WEBER WEEKLY TANKER REPORT

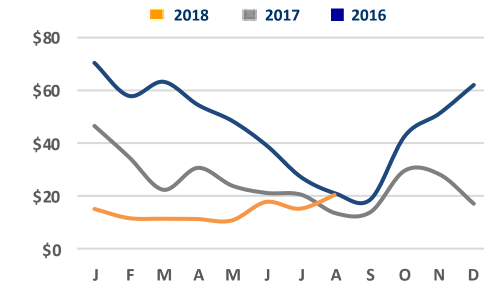
WEEK 34 – 24 AUGUST 2018

ISSUE 34 – 2018

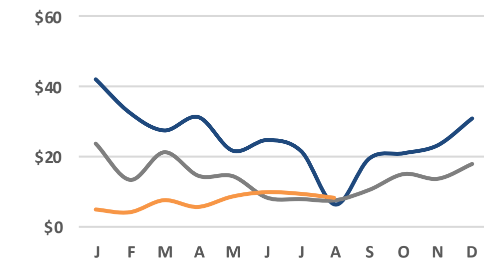
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**17-August**		**24-August**	
AG>USG 280k	25.0	--	25.0	--
AG>SPORE 270k	52.5	$18,776	56.5	$21,541
AG>JPN 265k	50.0	$19,805	54.0	$22,772
AG>CHINA 270k	54.0	$19,066	58.0	$21,875
WAFR>CHINA 260k	54.0	$21,925	57.5	$24,144
USG>SPORE 270k	$3.85m	$14,575	$4.05m	$15,656
AG>USG/USG>SPORE/AG	--	$25,008	--	$25,634
VLCC Average Earnings		*$20,408*		*$22,835*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	58.75	$7,305	58.75	$6,501
WAFR>UKC 130k	63.75	$4,757	63.75	$3,956
BSEA>MED 140k	80.0	$8,369	82.5	$9,413
CBS>USG 150k	72.5	$16,296	72.5	$15,477
USG>UKC 130k	55.5	--	60.0	--
CBS>USG/USG>UKC/WAFR	--	$11,138	--	$12,118
AG>USG 140k	27.5	--	30.0	--
USG>SPORE 130k	$2.55m	--	$2.70m	--
AG>USG/USG>SPORE/AG	--	$11,297	--	$12,693
Suezmax Average Earnings		*$7,832*		*$7,722*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	120.0	$19,190	110.0	$12,041
BALT>UKC 100k	80.0	$12,784	85.0	$15,077
CBS>USG 70k	102.5	$6,697	150.0	$21,859
USG>UKC 70k	75.0	--	110.0	--
CBS>USG/USG>UKC/NSEA	--	$12,662	--	$31,009
MED>MED 80k	120.0	$16,888	117.5	$15,313
AG>SPORE 70k	105.0	$10,398	125.0	$15,332
Aframax Average Earnings		*$12,638*		*$18,988*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	122.5	$4,017	120.0	$2,940
CONT>USG 55k	110.0	$7,580	120.0	$9,430
ECU>USWC 50k	150.0	$12,142	150.0	$11,675
Panamax Average Earnings		*$7,411*		*$7,763*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	96.5	$8,763	95.5	$7,867
AG>UKC 80k	$1.88m	$11,634	$1.88m	$10,993
MED>JPN 80k	$1.63m	$4,335	$1.59m	$3,077
AG>UKC/MED>JPN/AG	--	$14,071	--	$13,026
LR2 Average Earnings		*$10,531*		*$9,585*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	96.5	$8,763	99.5	$4,465
AG>UKC 65k	$1.50m	$8,351	$1.48m	$7,518
UKC>WAFR 60k	85.5	$(1,891)	81.5	$(3,178)
AG>UKC/UKC>WAFR/AG	--	$9,925	--	$8,740
LR1 Average Earnings		*$7,558*		*$6,603*
MR (13.0 Kts L/B)				
UKC>USAC 37k	122.5	$4,349	110.0	$1,730
USG>UKC 38k	87.5	$(220)	95.0	$568
USG>UKC/UKC>USAC/USG	--	$6,720	--	$6,088
USG>CBS (Pozos Colorados) 38k	$425k	$9,662	$475k	$12,612
USG>CHILE (Coronel) 38k	$1.00m	$8,337	$1.05m	$9,349
CBS>USAC 38k	120.0	$6,462	117.5	$5,581
WCIND>JPN/ROK>SPORE/WCIND	--	$8,205	--	$7,501
MR Average Earnings		*$6,717*		*$6,238*
Handy (13.0 Kts L/B)				
MED>EMED 30k	120.0	$6,428	120.0	$6,114
SPORE>JPN 30K	127.0	$3,784	127.0	$3,421
Handy Average Earnings		*$4,736*		*$4,391*

