WEBER WEEKLY TANKER REPORT

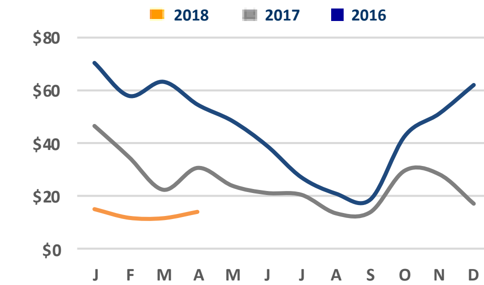
WEEK 15 – 13 APRIL 2018

ISSUE 15 – 2018

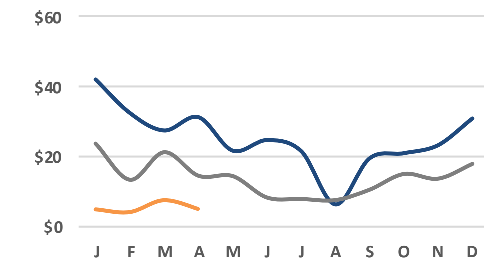
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	6-April		13-April	
AG>USG 280k	20.0	--	17.5	--
AG>SPORE 270k	45.0	$15,368	37.5	$7,254
AG>JPN 265k	41.3	$14,838	35.0	$7,547
AG>CHINA 270k	46.0	$14,531	39.0	$6,914
WAFR>CHINA 260k	45.0	$16,025	40.0	$10,347
CBS>SPORE 270k	$3.40m	$15,713	$3.30m	$13,379
AG>USG/CBS>SPORE/AG	--	$18,188	--	$14,101
VLCC Average Earnings		*$15,458*		*$8,766*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	50.0	$5,171	50.0	$4,375
WAFR>UKC 130k	55.0	$2,737	52.5	$781
BSEA>MED 140k	75.0	$6,286	75.0	$5,626
CBS>USG 150k	55.0	$6,247	65.0	$12,334
USG>UKC 130k	52.5	--	50.0	--
CBS>USG/USG>UKC/WAFR	--	$7,302	--	$8,121
AG>USG 140k	27.5	--	35.0	--
USG>SPORE 130k	$2.20m	--	$2.20m	--
AG>USG/USG>SPORE/AG	--	$10,479	--	$12,401
Suezmax Average Earnings		*$5,426*		*$4,523*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	90.0	$(1,217)	95.0	$1,231
BALT>UKC 100k	65.0	$3,076	87.5	$15,873
CBS>USG 70k	92.5	$5,406	97.5	$6,443
USG>UKC 70k	80.0	--	80.0	--
CBS>USG/USG>UKC/NSEA	--	$14,243	--	$14,407
MED>MED 80k	75.0	$1,683	75.0	$1,102
AG>SPORE 70k	85.0	$7,011	85.0	$6,398
Aframax Average Earnings		*$5,319*		*$9,282*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	110.0	$2,601	110.0	$2,065
CONT>USG 55k	100.0	$6,639	100.0	$6,038
ECU>USWC 50k	172.5	$18,289	180.0	$19,058
Panamax Average Earnings		*$6,821*		*$6,318*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	95.5	$10,752	89.5	$8,484
AG>UKC 80k	$1.83m	$12,332	$1.68m	$8,769
MED>JPN 80k	$1.69m	$7,238	$1.70m	$6,774
AG>UKC/MED>JPN/AG	--	$15,983	--	$13,931
LR2 Average Earnings		*$12,494*		*$10,298*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	110.0	$9,014	110.0	$8,488
AG>UKC 65k	$1.33m	$6,444	$1.34m	$6,192
UKC>WAFR 60k	80.5	$(1,172)	86.5	$(607)
AG>UKC/UKC>WAFR/AG	--	$8,605	--	$8,923
LR1 Average Earnings		*$8,809*		*$8,706*
MR (13.0 Kts L/B)				
UKC>USAC 37k	102.5	$1,728	135.0	$6,744
USG>UKC 38k	80.0	$(542)	100.0	$2,338
USG>UKC/UKC>USAC/USG	--	$4,600	--	$9,875
USG>CBS (Pozos Colorados) 38k	$350k	$5,555	$400k	$8,499
USG>CHILE (Coronel) 38k	$1.00m	$9,362	$1.15m	$13,274
CBS>USAC 38k	120.0	$7,193	130.0	$8,544
WCIND>JPN/ROK>SPORE/WCIND	--	$14,266	--	$14,568
MR Average Earnings		*$6,619*		*$10,236*
Handy (13.0 Kts L/B)				
MED>EMED 30k	138.0	$11,425	135.5	$10,489
SPORE>JPN 30K	144.0	$6,830	145.0	$6,584
Handy Average Earnings		*$8,484*		*$7,990*

