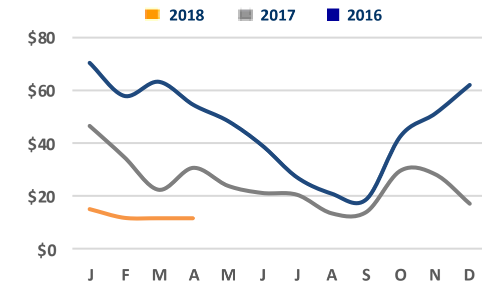
WEBER WEEKLY TANKER REPORT

WEEK 17 – 27 APRIL 2018 | **ISSUE 17 – 2018**

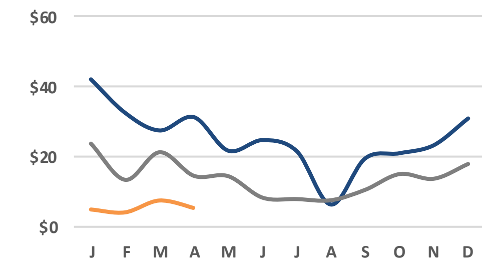
Spot Market	**WS/LS**	**TCE**	**WS/LS**	**TCE**
VLCC (13.0 Kts L/B)	**20-April**		**27-April**	
AG>USG 280k	17.5	--	18.0	--
AG>SPORE 270k	38.5	$7,839	38.5	$7,181
AG>JPN 265k	37.0	$9,182	36.0	$7,511
AG>CHINA 270k	40.0	$7,499	40.0	$6,844
WAFR>CHINA 260k	40.0	$9,926	39.75	$9,392
CBS>SPORE 270k	$3.20m	$11,661	$3.10m	$10,065
AG>USG/CBS>SPORE/AG	--	$12,690	--	$11,810
VLCC Average Earnings		*$9,231*		*$8,232*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	52.5	$5,259	65.0	$11,119
WAFR>UKC 130k	57.5	$2,772	70.0	$8,339
BSEA>MED 140k	75.0	$5,354	82.5	$9,540
CBS>USG 150k	60.0	$8,512	60.0	$8,234
USG>UKC 130k	50.5	--	57.5	--
CBS>USG/USG>UKC/WAFR	--	$6,631	--	$9,153
AG>USG 140k	30.0	--	30.0	--
USG>SPORE 130k	$2.20m	--	$2.30m	--
AG>USG/USG>SPORE/AG	--	$10,262	--	$10,893
Suezmax Average Earnings		*$5,202*		*$9,969*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	95.0	$870	90.0	$(2,660)
BALT>UKC 100k	80.0	$10,945	67.5	$3,053
CBS>USG 70k	97.5	$6,179	100.0	$6,817
USG>UKC 70k	80.0	--	85.0	--
CBS>USG/USG>UKC/NSEA	--	$14,107	--	$15,860
MED>MED 80k	75.0	$862	92.5	$7,403
AG>SPORE 70k	85.0	$6,182	87.5	$6,478
Aframax Average Earnings		*$7,660*		*$6,661*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	110.0	$1,832	110.0	$1,654
CONT>USG 55k	100.0	$5,778	100.0	$5,578
ECU>USWC 50k	180.0	$18,784	180.0	$18,723
Panamax Average Earnings		*$6,065*		*$5,887*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	85.0	$7,030	85.0	$6,627
AG>UKC 80k	$1.58m	$6,547	$1.58m	$6,353
MED>JPN 80k	$1.57m	$4,453	$1.64m	$5,412
AG>UKC/MED>JPN/AG	--	$11,236	--	$11,830
LR2 Average Earnings		*$8,430*		*$8,360*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	108.5	$8,001	110.0	$7,963
AG>UKC 65k	$1.33m	$5,892	$1.44m	$7,660
UKC>WAFR 60k	95.5	$816	97.5	$1,022
AG>UKC/UKC>WAFR/AG	--	$9,637	--	$11,014
LR1 Average Earnings		*$8,819*		*$9,489*
MR (13.0 Kts L/B)				
UKC>USAC 37k	152.5	$9,494	155.0	$9,736
USG>UKC 38k	110.0	$3,810	90.0	$279
USG>UKC/UKC>USAC/USG	--	$12,659	--	$10,012
USG>CBS (Pozos Colorados) 38k	$500k	$15,066	$390k	$7,498
USG>CHILE (Coronel) 38k	$1.25m	$15,989	$1.075m	$10,780
CBS>USAC 38k	135.0	$9,250	125.0	$7,310
WCIND>JPN/ROK>SPORE/WCIND	--	$13,145	--	$11,748
MR Average Earnings		*$12,723*		*$10,349*
Handy (13.0 Kts L/B)				
MED>EMED 30k	135.5	$10,365	145.0	$12,695
SPORE>JPN 30K	142.0	$6,082	135.0	$4,977
Handy Average Earnings		*$7,624*		*$7,755*

