WEBER WEEKLY TANKER REPORT

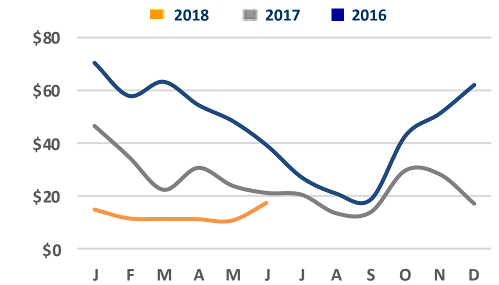
WEEK 26 – 29 June 2018

ISSUE 26 – 2018

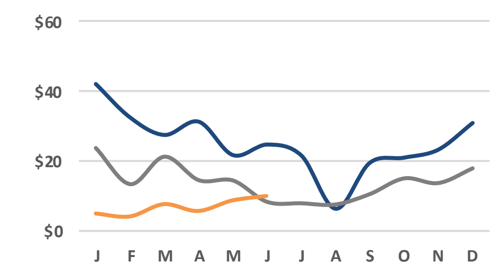
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	22-June		29-June	
AG>USG 280k	24.0	--	22.5	--
AG>SPORE 270k	55.0	$21,141	51.0	$15,682
AG>JPN 265k	53.0	$22,807	48.5	$16,599
AG>CHINA 270k	55.5	$20,499	52.5	$15,966
WAFR>CHINA 260k	55.0	$22,328	53.5	$19,411
USG>SPORE 270k	$4.0m	$15,716	$3.65m	$10,371
AG>USG/USG>SPORE/AG	--	$25,058	--	$19,020
VLCC Average Earnings		*$22,126*		*$17,039*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	67.5	$11,322	67.5	$10,295
WAFR>UKC 130k	72.5	$8,534	70.0	$6,382
BSEA>MED 140k	85.0	$10,777	85.0	$9,890
CBS>USG 150k	70.0	$14,333	70.0	$13,408
USG>UKC 130k	57.5	--	52.5	--
CBS>USG/USG>UKC/WAFR	--	$12,042	--	$11,113
AG>USG 140k	35.0	--	35.0	--
USG>SPORE 130k	$2.45m	--	$2.45m	--
AG>USG/USG>SPORE/AG	--	$12,781	--	$11,710
Suezmax Average Earnings		*$10,862*		*$9,542*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	105.0	$9,533	105.0	$9,022
BALT>UKC 100k	92.5	$20,389	85.0	$15,301
CBS>USG 70k	145.0	$20,570	125.0	$13,084
USG>UKC 70k	100.0	--	85.0	--
CBS>USG/USG>UKC/NSEA	--	$27,525	--	$18,427
MED>MED 80k	85.0	$3,155	80.0	$381
AG>SPORE 70k	95.0	$7,625	102.5	$8,695
Aframax Average Earnings		*$16,631*		*$11,807*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	115.0	$2,216	112.5	$1,067
CONT>USG 55k	105.0	$6,185	105.0	$5,509
ECU>USWC 50k	160.0	$14,438	160.0	$13,733
Panamax Average Earnings		*$6,186*		*$5,307*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	100.0	$9,723	97.0	$7,875
AG>UKC 80k	$1.85m	$10,877	$1.78m	$8,581
MED>JPN 80k	$1. 73m	$5,464	$1. 69m	$4,001
AG>UKC/MED>JPN/AG	--	$14,517	--	$12,519
LR2 Average Earnings		*$11,320*		*$9,422*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	120.0	$9,114	119.0	$8,047
AG>UKC 65k	$1.64m	$11,023	$1.64m	$10,190
UKC>WAFR 60k	79.0	$(3,338)	75.0	$(4,820)
AG>UKC/UKC>WAFR/AG	--	$10,955	--	$9,709
LR1 Average Earnings		*$10,035*		*$8,878*
MR (13.0 Kts L/B)				
UKC>USAC 37k	100.0	$427	102.5	$363
USG>UKC 38k	67.5	$(3,732)	85.0	$(1,331)
USG>UKC/UKC>USAC/USG	--	$1,802	--	$3,932
USG>CBS (Pozos Colorados) 38k	$290k	$403	$350k	$3,946
USG>CHILE (Coronel) 38k	$975k	$7,438	$1.0m	$7,608
CBS>USAC 38k	111.0	$4,711	117.5	$5,371
WCIND>JPN/ROK>SPORE/WCIND	--	$6,999	--	$6,233
MR Average Earnings		*$3,700*		*$4,620*
Handy (13.0 Kts L/B)				
MED>EMED 30k	135.5	$10,216	130.0	$8,380
SPORE>JPN 30K	120.0	$2,917	120.0	$2,320
Handy Average Earnings		*$5,545*		*$4,502*

