

# WEBER WEEKLY TANKER REPORT



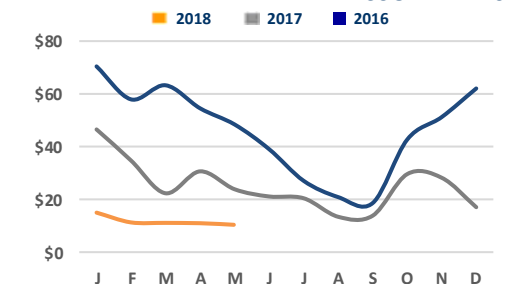
WEEK 22 – 1 June 2018

ISSUE 22 – 2018

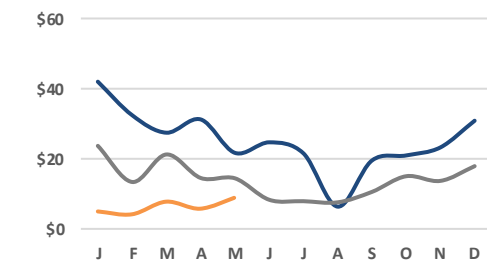
Spot Market	WS/LS	TCE	WS/LS	TCE
<b>VLCC</b> (13.0 Kts L/B)		<b>25-May</b>		<b>1-June</b>
AG>USG 280k	18.0	--	18.0	--
AG>SPORE 270k	47.5	\$13,777	48.0	\$13,773
AG>JPN 265k	44.0	\$13,567	46.0	\$15,083
AG>CHINA 270k	49.0	\$13,426	50.0	\$13,894
WAFR>CHINA 260k	47.5	\$13,725	50.0	\$16,414
USG>SPORE 270k	\$3.70m	\$12,464	\$3.80m	\$13,565
AG>USG/USG>SPORE/AG	--	\$16,317	--	\$17,656
<b>VLCC Average Earnings</b>		<b>\$13,852</b>		<b>\$15,128</b>
<b>SUEZMAX</b> (13.0 Kts L/B)				
WAFR>USG 130k	72.5	\$12,821	70.0	\$11,877
WAFR>UKC 130k	77.5	\$9,873	75.0	\$8,987
BSEA>MED 140k	95.0	\$14,782	95.0	\$14,976
CBS>USG 150k	65.0	\$9,813	70.0	\$13,565
USG>UKC 130k	57.5	--	57.5	--
CBS>USG/USG>UKC/WAFR	--	\$8,594	--	\$10,215
AG>USG 140k	25.0	--	27.5	--
USG>SPORE 130k	\$2.20m	--	\$2.40m	--
AG>USG/USG>SPORE/AG	--	\$6,779	--	\$7,961
<b>Suezmax Average Earnings</b>		<b>\$12,318</b>		<b>\$11,935</b>
<b>AFRAMAX</b> (13.0 Kts L/B)				
N.SEA>UKC 80k	110.0	\$9,054	105.0	\$6,095
BALT>UKC 100k	90.0	\$15,402	82.5	\$11,146
CBS>USG 70k	122.5	\$12,676	145.0	\$20,384
USG>UKC 70k	97.5	--	115.0	--
CBS>USG/USG>UKC/NSEA	--	\$22,031	--	\$31,573
MED>MED 80k	170.0	\$35,488	110.0	\$12,678
AG>SPORE 70k	97.5	\$8,098	97.5	\$7,809
<b>Aframax Average Earnings</b>		<b>\$18,281</b>		<b>\$16,009</b>
<b>PANAMAX</b> (13.0 Kts L/B)				
CBS>USG 50k	125.0	\$3,736	120.0	\$2,825
CONT>USG 55k	105.5	\$5,429	105.0	\$5,639
ECU>USWC 50k	170.0	\$15,285	170.0	\$15,497
<b>Panamax Average Earnings</b>		<b>\$6,345</b>		<b>\$6,100</b>
<b>LR2</b> (13.0 Kts L/B)				
AG>JPN 75k	107	\$11,491	117.5	\$14,078
AG>UKC 80k	\$1.80m	\$9,143	\$1.90m	\$11,322
MED>JPN 80k	\$1.47m	\$1,039	\$1.79m	\$6,082
AG>UKC/MED>JPN/AG	--	\$10,720	--	\$15,259
<b>LR2 Average Earnings</b>		<b>\$11,234</b>		<b>\$14,471</b>
<b>LR1</b> (13.0 Kts L/B)				
AG>JPN 55k	114.5	\$7,878	117.5	\$8,234
AG>UKC 65k	\$1.65m	\$10,449	\$1.64m	\$10,344
UKC>WAFR 60k	86.0	\$(2,531)	83.0	\$(2,892)
AG>UKC/UKC>WAFR/AG	--	\$11,200	--	\$10,858
<b>LR1 Average Earnings</b>		<b>\$9,539</b>		<b>\$9,546</b>
<b>MR</b> (13.0 Kts L/B)				
UKC>USAC 37k	150.0	\$7,831	115.0	\$2,048
USG>UKC 38k	75.0	\$(3,375)	70.0	\$(4,045)
USG>UKC/UKC>USAC/USG	--	\$6,497	--	\$2,692
USG>CBS (Pozos Colorados) 38k	\$325k	\$2,076	\$310k	\$1,215
USG>CHILE (Coronel) 38k	\$975k	\$6,772	\$975k	\$6,925
CBS>USAC 38k	115.0	\$4,480	110.0	\$3,738
WCIND>JPN/ROK>SPORE/WCIND	--	\$11,163	--	\$10,972
<b>MR Average Earnings</b>		<b>\$7,578</b>		<b>\$5,115</b>
<b>Handy</b> (13.0 Kts L/B)				
MED>EMED 30k	139.5	\$10,447	140.0	\$10,681
SPORE>JPN 30K	132.0	\$3,909	129.0	\$3,364
<b>Handy Average Earnings</b>		<b>\$6,263</b>		<b>\$5,998</b>

