Gasoline Demand (EIA) Last Week 9.241 MnB/d Week y/y ▼ -1.6%

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Suezmax

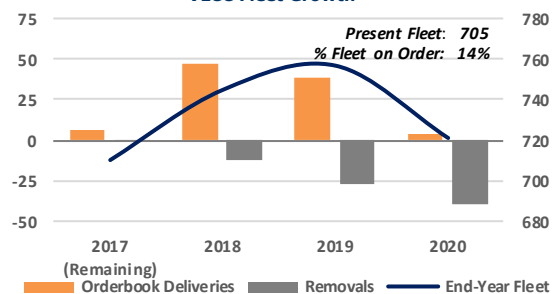
The West Africa Suezmax market was softer this week on a scaling back of regional demand against fresh availability gains. An easing of delays in the Black Sea contributed further to sentiment, as did softening rates in the Caribbean market and slower demand in the Middle East – all reducing the specter of forward tonnage sourcing issues in the West Africa market. There were seven fresh fixtures this week, representing a 36% w/w decline. Rates on the WAFR-UKC route shed 7.5 points to conclude at ws72.5.

The Caribbean market was softer on an easing of Aframax rates which placed the Suezmax class at an even greater \$/mt premium and brought Aframax into the fray as an alternative – even if only as an argument point for charterers. Demand levels were healthy irrespectively; eleven regional fixtures were reported, including six for USG crude exports and two for fuel oil exports. Rates on the CBS-USG benchmark shed five points to conclude at 150 x ws72.5.

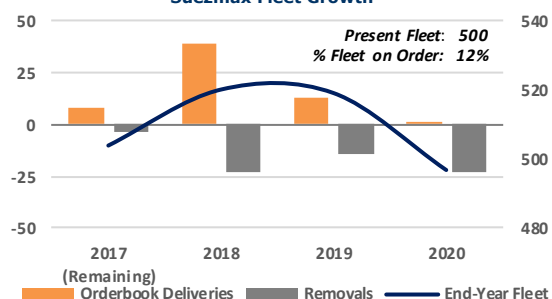
Aframax

The Caribbean Aframax market commenced the week under negative pressure on the appearance of fresh units on position lists, extending last week's rate erosion. A very active demand environment on Tuesday supported fresh gains to pare Monday's losses – though with demand easing back to normalized levels thereafter rates steadied through the remainder of the week. The CBS-USG route concluded at ws115, representing a loss of 15 points from last week's close after having dropped to as low as ws105 on Monday. Potential delays from Tropical Storm Nate's forecasted landfall in Louisiana over the weekend as a Category 1 hurricane could lend fresh support to owners, making the near-term direction difficult to ascertain.

