

WEBER WEEKLY TANKER REPORT



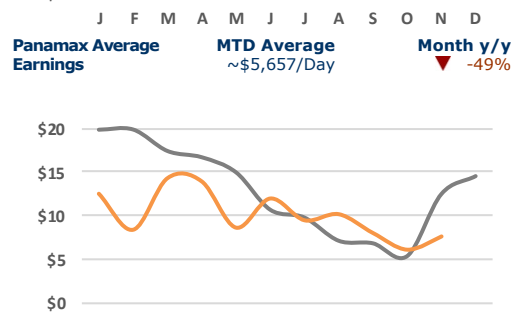
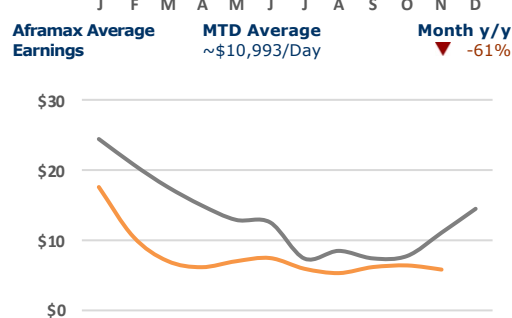
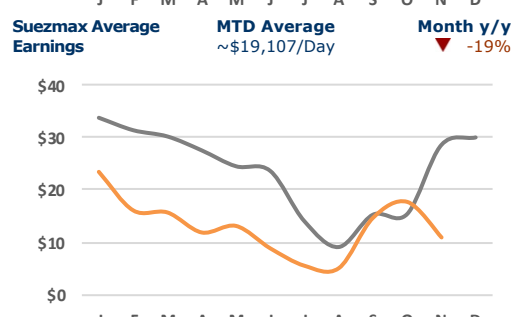
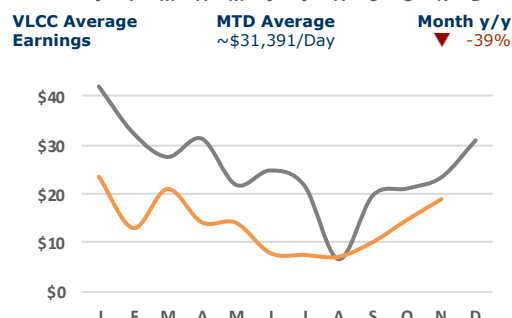
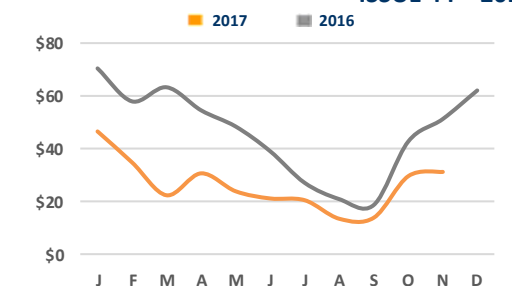
WEEK 44 – 3 NOVEMBER 2017