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

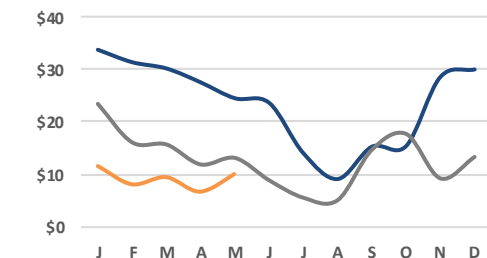
Time Charter Market \$/day (theoretical)	1 Year	3 Years
<b>VLCC</b>	\$21,000	\$28,000
<b>Suezmax</b>	\$15,000	\$21,000
<b>Aframax</b>	\$14,000	\$17,500
<b>Panamax</b>	\$13,000	\$14,500
<b>MR</b>	\$13,000	\$15,000
<b>Handy</b>	\$12,000	\$13,500



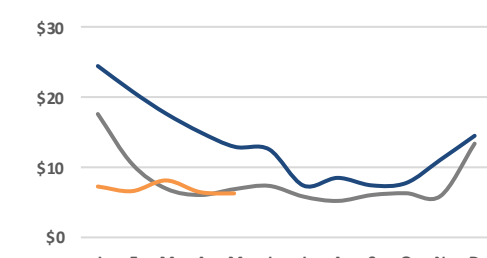
**VLCC Average Earnings**  
May Average ~\$10,725/Day  
Month y/y ▼ -55%



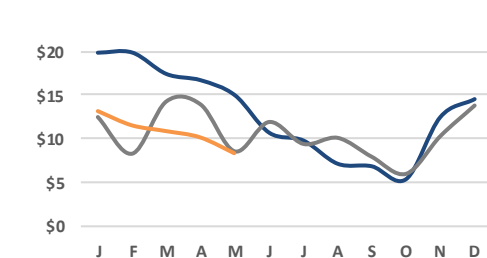
**Suezmax Average Earnings**  
May Average ~\$8,611/Day  
Month y/y ▼ -40%



**Aframax Average Earnings**  
May Average ~\$10,174/Day  
Month y/y ▼ -23%



**Panamax Average Earnings**  
May Average ~\$6,315/Day  
Month y/y ▼ -8%



**MR Average Earnings**  
May Average ~\$8,238/Day  
Month y/y ▼ -4%

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# WEBER WEEKLY TANKER REPORT



