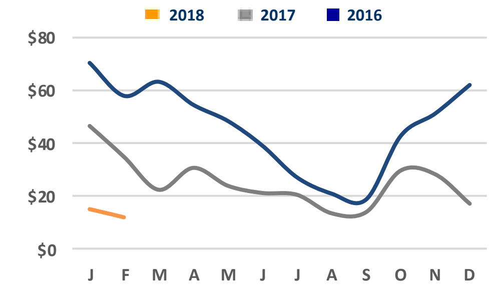
WEBER WEEKLY TANKER REPORT

WEEK 7 – 16 FEBRUARY 2018 **ISSUE 7 – 2018**

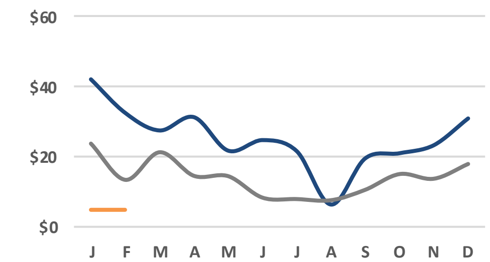
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**9-Feb**		**16-Feb**	
AG>USG 280k	19.0	--	18.0	--
AG>SPORE 270k	40.0	$11,836	38.0	$9,468
AG>JPN 265k	37.0	$11,804	37.0	$11,318
AG>CHINA 270k	40.0	$10,063	39.0	$8,645
WAFR>CHINA 260k	42.5	$14,479	41.0	$13,023
CBS>SPORE 270k	$3.60m	$19,088	$3.25m	$14,522
AG>USG/CBS>SPORE/AG	--	$20,141	--	$16,076
VLCC Average Earnings		*$13,079*		*$11,463*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	52.5	$7,020	52.5	$6,261
WAFR>UKC 130k	57.5	$4,524	55.0	$3,451
BSEA>MED 140k	67.5	$1,914	72.5	$5,168
CBS>USG 150k	60.0	$10,374	55.0	$7,099
USG>UKC 130k	48.0	--	47.5	--
CBS>USG/USG>UKC/WAFR	--	$7,422	--	$6,081
AG>USG 140k	27.5	--	27.5	--
USG>SPORE 130k	*$2.10m*	--	*$2.00m*	--
AG>USG/USG>SPORE/AG	--	$9,969		$9,120
Suezmax Average Earnings		*$5,484*		*$5,580*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	90.0	$(556)	90.0	$(105)
BALT>UKC 100k	70.0	$6,809	70.0	$7,290
CBS>USG 70k	85.0	$3,399	110.0	$11,751
USG>UKC 70k	62.5	--	80.0	--
CBS>USG/USG>UKC/NSEA	--	$8,067	--	$11,751
MED>MED 80k	90.0	$7,882	85.0	$5,930
AG>SPORE 70k	87.5	$8,426	87.5	$8,137
Aframax Average Earnings		*$6,177*		*$9,273*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	95.0	$(269)	107.5	$2,596
CONT>USG 55k	105.0	$8,340	105.0	$8,467
ECU>USWC 50k	142.5	$11,981	142.5	$12,885
Panamax Average Earnings		*$6,040*		*$7,377*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	94.5	$11,210	84.0	$8,037
AG>UKC 80k	$1.50m	$6,451	$1.50m	$6,485
MED>JPN 80k	$1.57m	$5,858	$1.54m	$5,409
AG>UKC/MED>JPN/AG	--	$11,831	--	$11,550
LR2 Average Earnings		*$11,417*		*$9,207*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	105.0	$8,627	108.5	$9,083
AG>UKC 65k	$1.19m	$4,144	$1.21m	$4,558
UKC>WAFR 60k	104.5	$3,623	107.5	$4,164
AG>UKC/UKC>WAFR/AG	--	$9,796	--	$10,405
LR1 Average Earnings		*$9,211*		*$9,744*
MR (13.0 Kts L/B)				
UKC>USAC 37k	155.0	$11,105	155.0	$11,286
USG>UKC 38k	107.5	$4,483	85.0	$791
USG>UKC/UKC>USAC/USG	--	$13,683	--	$10,804
USG>CBS (Pozos Colorados) 38k	$475k	$14,338	$425k	$11,029
USG>CHILE (Coronel) 38k	$1.23m	$16,223	$1.10m	$12,633
CBS>USAC 38k	140.0	$11,134	125.0	$8,523
MR Average Earnings		*$12,714*		*$11,140*
Handy (13.0 Kts L/B)				
MED>EMED 30k	159.5	$17,126	156.0	$16,218
SPORE>JPN 30K	130.0	$5,533	135.0	$5,978
Handy Average Earnings		*$9,707*		*$9,664*