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

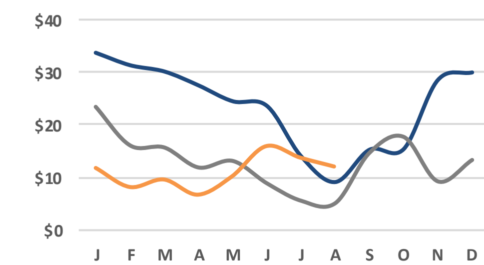
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$23,500	$30,000
Suezmax	$17,500	$21,000
Aframax	$15,500	$18,500
Panamax	$12,500	$14,500
MR	$13,000	$15,000
Handy	$11,500	$13,000



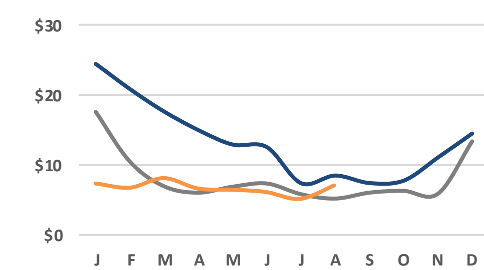
VLCC Average Earnings	**MTD Average** ~$20,474/Day	**Month y/y** ▲ +52%



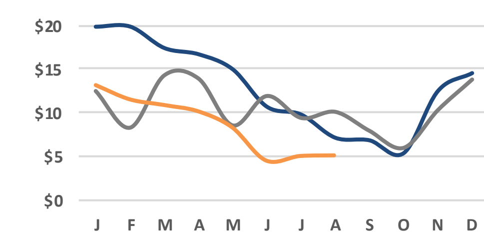
Suezmax Average Earnings	**MTD Average** ~$8,289/Day	**Month y/y** ▲ +14%



Aframax Average Earnings	**MTD Average** ~$12,022/Day	**Month y/y** ▲ +134%



Panamax Average Earnings	**MTD Average** ~$6,911/Day	**Month y/y** ▲ +34%



MR Average Earnings	**MTD Average** ~$4,995/Day	**Month y/y** ▼ -50%

SPOT MARKET SUMMARY

VLCC

The VLCC market observed strengthening rates through much of the week as part of a delayed reaction to last week's strong activity and narrowed Middle East availability surplus. This trend kept with the trend of delayed reflection of fundamentals changes in sentiment. Indeed, demand this week declined 22% w/w to 32 fixtures while a long list of previously "hidden" positions suddenly appeared as available through the first decade of the September Middle East program. Whereas a week ago the first decade of the September program appeared poised to conclude with just nine surplus units, that number has now jumped to 17 units. This represents the largest surplus observed since the first decade of the August program and compares with a surplus holding at 14 units during August's final two decades. Although still comparatively low against the 1H18 average of 27 surplus units, it proved too large to justify the extent of rate gains observed this week and after peaking during the first half of the week at YTD highs on some routes, they have since eased slightly.