## SPOT MARKET SUMMARY

### VLCC

Rates in the VLCC market commanded further gains on sustained elevated demand in the Middle East market and a strengthening of demand in the West Africa market, amid declining replenishment of Middle East tonnage availability. The Middle East market observed 31 fixtures, or two fewer than last week but still three more than the YTD average. Moreover, few of this week's fixtures were covered on COAs and thus more cargoes were being actively worked than has been the case for nearly three months. Meanwhile, demand in the West Africa market, which sources units from Middle East tonnage, doubled w/w to six fixtures.

Over the past month, 18 units speculatively ballasted from the Middle East market to the Atlantic basin to avoid the poorer TCE returns offered by AG-FAST voyages at the time than those achievable on round-trip USG-FAST voyages. A strong surge in fixture demand to cover ex-USG cargoes over the past month has offered these units employment while their disappearance from Middle East position lists has done much to alleviate the extreme surplus capacity observed as recently as the conclusion of the May program. At that time, surplus tonnage stood at 38 units – the most in six years. With charterers in the Middle East market now working second-decade June cargoes, we note that the surplus at June 20th has dropped to 15 units. Though some hidden positions may appear before coverage of the date range concludes, it is unlikely that the surplus will reach the heights observed in the May program. Still, given this uncertainty it is too soon to become more positive around the near-term outlook. However, it's worth pointing out that if the surplus sustainably holds around 15 units for a successive decade, historical correlations would suggest an AG-FAST TCE of \$21,000/day. These routes currently yield an average of ~\$14,602/day.

Cargo availability in the Middle East has been higher over the past two months as regional producers have apparently increased supply amid a surge in prices. News that OPEC is expected to moderate their supply limits raises prospects of further supply gains, which could provide a further lift to rates in the near-term, particularly as units servicing cargoes from the Atlantic basin will not be available again in the Middle East until late during Q3. Further forward, an increase in supply from the Middle East may support greater voyages to Asia from the region, trimming demand for Asia-bound voyages from the Atlantic basin and thus disjoining supply/demand fundamentals.

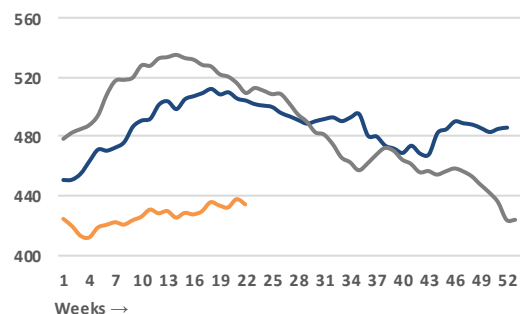
### Middle East

Rates on the AG-CHINA route added 2.5 points to conclude at ws50. Corresponding TCEs rose by 23% w/w to ~\$14,191/day. Rates on the AG-USG c/c route shed one point as recent rate strength for onward trades provided an incentive to trade in the direction. Triangulated Westbound trade earnings rose 5% w/w to ~\$17,695/day.

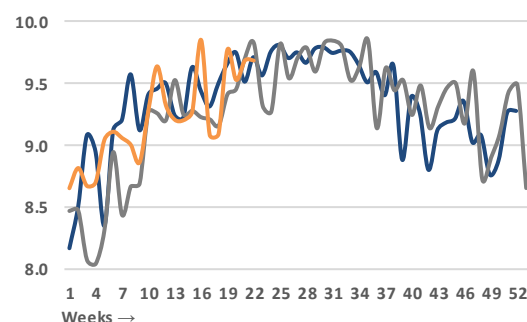
### Atlantic Basin

Rates in the West Africa market followed those in the Middle East. The WAFR-CHINA route added five points to conclude at ws50. Corresponding TCEs jumped 48% w/w to ~\$16,474/day.

Rates in the Atlantic Americas remained firm on recent demand strength and a halting of speculative ballasts into the region following recent TCE gains in the Middle East market. Rates on the USG-SPORE route added \$100k to conclude at \$3.80m lump sum. Round-trip TCEs on the route rose 9% w/w to ~\$13,564/day.