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

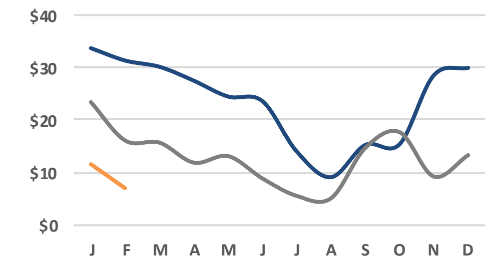
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$24,000	$30,000
Suezmax	$16,000	$21,000
Aframax	$14,500	$17,500
Panamax	$13,000	$14,500
MR	$14,000	$15,000
Handy	$13,250	$13,750



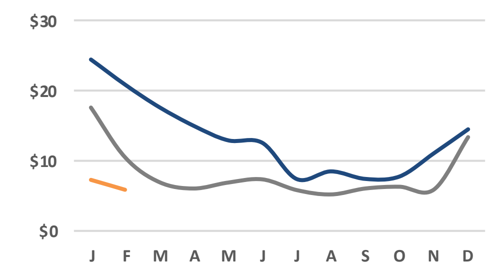
VLCC Average Earnings | **MTD Average** ~$12,181/Day | **Month y/y** ▼ -65%



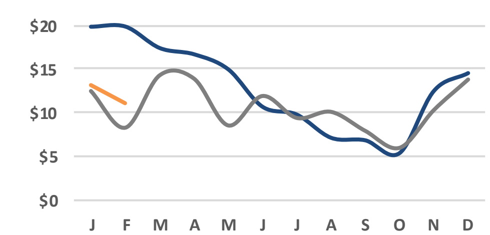
Suezmax Average Earnings | **MTD Average** ~$4,759/Day | **Month y/y** ▼ -64%



Aframax Average Earnings | **MTD Average** ~$7,058/Day | **Month y/y** ▼ -56%



Panamax Average Earnings | **MTD Average** ~$5,952/Day | **Month y/y** ▼ -43%



MR Average Earnings | **MTD Average** ~$11,010/Day | **Month y/y** ▲ +33%

SPOT MARKET SUMMARY

VLCC

The VLCC market's depressed state of affairs remained the defining characteristic of the market this week. Fresh demand in the Middle East declined modestly as the February program came to a conclusion – with the fewest spot cargoes since February 2016 – and charterers progressed slowly into the February program. Meanwhile, demand in the West Africa market remained muted, pushing the region's four-week average of fixtures to a nine-month low – and demand on the other side of the Atlantic was minimal.

The February Middle East program's concluded with 33 available units unfixed, marking a surplus 94% higher than the average observed during 2017 and 267% greater than 2015's average. With earnings already hovering around an effective floor, the influence of the fresh worsening of fundamentals failed to influence rates much. What did was a further correcting of bunker prices through the first half of the week, which hampered owners' ability to hold rates steady as TCEs improved. Bunker costs presently make up around 80% of VLCC voyage costs (and on an AG-FEAST run overwhelm sunk OPEX costs by a factor of around 2:1), meaning that any substantial change thereof has strong implications for TCEs. Since mid-week, bunker prices have returned to strength in line with crude prices, though it remains to be seen if owners will be able to recoup lost ground on this basis.

