

WEBER WEEKLY TANKER REPORT



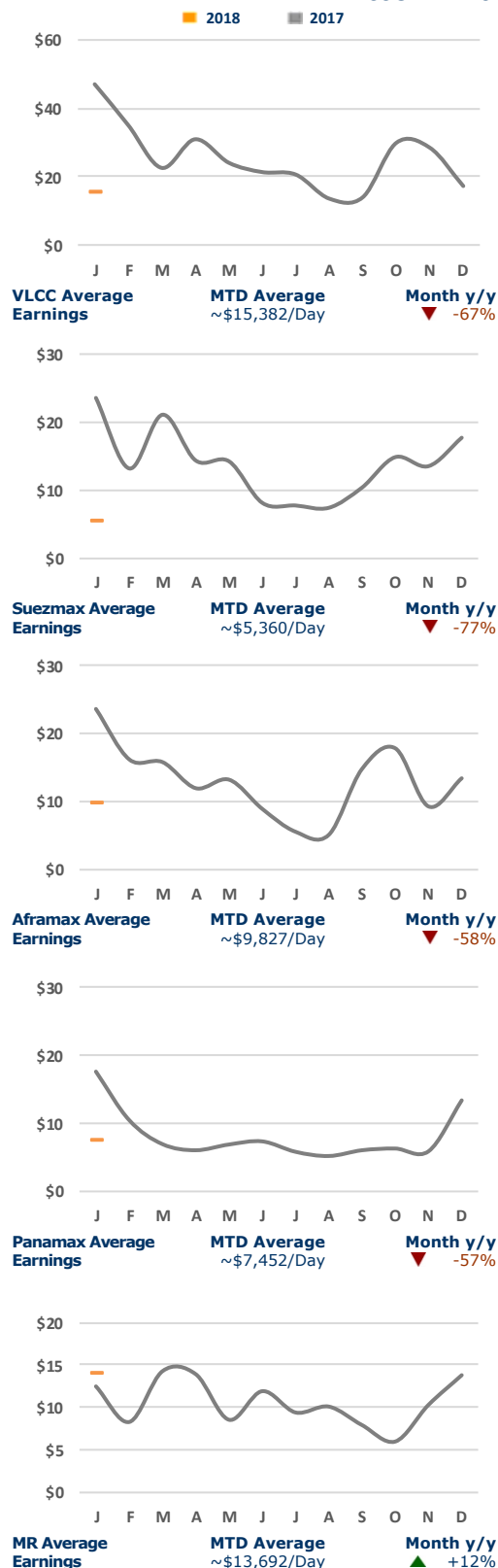
WEEK 4 – 26 JANUARY 2018

ISSUE 4 – 2018

Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)		19-Jan		26-Jan
AG>USG 280k	22.4	\$(4,112)	18.0	\$(8,535)
AG>SPORE 270k	50.0	\$19,926	42.0	\$11,749
AG>JPN 265k	48.5	\$21,921	40.0	\$12,794
AG>CHINA 270k	50.3	\$18,389	43.0	\$10,925
WAFR>CHINA 260k	48.4	\$18,572	45.0	\$15,123
CBS>SPORE 270k	\$3.50m	\$16,385	\$3.50m	\$16,076
AG>USG/CBS>SPORE/AG	--	\$20,340	--	\$16,481
VLCC Average Earnings		\$19,974		\$13,179
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	52.5	\$5,970	50.0	\$4,426
WAFR>UKC 130k	57.5	\$3,479	52.5	\$832
BSEA>MED 140k	67.5	\$1,519	65.0	\$(227)
CBS>USG 150k	60.0	\$9,292	60.0	\$8,900
USG>UKC 130k	52.5	--	50.0	--
CBS>USG/USG>UKC/WAFR	--	\$8,133	--	\$6,783
AG>USG 140k	30.0	--	30.0	--
USG>SPORE 130k	\$2.35m	--	\$2.15m	--
AG>USG/USG>SPORE/AG	--	\$11,984	--	\$9,958
Suezmax Average Earnings		\$4,839		\$2,654
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	105.0	\$8,170	100.0	\$4,400
BALT>UKC 100k	90.0	\$17,900	85.0	\$14,294
CBS>USG 70k	120.0	\$14,210	90.0	\$4,000
USG>UKC 70k	95.0	--	75.0	--
CBS>USG/USG>UKC/NSEA	--	\$23,275	--	\$11,589
MED>MED 80k	85.0	\$5,177	110.0	\$14,595
AG>SPORE 70k	92.5	\$8,983	92.5	\$8,622
Aframax Average Earnings		\$14,370		\$10,647
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	107.5	\$1,783	105.0	\$983
CONT>USG 55k	105.0	\$7,558	105.0	\$7,280
ECU>USWC 50k	145.0	\$12,578	142.5	\$11,806
Panamax Average Earnings		\$6,539		\$6,013
LR2 (13.0 Kts L/B)				
AG>JPN 75k	81.0	\$6,665	85.0	\$7,396
AG>UKC 80k	\$1.30m	\$1,701	\$1.40m	\$3,432
MED>JPN 80k	\$1.97m	\$11,033	\$1.88m	\$9,554
AG>UKC/MED>JPN/AG	--	\$13,051	--	\$12,998
LR2 Average Earnings		\$8,792		\$9,261
LR1 (13.0 Kts L/B)				
AG>JPN 55k	87.5	\$4,395	91.0	\$4,790
AG>UKC 65k	\$1.03m	\$440	\$1.05m	\$539
UKC>WAFR 60k	114.5	\$4,735	109.5	\$3,650
AG>UKC/UKC>WAFR/AG	--	\$8,136	--	\$7,601
LR1 Average Earnings		\$6,265		\$6,195
MR (13.0 Kts L/B)				
UKC>USAC 37k	155.0	\$10,437	155.0	\$10,150
USG>UKC 38k	115.0	\$5,108	90.0	\$671
