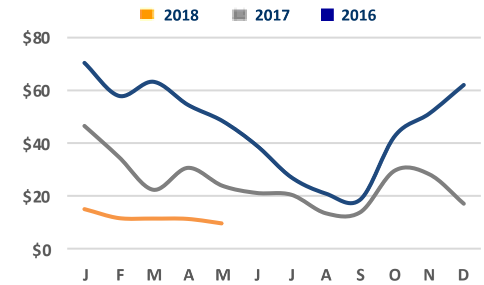
WEBER WEEKLY TANKER REPORT

WEEK 19 – 11 MAY 2018 **ISSUE 19 – 2018**

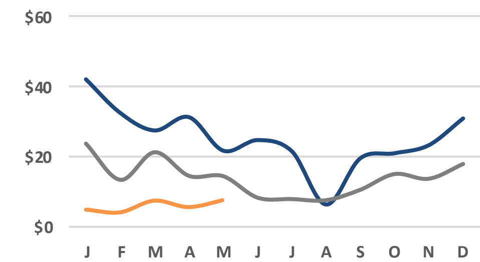
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	4-May		11-May	
AG>USG 280k	18.0	--	18.0	--
AG>SPORE 270k	41.0	$9,547	39.0	$6,276
AG>JPN 265k	38.0	$9,514	37.0	$7,111
AG>CHINA 270k	42.5	$9,203	42.0	$7,360
WAFR>CHINA 260k	42.5	$11,714	42.0	$9,745
CBS>SPORE 270k	$3.30m	$12,395	$3.60m	$14,718
AG>USG/CBS>SPORE/AG	--	$13,454	--	$14,577
VLCC Average Earnings		*$10,361*		*$8,463*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	55.0	$6,159	55.0	$5,049
WAFR>UKC 130k	60.0	$3,615	60.0	$2,510
BSEA>MED 140k	85.0	$11,168	85.0	$9,817
CBS>USG 150k	62.5	$9,967	60.0	$7,114
USG>UKC 130k	57.5	--	57.5	--
CBS>USG/USG>UKC/WAFR	--	$9,820	--	$8,030
AG>USG 140k	27.5	--	27.5	--
USG>SPORE 130k	$2.30m	--	$2.20m	--
AG>USG/USG>SPORE/AG	--	$9,863	--	$7,860
Suezmax Average Earnings		*$7,547*		*$6,258*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	90.0	$(2,420)	90.0	$(3,352)
BALT>UKC 100k	70.0	$4,823	72.5	$5,345
CBS>USG 70k	100.0	$6,730	105.0	$7,502
USG>UKC 70k	77.5	--	80.0	--
CBS>USG/USG>UKC/NSEA	--	$13,525	--	$14,224
MED>MED 80k	82.5	$3,431	85.0	$3,534
AG>SPORE 70k	87.5	$6,478	87.5	$5,649
Aframax Average Earnings		*$6,082*		*$6,358*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	110.0	$1,654	120.0	$3,129
CONT>USG 55k	105.0	$6,796	105.0	$5,982
ECU>USWC 50k	180.0	$18,674	172.5	$16,285
Panamax Average Earnings		*$6,448*		*$6,456*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	87.5	$7,313	90.0	$7,157
AG>UKC 80k	$1.58m	$6,267	$1.58m	$5,380
MED>JPN 80k	$1.58m	$4,292	$1.54m	$2,765
AG>UKC/MED>JPN/AG	--	$11,053	--	$9,754
LR2 Average Earnings		*$8,559*		*$8,022*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	110.0	$7,963	110.5	$7,352
AG>UKC 65k	$1.47m	$8,263	$1.47m	$7,512
UKC>WAFR 60k	92.5	$4	83.0	$(2,503)
AG>UKC/UKC>WAFR/AG	--	$10,844	--	$9,045
LR1 Average Earnings		*$9,403*		*$8,198*
MR (13.0 Kts L/B)				
UKC>USAC 37k	140.0	$7,236	137.5	$6,132
USG>UKC 38k	110.0	$3,642	90.0	$(393)
USG>UKC/UKC>USAC/USG	--	$11,355	--	$7,763
USG>CBS (Pozos Colorados) 38k	$515k	$15,916	$375k	$5,868
USG>CHILE (Coronel) 38k	$1.30m	$17,249	$1.10m	$10,838
CBS>USAC 38k	140.0	$9,988	120.0	$5,795
WCIND>JPN/ROK>SPORE/WCIND	--	$11,375	--	$10,629
MR Average Earnings		*$11,836*		*$8,406*
Handy (13.0 Kts L/B)				
MED>EMED 30k	140.0	$11,351	144.5	$12,055
SPORE>JPN 30K	132.5	$4,668	132.0	$4,105
Handy Average Earnings		*$7,074*		*$6,967*