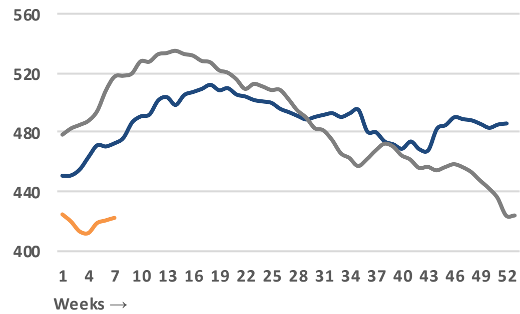
Middle East

Rates on the AG-CHINA route shed one point to conclude at ws39. Corresponding TCEs fell by 12% to ~$8,645/day w/w. At mid-week, before the late rebound of bunker prices, ws39 yielded a TCE of ~$9,181/day. Rates to the USG via the Cape shed 0.5 point to conclude at ws18. Triangulated Westbound trade earnings were off 15% ~$16,127/day.

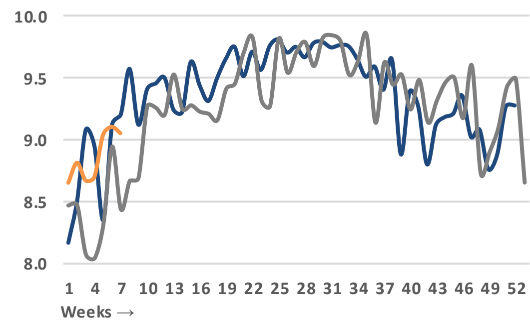
Atlantic Basin

The West Africa market continued to lag the Middle East with the WAFR-FEAST route shed 3.5 points to ws41 to reflect last week's stronger losses in the latter market. Corresponding TCEs were down 18% to ~$13,083/day.

Rates in the Atlantic Americas turned to fresh weakness this week following two successive weeks of muted demand while a small number of ballast units speculatively ballasted to the region from Asia for the relatively better earnings of round-trip CBS-SPORE TCEs. The route shed $350k to conclude at $3.25m lump sum with round-trip TCEs falling 22% to ~$14,583/day.



US Crude Stocks (EIA)	Last Week	Week y/y
	422.1 MnBbls	▼ -18.5%



US Gasoline Demand (EIA)	Last Week	Week y/y
	9.059 MnB/d	▲ +7.4%

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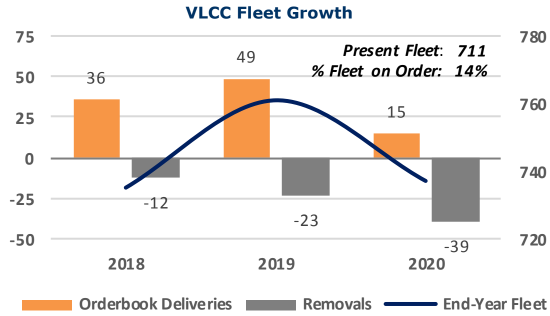
Suezmax

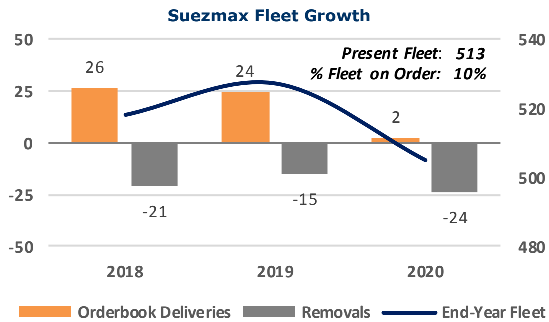
Suezmax rates in the West Africa market were moderately softer this week as demand levels failed to improve as charterers progressed into the March program. The WAFR-UKC route was off 2.5 points to ws55.