USG>UKC/UKC>USAC/USG	--	\$14,061	--	\$10,407
USG>CBS (Pozos Colorados) 38k	\$500k	\$15,459	\$375k	\$6,833
USG>CHILE (Coronel) 38k	\$1.23m	\$15,646	\$1.05m	\$10,409
CBS>USAC 38k	140.0	\$10,554	125.0	\$7,666
MR Average Earnings		\$13,109		\$9,722
Handy (13.0 Kts L/B)				
MED>EMED 30k	170.5	\$19,520	183.0	\$22,613
SPORE>JPN 30K	127.5	\$4,723	131.0	\$4,939
Handy Average Earnings		\$10,050		\$11,301

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	\$14,500	\$17,500
Panamax	\$12,250	\$14,500
MR	\$14,500	\$14,750
Handy	\$13,250	\$13,750



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WEBER WEEKLY TANKER REPORT



SPOT MARKET SUMMARY

VLCC

VLCC fundamentals weakened considerably this week, ending a tightening trend which prevailed from the final decade of the January program as a number of previously hidden positions appeared, augmenting natural availability gains and draws to the West Africa market dropped to a seven-week low. The souring fundamentals guided rates lower, with a very slow demand environment at the start of the week hastening the descent; rates corrected from recent gains to conclude around YTD lows.

Middle East surplus availability, which a week ago had appeared set to decline as charterers progressed through the February program's second decade, made a complete U-turn. The surplus at February 20th is now projected at 25 units, representing a 79% gain from the 14 surplus units observed at February 10th. An earlier tentative view of the surplus up to mid-February had previously shown a likely reduction.

Compounding woes for owners, a long list of disadvantaged units being worked for a number of requirements are complicating the ability for competitive units to trade, leading to losses for both classes of tonnage. Irrespectively, the souring fundamentals point to further losses for normalized trades/competitive units to near OPEX breakeven levels. Average earnings presently stand at ~\$14,325/day and are likely to decline towards \$12,000/day in the immediate near-term, failing a substantial gain in fresh inquiry.

