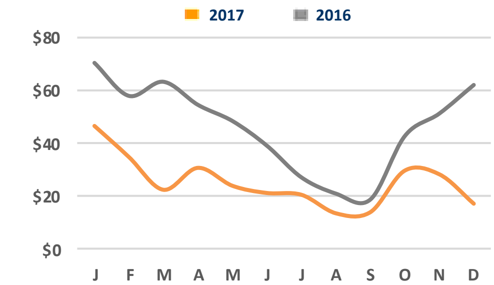
WEBER WEEKLY TANKER REPORT

WEEK 1 – 5 JANUARY 2018 | **ISSUE 1 – 2018**

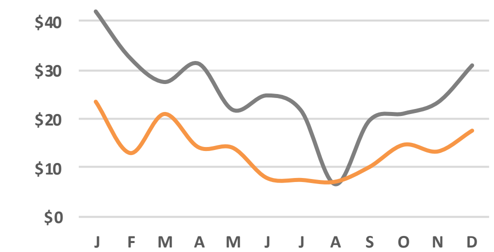
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**29-Dec ('17 WS)**		**6-Jan ('18 WS)**	
AG>USG 280k	24.0	$(6,227)	19.9	$(6,542)
AG>SPORE 270k	50.0	$11,804	40.8	$11,132
AG>JPN 265k	50.0	$14,502	39.4	$12,692
AG>CHINA 270k	53.0	$13,812	43.2	$12,460
WAFR>CHINA 260k	52.5	$15,428	43.8	$14,974
CBS>SPORE 270k	$3.60m	$17,857	$3.20m	$12,400
AG>USG/CBS>SPORE/AG	--	$19,482	--	$15,434
VLCC Average Earnings		*$14,603*		*$13,123*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	87.5	$15,235	59.5	$9,339
WAFR>UKC 130k	80.0	$13,850	61.2	$5,152
BSEA>MED 140k	90.0	$9,894	75.8	$6,107
CBS>USG 150k	95.0	$26,303	71.4	$17,119
USG>UKC 130k	70.0	--	57.3	--
CBS>USG/USG>UKC/WAFR	--	$17,949	--	$13,048
AG>USG 140k	35.0	--	28.3	--
USG>SPORE 130k	*$2.90m*	--	*$2.65m*	--
AG>USG/USG>SPORE/AG	--	$16,205	--	$13,907
Suezmax Average Earnings		*$15,711*		*$7,816*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	100.0	$7,047	100.0	$4,971
BALT>UKC 100k	75.0	$6,429	70.0	$5,816
CBS>USG 70k	145.0	$16,691	105.0	$15,225
USG>UKC 70k	112.5	--	77.5	--
CBS>USG/USG>UKC/NSEA	--	$24,885	--	$15,225
MED>MED 80k	95.0	$5,243	85.0	$5,109
AG>SPORE 70k	112.5	$9,024	92.5	$9,811
Aframax Average Earnings		*$11,705*		*$8,234*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	165.0	$9,044	140.0	$8,902
CONT>USG 55k	115.0	$5,715	105.0	$7,527
ECU>USWC 50k	175.0	$13,307	149.5	$13,517
Panamax Average Earnings		*$8,779*		*$9,489*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	99.0	$6,464	82.0	$6,866
AG>UKC 80k	$1.60m	$7,319	$1.45m	$4,584
MED>JPN 80k	$2.21m	$14,252	$2.16m	$13,934
AG>UKC/MED>JPN/AG	--	$18,184	--	$16,567
LR2 Average Earnings		*$10,367*		*$10,097*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	120.0	$6,842	95.0	$5,842
AG>UKC 65k	$1.24m	$4,657	$1.10m	$1,694
UKC>WAFR 60k	133.5	$5,272	142.5	$9,795
AG>UKC/UKC>WAFR/AG	--	$11,313	--	$12,048
LR1 Average Earnings		*$9,077*		*$8,945*
MR (13.0 Kts L/B)				
UKC>USAC 37k	172.5	$9,960	160.0	$11,279
USG>UKC 38k	135.0	$5,463	127.5	$7,187
USG>UKC/UKC>USAC/USG	--	$14,333	--	$16,214
USG>CBS (Pozos Colorados) 38k	$550k	$18,692	$575k	$20,495
USG>CHILE (Coronel) 38k	$1.35m	$19,106	$1.35m	$19,232
CBS>USAC 38k	155.0	$10,118	160.0	$14,117
MR Average Earnings		*$13,920*		*$15,219*
Handy (13.0 Kts L/B)				
MED>EMED 30k	215.5	$25,928	200.0	$26,992
SPORE>JPN 30K	170.0	$6,772	140.0	$6,227
Handy Average Earnings		*$13,668*		*$13,702*

