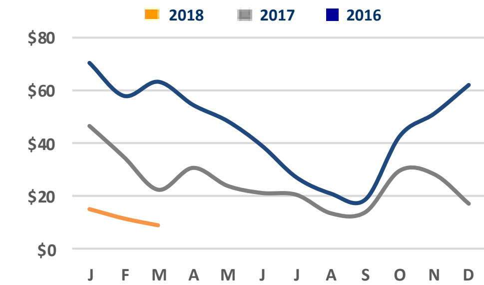
WEBER WEEKLY TANKER REPORT

WEEK 10 – 9 MARCH 2018 | **ISSUE 10 – 2018**

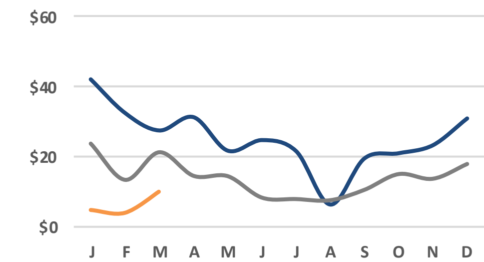
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**2-Mar**		**9-Mar**	
AG>USG 280k	17.5	--	15.5	--
AG>SPORE 270k	36.0	$7,294	35.0	$7,168
AG>JPN 265k	35.5	$10,364	34.0	$8,863
AG>CHINA 270k	37.0	$7,294	37.5	$7,766
WAFR>CHINA 260k	41.0	$13,323	37.5	$10,004
CBS>SPORE 270k	$3.25m	$14,829	$3.15m	$13,480
AG>USG/CBS>SPORE/AG	--	$15,968	--	$13,385
VLCC Average Earnings		*$10,746*		*$9,190*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	65.0	$13,354	65.0	$13,345
WAFR>UKC 130k	70.0	$13,860	70.0	$10,553
BSEA>MED 140k	70.0	$3,733	77.5	$8,228
CBS>USG 150k	60.0	$10,625	67.5	$15,830
USG>UKC 130k	67.5	--	67.5	--
CBS>USG/USG>UKC/WAFR	--	$10,625	--	$17,559
AG>USG 140k	27.5	--	30.0	--
USG>SPORE 130k	*$2.25m*	--	*$2.35m*	--
AG>USG/USG>SPORE/AG	--	$11,730	--	$13,480
Suezmax Average Earnings		*$10,500*		*$11,707*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	100.0	$6,203	100.0	$6,294
BALT>UKC 100k	85.0	$16,216	85.0	$16,312
CBS>USG 70k	110.0	$11,881	90.0	$5,209
USG>UKC 70k	85.0	--	70.0	--
CBS>USG/USG>UKC/NSEA	--	$19,559	--	$11,476
MED>MED 80k	90.0	$8,019	85.0	$6,067
AG>SPORE 70k	82.5	$7,075	80.0	$6,382
Aframax Average Earnings		*$12,929*		*$9,907*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	125.0	$6,489	120.0	$5,398
CONT>USG 55k	107.5	$9,130	105.0	$8,529
ECU>USWC 50k	147.5	$14,078	152.5	$15,144
Panamax Average Earnings		*$9,359*		*$8,706*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	117.5	$17,555	117.0	$17,418
AG>UKC 80k	$1.70m	$10,533	$1.88m	$13,945
MED>JPN 80k	$1.61m	$6,570	$1.60m	$6,370
AG>UKC/MED>JPN/AG	--	$14,435	--	$16,105
LR2 Average Earnings		*$16,516*		*$16,981*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	116.5	$10,971	115.5	$10,770
AG>UKC 65k	$1.32m	$6,896	$1.31m	$6,764
UKC>WAFR 60k	107.5	$4,302	96.5	$2,268
AG>UKC/UKC>WAFR/AG	--	$12,047	--	$10,742
LR1 Average Earnings		*$11,509*		*$10,756*
MR (13.0 Kts L/B)				
UKC>USAC 37k	152.5	$10,852	122.5	$5,766
USG>UKC 38k	115.0	$5,892	107.5	$4,634
USG>UKC/UKC>USAC/USG	--	$14,481	--	$10,804
USG>CBS (Pozos Colorados) 38k	$575k	$21,213	$500k	$16,149
USG>CHILE (Coronel) 38k	$1.35m	$19,962	$1.20m	$15,605
CBS>USAC 38k	165.0	$15,748	142.5	$11,715
WCIND>JPN/ROK>SPORE/WCIND	--	$13,787	--	$15,469
MR Average Earnings		*$15,042*		*$11,861*
Handy (13.0 Kts L/B)				
MED>EMED 30k	147.0	$14,016	160.5	$17,434
SPORE>JPN 30K	137.5	$6,483	140.0	$6,792
Handy Average Earnings		*$9,195*		*$10,623*