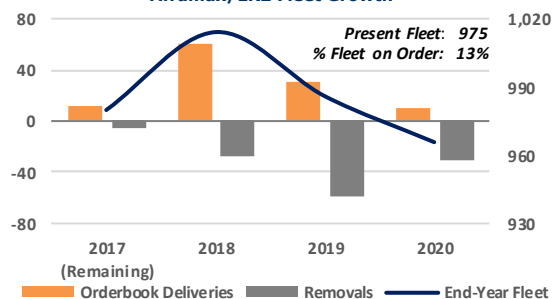
VLCC Fleet Growth



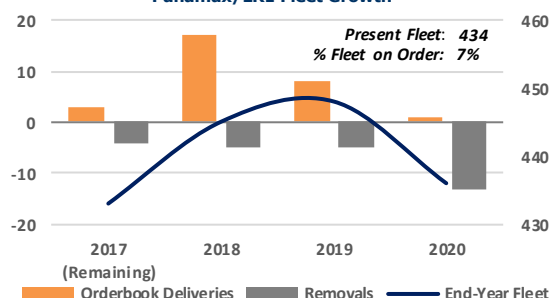
Suezmax Fleet Growth



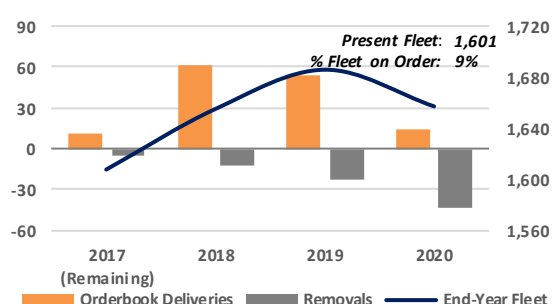
Aframax/LR2 Fleet Growth



Panamax/LR1 Fleet Growth



MR Fleet Growth

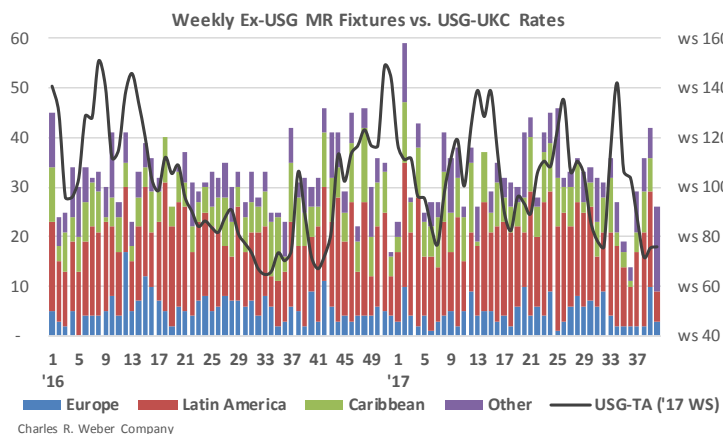


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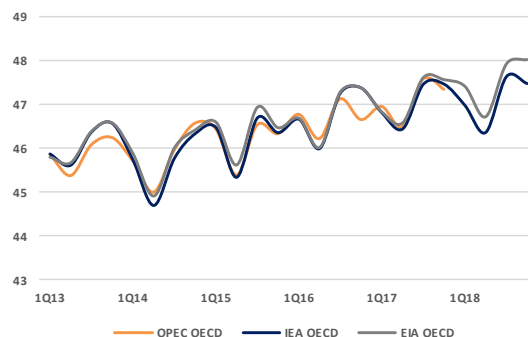


MR

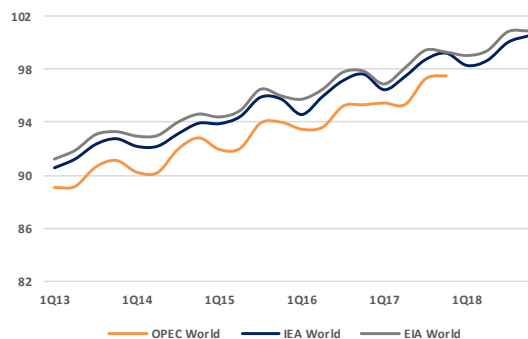
Rates in the USG MR market were in correction mode from last week's rally as a slowing of demand levels this week exposed a growing position list. There were just 26 fixtures this week – the fewest since first week of September following Hurricane Harvey – or 38% fewer than last week. This week's tally included three bound for points in Europe (-7, w/w), six to points in Latin America and the Caribbean (-20, w/w), the remainder (the majority) were TBD or for alternative areas. A slower than expected further recovery of PADD 3 refining capacity was reported by the EIA for the week ending 9/29; the region's utilization rate gained just 0.7% to 85.6% whereas many participants had anticipated a utilization rate of at least 88%. Moreover, Tropical Storm Nate is forecasted to strengthen and make landfall in Louisiana on Sunday as a Category 1 hurricane, which could prompt some fresh refinery shutdowns in the impacted area. As a result, trading activity was muted. Rates on the USG-UKC route shed 7.5 points to conclude at ws72.5 while the USG-CBS route shed \$25k to \$300k lump sum. The USG-Chile route was unchanged at \$950k lump sum as participants were resistant to further losses for long-haul voyages ahead of traditional Q4 directional rate strength. Rates on most ex-USG routes are at an effective floor—at which they will likely remain through the start of the upcoming week. A progression into recovery thereafter will likely depend on Tropical Storm Nate's impact and PADD 3 refinery utilization rates.



Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



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REPORTED TANKER SALES

"Gener8 Poseidon" – 305,796/02 – Daewoo – DH
-Sold for \$22.5m to undisclosed buyers.

"Trikwong Venture" – 297,136/12 – Dalian – DH
-Sold for \$53.0m to Singaporean buyers (Zodiac).

"Gener8 Argus" – 159,901/00 – Hyundai Ulsan – DH
-Sold for \$11.0m to undisclosed buyers.

"BLS Advance" – 84,999/02 – Sasebo – DH
-Sold for \$7.8m to Greek buyers (Avin International).

"Challenge Pearl" – 47,451/08 – Onomichi – DH
-Sold for \$16.5m to Irish buyers (Ardmore).

"Maersk Ellen" – 36,962/02 – 3 Maj – DH – IMO II
-Sold for \$9.5m to undisclosed Nigerian buyers.

"Spruce Galaxy" – 20,768/06 – Shin Kurushima – DH – IMO II/III
-Sold for \$15.25m to Danish buyers (Celsius Shipping).

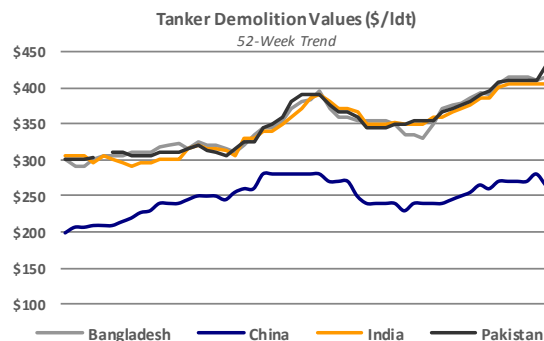
"Rita" – 13,843/96 – Esercizio Viareggio – DH – IMO II
-Sold for \$5.2m to undisclosed Chinese buyers.

"Wilberforce" – 1,561/07 – Modest Infrastructure, India – DH
-Sold on private terms to undisclosed buyers. Unit laid-up since 11/2016.

REPORTED TANKER DEMOLITION SALES

Bangladesh

"Silver Bridge" 107,212/99 – 16,665 LDT – DH
-Sold for \$432/ldt.



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