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

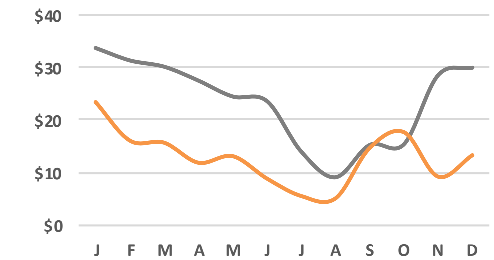
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$25,000	$30,000
Suezmax	$17,000	$20,000
Aframax	$15,000	$17,500
Panamax	$12,250	$14,500
MR	$13,750	$14,500
Handy	$12,500	$13,250



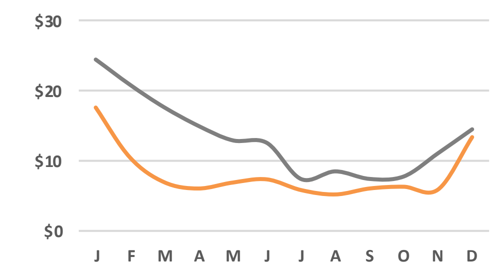
VLCC Average Earnings | **MTD Average** ~$17,163/Day | **Month y/y** ▼ -72%



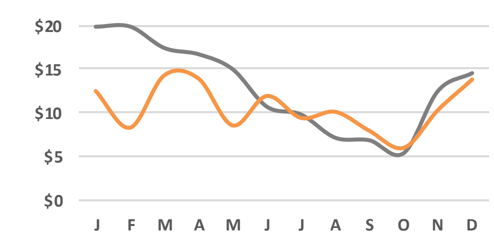
Suezmax Average Earnings | **Dec. Average** ~$17,769/Day | **Month y/y** ▼ -43%



Aframax Average Earnings | **Dec. Average** ~$13,376/Day | **Month y/y** ▼ -55%



Panamax Average Earnings | **Dec. Average** ~$13,282/Day | **Month y/y** ▼ -8%



MR Average Earnings | **Dec. Average** ~$13,737/Day | **Month y/y** ▼ -6%

SPOT MARKET SUMMARY

VLCC

VLCC rates continue to sour as the market progressed into 2018 as rising levels of surplus availability in the key Middle East market against lackluster demand continues to undermine sentiment. The VLCC surplus at the conclusion of the January Middle East program's second decade is projected to stand at 29 units, which represents the highest level since September, when AG-FEAST TCEs stood at about $11,600/day. TCEs on these routes are presently averaging ~$12,862/day, suggesting that further near-term downside potential remains.

In the coming week, we expect that rates will continue to decline to an effective floor just above OPEX. Thereafter, the surplus appears set to narrow modestly by end-January loading dates in the Middle East market, though it is uncertain if commercial managers are hiding a larger number of vessels than usual. Given this uncertainty and the lagging nature of rates to fundamentals changes, we would not likely expect much rate improvement until charterers have progressed firmly into February loading dates, even if fundamentals do narrow during January's final decade.

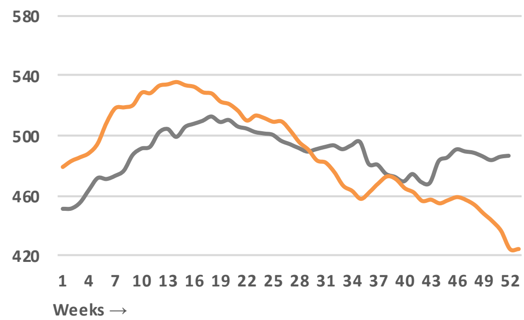
The VLCC fleet grew by 4% during 2017 on a net basis (a level which was markedly lower than had been projected as rising $/LDT demolition values incentivized an unexpected surge in demolition sales during the year), and followed on 2016's net growth rate of 7%, leading the market into its worst structural position in decades. Indeed, present average earnings of just ~$13,653/day represent a y/y decline of 71% -- and compare with average earnings during 2017 of ~$25,308/day. Coming at a time when the market is typically at a seasonal high, the indication is that 2018 will likely be an extremely challenging year for owners.