The rise in availability correlates partly to a rise in Middle East crude supply in June. With greater cargoes being sourced from the Middle East for voyages to Asia, interest from Asian buyers in Atlantic basin crude eased, leading to shorter ton-mile generation. Although the rise in Middle East supply was initially positive, by quickly absorbing more surplus units, we have maintained that the longer-term impact would be negative. Adding to woes, before the June commencement of stronger Middle East supply, fixture demand for US crude exports surged in May and temporarily prompted some speculative ballasts from the Middle East. Those units, which loaded during the final week of May and during June, are also now appearing on Middle East positions.

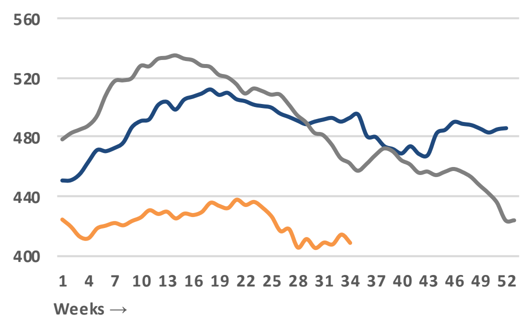
On a positive note, VLCC demand on both sides of the Atlantic basin strengthened this week. The West Africa market observed 10 fixtures, representing a one-month high and a 67% w/w gain while the Atlantic Americas observed 7 fixtures, also a one-month high and more than double last week's tally. The fresh improvement of demand here should help to improve trade fundamentals going forward. Meanwhile, more generally, global crude destocking in recent months is likely to see stronger crude purchasing materialize in the coming weeks and months as refiners, who are operating at extremely strong rates, seek replenishments.

After this week's late easing, stronger rate losses may elude charterers during the upcoming week. After the UK's bank holiday Monday, a return of participants to trading on Tuesday could be accompanied by an influx of second-decade September cargoes sufficient to keep sentiment from weakening, if temporarily.

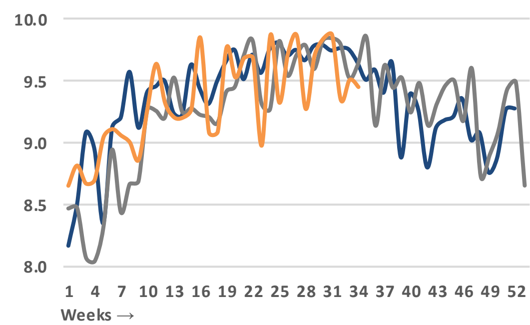
Middle East
Rates on the AG-CHINA route conclude the week with a 4 points gain to ws58 with corresponding TCEs rising by 15% to ~$21,875/day. Rates to the USG via the Cape were unchanged at ws25. Triangulated Westbound trade earnings rose 3% to conclude at ~$25,634/day.

Atlantic Basin
Rates in the West Africa market followed those in the Middle East with the WAFR-CHINA route adding 3.5 points to conclude at ws57.5. Corresponding TCEs rose by 10% to ~$24,144/day.

A resumption of demand in the Atlantic Americas saw rates from the region rebound from earlier losses. The USG-SPORE route added $200k, accordingly, to conclude at $4.05m lump sum.