**US Crude Stocks (EIA)** Last Week 435.5 MnBbls Week y/y ▼ -14.8%



**US Gasoline Demand (EIA)** Last Week 9.689 MnB/d Week y/y ▼ -1.4%

■ 2018 ■ 2017 ■ 2016

# WEBER WEEKLY TANKER REPORT



## Suezmax

West Africa Suezmax rates were modestly softer this week as charterers have been slow in their progression into June's second-decade, which made clear that overall fundamentals remain heavily disjointed and thus allowed charterers to erode rates modestly. Rates on the WAFR-UKC route were off 2.5 points to ws75.

In the Caribbean market, the narrowing supply/demand positioning of the Aframax class and recent weeks' Suezmax demand strength for extra-regional voyages supported a strengthening of rates on some routes. The extent of gains were tempered on intraregional routes by the fact that \$/MT freights remain at a premium to the Aframax class, even following substantial gains for the smaller class to YTD highs. The CBS-USG route rose by five points to conclude at 150 x ws70. The USG-UKC route was unchanged at 130 x ws57.5. Rates on the USG-SPORE route rose \$200k to \$2.40m lump sum.

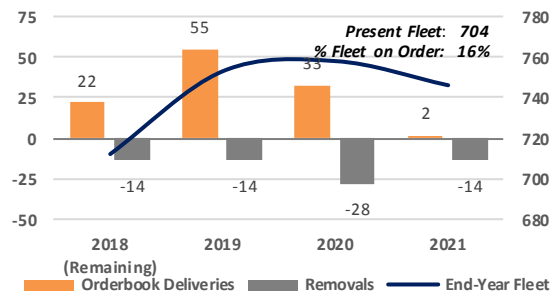
## Aframax

Aframax rates in the Caribbean market remained strong this week amid sustained regional demand strength. Aframaxes servicing Mexico crude exports remained very active, as did those servicing US crude exports. The week's demand capped an impressive month for Aframax demand gains; in the wider Caribbean/USG region, the class observed a 21% m/m gain, inclusive of a 57% m/m gain in spot Aframax draws to lightering duty as US crude exports increasingly oriented to Asia on VLCCs required a greater number of STS units. Rates on the CBS-USG route jumped 22.5 points w/w to conclude at ws145, a YTD high. Rates on the USG-UKC route added 17.5 points to conclude at ws115.

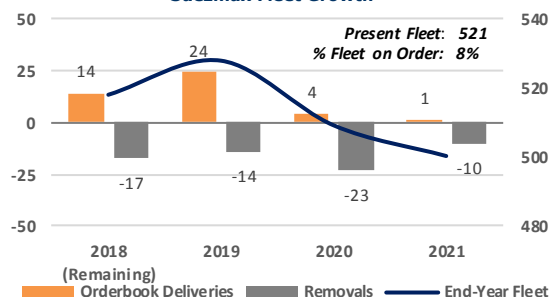
Global Aframax fixture demand performance was equally impressive during May, rising 38% m/m, led by a 59% gain in East-of-Suez markets (with particular strength observed at the Kozmino terminus of the ESPO pipeline) and a 58% gain in the Mediterranean. The Black Sea market was also at considerable strength with a m/m gain of 50%. Fixtures for Baltic loadings rose 20% m/m. The North Sea area, in isolation, observed a 20% m/m contraction. Activity-weighted average spot Aframax earnings rose 50% m/m to a four-month high of ~\$10,174/day.

Aframax demand strength appears to be correlated to higher oil prices, rising US crude exports and an apparent waning level of adherence to the earlier OPEC/non-OPEC supply curbs, though a rebound in purchases on seasonal factors and progression from maintenance is also likely at play.