Middle East
Rates to the Far East shed 0.82 points to conclude at ws40.23. TCEs concluded at ~$13,653/day. Rates to the USG via the Cape were unchanged at ws19.86. Triangulated Westbound trade earnings concluded at ~$15,616/day.

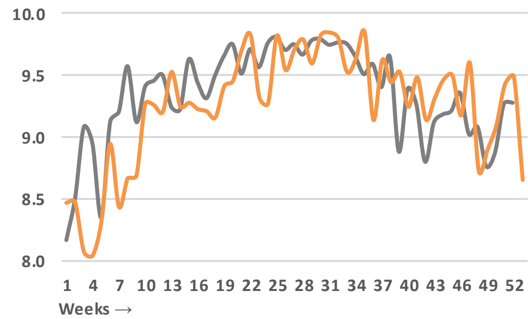
Atlantic Basin
The West Africa market saw rates unchanged at ws43.79 with corresponding TCEs concluding at ~$15,156/day. Rates in the Atlantic Americas were softer on a growing supply/demand imbalance on sluggish exports from both the US and Venezuela. The CBS-SPORE benchmark route shed $400k to conclude at $3.20m lump sum. Round-trip TCEs on the route concluded at ~$15,156/day.

Suezmax

Demand in the West Africa market declined for a third consecutive week to its slowest pace since August. Coming against a rise in availability, negative pressure on rates remained. The WAFR-UKC route shed 4.2 points to conclude at ws61.2. A particularly strong demand run during December's final decade (materializing on the back of widened cash discounts to Brent) have kept availability levels from rising further still; however, as the perfuming units return to availability, a fresh misbalancing may materialize and place rates under fresh negative pressure. Compounding woes, rates in the Americas market are declining on slower demand for long-haul, extra-regional voyages while slowing recent demand in the Middle East market could lead to westbound ballasts. Limiting the extent of downside, average earnings in the class are already hovering around OPEX levels.



US Crude Stocks (EIA)	Last Week	Week y/y
	424.5 MnBbls	▼ -11.4%



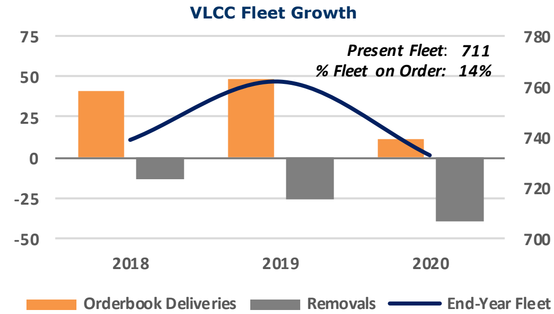
US Gasoline Demand (EIA)	Last Week	Week y/y
	8.650 MnB/d	▲ +2.2%