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

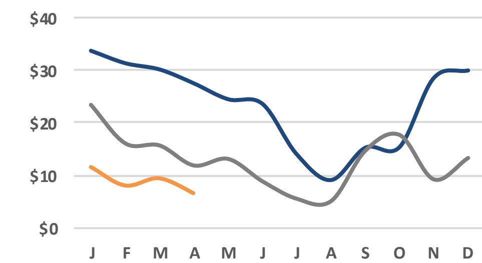
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$21,000	$28,000
Suezmax	$16,000	$21,000
Aframax	$14,000	$17,500
Panamax	$13,000	$14,500
MR	$14,000	$15,000
Handy	$12,250	$13,500



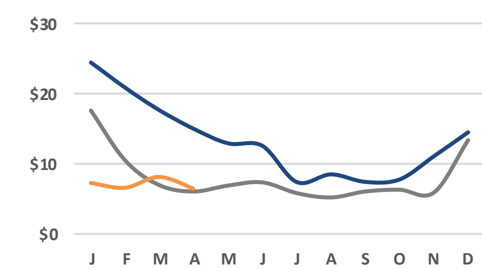
VLCC Average Earnings | **MTD Average** ~$11,429/Day | **Month y/y** ▼ -63%



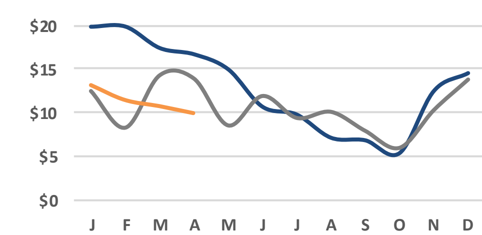
Suezmax Average Earnings | **MTD Average** ~$5,454/Day | **Month y/y** ▼ -62%



Aframax Average Earnings | **MTD Average** ~$6,745/Day | **Month y/y** ▼ -43%



Panamax Average Earnings | **MTD Average** ~$6,495/Day | **Month y/y** ▲ +8%



MR Average Earnings | **MTD Average** ~$10,016/Day | **Month y/y** ▼ -28%

WEBER WEEKLY
TANKER REPORT

SPOT MARKET SUMMARY

VLCC

VLCC rates lacked a clear direction this week with both positive and negative pressures materializing. After last week's strong run of demand in the Middle East market, fixture activity there moderated this week; 27 fixtures were reported—11 fewer than last week's tally and one fewer than the YTD average. Meanwhile, in the West Africa market demand strengthened for a second consecutive week to yield nine fixtures—the most in six weeks. Demand in the Atlantic Americas improved by one fixture w/w to four.

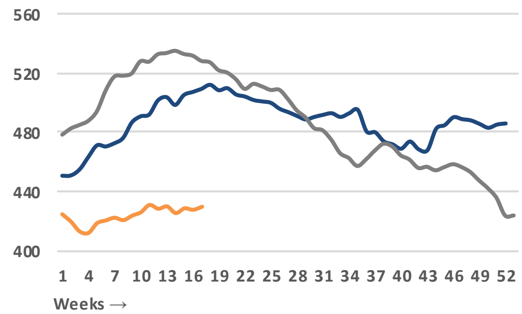
Vessel supply in the Middle East appears to be moderating during the second decade of May program due to an increase in demand for Asia-bound voyages originating in the Atlantic basin that took place in March. The longer turnaround time for these voyages relative to voyage originations in the Middle East means the time before reappearing on position lists is longer. As such, replenishment of tonnage in the Middle East is now declining. After surging during May's first decade to 28 surplus units, the second decade appears likely to conclude with 21 surplus units. The YTD average is 25 units.