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

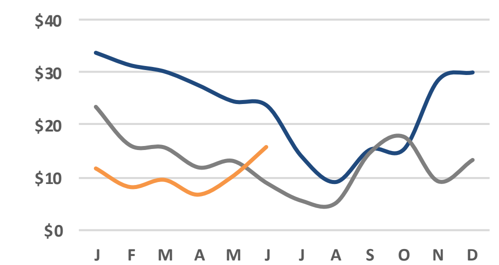
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$26,000	$30,000
Suezmax	$17,000	$21,000
Aframax	$15,500	$18,500
Panamax	$12,500	$14,500
MR	$13,000	$15,000
Handy	$11,500	$13,000



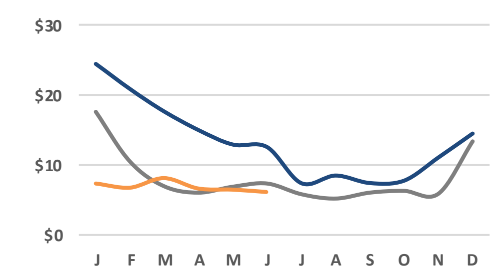
VLCC Average Earnings | **MTD Average** ~$17,765/Day | **Month y/y** ▼ -16%



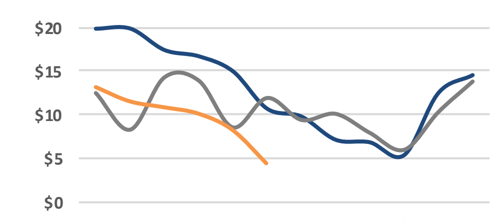
Suezmax Average Earnings | **MTD Average** ~$9,863/Day | **Month y/y** ▲ +23%



Aframax Average Earnings | **MTD Average** ~$15,815/Day | **Month y/y** ▲ +77%



Panamax Average Earnings | **MTD Average** ~$5,989/Day | **Month y/y** ▼ -18%



MR Average Earnings | **MTD Average** ~$4,406/Day | **Month y/y** ▼ -63%

SPOT MARKET SUMMARY

VLCC

Rates in the VLCC market continued to retreat from YTD highs observed midway through last week as participants took stock of a supply/demand positioning that was not as tight as would have been needed to sustain the relative strength. A large spread between competitive and disadvantaged units remained, incentivizing greater use of the lower-priced tier, which includes modern units ex-DD. This likely prevented stronger losses for competitive units – which forms the basis of market assessments – from materializing. Indeed, one market quote received a long list of offers, which typically tests rates below last-done levels but the offers were not countered as the charterer ultimately used internal tonnage for the requirement. For its part, demand in the Middle East market this week was largely unchanged: 27 fixtures were reported, down by one from last week's tally. The West Africa market, however, saw the pace of demand drop to a five-week low of just three fixtures, paring the stronger demand of recent weeks that partly contributed to last week's rate gains. The USG market remained slow following earlier forward fixing though two fresh cargoes appeared this week versus zero last week. The Atlantic Americas collectively yielded four fixtures, double last week's tally and one fewer than the YTD weekly average.

The projected surplus through the Middle East market's second-decade of July program stands at the same level as that observed for the month's first decade with 20 units. This remains lower than the 24 units observed at the conclusion of the June program but dictates that TCEs have downside room. As we noted last week, 20 surplus units have historically guided AG-FEAST TCEs to about $15,000/day. These routes presently yield an average of ~$19,002/day. The exponential and lagging nature of the spot market implies that further losses are likely during the upcoming week, accordingly.

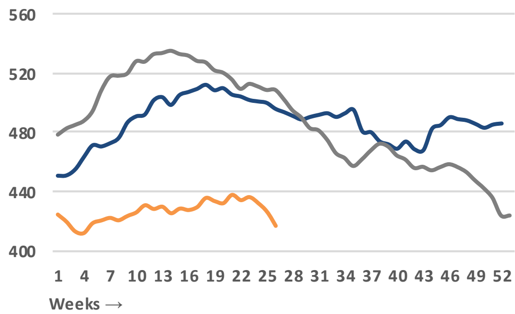
Middle East

Rates on the AG-CHINA route shed 5 points to conclude at ws53. Corresponding TCEs fell 29% to conclude at ~$17,812/day. Rates on the AG-USG c/c route eased 1.5 points to conclude at ws24. Triangulated Westbound trade earnings fell 19% to ~$20,247/day.