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

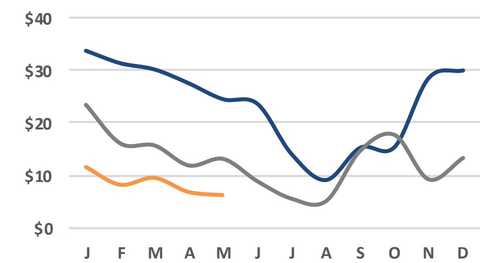
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$21,000	$28,000
Suezmax	$16,000	$21,000
Aframax	$14,000	$17,500
Panamax	$13,000	$14,500
MR	$14,000	$15,000
Handy	$12,250	$13,500



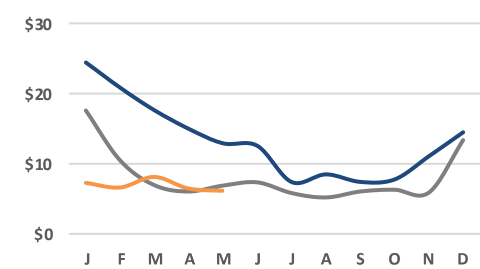
VLCC Average Earnings **MTD Average** ~$9,544/Day **Month y/y** ▼ -60%



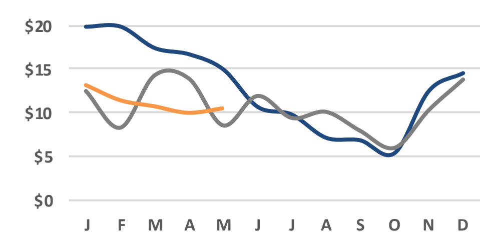
Suezmax Average Earnings **MTD Average** ~$7,683/Day **Month y/y** ▼ -46%



Aframax Average Earnings **MTD Average** ~$6,103/Day **Month y/y** ▼ -54%



Panamax Average Earnings **MTD Average** ~$6,189/Day **Month y/y** ▼ -10%



MR Average Earnings **MTD Average** ~$10,564/Day **Month y/y** ▲ +24%

SPOT MARKET SUMMARY

VLCC

The VLCC market saw rates extend last week's late rate gains through mid-week on a moderated level of surplus capacity and rising bunker prices. By the close of the week, however, the bear market returned in full swing from mid-week with rates plunging Thursday after an S-Oil market quote was met with over a dozen offers. Having touched ws45 on Tuesday (its highest level in a month), the AG-CHINA benchmark route dropped back down to ws42. At this level, the rate stands approximately at the YTD average. Meanwhile, bunker prices surged further this week after Trump announced intentions to withdraw from the Iran nuclear deal. Since the start of the year, the six-port CRW bunker index is up 14% to \$429/mt. As a result, earnings stand at ~\$8,463/day, or 29% below the YTD average.

The structural positioning is far from positive: a number of fresh appearances on position lists, augmented by charterer-relet units and previously hidden positions, has pushed the end-May Middle East availability surplus to 30 units, the most since January's 33 units. The development challenges expectations for a summer rally and will certainly continue to undermine rates as charterers complete the May Middle East program and progress into the June program.