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

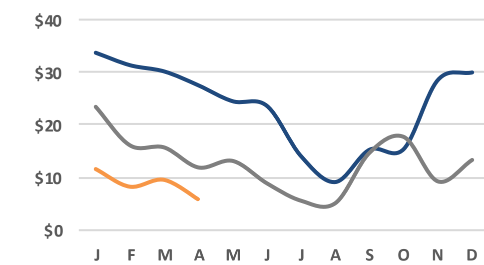
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$21,000	$28,000
Suezmax	$16,000	$21,000
Aframax	$14,000	$17,500
Panamax	$13,000	$14,500
MR	$14,000	$15,000
Handy	$12,250	$13,500



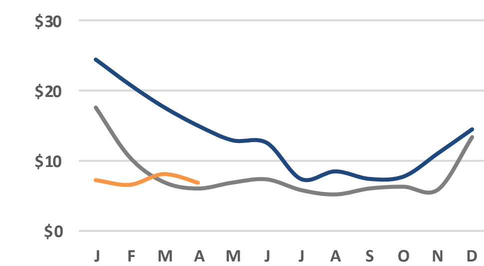
VLCC Average Earnings	MTD Average ~$14,008/Day	Month y/y ▼ -55%



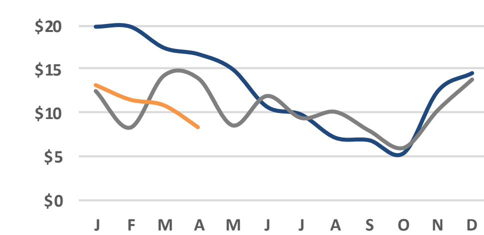
Suezmax Average Earnings	MTD Average ~$5,088/Day	Month y/y ▼ -65%



Aframax Average Earnings	MTD Average ~$5,699/Day	Month y/y ▼ -52%



Panamax Average Earnings	MTD Average ~$6,866/Day	Month y/y ▲ +14%



MR Average Earnings	MTD Average ~$8,304/Day	Month y/y ▼ -40%

WEBER WEEKLY

TANKER REPORT

SPOT MARKET SUMMARY

VLCC

The relative improvement of VLCC market fundaments that had seen average daily earnings rise from just under average OPEX levels to the mid/high $10,000s seemingly evaporated this week due to slower-than-expected demand and a fresh rise in surplus availability. Demand in the Middle East market declined 12% w/w to 22 fixtures while the West Africa market was unchanged with five fixtures. No fixtures materialized in the Atlantic Americas. As a result of emerging clarity around the extent of the remaining April Middle East program, an easing of delays in Asia and the appearance of some previously “hidden” units on position lists, surplus tonnage in the market has risen. We now project that 28 Middle East positions will be unfixed at the conclusion of the April program. This compares with 19 surplus units seen at the conclusion of April’s second-decade and 26 surplus units observed at the conclusion of the March program.

A crude oversupply situation in northern China has limited demand from regional refiners, which is particularly affecting VLCC demand in West Africa. New tax reporting rules issued in January and enforced from the start of March have trimmed demand from teapot refineries by closing a loophole that had allowed a certain degree of tax avoidance not available to state-owned refiners. Also limiting demand recently are plans by Sinpoec to take its entire 460,000 b/d Zhenhai refining complex offline from 1 May for 40 days as part of an overhaul plan. Additionally, due to a major international summit to be held in Qingdao during June is widely expected to prompt a shutting of area refineries and crude terminals at the city’s port for 20 days during the month. Spot tanker data shows China bound fixtures averaging 3.8 Mb/d over the past two weeks, off by over a quarter from the 5.2 Mb/d observed during 1Q18.