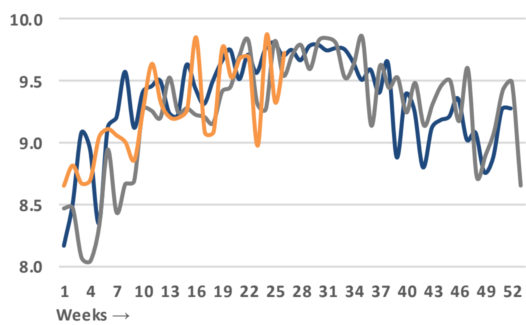
Atlantic Basin

Rates in the West Africa market lagged those in the Middle East. The WAFR-CHINA route lost one points to conclude at ws54. Corresponding TCEs were off 6% to ~$21,084/day.

Rates in the Atlantic Americas were softer as current pricing was less conducive to exports and uncertainty around China's forward appetite for US crude (if tariffs are introduced) rocked sentiment amid a pause as dates being worked normalize. The USG-SPORE route shed $350k to conclude at $3.65m lump sum. Round trip TCEs stand at ~$11,519/day while $/BBL freights are $1.90 (excluding reverse STS), which compares with $0.72 on the AG-SPORE route.



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



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

2018 2017 2016

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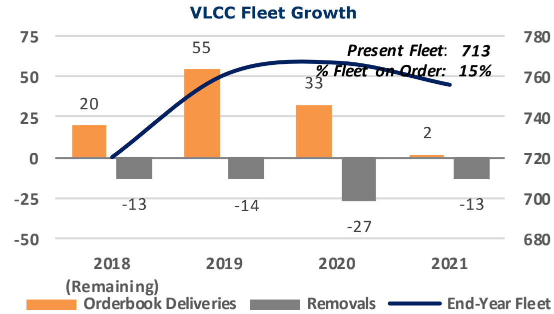
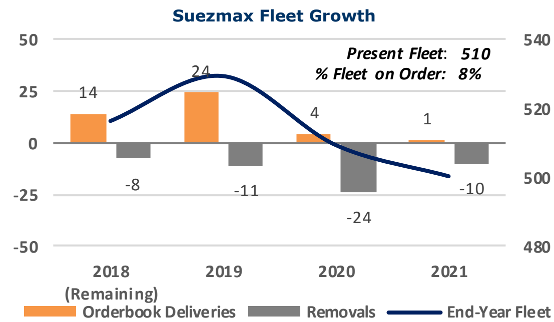
Suezmax

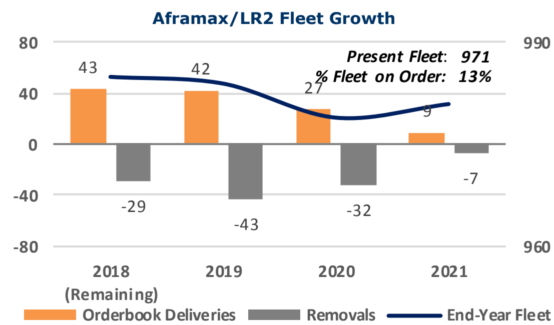
Despite a fifth consecutive week of demand gains in the West Africa market, rates were moderately softer as tonnage previously employed on long haul voyages came free and appeared on position lists. Rates on the WAFR-UKC route shed 2.5 points to conclude at ws70. Meanwhile, the Black Sea market was unchanged with rates on the BSEA-MED route concluding unchanged at ws85. Softening Aframax rates in the Caribbean market saw rates on the USG-UKC route ease 5 points to ws52.5. Simultaneously, the CBS-USG route was unchanged at 150 x ws70 and the USG-SPORE route was unchanged at $2.45m lump sum. Demand in the Americas was active for both intraregional and extra-regional voyages – with US crude exports serviced by the class at a seven-week high. This should keep rates steady through the upcoming week.