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

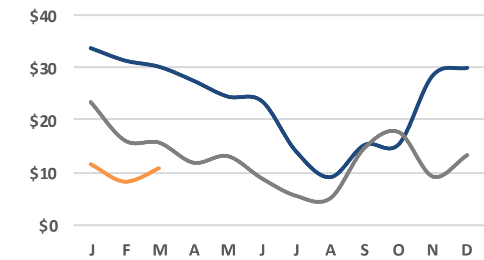
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$24,000	$30,000
Suezmax	$16,000	$21,000
Aframax	$14,500	$17,500
Panamax	$13,000	$14,500
MR	$14,000	$15,000
Handy	$12,750	$13,500



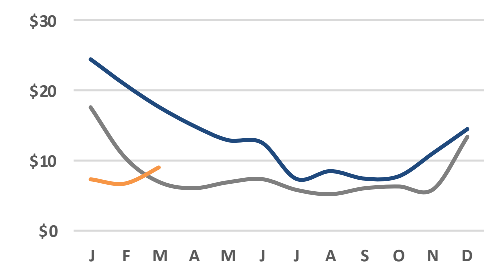
VLCC Average Earnings | **MTD Average** ~$9,025/Day | **Month y/y** ▼ -60%



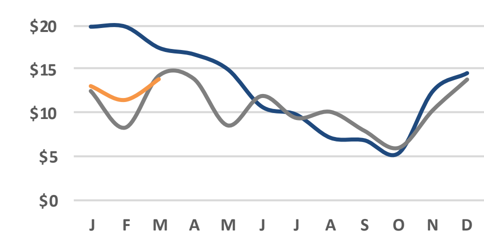
Suezmax Average Earnings | **MTD Average** ~$10,110/Day | **Month y/y** ▼ -52%



Aframax Average Earnings | **MTD Average** ~$10,920/Day | **Month y/y** ▼ -31%



Panamax Average Earnings | **MTD Average** ~$8,849/Day | **Month y/y** ▲ +29%



MR Average Earnings | **MTD Average** ~$13,884/Day | **Month y/y** ▼ -2%

SPOT MARKET SUMMARY

VLCC

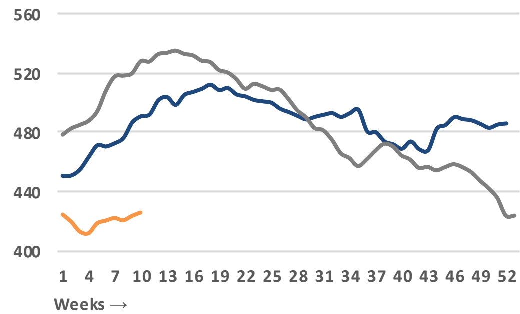
Rates in the VLCC market commenced the week with the potential for modest gains on a slight improvement in supply/demand fundamentals. This potential quickly evaporated as sentiment reacted to what was a less active week in the Middle East market, which offset any positive sentiment from the fundamentals positioning – as well as any positive impact from a second week of above-average demand in West Africa. Ultimately, rate progression on AG-FEAST routes were a mixed-bag: the AG-CHINA route concluded with a very modest uptick while the AG-JPN and AG-SPORE routes ended in the red.