US Crude Stocks (EIA)	Last Week	Week y/y
	408.4 MnBbls	▼ -11.8%



US Gasoline Demand (EIA)	Last Week	Week y/y
	9.453 MnB/d	▼ -1.8%

2018 2017 2016

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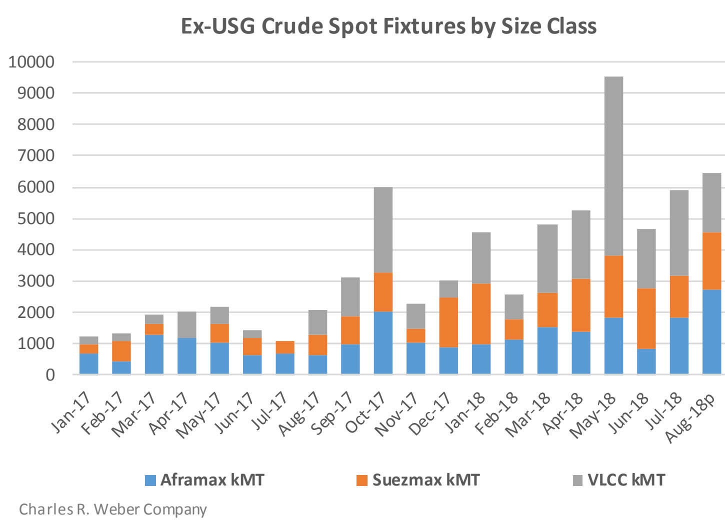
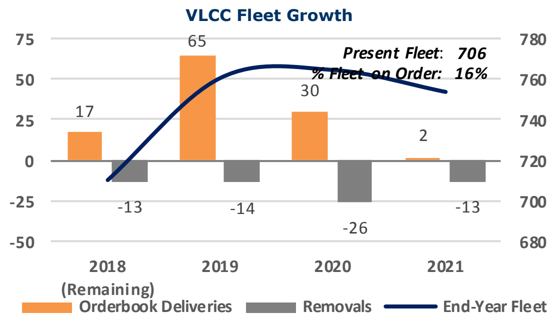
Suezmax

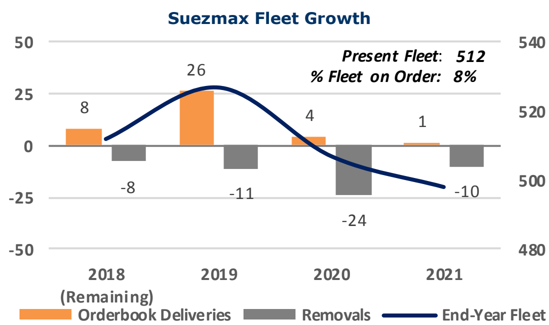
Rates in the West Africa Suezmax market traded within a narrow band this week, observing minor losses early on that were subsequently pared by the close of the week to conclude unchanged. The WAFR-UKC route concludes at ws63.75. Elsewhere, stronger VLCC rates have lent minor support to Suezmaxes in the Middle East market, where the AG-USG route (excluding Basrah heavy crane requirements) were up 2.5 points to ws30. In the Americas, surging Aframax rates and strengthening demand for US crude exports supported stronger Suezmax rates. Demand to service crude exports from the USG are on course for a 37% m/m gain. The USG-UKC route added 4.5 points to conclude at ws60 while the USG-SPORE route jumped $150k to $2.7m lump sum. The upside did not extend to intraregional voyages; the CBS-USG route was unchanged at ws72.5 as Suezmaxes remained uncompetitive to their smaller counterpart on the route on a $/mt basis, even after this week's gains for the smaller class are accounted for.