Meanwhile, reports this week indicated that Saudi Arabia is targeting an $80/bbl crude price and follow hints made last week by Crown Prince Mohammed bin Salman that the planned Aramco IPO could take place during 2019 when crude prices are more favorable. Collectively, these suggest that the current OPEC production targets will remain in place through at least the remainder of 2018. Given the coincidence of these reports, any near-term directional strength in Middle East crude supply appears unlikely. We would interpret this as having mixed implications for the VLCC market. In the immediate near-term, given the fact that Middle East cargo volumes continue to impact rate sentiment more heavily than draws on Middle East positions to service West Africa demand we would view this development as a negative. Despite any near-term resultant headwinds, the structure of the VLCC market would be improved by supporting long-haul demand from the Atlantic basin to Asia, thus implying a slightly healthier market during the balance of 2018.

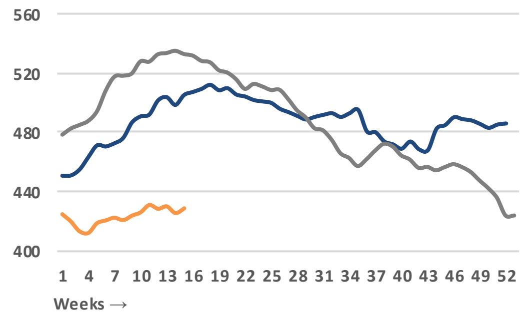
Middle East

Rates on the AG-CHINA route shed seven points to conclude at a four-week low of ws39. Corresponding TCEs were down 52% to ~$6,914/day. Rates to the USG via the Cape were off by 2.5 points to ws17.5. Triangulated Westbound trade earnings dropped 22% to ~$14,101/day.

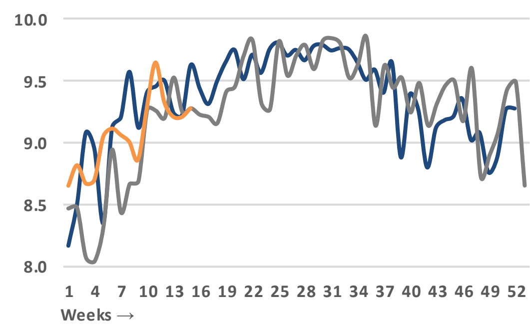
Atlantic Basin

Rates in the West Africa market took their cue from the strong losses in the Middle East with the WAFR-CHINA route losing five points to conclude at ws40. TCEs on the route declined 35% to ~$10,347/day.

After early resistance, the appearance of speculative and program ballasters in the Atlantic basin eroded the relatively tighter fundamentals which had supported rates in the Atlantic Americas. As a result, the CBS-SPORE route shed $100k to conclude at $3.3m lump sum.