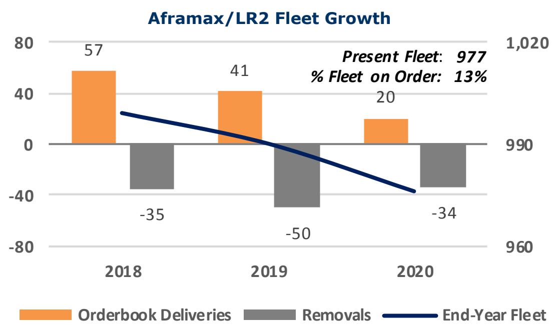
The Caribbean market was also soft this week, despite strong fog delays at the Houston Ship Channel. The CBS-USG route lost five points to conclude at 150 x ws55 and the USG-UKC route lost 0.5 point to conclude at 130 x ws47.5. Rates on both routes remain at a $/mt premium to those on Aframaxes, despite surging rates for the smaller class.

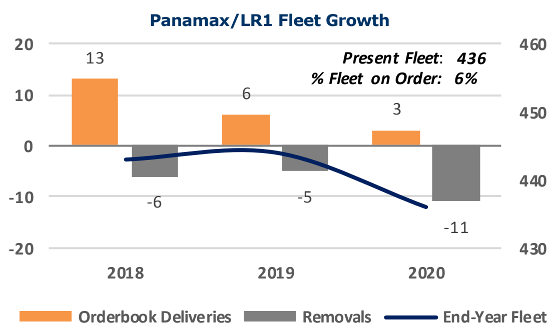
Aframax

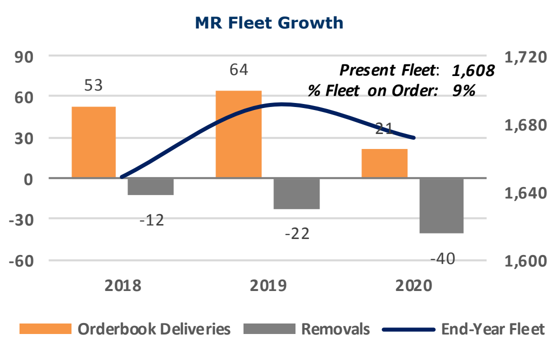
The Caribbean Aframax market observed sharp gains late during the week on the back of a dense fog in the Houston area, which had delayed a long list of vessels and constrained tonnage availability. As of Friday morning, some 53 inbound and 19 outbound units were queued waiting at the Houston Ship Channel. A small number of units are understood to have been permitted to proceed outbound over the course of Friday, but the channel is expected to close again Friday evening and continue to experience closures throughout the weekend. The CBS-USG route added 25 points to conclude at ws110 (and an Aframax cargo fixed on a Suezmax unit tested the Aframax rate higher still). Just one prompt Aframax unit remains available, which is maintaining strong positive pressure on rates. Further rate gains could materialize early during the upcoming week, or at least hold steady, before a clearing of units ensues and rates start to correct.