Against YTD average earnings of ~$12,432/day, the present assessment of ~$8,274/day appears low in light of the fundamentals setup. Historically, 21 surplus units has guided TCEs of about $18,000/day though due to the exponential nature of rate movements in the tanker market achieving this is highly unlikely. Still, we expect that rates are poised for at least some near-term upside. Fundamentals are tighter than they have been which itself should yield at least modest TCE gains and the decline in replenishments from the March Atlantic basin demand is only just starting make its mark. Meanwhile, demand in both the West Africa and USG markets is showing fresh directional strength. As these market support, to varying degrees, draws on Middle East tonnage, the combination thereof with declining replenishments could set the market up well for a summer rally. Given the large structural oversupply in the VLCC market, any optimism should be tempered. Still, we note that the historical supply difference between a $25,000/day market and a $10,000/day market is just nine units.

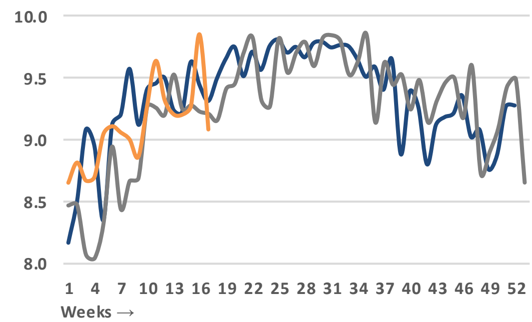
Middle East
Rates on the AG-CHINA route concluded unchanged at ws40. Corresponding TCEs were off 9% to ~$6,844/day due to higher bunker prices. Rates to the USG via the Cape rose 0.5 point to ws18 to compensate for declining triangulated earnings amid softer rates for onward trades and higher bunker prices. Still, triangulated Westbound trade earnings were off 7% to ~$11,810/day.

Atlantic Basin
Rates in the West Africa were softer. The WAFR-CHINA route shed 0.25 point to conclude at ws39.75. TCEs on the route were off 5% to ~$9,392/day.

Rates in the Atlantic Americas were softer despite stronger demand as earlier speculative ballasts to the region and uncertain Venezuelan crude exports saw the supply/demand positioning sour further. The CBS-SPORE route shed $100k to conclude at $3.10m lump sum.