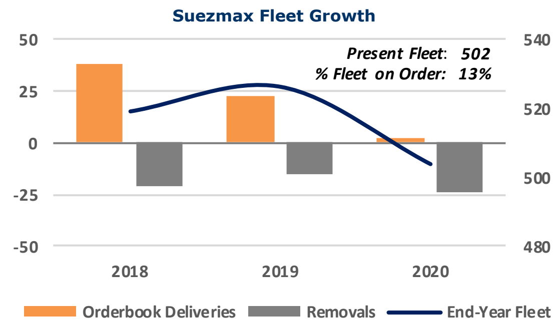
2017 2016

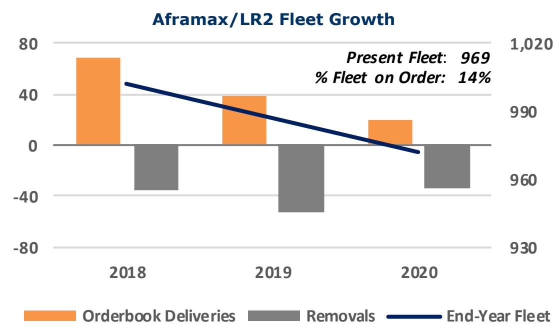
WEBER WEEKLY TANKER REPORT

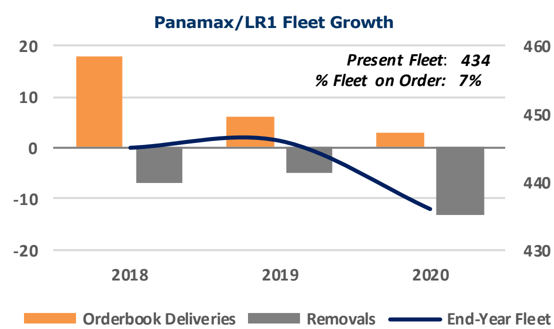
Aframax

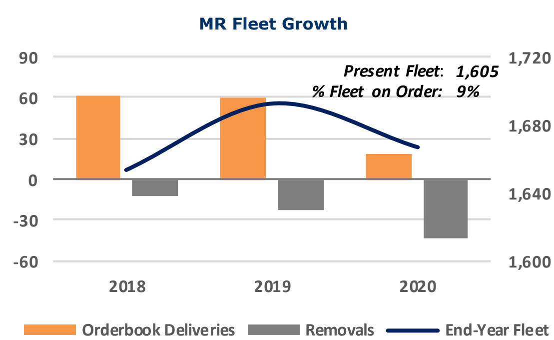
The Caribbean Aframax market remained in a directional decline this week, though a halting of some STS activities on the USG due to sea swells, combined with an uptick in demand allowed for a modest paring of early losses at midweek. The CBS-USG route ultimate shed 19 points to conclude at ws105, having touch an earlier low of ws102. If the late-week demand pace remains, rates should remain level through the start of the upcoming week.