US Crude Stocks (EIA)	Last Week	Week y/y
	428.6 MnBbls	▼ -19.6%



US Gasoline Demand (EIA)	Last Week	Week y/y
	9.273 MnB/d	▼ -0.02%

2018 2017 2016

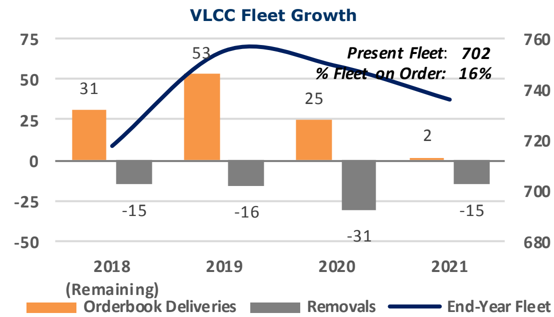
Suezmax

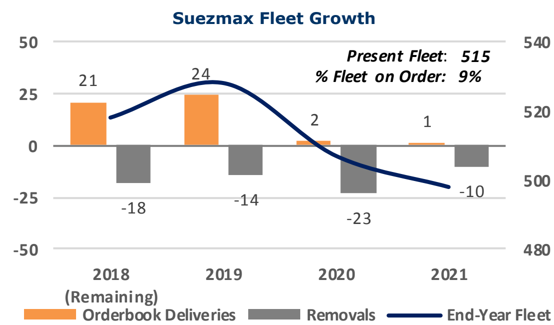
The West Africa Suezmax market was markedly slower following last week's relatively more hectic pace, which applied negative pressure on rates. The WAFR-UKC route shed 2.5 points to conclude at ws52.5. Corresponding TCEs were down 71% to ~$781/day. Although the market's trend remains soft, prevailing TCEs against an average OPEX of about $9,000/day suggest further losses will likely be very limited.

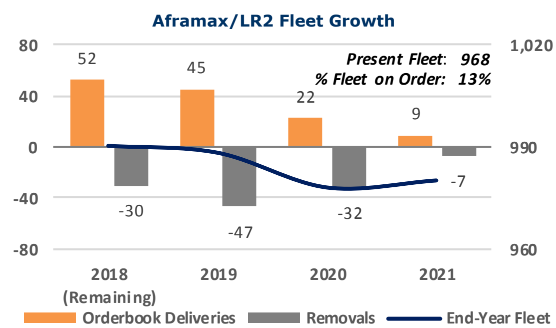
Suezmaxes in the Caribbean market remained active this week. The class has commanded the lion's share of US crude export cargoes in recent weeks and is on course for record demand for such business this month, despite a modest pullback in overall seaborne crude exports across all size classes from March's five-month high. Due to the negative sentiment around the Suezmax class' overall fundamentals, however, rates failed to observe any upside. Instead, the USG-UKC route shed 2.5 points to conclude at 130 x ws50 while the USG-SPORE route was unchanged at $2.20m lump sum.

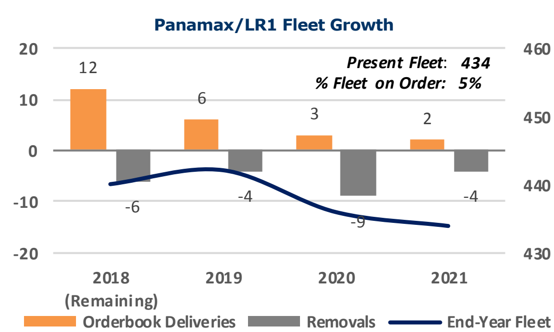
Aframax

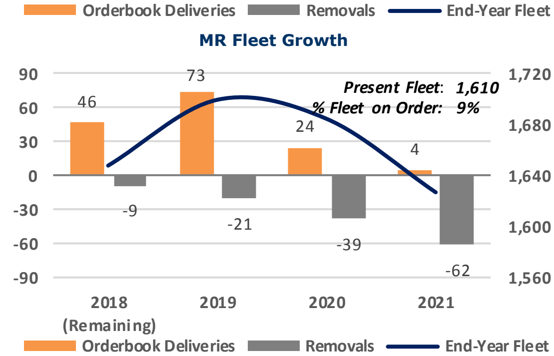
Rates in the Caribbean Aframax market gained traction following a week of sustained robust activity. The CBS-USG route gained 5 points to conclude at ws97.5. Further gains could materialize during the upcoming week, provided that demand remains at the strong pace observed this week.