US Crude Stocks (EIA)	Last Week	Week y/y
	429.7 MnBbls	▼ -18.7%



US Gasoline Demand (EIA)	Last Week	Week y/y
	9.083 MnB/d	▼ -1.3%

2018 2017 2016

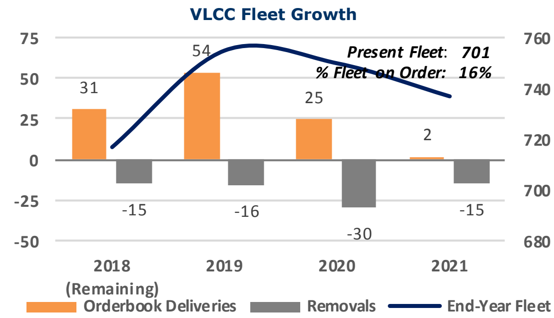
WEBER WEEKLY TANKER REPORT

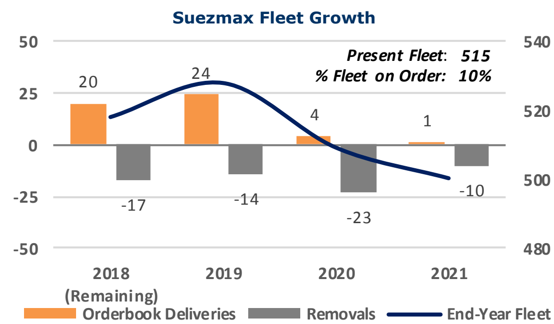
Suezmax

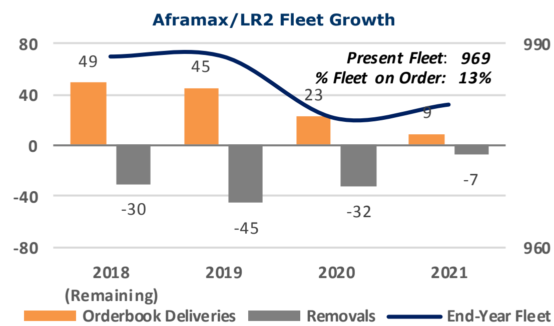
Suezmax rates moved broadly higher this week on strong recent demand levels and declining availability replenishment. Average earnings nearly doubled – albeit to a still-uninspiring ~$9,969/day. In the West Africa market, the weekly fixture tally surged 70% to 17 fixtures. In the Middle East market, demand rose 62% w/w to 13 fresh fixtures. Rates on the WAFR-UKC route rallied to a six-week high of ws70. In the Caribbean market, following a strong run in Suezmax demand for extra-regional voyages (largely facilitated by recent US crude export strength) demand moderated this week. Still, four fixtures were reported—and all for long-haul voyages. Together with rising overall sentiment, this saw rates on the USG-UKC route add 7 points to 130 x ws57.5 and those on the USG-SPORE route to add $100k to $2.3m lump sum. The CBS-USG route was steady at 150 x ws60. Sentiment remains strong at the close of the week and given that the modest improvement in availability levels in key markets is likely to remain through at least the coming few weeks, rates should remain at relative strength through the upcoming week.

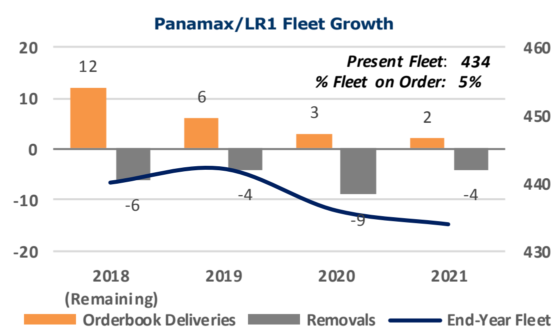
Aframax

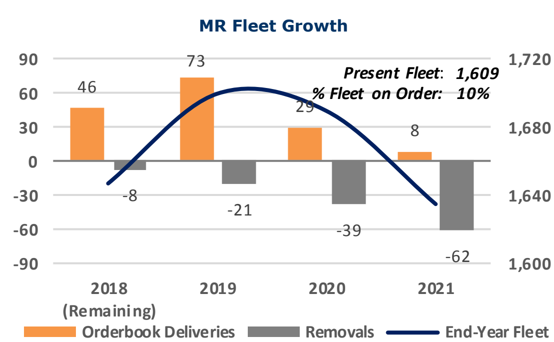
The Caribbean Aframax market was steady this week with moderate negative supply-side pressures being cancelled out by positive-demand pressures and rising bunker prices. The CBS-USG route concluded at ws100, marking a 2.5-point gain from a week ago. Regional fundamentals are tighter at the close of the week, which could yield fresh rate gains during the upcoming week failing a surge in fresh positions appearing on lists on Monday. To that end, we note that replenishment rates could skew towards owners' favor given recent extra-regional voyages.