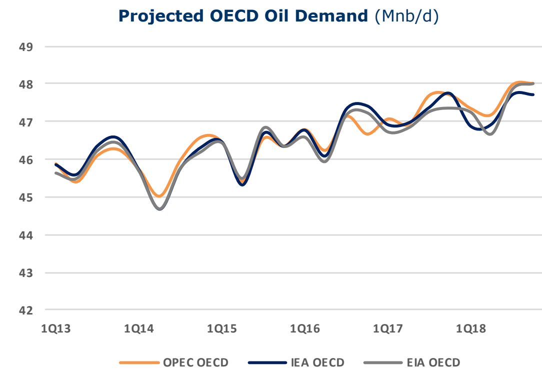


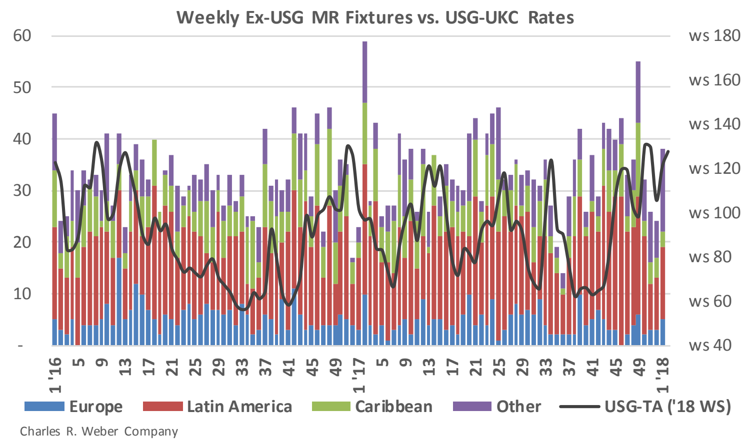


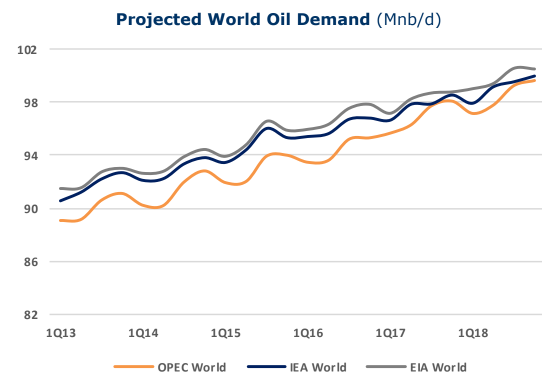
WEBER WEEKLY TANKER REPORT

MR

The USG MR market roared back to life following two weeks of subdued demand during the holidays. Coming against a decline in availability replenishment, the stronger demand allowed rates to return to positive development. There were 38 fresh fixtures reported, marking a 58% w/w gain. Rates on the USG-UKC route added 14.5 points to conclude at ws127.5 while the USG-CBS route added $50k to conclude at $575k lump sum and the USG-Chile route added $25k to conclude at $1.35m lump sum. With rates at relative strength in both the Americas and European markets, competition for units freeing on the USAC will likely keep rates positive in the immediate near-term. Further forward, given that a large percentage of this week's ex-USG demand is bound for ECMex, the return of these units to availability could arrest further gains.







REPORTED TANKER SALES

Samsung 2214 – 157,000/18 – Samsung Geoje – DH
Samsung 2215 – 157,000/18 – Samsung Geoje – DH
Samsung 2216 – 157,000/18 – Samsung Geoje – DH
-Sold for $43.2m each to Norwegian buyers (Ocean Yield ASA) including 10-Year BBBs on private terms.

"Nissos Serifos" – 115,688/12 – Samsung Geoje – DH
-Sold for $30.0m to Danish buyers (Navigare Capital Partners A/S) including 5-Year BBB on private terms.

"BM Bonanza" – 105,614/07 – Sumitomo – DH
"BM Breeze" – 105,387/08 – Sumitomo – DH
-Sold en bloc for $39.0m to undisclosed far east buyers.

"High Freedom" – 49,990/14 – Hyundai Mipo – DH – IMO II
-Sold for $28.0m to undisclosed Japanese buyers including 10-Year BBB on private terms.

"Terry" – 15,441/99 – Aker MTM Werft – DH – IMO II – Ice 1A
-Sold for $8.3m to Estonian buyers (NT Marine Ltd).

"Bonaire Trader" – 11,255/07 – STX Busan – DH – IMO II
-Sold for $12.0m to undisclosed buyers.

"Sichem Analine" – 8,941/98 – Barreras – DH – IMO II – Ice 1C
-Sold for $5.0m to Russian buyers (Primorsk Shipping Corp).

"Shige Maru" – 4,999/07 – Nigata – DH
-Sold for on private terms to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

India

"Vito" – 147,474/96 – 22,347 LTD – DH
-Sold for $400/ldt.

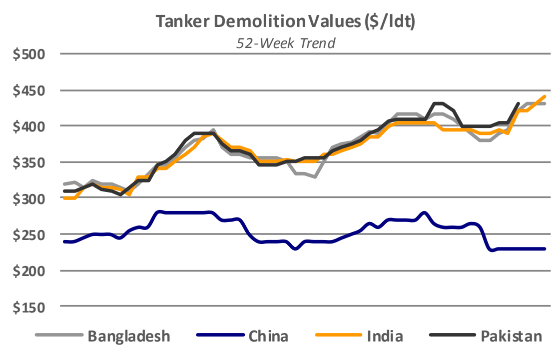
Shuttle **"Navion Marita"** – 103,894/99 – 17,770 LTD – DH
-Sold on private terms.

"Golden Queen" – 1,616/66 – 366 LTD – SH
-Sold on private terms.

Bangladesh

"Cap Georges" – 146,652/98 – 24,901 LTD – DH
-Sold for $381.5/ldt.

"Abul Kalam Azad" – 92,687/99 – 18,893 LTD – DH
-Sold on private terms.



George P. Los
Senior Market Analyst
Charles R. Weber Research

research@crweber.com

Charles R. Weber Company, Inc.
Greenwich Office Park Three,
Greenwich, CT 06831
Tel: +1 203 629-2300

www.crweber.com

1001 McKinney Street,
Suite 475
Houston, TX 77002
Tel: +1 713 568-7233