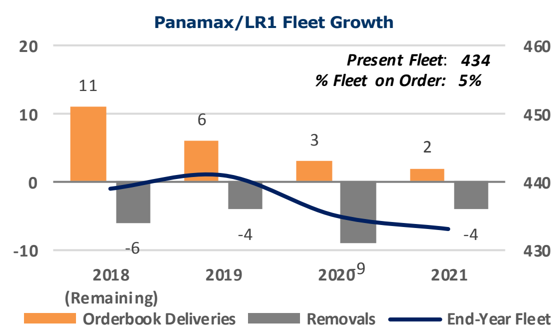
Aframax

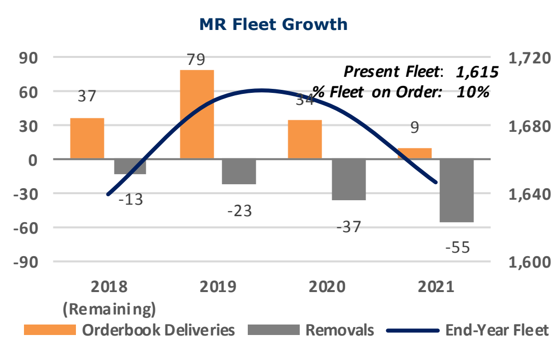
The Caribbean Aframax market was in correction mode through the first half of the week on a lengthened list of available units facing charterers from Monday, including a number of prompt units. Demand remained elevated, however, which finally saw the supply/demand equation move into owners' favor by the close of the week and allowed rates to pare some of the earlier losses. The CBS-USG route concluded off 15 points from last week's close to ws125 (basis Venezuela loading), having earlier dipped towards the ws120 level. Notionally, rates should remain unchanged through the start of the upcoming week though a strong pace of demand ahead of the mid-week Independence Day holiday could stoke further gains on a sentiment basis.











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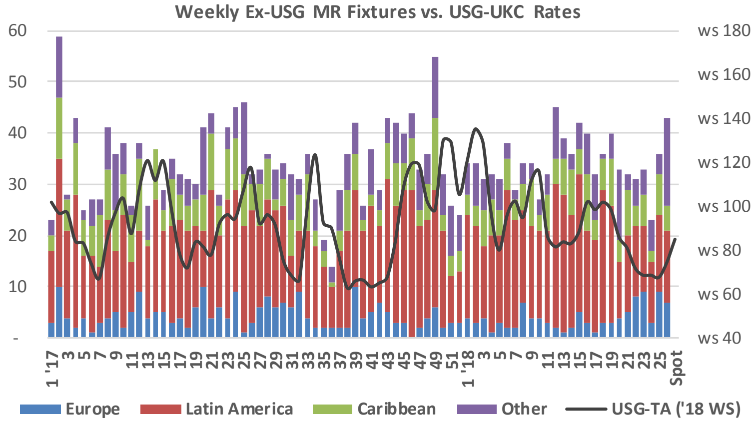
MR

Rates in the USG MR market improved this week on the back of a strong narrowing of fundamentals. Demand surged to a three month high of 43 fixtures, marking a 19% w/w gain and building on last week's 57% w/w gain. Supply drew down incrementally on the demand strength and the two-week forward availability count concluded the week off 29% to 32 units. This yields a fundamentals setup last seen in April, before sluggish April and May PADD3 refinery utilization weighed negatively on export cargo demand and hastened a collapse in TCE earnings. Rates have been slow to reflect the improvement given the lagging nature of sentiment and the extreme lows that had gripped the market in recent weeks. The USG-UKC route added 17.5 points to conclude at ws85 – a six-week high, though still well below the 1Q18 average of ws103. Rates on intraregional voyages were slower to rise; the USG-CBS route added \$60k to conclude at \$350k lump sum. Similarly, the long-haul USG-CHILE route added \$25k to conclude at \$1.0m lump sum.

A fourth-consecutive week of PADD3 distillate inventories gains and a six-consecutive week of refinery utilization gains in the region (to a YTD high of 97.6%) should sustain exports sufficiently to maintain rates above recent lows in the near-term. During the upcoming week, supply levels could be remain moderated by a recent easing of USAC arrivals (albeit with a greater share thereof likely to target the USG market). Ultimately, we expect that rates during the upcoming week will be driven entirely by sentiment surrounding the pace of demand. With the US' Independence Day holiday occurring on Wednesday this year, the extent of demand materializing on Monday and Tuesday will be extremely important for rate progression and a strong pace of demand ahead of the holiday could drive rates up significantly.