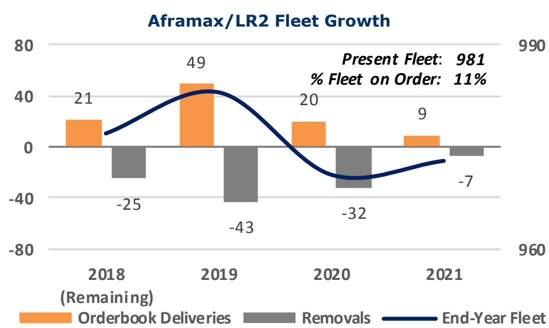
Aframax

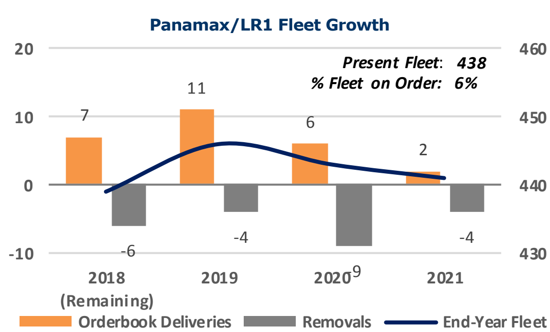
The Caribbean Aframax market observed strong gains this week as fundamentals tightened on strong MTD US crude export fixture activity (see graph below) and a rebound in intraregional demand this week. With another week to go, Aframax demand for US crude exports during August already matches the prior monthly record high set in October '17 and thus is likely to set a fresh record. Meanwhile, some units previously exited the region speculatively amid an earlier TCE disparity between the Americas and Europe. Rates on the CBS-USG route jumped 47.5 points to ws150 on this basis, placing TCEs on the route up 226% w/w to ~$21,859/day. Owners are likely to remain bullish through at least the start of the upcoming week and, failing a sharp decline in demand, further rate gains are likely to materialize. A surge in demand ahead of the Labor Day weekend could well accelerate and extend the trend. Further forward, a fresh recent decline in rates in some European markets could influence rates in the Americas down as tonnage reorients to the regional earnings disparities – keeping in the way the "seesaw" affect has been working between the two regions for the past several weeks.

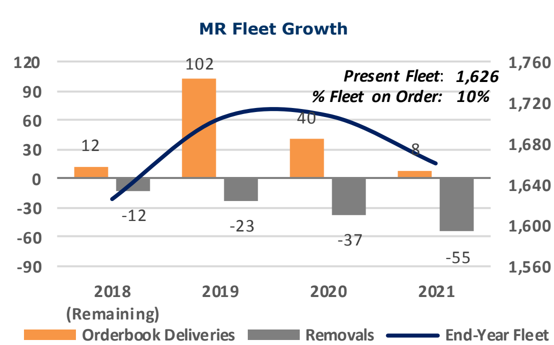




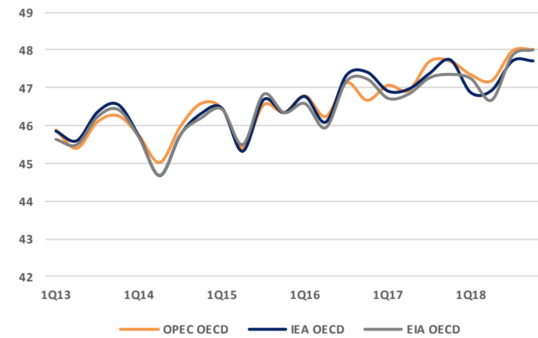




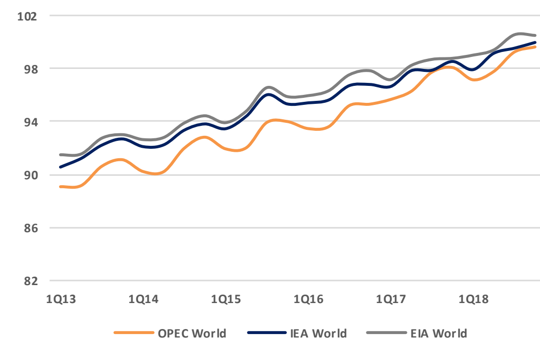




Projected OECD Oil Demand (Mnb/d)



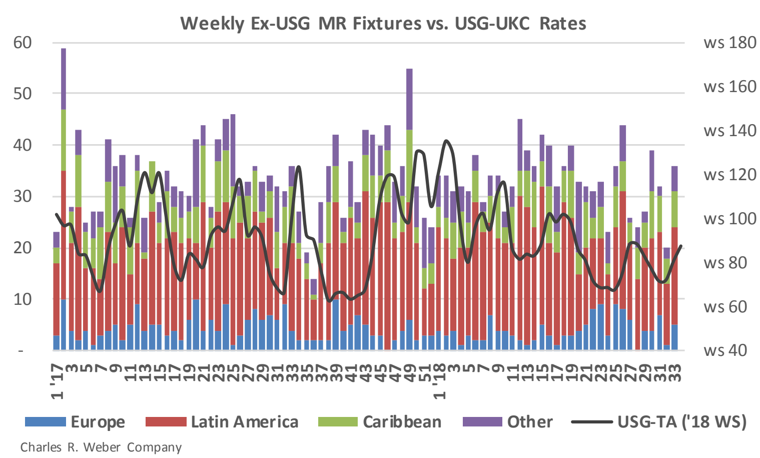
Projected World Oil Demand (Mnb/d)