In isolation, VLCC rates in the Atlantic Americas strengthened this week on demand strength voyages servicing US crude exports. Nine such fixtures have materialized in the past two weeks while during 1Q18 the weekly average was around one per week. From all regions, the Atlantic Americas fixture tally was nine this week, matching last week's tally. The CBS-SPORE benchmark route surged 9% as a result. Further rate gains in the region could support a fresh wave of speculative ballasts from Asia to bypass the Middle East market. Indeed, round-trip TCEs on the CBS-SPORE route stand at ~\$14,718/day – more than double AG-FEAST TCEs at ~\$7,398/day. Given the high sensitivity of ex-AG rates to small changes to the availability profile, a wave of speculative ballasts could be supportive of earnings. During the last round of speculative ballasts after Hurricane Harvey shut significant PADD3 (USG) refining capacity and displaced crude to enable a surge in exports, VLCC earnings rallied 114% m/m from September to October '17.

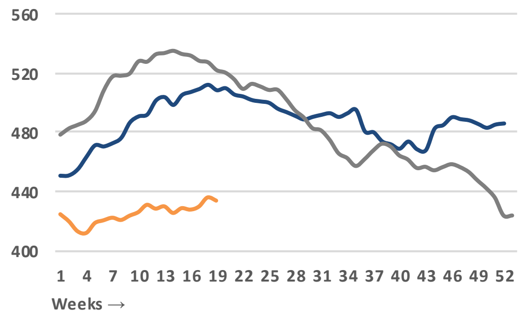
Middle East

Rates on the AG-CHINA concluded off 0.5 point from last week's close at ws42, having touched ws45 intraweek. Corresponding TCEs lost 20% to conclude at ~\$7,360/day. Rates on the AG-USG C/C route concluded unchanged at ws18. Triangulated Westbound trade earnings gained 19% to ~\$14,718/day on stronger rates for onward ex-Americas trades.

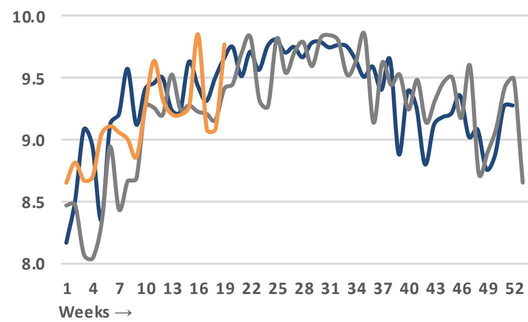
Atlantic Basin

Rates in the West Africa market followed those in the Middle East. The WAFR-CHINA route shed 0.5 point from last week's close to ws42, having risen earlier to ws43.5. TCEs on the route were off 17% to ~\$9,745/day.

Rates in the Atlantic Americas rose on sustained demand strength and steady natural positions. The CBS-SPORE route added \$300k to conclude at \$3.60m lump sum. Round-trip TCEs on the route rallied 19% to ~\$14,718/day.



US Crude Stocks (EIA)	Last Week	Week y/y
	433.8 MnBbls	▼ -17.0%



US Gasoline Demand (EIA)	Last Week	Week y/y
	9.775 MnB/d	▲ +3.9%

2018 2017 2016

Suezmax

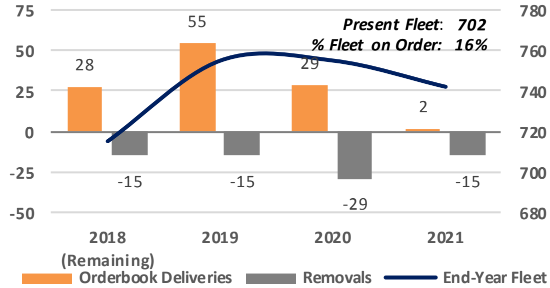
Suezmax rates in the West Africa market experienced a modest improvement early this week on surprisingly high May cargo availability and rising bunker prices. However, as the week progressed, the overall supply/demand positioning proved to be largely unchanged on fresh availability gains, which saw the hard-earned rate gains lost. The WAFR-UKC route concluded unchanged, accordingly, at ws60; corresponding TCEs, however, fell 31% on the bunker voyage cost component.