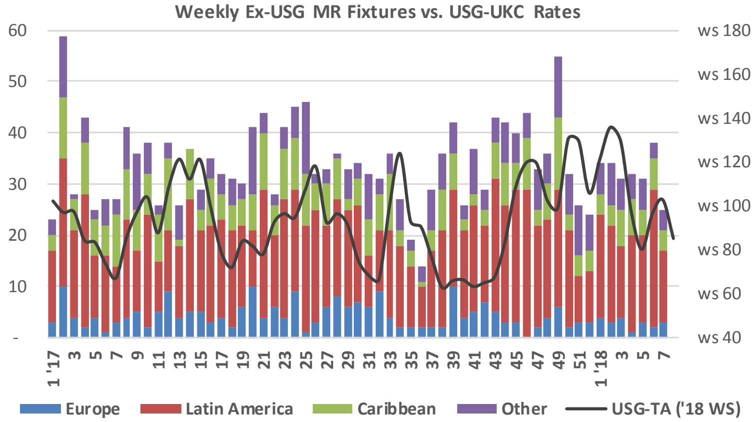




MR

The USG MR market commenced the week with an extending of the rate strength that had materialized last week. This was largely a function of lagging sentiment, however, as fundamentals had soured early during the week. As the week progressed, some rate erosion was observed by mid-week and with the pace of demand slowing incrementally, a considerably stronger correction materialized late during the week. This downturn was likely hastened by the upcoming President's Day holiday weekend, which presents the specter of considerably stronger vessel availability builds when the market resumes in earnest on Tuesday (some charters will be working on Monday). A total of just 25 fixtures were reported this week, off 34% w/w. Meanwhile, two-week forward availability has risen 13% w/w to 43 units – a count that most participants expect will expand over the weekend. The extent of further availability builds could be tempered by the fact that the UKC market now represents a relatively stronger ballast destination for units freeing in areas of the Atlantic basin with similar distances from the USG and UKC markets. Rates on the USG-UKC route shed 22.5 points from a week ago to conclude at ws85. The USG-CBS route lost $50k to conclude at $425k lump sum, having risen into the low $500s early during the week. The USG-Chile (Coronel) route shed $125k to conclude at $1.10m lump sum.

Weekly Ex-USG MR Fixtures vs. USG-UKC Rates



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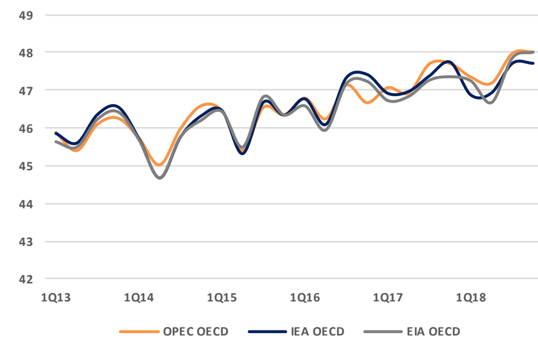
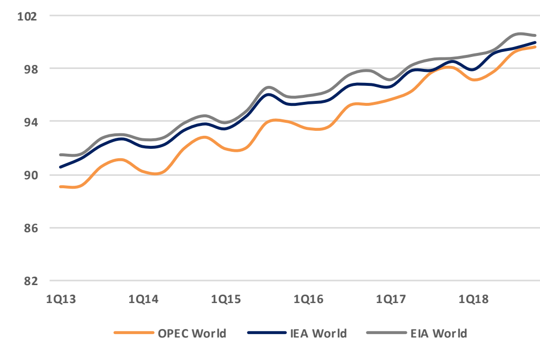
Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



REPORTED TANKER SALES

Hyundai Ulsan 3012 – 318,953/19 – Hyundai Ulsan – DH
Hyundai Ulsan 3013 – 318,953/19 – Hyundai Ulsan – DH
Hyundai Ulsan 3014 – 318,953/19 – Hyundai Ulsan – DH
Hyundai Ulsan 3015 – 318,953/19 – Hyundai Ulsan – DH
-Sold for $83.75m each to OceanYield of Norway including 15-Year BBBs on private terms and sellers' credit.

Front Circassia – 306,009/99 – Mitsubishi Nagasaki – DH
-Sold for $18.0m to Foresight Group of India.

HS Carmen – 113,033/03 – Hyundai Samho – DH
-Sold for $11.3m to Eurotankers of Greece.

Rosa Tomasos – 37,155/03 – Hyundai Mipo – DH – IMO III – Ice 1B
-Sold for $8.5m to undisclosed buyers.

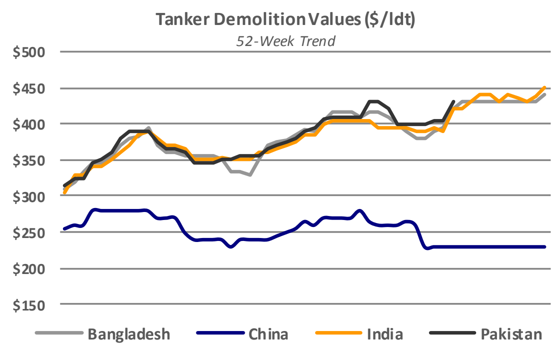
REPORTED TANKER DEMOLITION SALES

Final Destination: Unknown

Plata Pioneer – 300,144/99 – 38,964 LDT – DH
-Sold for $440/ldt.

Yangtze Star – 277,095/94 – 21,441 LDT – DH
-Sold on undisclosed terms.

Basilia – 106,852/92 – 17,418 LDT – DH
-Sold on undisclosed 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