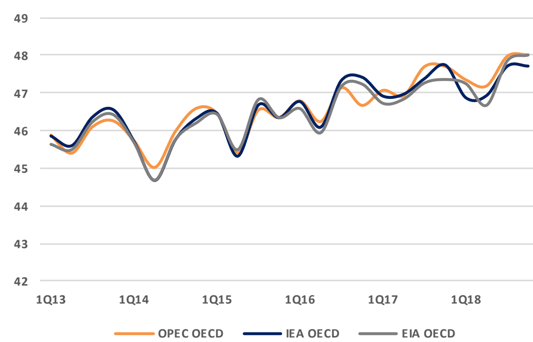


WEBER WEEKLY TANKER REPORT

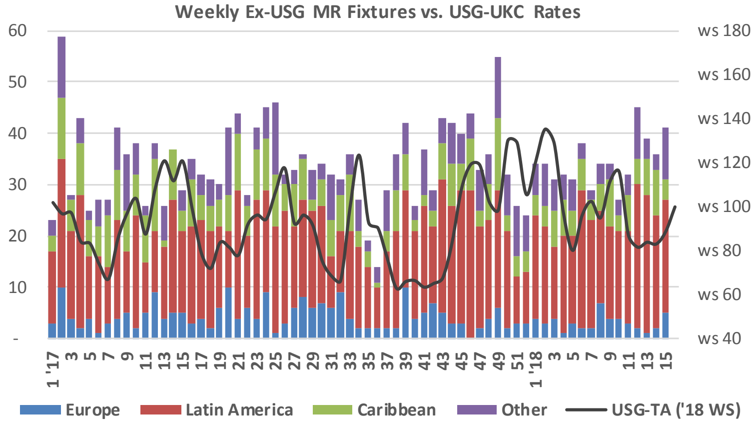
MR

The USG MR market observed successive rate gains throughout the week as participants reacted to a tightening of fundamentals over the space of the last week and a half. This week's fixture tally of 41 marks a 14% w/w gain and represents the fourth consecutive week of strong demand levels. Meanwhile, two-week forward availability concludes the week unchanged from a week ago at nine units, though the bigger impact on rates from this came from the headline implications of a simultaneous rebound in MR rates in European markets, which prompted stronger competition by the USG for units freeing on the USAC. Additionally, port delay issues on Mexico's east coast remained a feature of the market but had a greater impact amid the tightening market. Rates on the USG-UKC route jumped 20 points to conclude at ws100 while the USG-CBS route added $50k to conclude at $400k lump sum and the USG-CHILE route was up $150k to $1.15m lump sum. In the UKC market, rates on the UKC-USAC route rallied 32.5 points to ws135. Rates are likely to remain firm through at least the start of the upcoming week.

Projected OECD Oil Demand (Mnb/d)



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



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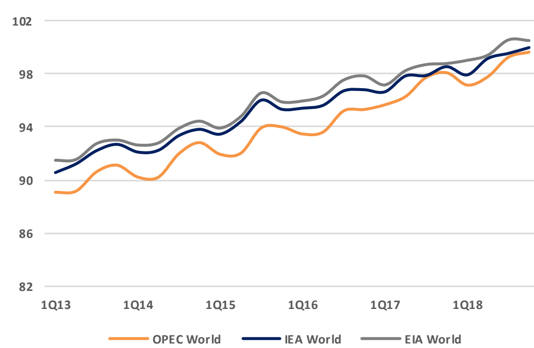
Projected World Oil Demand (Mnb/d)



REPORTED TANKER SALES

Sea Equatorial – 300,349/03 – Hyundai Ulsan – DH - **FSO**
-Sold for $18.5m to Ocean Tankers. Unit converted from crude tanker in 2015

Silver Express – 47,401/09 – Onomichi – DH
High Enterprise – 45,967/09 – Shin Kurushima Onishi – DH
-Sold en bloc for $16.5m each to Shandong Shipping.

Mahika – 36,457/94 – Sestri – DH
-Sold for $3.2m to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

Success Pioneer XXXV – 96,183/96 – 14,700 LDT – DH
-Sold for $435/ldt basis as is, Singapore

Yves Jacob – 71,562/00 – 15,338 LDT – DH
-Sold for $440/ldt.

Korea Venus – 38,985/88 – 8,673 LDT – DH
-Sold for $440/ldt basis as is, Korea.

Final Destination: **India**

Ecomaster – 92,012/97 – 16,361 LDT – DB – **Waste Disposal**
-Sold for $300/ldt basis as is, Piraeus. Unit converted from Jones Act tanker 06/2006.

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