MR

Rates in the USG MR market remained at strength this week, rising to a three month high as sentiment lagged, reflecting last week's narrowing of regional fundamentals despite a fresh disjointing this week. Two-week forward availability concluded last week with just 29 units – the fewest since the first week of 2018. The weekend saw a long list of fresh appearances thereof, which by COB Monday boosted the availability count to 52 units. The quick surge, coming amid slow demand on Monday, suggested an imminent pullback in rates – but this never happened. Instead, sentiment remained on its historical one-week lag of fundamentals – with the trend likely being helped, in no small part, by a surge in demand for voyages to Brazil. A fire broke out early Monday at Petrobras' 415,000 b/d Replan Refinery – the country's largest – halting operations and prompting charterers to seek Brazil-bound voyages and Brazil options on other fixtures. At least two MRs also deviated in the north Atlantic from intended courses towards Europe and are now steaming towards Brazil. The refinery is set to restart at half capacity imminently with the remaining fire-hit capacity to following within a week thereafter, according to reports citing a spokesperson for the oil workers' union.

Stronger gains would likely have materialized were it not for the presence of a number of LR1 units and a small number of LR2 units, which ate into MR demand as they were fixed. Still, the USG-UKC route added 7.5 points to conclude ws95. The USG-CHILE gained $50k to conclude at $1.05m lump sum and the USG-CBS route added $50k to $475k lump sum. Two-week forward availability stands at 40 units, or 38% more than a week ago – but down 23% from Monday's tally. More units are likely to appear on position lists at the start of the upcoming week, though the impact this may have on rates is difficult to predict. For their part, owners are likely to remain bullish during the upcoming week on seasonal factors and in hope of a rush in demand ahead of the US' Labor Day weekend, which could maintain the upward trend. This will be subject to the extent of failing that may or may not accompany the restarting of the Replan refinery, as well as the pace of demand that ultimately materializes.



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REPORTED TANKER SALES

Petrozavodsk – 106,449 /03 – Tsuneishi Fukuyama – DH
-Sold for $9.8m to Chinese buyers. Unit due for SS/DD 11/2018.

Glory Crescent – 105,405 /13 – Hyundai Ulsan– DH
-Sold for $25.6m to undisclosed buyers.

Hafnia Arctic – 74,910 /10 – Brodosplit– DH - Ice 1A
Hafnia Asia – 74,490 /10 – STX Jinhae – DH
-Sold en bloc for $38m to Norwegian buyers. Includes BBB on undisclosed terms.

PTI Phoenix – 51,288 /07 – STX Jinhae – DH – IMO III
-Sold for $13.4m to undisclosed buyers.

Yuhua Star – 16,026 /97 – Shin Kurushima– DH – IMO II/III
-Sold for $5.71m to Chinese buyers.

Tenacious– 3,590 /12 – Qinhuangdao– DH
-Sold at auction for $1.3m to Chinese buyers.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

Bahamas Spirit – 107,261 /98 – 16,616 LDT – DH
-Sold for $420/ldt. Unit due for SS/DD 10/2018.

Final Destination: **Unknown**

Ruby IV – 281,050 /00 – 38,531 LDT – DH
-Sold for $428/ldt. Unit due for DD 09/2018.

Olympic Spirit II – 96,773 /97 – 15,287 LDT – DH
-Sold on private terms.

Kartika Segara – 30,747 /98 – 8,510 LDT – DH
-Sold for $365/ldt. Unit due for SS/DD 08/2018.

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