Middle East

Rates to the far east shed 6.7 points to conclude at ws43.6 with corresponding TCEs dropping 35% to ~\$13,261/day. Rates to the USG via the cape lost 3.35 points to conclude at ws19. Triangulated Westbound trade earnings were off 14% to a closing value of ~\$17,632/day.

Atlantic Basin

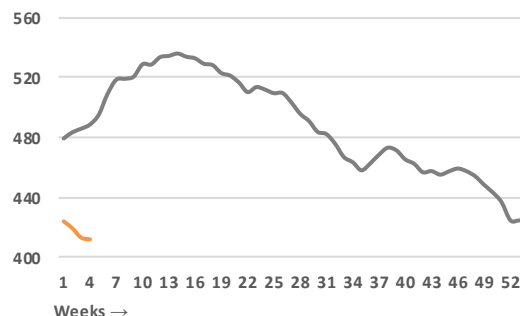
Rates in the West Africa market followed those in the Middle East. WAFR-FEAST rates lost 2.5 points to conclude at ws45.9 with corresponding TCEs off by 14% to ~\$16,003/day.

Rates in the Atlantic Americas were stable on a strengthening of regional demand, which isolated rates from the bearish sentiment surrounding the global VLCC market. The CBS-SPORE route was unchanged at \$3.5m lump sum. Round-trip TCEs on the route declined 2% on higher bunker prices to conclude at ~\$16,138/day.

Suezmax

Suezmax rates in the West Africa market posted fresh losses this week on a growing availability surplus. Rates on the WAFR-UKC route shed 5 points to conclude at ws52.5 and those on the WAFR-USG route shed 2.5 points to conclude at ws50. Though rates are seemingly at an effective floor with TCEs on the WAFR-UKC route standing at just ~\$835/day, TCE earnings on the BSEA-MED route have moved into negative territory, raising prospects of further rate losses in the West Africa market.

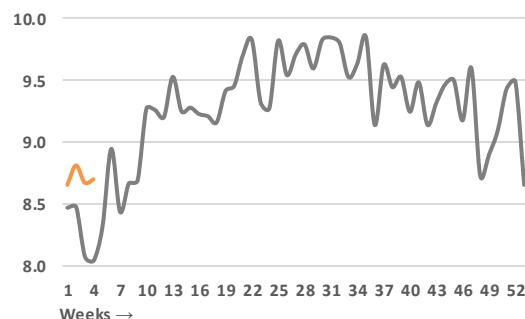
A demand slump in the Black Sea market owing to the wide prevailing premium of Brent futures to Dubai swaps (Brent/Dubai EFS) is negating any positive implications from delays through the Turkish straits and creating a widened supply/demand imbalance. BSEA-MED rates shed 2.5 points to conclude at ws65, with a corresponding TCE of ~\$(227)/day. The situation could push more units into the Atlantic basin where they will invariably weigh further on West Africa rates.



US Crude
Stocks (EIA)

Last Week
411.6 MnBbls

Week y/y
▼ -15.7%



US Gasoline
Demand (EIA)

Last Week
8.697 MnB/d

Week y/y
▲ +8.2%

2018 2017

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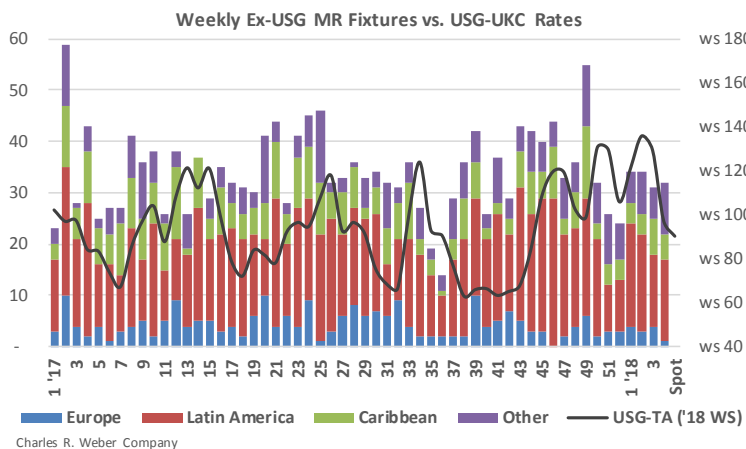