Elsewhere, the Caribbean market was less active this week despite a surge in demand for US export cargoes to a seven-month high. Rates on the USG-SPORE route fell $100k accordingly while the CBS-USG route shed 2.5 points to 150 x ws60. The USG-UKC route was unchanged at 130 x ws150. Further demand strength and the fact that voyages originating in the region have been more heavily oriented to extra-regional destinations (as well as the punishing impact of higher bunker prices on earnings well below OPEX) could help to prevent further losses during the upcoming week.

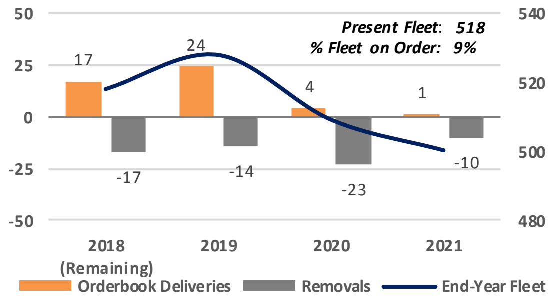
Aframax

The Caribbean Aframax market was largely steady this week. Strong undertones to conclude last week failed to facilitate a strengthening of rates after Monday's demand levels were uninspiring. As the week progressed, sufficient demand materialized to keep the supply/demand sufficiently balanced to prevent a clear trend in either direction from emerging. Strong resistance to Venezuela trades on owners' risk aversion has seen a five-point premium materialize for such loadings. Given that the benchmark CBS-USG route is Puerto La Cruz, Venezuela to Corpus Christi and in light of the fact that Venezuelan ports continue to comprise over half of the regional load profile, we are reporting a 5-point gain on the CBS-USG route to ws105.