For its part, the surplus projected in the Middle East at the conclusion of the March program is 26 units – a reduction of 7 units, or 21% from February's observed surplus. Whether this will influence rates to bounce concertedly from current levels yielding TCEs below OPEX remains to be seen. Given the ongoing structural oversupply situation, small changes in the fundamentals immediately facing participants appear to have less of an impact on rate sentiment than the pace of demand. Thus, a robust progression into the April program would represent one of the few possible events on the horizon to influence rates in the coming weeks.

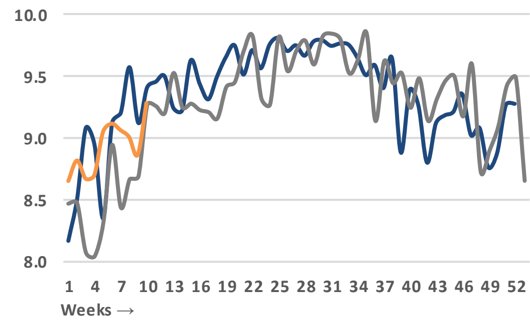
Middle East
Rates on the AG-CHINA route concluded with a 0.5 point gain from last week's close to ws37.5. Corresponding TCEs gained 6% to conclude at ~$7,766/day. Rates to the USG via the Cape lost two points to conclude at ws15.5. Triangulated Westbound earnings fell by 16% to conclude at ~$13,385/day.

Atlantic Basin
Rates in the West Africa market were soft this week in line with the overall performance of ex-AG rates. The WAFR-FEAST route shed 3.5 point to conclude at ws37.5. Corresponding TCEs were off 25% to ~$10,004/day.

Rates in the Americas were softer on a growing regional surplus. The CBS-SPORE route shed $100k to conclude at $3.15m lump sum. Round-trip TCEs on the route were of by 9% to ~$13,480/day.



US Crude Stocks (EIA)	Last Week	Week y/y
	425.9 MnBbls	▼ -19.4%



US Gasoline Demand (EIA)	Last Week	Week y/y
	9.276 MnB/d	▲ +0.1%

2018 2017 2016

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Suezmax

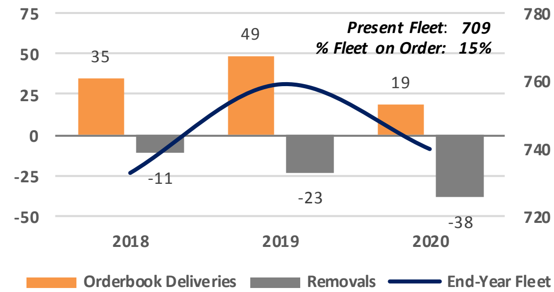
The West Africa Suezmax market was largely unchanged this week with rates holding on to gains commanded last week, when demand surged its highest level in over six months. The WAF-UKC route was unchanged at ws70. Rates could hold at present levels during the upcoming week as charterers work remaining March cargoes, but fresh challenges may accompany an eventually progression into April dates and lead to a fresh pullback. We note that VLCC demand during the March program was at a pronounced low with the class observing the fewest cargoes of any monthly program since November 2016. In turn, this increased cargo availability for Suezmaxes and supported the rate strengthening the class has recently observed. Early fixture activity for VLCCs in the April program has shown a return to more normalized levels, which implies a fresh decline in Suezmax cargo availability.

Elsewhere, Suezmax rates were strengthening in the Americas on lagging influence from the West Africa market and amid sustained demand for Suezmaxes on long-haul voyages from the region. The CBS-USG route added 7.5 points to conclude at 150 x ws67.5 while the USG-SPORE route added $100k to conclude at $2.35m lump sum.