Aframax

The Caribbean Aframax market was markedly softer this week as a growing capacity surplus and sluggish demand led to incremental rate losses throughout the week. Ultimately, the CBS-USG route shed 30 points to conclude at ws90 and the USG-UKC route lost 20 points to conclude at ws75. A slowing of long-haul demand this week could compound the situation and accelerate losses during the upcoming week, failing a substantial increase in regional demand.

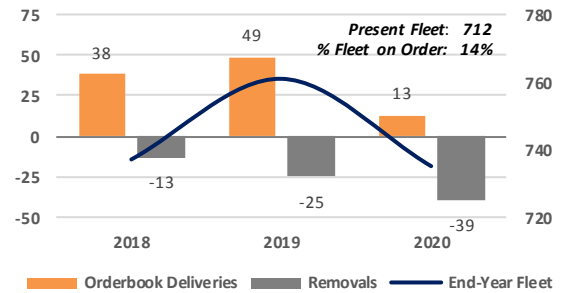
MR

Rates in the USG MR market were in steep decline this week as participants reacted to a supply/demand imbalance that widened last week and had further expanded at the start of this week. The regional weekly fixture tally inched up by one to 32 fixtures, marking a second-consecutive week where the tally was below the 52-week average. Rates on the USG-MR route shed 25 points to conclude at ws90 while the USG-CBS route fell by \$125k to conclude at \$375k lump sum and the USG-Chile route fell by \$175k to conclude at \$1.05m lump sum. Two-week forward availability at the close of the week stands at 41 units, or 9% fewer than the tally at last week's close. Notionally, the implications are that the supply/demand imbalance stands at levels well above those which would be suggested by prevailing voyage earnings, though on Monday the two-week forward tally had surged to 57 units. With charterers anticipating a similar gain over the upcoming weekend, and in the absence of a more hectic pace of chartering, owners were incapable of using the availability decline to stem rate erosion. An eventual increase in exports is expected given sufficient export capacity as dictated by PADD 3 gasoline inventories, and any increase in activity will likely stem further rate erosion. Otherwise, the direction rates take during the upcoming week should follow the extent of availability gains over the weekend.

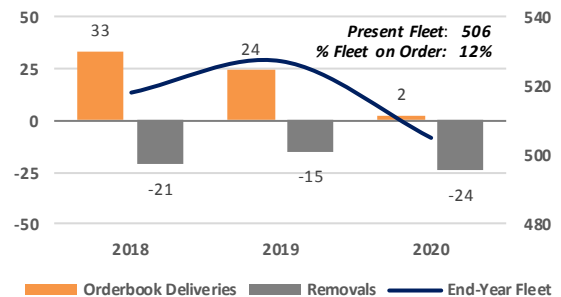


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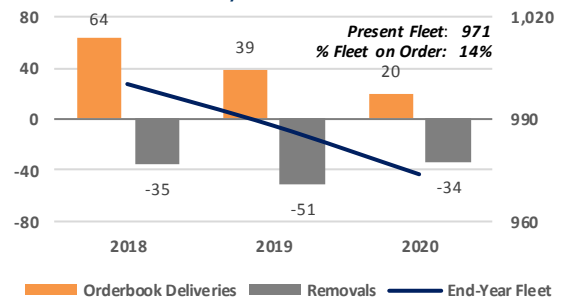
VLCC Fleet Growth