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



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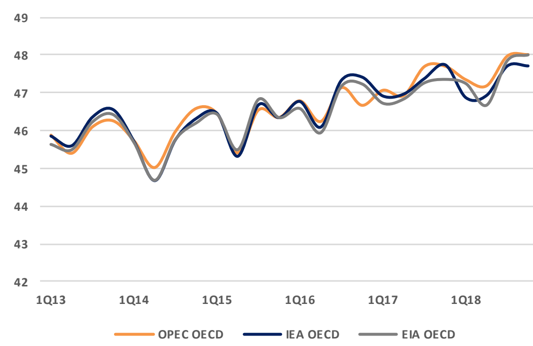
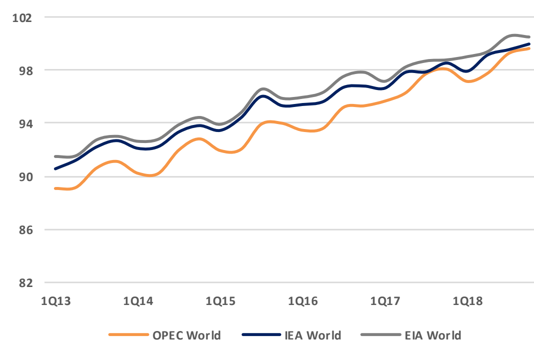
Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



REPORTED TANKER SALES

United Ideal – 161,762 /11 – New Times – DH
-Sold on private terms to Delta Tankers as part of a court sale.

United Dynamic – 161,653 /10 – New Times – DH
-Sold on for $27.0m to Delta Tankers as part of a court sale.

United Paragon – 157,100 /18 – COSCO Jiangsu – DH
Pericles G. C. – 157,100 /18 – COSCO Jiangsu – DH
United Oceans – 157,100 /18 – COSCO Jiangsu – DH
United Mariner – 113,500 /18 – COSCO Jiangsu – DH
United Nomad – 113,500 /18 – COSCO Jiangsu – DH
Nikos Kazantzakis – 113,500 /18 – COSCO Jiangsu – DH
-Sold en bloc on private terms to Delta Tankers.

Neverland Angel – 115,949 /09 – Samsung Geoje – DH
Isola Blu – 50,695 /08 – SPP Tongyeong – DH – IMO III
Isola Corallo – 50,607 /08 – SPP Tongyeong – DH – IMO III
-Sold en bloc on private terms to Vitol.

STI Oxford – 109,999 /15 – Hyundai Samho – DH
-Sold on private terms to undisclosed buyers, includes BBB for 7 yrs w/ purchase opts from year three and a purchase obligation on conclusion.

STI Selatar – 109,999 /17 – Sungdong – DH
- Sold on private terms to undisclosed buyers, includes BBB for 7 yrs w/ purchase opts from year three and a purchase obligation on conclusion.

BM Bonanza – 105,614 /07 – Sumitomo – DH
-Sold for $17.0m to undisclosed Norwegian buyers.

Axel – 49,997 /10 – Onomichi – DH
-Sold for $17.0m to undisclosed buyers. Unit due for DD 10/2018.

STI Gramercy – 49,990 /15 – SPP Sacheon – DH
- Sold on private terms to undisclosed buyers, includes BBB for 7 yrs w/ purchase opts from year three and a purchase obligation on conclusion.

STI Queens – 49,990 /15 – SPP Goseong – DH
- Sold on private terms to undisclosed buyers, includes BBB for 7 yrs w/ purchase opts from year three and a purchase obligation on conclusion.

Ocean Coral– 45,858 /00 – Shin Kurushima Onishi – DH
-Sold for $6.0m to undisclosed Far East buyers.

Nicos Tomasos – 37,163 /03 – Hyundai Mipo – DH – IMO III – Ice 1B
-Sold for $8.6m to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Unknown**

Al Shegaya – 310,513 /98 – 42,441 LDT – DH
-Sold for $420/ldt basis as is, Kuwait and including ~700 mt bunkers.

Nordic Hawk – 151,475 /97 – 26,646 LDT – DH
-Sold on private terms.

Nordic Hunter – 151,401 /97– 22,948 LDT – DH
-Sold on private terms.

Nordic Voyager – 149,591 /97 – 26,646 LDT – DH
-Sold on private terms, basis as is, Singapore.

Cap Romuald – 146,639 /98 – 24,914 LDT – DH
-Sold on private terms.

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