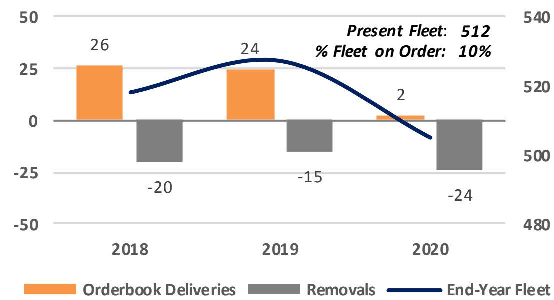
Aframax

Rates in Caribbean Aframax market were correcting from recent highs this week as availability levels loosened on an easing of weather-related delays. The CBS-USG route lost 20 points to conclude at ws90. Charterers were keen to see rates break below this level, but with demand this week having proven fairly robust and the CBS-USG TCE already having dropped to levels below those in alternative regions, ws90 became the effective floor. We expect rates to hold at this level through the start of the upcoming week.

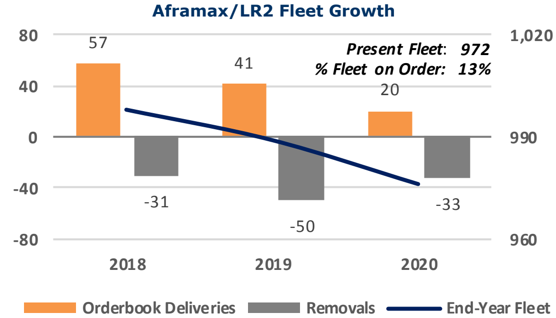
VLCC Fleet Growth



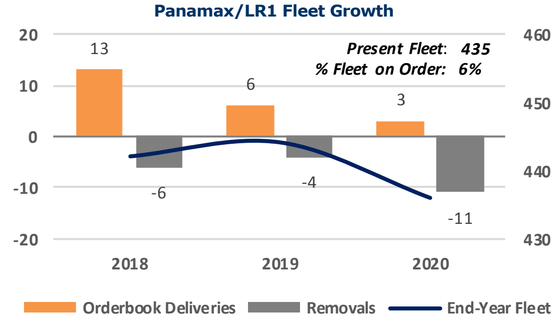
Suezmax Fleet Growth



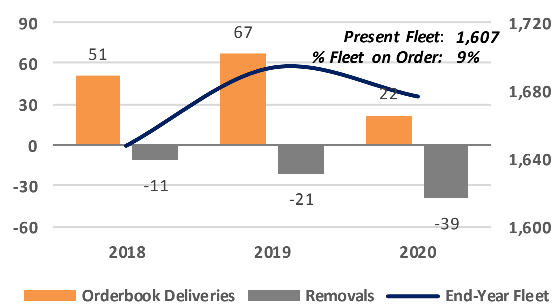
Aframax/LR2 Fleet Growth



Panamax/LR1 Fleet Growth

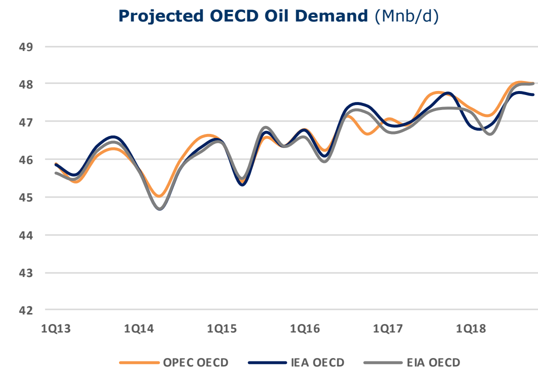


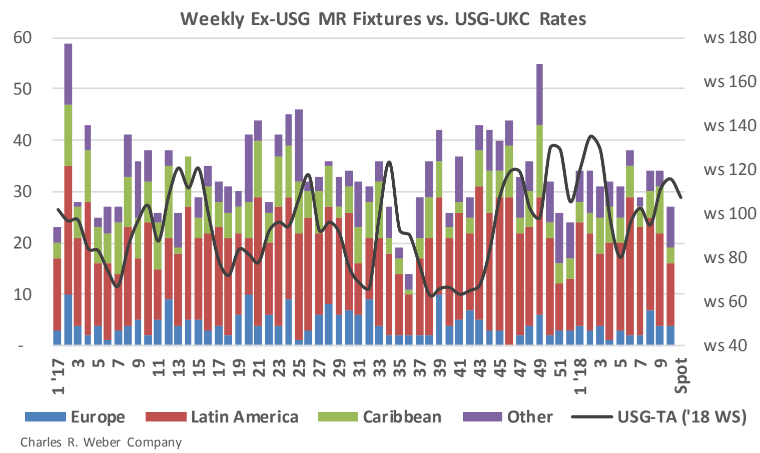
MR Fleet Growth

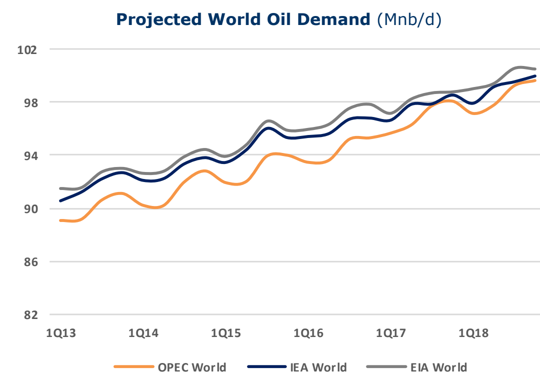


MR

Rates in the USG MR market experienced a further strengthening at the start of the week before succumbing to souring fundamentals and progressing into correction mode by mid-week. Successive rate losses were observed with nearly each fixture during the second half of the week as participants came to terms with both surging availability and slowing demand. The USG-UKC route shed 7.5 points to conclude at ws107.5 and the USG-CBS route lost $75k to conclude at $500k lump sum. Aggressive