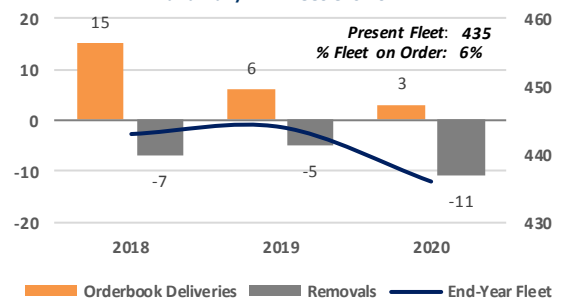
Suezmax Fleet Growth



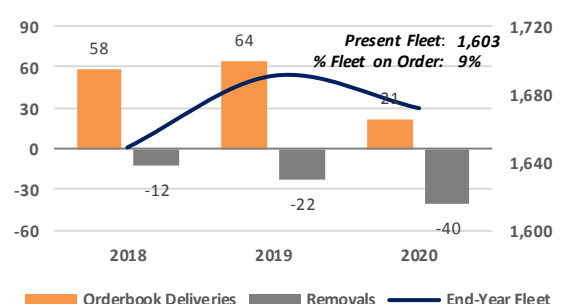
Aframax/LR2 Fleet Growth



Panamax/LR1 Fleet Growth



MR Fleet Growth



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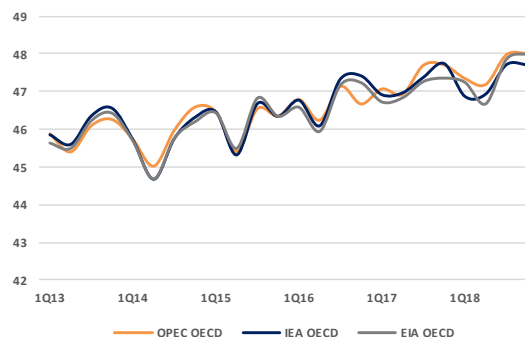


REPORTED TANKER SALES

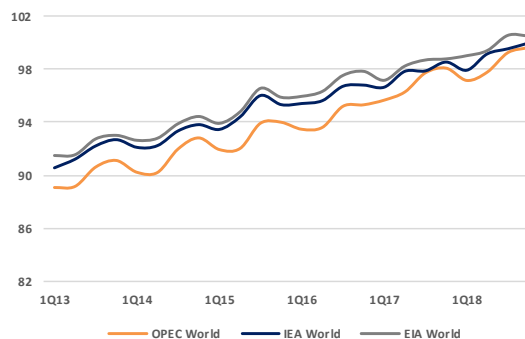
"Marika" – 166,739/04 – Brodosplit – DH
-Sold for \$17.2m to undisclosed buyers.

"Seaways Alcmar" – 46,248/04 – STX Jinhae – DH – IMO II
-Sold for \$10.65m to undisclosed buyers.

Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



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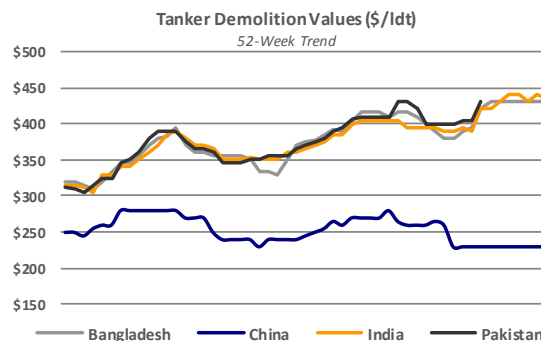


REPORTED TANKER DEMOLITION SALES

Bangladesh

"Plata Glory" – 302,193/99 – 42,048 LTD – DH

-Sold for \$446/ldt.



George P. Los
Senior Market Analyst
Charles R. Weber Research
research@crweber.com

Charles R. Weber Company, Inc.
Greenwich Office Park Three, 1001 McKinney Street,
Greenwich, CT 06831 Suite 475
Tel: +1 203 629-2300 Houston, TX 77002
www.crweber.com Tel: +1 713 568-7233

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