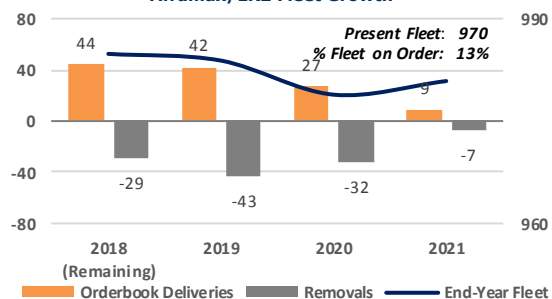
### VLCC Fleet Growth



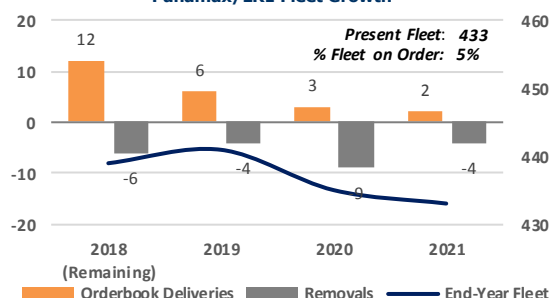
### Suezmax Fleet Growth



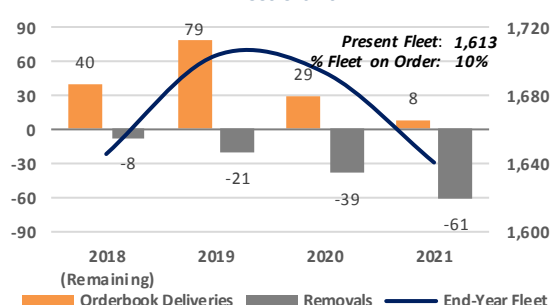
### Aframax/LR2 Fleet Growth



### Panamax/LR1 Fleet Growth



### MR Fleet Growth



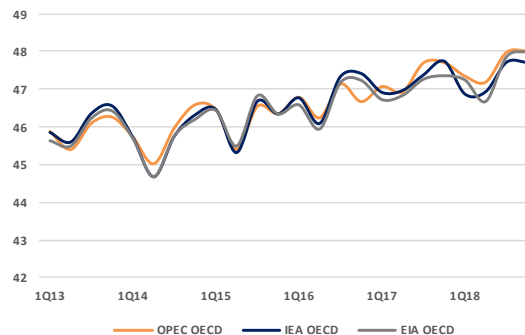
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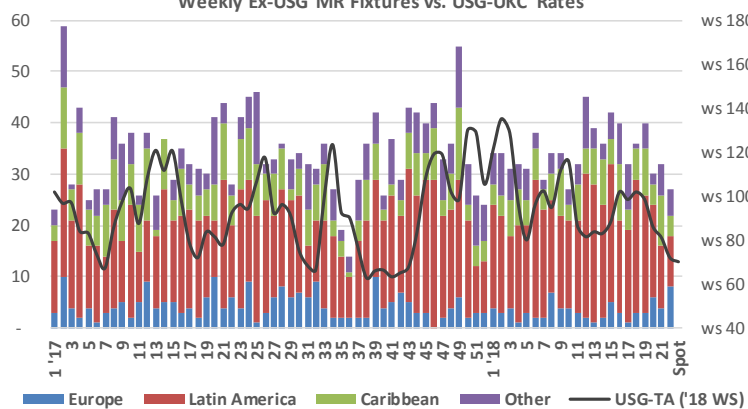
## MR

Rates in the USG MR market continued to decline this week on a lagging reflection of the sour supply/demand positioning and amid a slowing pace of demand. Just 27 fixtures were reported this week, representing the fewest in 12 weeks, despite a surge in demand for trans-Atlantic voyages to a YTD high; such fixtures accounted for eight of this week's tally. Amid a fresh slowing of demand, we note that supply development is also far from supportive of rates. The two-week forward view of available tonnage is up 2% w/w (one unit) to 52 units and we expect a number of additional units to appear on lists on Monday. Moreover, a large number of units on the list are already prompt as of Friday and a number of LRs are expected to join the list of prompt units and potentially further undermine rates. The prevailing situation is casting a heavy shadow of doubt on expectations for a traditional summer rally, which previously appeared likely to be stoked by normal seasonal factors and moderating global CPP inventories. Indeed, as far as the outlook for the upcoming week is concerned, we expect that rates may well test a new floor.