ISSUE 44 – 2017

Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)				
	27-Oct		3-Nov	
AG>USG 280k	29.0	\$108	29.0	\$(848)
AG>USG/CBS>SPORE/AG	--	\$32,897	--	\$33,689
AG>SPORE 270k	72.5	\$32,133	72.0	\$31,249
AG>JPN 265k	70.0	\$33,216	70.0	\$32,821
AG>CHINA 270k	71.0	\$31,105	70.0	\$29,876
WAFR>CHINA 260k	72.5	\$33,682	72.0	\$32,333
CBS>SPORE 270k	\$4.40m	\$30,462	\$4.60m	\$32,085
VLCC Average Earnings		\$32,582		\$31,919
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	92.5	\$20,382	85.0	\$16,700
WAFR>UKC 130k	97.5	\$16,929	90.0	\$13,421
BSEA>MED 140k	100.0	\$16,121	105.0	\$18,561
CBS>USG 150k	87.5	\$23,636	85.0	\$21,573
Suezmax Average Earnings		\$20,287		\$17,784
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	120.0	\$25,648	100.0	\$8,866
AG>SPORE 70k	140.0	\$16,900	127.5	\$13,832
BALT>UKC 100k	97.5	\$20,955	75.0	\$8,341
CBS>USG 70k	110.0	\$7,794	95.0	\$2,892
USG>UKC 70k	85.0	--	80.0	--
CBS>USG/USG>UKC/NSEA	--	\$13,865	--	\$9,788
MED>MED 80k	160.0	\$28,848	140.0	\$21,482
Aframax Average Earnings		\$18,622		\$10,446
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	115.0	\$492	115.0	\$161
CONT>USG 55k	127.5	\$9,744	115.0	\$6,731
ECU>USWC 50k	140.0	\$9,059	140.0	\$8,925
Panamax Average Earnings		\$7,024		\$5,467
LR2 (13.0 Kts L/B)				
AG>JPN 75k	113.0	\$11,153	124.0	\$13,522
AG>UKC 80k	\$1.83m	\$13,148	\$1.85m	\$13,160
MED>JPN 80k	\$1.71m	\$8,078	\$1.76m	\$8,387
AG>UKC/MED>JPN/AG	--	\$16,741	--	\$17,075
LR2 Average Earnings		\$13,014		\$14,705
LR1 (13.0 Kts L/B)				
AG>JPN 55k	112.5	\$6,787	122.0	\$8,260
AG>UKC 65k	\$1.33m	\$7,554	\$1.34m	\$7,265
UKC>WAFR 60k	99.0	\$942	109.0	\$2,109
AG>UKC/UKC>WAFR/AG	--	\$10,366	--	\$10,988
LR1 Average Earnings		\$8,577		\$9,624
MR (13.0 Kts L/B)				
UKC>USAC 37k	110.0	\$1,834	100.0	\$46
USG>UKC 38k	85.0	\$(713)	105.0	\$1,905
USG>UKC/UKC>USAC/USG	--	\$4,435	--	\$5,693
USG>CBS (Pozos Colorados) 38k	\$325k	\$4,506	\$425k	\$10,965
USG>CHILE (Coronel) 38k	\$1.18m	\$15,021	\$1.25m	\$16,872
CBS>USAC 38k	117.5	\$5,167	130.0	\$6,872
MR Average Earnings		\$5,957		\$7,854
Handy (13.0 Kts L/B)				
MED>EMED 30k	131.0	\$7,022	130.0	\$6,539
SPORE>JPN 30k	176.0	\$8,273	175.0	\$8,078
Handy Average Earnings		\$7,822		\$7,524

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	\$27,000	\$29,000
Suezmax	\$18,000	\$19,000
Aframax	\$15,500	\$17,500
Panamax	\$12,000	\$13,500
MR	\$13,000	\$14,500
Handy	\$12,000	\$13,000



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WEBER WEEKLY TANKER REPORT



SPOT MARKET SUMMARY

VLCC

VLCC rates were largely stagnant this week with no clear immediate near-term direction amid a slowing of Middle East demand between the November program's second and third decades against a sustaining of elevated demand in the West Africa market. The Middle East market observed 25 fixtures, representing a 32% w/w decline while the West Africa market was unchanged with nine fixtures. One fixture for loading in North Africa contributed to draws on Middle East positions. Elsewhere, the Atlantic Americas market was markedly slower with three fixtures materializing, as compared with last week's eight.

Fundamentals continue to point to a near-term strengthening of rates. The November Middle East program is progressing with m/m demand strength with the first two decades collectively yielding 8% more cargo volume. Simultaneously, draws on Middle East tonnage to the Atlantic basin are up 14%. Availability replenishment, meanwhile, has declined due to an earlier surge in demand in the Atlantic Americas that drew units away from the Middle East on to trades that consume the performing units for substantially longer than traditional AG-FEAST runs. Additionally, the number of idle units (including those engaged in storage, undertaking maintenance, servicing STSs, etc.) has risen by 40% to 28 units over the past two months. Accordingly, the November Middle East program appears likely to conclude with just eight surplus positions, off 43% m/m – or the fewest since the December 2016 program. On this basis, we expect further directional gains to materialize during the coming weeks, with timing thereof dictated by the timing of charterers' progression in earnest into November's final decade.