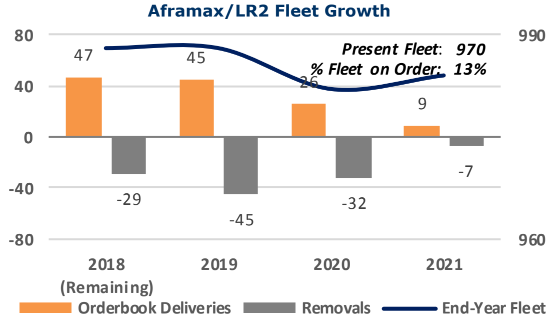
VLCC Fleet Growth



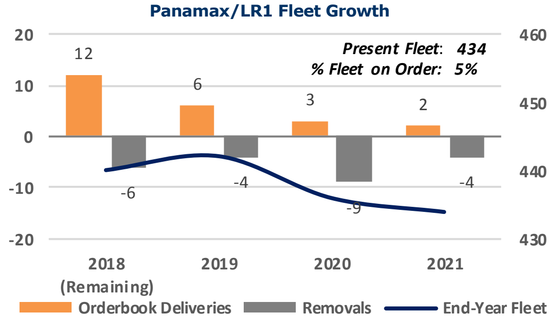
Suezmax Fleet Growth



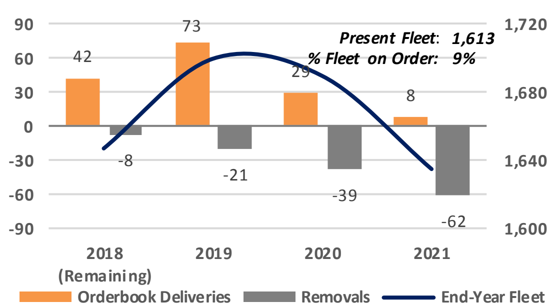
Aframax/LR2 Fleet Growth



Panamax/LR1 Fleet Growth



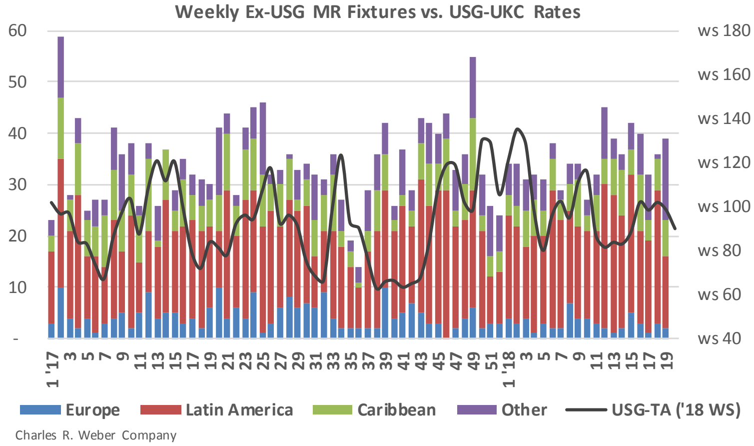
MR Fleet Growth



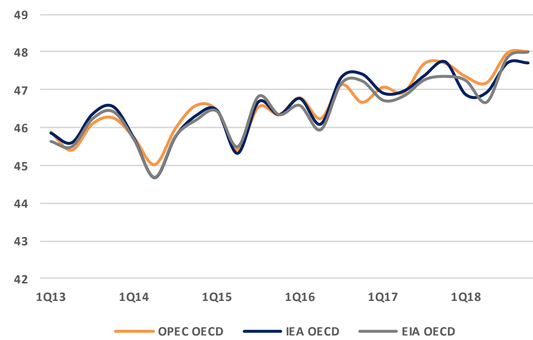
MR

Rates in the USG MR market came under strong negative pressure this on last week's widely supply/demand disconnect, which was hastened at the start of the week by a larger-than-usual weekend buildup of regional tonnage. Weekly demand strengthened for the second consecutive week; 39 fixtures materialized as compared with 36 last week. The USG-UKC route shed 20 points to conclude at ws90 while the USG-CBS route shed $140k to conclude at $375k and the USG-CHILE route dropped $200k to $1.10m. As a result of this week's demand improvement and softer rates warding owners with units freeing in option areas from ballasting to the region, two-week forward supply fell 11% w/w and 34% as compared with Monday to 33 units presently. Though fresh units appearing on lists could lead to a strong buildup gain, the likelihood is markedly lower given the less attractive rates the region presently offers compared to other regions. As such, rates should stabilize at the start of the upcoming week. The direction thereafter will be heavily subject to immediate-term demand trends. Some challenges thereof include the fact that that PADD3 refinery utilization fell last week for the fifth-consecutive week to 89.7%, as well as a sharp decline in distillate inventories (-4% w/w; -16% y/y).

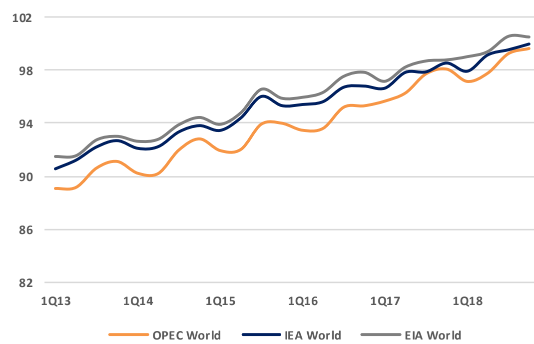
Weekly Ex-USG MR Fixtures vs. USG-UKC Rates



Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



REPORTED TANKER SALES

Takamine – 306,206/04 – Mitsubishi Nagasaki – DH
-Sold for $22.5m to Hellenic Tankers.

Rokkosan – 300,257/03 – Universal Tsuneishi – DH
-Sold for $21.0m to Avin International. Unit due for SS/DD 10/2018.

United Grace – 112,777/10 – New Times – DH
-Sold for $22.0m to Stealth Maritime.

Seaways Josefa Camejo – 112,200/01 – Hyundai Ulsan – DH
-Sold for $9.5m to Oasis Maritime.

Cielo di Milano – 40,083/03 – Shina – DH – IMO III
-Sold for $8.2m to undisclosed Indian buyers. Unit due for SS/DD 09/2018.

Chemroad Mega – 30,364/00 – Shin Kurushima – DH
-Sold for $6.0m to undisclosed Singapore-based buyers. Unit due for DD 08/2018.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Pakistan**

Pacific Energy – 106,681/98 – 16,425 LDT – DH
-Sold for $470/ldt.

Final Destination: **Unknown**

Hercules M – 96,214/96 – 14,708 LDT – DH
-Sold on private terms.

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