Projected OECD Oil Demand (Mnb/d)

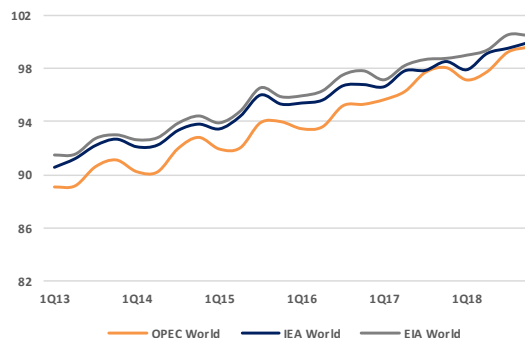


Weekly Ex-USG MR Fixtures vs. USG-UKC Rates



Charles R. Weber Company

Projected World Oil Demand (Mnb/d)



# WEBER WEEKLY TANKER REPORT



## REPORTED TANKER SALES

**United Leadership** – 159,062 /05 – Hyundai Ulsan– DH  
-Sold for \$18.2m to Eurotankers as part of a court sale.

**New Challenge** – 73,964/05 – New Century– DH  
**New Champion** – 73,911/05 – New Century– DH  
**New Century** – 73,901/05 – New Century– DH  
**New Confidence** – 73,897/05 – New Century– DH  
-Sold en bloc for \$44m to undisclosed buyers.

**United Carrier** – 73,675/07 – New Century – DH  
-Sold for \$10.25m to undisclosed Greek buyers.

**United Ambassador** – 73,584 /07– New Century – DH  
-Sold for \$10.3m to undisclosed Greek buyers.

**United Banner** – 73,584 /07 – New Century – DH  
-Sold on private terms to Sea World Management as part of a court sale.

**Sanmar Sitar** – 48,706/00– Iwagi Zosen– DH  
-Sold for \$8m to Sanmar Shipping Ltd.

**Nord Intelligence** – 47,975/10– Daewoo – DH  
-Sold for \$16.5m to Spring Maritime

**CPO Larisa Athena** – 37,384/04 – Hyundai Mipo – DH – IMO III – Ice 1B.  
**CPO Larisa Hestia** – 37,229/01 – Hyundai Mipo – DH – IMO III – Ice 1B  
**CPO Larisa Artemis** – 36,997 04 – Hyundai Mipo – DH – IMO III – Ice 1A  
-Sold en bloc for \$21.6m to undisclosed buyers.

**Askviken** – 12,887 /05– Samho – DH  
-Sold for \$7.1m to DB

**Hanze Kochi** – 12,279/07 – Um Deniz Sanayii As– DH – IMO II  
-Sold for \$7m to undisclosed Nigerian buyers.

**UE Sapphire** – 7,014/12 – Titan Quanzhou– DH  
-Sold on private terms to Cosulich Fratelli.

**Besiktas Orient** – 4,127/09 – Besiktas Gemi Insa– DH  
**Besiktas Pera** – 4,121/09 – Besiktas Gemi Insa– DH.  
**Besiktas Galata** – 4,115/09 – Besiktas Gemi Insa– DH  
**Besiktas Champion** – 4,114/10 – Besiktas Gemi Insa– DH  
-Sold en bloc on private terms to undisclosed buyers.

## REPORTED TANKER DEMOLITION SALES

Final Destination: Bangladesh

**S Progress** – 29,998 /87 – 6,126 LDT – SH  
- Sold for \$407/ldt.

Final Destination: Unknown

**Al Salheia**– 310,453 /98 – 42,501 LDT – DH  
-Sold for \$406.5/ldt, basis as is, Kuwait basis gas free for man entry.

**DS Tina**– 298,824/00 – 45,476 LDT – DH  
- Sold on private terms, basis as is, Khor Fakkan.

**Oil Runner (Shuttle)** – 126,360/97– 27,381 LDT – DH  
- Sold on private terms, basis as is, Khor Fakkan.

**Sage Pioneer** – 104,024/99 – 17,710 LDT – DH  
-Sold for \$441/ldt.

**Genessa** – 46,168 /00– 9,623 LDT – DH  
- Sold on private terms. Total Loss (Fire Damage, Gujarat) 01/2018.

**Divine Mercy** – 45,998 /91– 9,767 LDT – DH – IMO II  
- Sold on private terms.



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