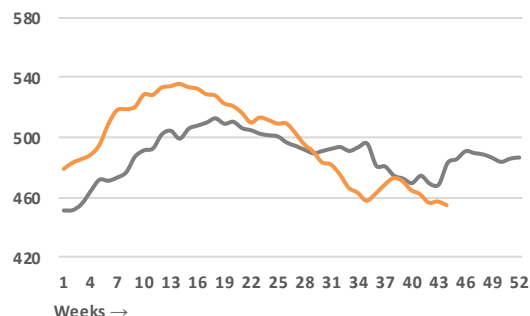
Middle East

Rates on the AG-JPN route concluded unchanged at ws70. Corresponding TCEs were off 1% to ~\$32,821/day on higher bunker prices. Rates to the USG via the Cape were unchanged at ws29. Triangulated AG-USG/CBS-SPORE/AG TCEs rose by 2% to ~\$33,689/day.

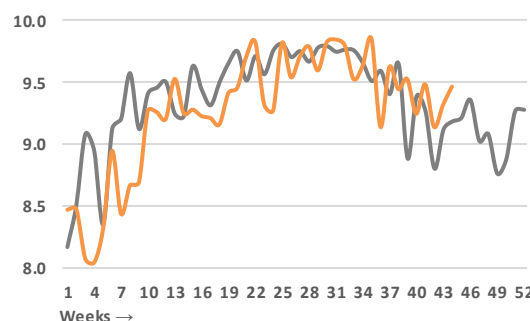
Atlantic Basin

Rates in the West Africa market modestly softer on the slower pace demand in the Middle East market. The WAFR-FEAST route concluded with a loss of 0.5 point to ws72. Corresponding TCEs were off 4% to ~\$32,333/day.

Rates in the Atlantic Americas were stronger on forward sentiment. The CBS-SPORE route gained \$200k to conclude at \$4.60m lump sum.



US Crude Stocks (EIA) Last Week 454.9 MnBbls Week y/y ▼ -5.7%



US Gasoline Demand (EIA) Last Week 9.461 MnB/d Week y/y ▲ +3.0%

■ 2017 ■ 2016

WEBER WEEKLY TANKER REPORT



Suezmax

The West Africa market was slower this week, leading rates off of recent highs. There were nine fixtures, representing a 44% w/w decline. Meanwhile, heavy recent VLCC demand in the region implies lower cargo Suezmax availability as charterers move forward on coverage dates, leading to further rate losses. The WAFR-UKC route shed 7.5 points to conclude at ws90.

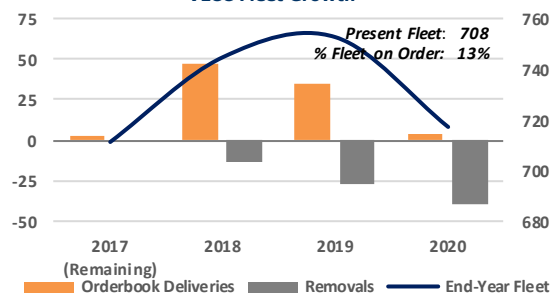
In the Caribbean market, rates were also moderately softer on an easing of regional demand and an absence of fresh US crude export fixtures. Rates on the CBS-USG route shed 2.5 points to ws85. A considerable and expanding freight discount on regional Aframaxes, together with souring sentiment in the West Africa market, will likely lead to further near-term rate losses, failing a surge in demand for long-haul voyages.

Elsewhere, the Middle East market was markedly slower with the regional fixture tally off by two-thirds to a seven-week low of just five fixture. Rates were stable on the back of largely unchanged VLCC rates, but the demand losses could push more tonnage into the West Africa market.