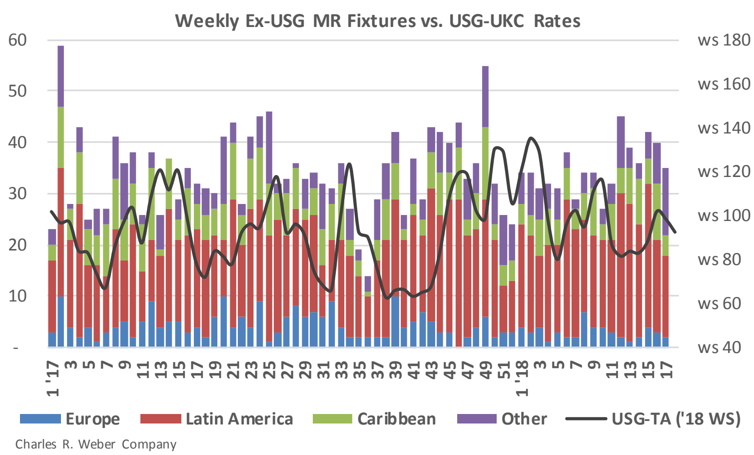




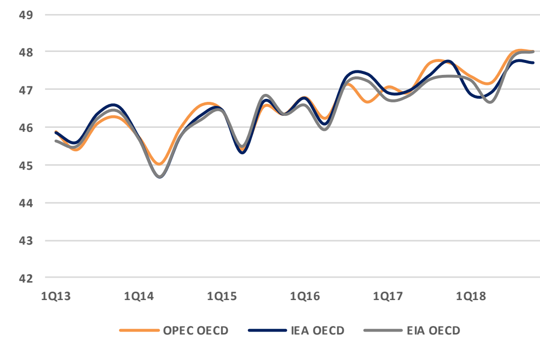
WEBER WEEKLY TANKER REPORT

MR

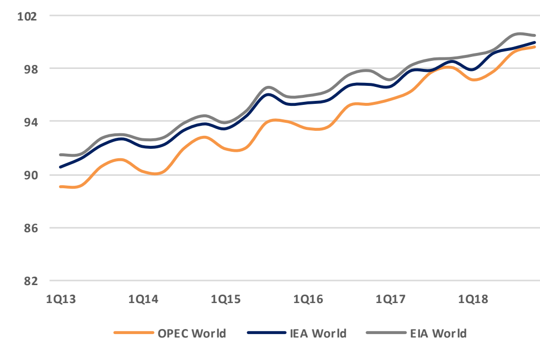
The USG MR market commenced the week under negative pressure on last week's disjointing of fundamentals. Hastening a corresponding downturn of rates was an extremely slow pace of demand on Monday, when just one fixture was reported. As the week progressed, demand returned to the market and ultimately 35 fixtures were reported. Although off w/w by five fixtures, this week's tally was in-line with the YTD weekly average. Still, rates continued to decline incrementally over the course of the week – even as supply levels declined. At the close of the week, there are 37 units available on a two-week forward basis, which represents a 16% w/w drop. The YTD average is 41 units. Despite average demand and below-average supply, rates conclude the week under YTD averages. Rates on the USG-UKC route lost 20 points to conclude at ws90 while the USG-CBS route shed $110k to conclude at $390k lump sum. The USG-CHILE route was off $175k to $1.075m lump sum. The narrowing of fundamentals should allow owners to halt further rate losses. Thereafter, given a usual lag between fundamentals and rates, fresh strength could materialize, failing any substantial changes to the demand profile.



Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



REPORTED TANKER SALES

Overseas Laura Lynn – 441,585/03 – Daewoo – DH
-Sold for $32.5m to Euronav.

Spyros – 319,247/07 – Hyundai Samho – DH
-Sold for $34.6m to Aeolos Management.

HS Alcina – 160,183/01 – Daewoo – DH
-Sold for $10.4m to undisclosed buyers. Unit due for DD 06/2018.

Anja Kirk – 51,332/09 – STX – DH – IMO II/III
Marianne Kirk – 51,291/09 – STX – DH – IMO II/III
-Sold en bloc for $18.75m each to Norden.

Nave Orion – 49,999/13 – Dae Sun – DH
Nave Bellatrix – 49,999/13 – Dae Sun – DH
Nave Atria – 49,992/12 – Dae Sun – DH
Nave Aquilla – 49,991/12 – Dae Sun – DH
-Sold en bloc for $26.15m to China Merchants Bank, including 6-year BBBs and purchase obligation at end of period.

STI Fontvieille – 49,990/13 – Hyundai Mipo – DH – IMO II
STI Ville – 49,990/13 – Hyundai Mipo – DH – IMO II
-Sold en bloc for $26.8m each to Pacific Carriers Ltd. Units due for SS/DD 07/2018 and 09/2018, respectively.

Cape Bird – 40,271/03 – Hyundai Mipo – DH – IMO III
-Sold for $8.3m to undisclosed buyers. Unit due for DD 09/2018.

Sipea – 37,320/07 – STX Jinhae – DH – IMO II
-Sold for $18.2m to undisclosed Vietnamese buyers.

Gulf Petroleum 4 – 13,006/09 – 21st Century – DH – IMO II
-Sold for $10.25m to undisclosed buyers.

Angleviken – 12,796/05 – Samho – DH
-Sold for $7.1m to PetroVietnam. Unit due for DD 06/2018.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

CE-Breeze – 105,154/96 – 16,639 LDT – DH
-Sold on private terms.

Platinum – 45,614/96 – 12,450 LDT – DH – IMO II
-Sold for $491/ldt.

George P. Los
Head of Tanker Research
research@crweber.com

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

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

www.crweber.com