further rate corrections are likely at the start of the upcoming week when more units will likely populate position lists. Already, fundamentals are their worst positioning since the start of the year: On the demand side, the reported fixture count this week broke south of its YTD average range, with this week's tally of 27 representing a 21% w/w decline and the fewest since early December. Meanwhile, on the supply side, two-week availability jumped 35% w/w 54 units – the most observed since early October when the market was grappling with the impact of last summer's hurricanes on PADD3 refining capacity and associated reductions in product exports.







REPORTED TANKER SALES

Anna Knutsen – 152,268/17 – COSCO Zhoushan – DH – DP2 Shuttle
-Sold for $152.0m to Knutsen OAS Shipping as part of an internal transaction.

Chembulk Kings Point – 19,928/08 – Kitanihon – DH – IMO II/III.
-Sold for $13.7m to PetroVietnam.

Bremen Trader – 13,185/06 – Sekwang Mokpo – DH – IMO II
-Sold for $7.9m to Bahari Nusantara PT.

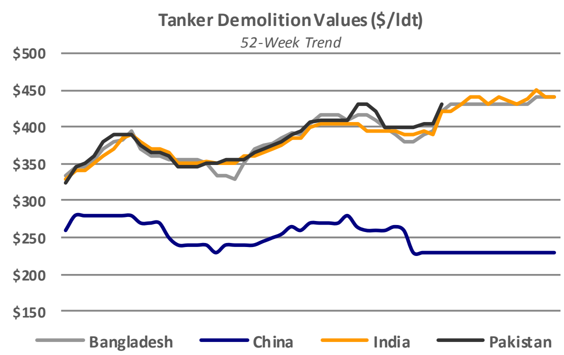
DL Ace – 10,308/98 – Asakawa – DH – IMO II
-Sold for $5.75m to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Unknown**

Hyundai Sun – 301,178/98 – 41,820 LDT – DH
-Sold for $440/ldt basis as is, Singapore.

Pacific Sunrise – 105,176/98 – 16,761 LDT – DH
-Sold for $490/ldt, including ~1,300 MT bunkers.



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