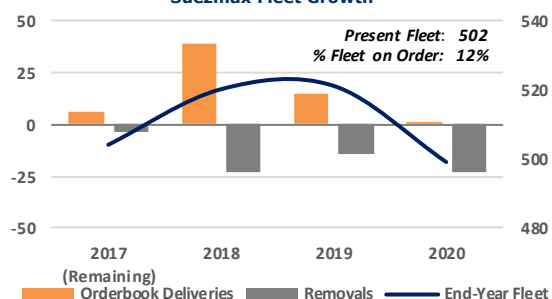
Aframax

Rates in the Caribbean Aframax market were markedly weaker this week as demand levels were muted and a number of charterer relets contributed to and already expanding position list. The CBS-USG route shed 15 points to ws95. Strong losses were also recorded in the North Sea market, where the NSEA-UKC route shed 20 points to conclude at ws100 and the Baltic region where the BALT-UKC route dropped 22.5 points to ws75 placed eliminated the argument of outward ballasts, helping to support this week's Caribbean losses. Rates in the Mediterranean were also in decline with the MED-MED route shedding 20 points to ws120, though corresponding TCEs remain at a strong premium to other region on the back of last week's resumption of Kirkuk exports via Ceyhan, which boosted regional demand levels.

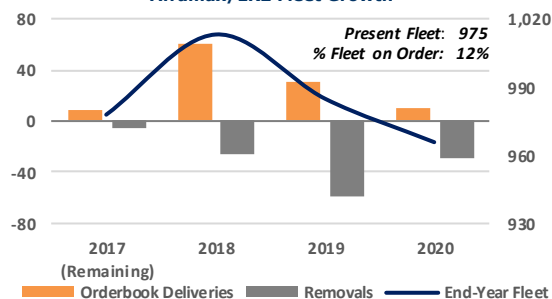
VLCC Fleet Growth



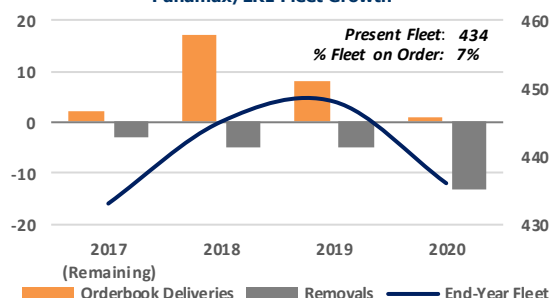
Suezmax Fleet Growth



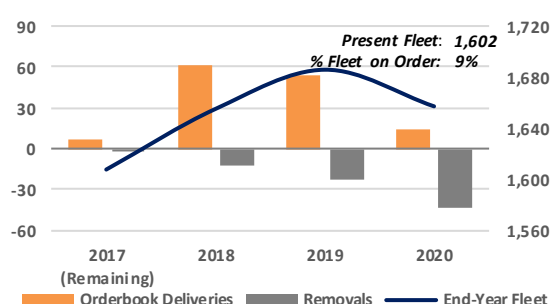
Aframax/LR2 Fleet Growth



Panamax/LR1 Fleet Growth



MR Fleet Growth

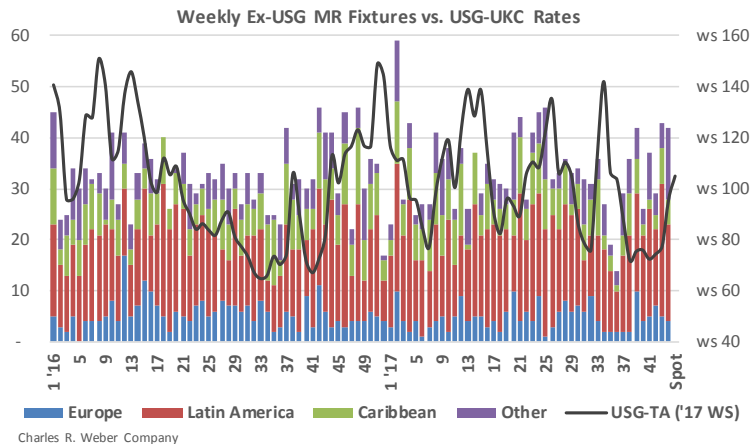


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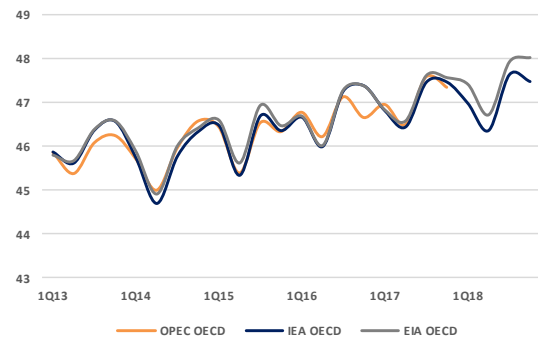


MR

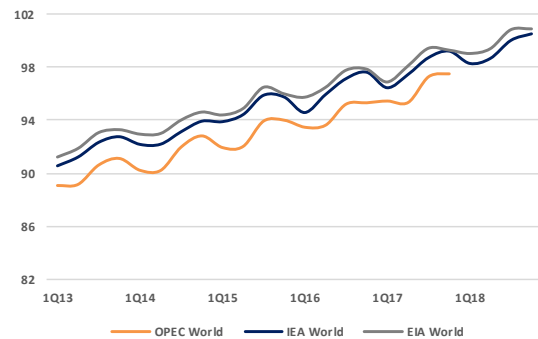
Demand in the USG MR market remained elevated for a second consecutive week as further PADD3 refinery utilization gains supported strong exports. A total of 42 fixtures were reported, off by one from last week and nearly a quarter more than the YTD weekly average. The sustained demand amid USAC arrivals below seasonal norms and thus fewer ballasters on USG positions, tightened fundamentals progressively over the course of the week, leading to incremental rate gains. The USG-UKC route added 20 points to conclude at ws105 while the USG-CBS route added \$100k to conclude at \$425k lump sum and the USG-CHILE route added \$75k to conclude at \$1.25m lump sum. The gains have placed round-trip TCEs into healthier territory (between around \$11,000-17,000/day, though a poor onward trading environment in the UKC market continues to hold triangulated returns at just ~\$5,693/day. Further – and potentially substantial – rate gains in the USG market appear likely during the upcoming week. We note that two-week forward availability has declined 17% w/w to 34 units. This represents the lowest availability level in 11 weeks, before Hurricane Harvey knocked clobbered refinery utilization rates and pushed regional demand to a near five-year low. Rates reactions to changing fundamentals historically lag by a week and indeed when the two-week forward availability rate was as low the present figure, rates on the USG-UKC route averaged 28 points higher the following week (at ws142). Rates on the USG-Chile route that week touched \$1.3m. Demand in the USG market is expected to remain elevated overall and demand for trans-Atlantic voyages could rise on declining distillate flows from the Middle East and Asia. Given the disadvantaged nature of TCEs for trades to Europe, we expect owners to show stronger resistance, leading to gains that will likely influence other ex-USG routes higher in tandem.



Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



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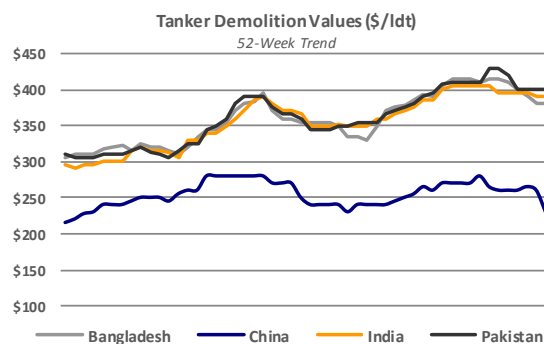
REPORTED TANKER SALES

Shanghai Waigaoqiao 1304 – 158,000/17 – Shanghai Waigaoqiao – DH
-Sold for \$49.7m to Greek buyers (Polembros). Unit scheduled for delivery 11/2017.

“Sinar Jogya” – 18,050/01 – Jiangdu Yuehai – DH
-Sold for \$7.9m to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

There were no reported tanker demolition sales for week 44.



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