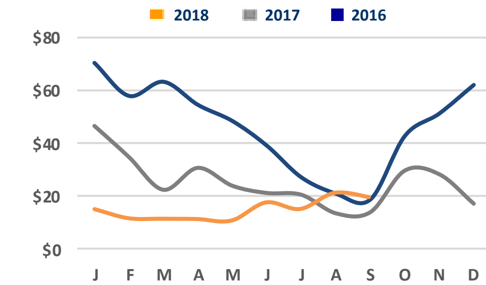
WEBER WEEKLY TANKER REPORT

WEEK 38 – 21 SEPTEMBER 2018 **ISSUE 38 – 2018**

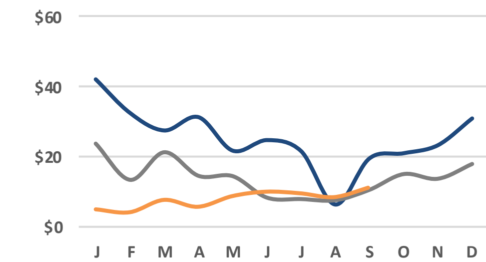
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**14-September**		**21-September**	
AG>USG 280k	22.0	--	21.0	--
AG>SPORE 270k	55.0	$19,701	55.0	$19,162
AG>JPN 265k	52.0	$20,342	53.0	$20,795
AG>CHINA 270k	55.0	$18,590	57.5	$20,442
WAFR>CHINA 260k	55.0	$21,545	57.0	$23,071
USG>SPORE 270k	$3.95m	$14,242	$4.25m	$17,172
AG>USG/USG>SPORE/AG	--	$21,969	--	$23,543
VLCC Average Earnings		*$20,198*		*$21,076*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	65.0	$9,246	67.5	$10,206
WAFR>UKC 130k	70.0	$6,556	72.5	$7,458
BSEA>MED 140k	85.0	$9,997	87.5	$11,545
CBS>USG 150k	77.5	$18,531	75.0	$16,538
USG>UKC 130k	72.5	--	75.0	--
CBS>USG/USG>UKC/WAFR	--	$13,038	--	$12,110
AG>USG 140k	30.0	--	27.5	--
USG>SPORE 130k	$2.95m	--	$2.80m	--
AG>USG/USG>SPORE/AG	--	$10,698	--	$9,525
Suezmax Average Earnings		*$9,594*		*$10,397*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	107.5	$9,795	105.0	$7,970
BALT>UKC 100k	77.5	$9,861	77.5	$9,637
CBS>USG 70k	155.0	$23,311	155.0	$23,099
USG>UKC 70k	110.0	--	102.5	--
CBS>USG/USG>UKC/NSEA	--	$31,533	--	$28,980
MED>MED 80k	102.5	$9,423	100.0	$8,528
AG>SPORE 70k	105.0	$9,533	110.0	$10,595
Aframax Average Earnings		*$16,070*		*$15,270*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	135.0	$5,980	132.5	$5,261
CONT>USG 55k	125.0	$10,365	125.0	$10,174
ECU>USWC 50k	150.0	$11,679	147.5	$10,765
Panamax Average Earnings		*$9,429*		*$8,963*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	99.5	$8,707	100.5	$8,652
AG>UKC 80k	$1.85m	$10,292	$1.85m	$10,081
MED>JPN 80k	$1.64m	$3,687	$1.75m	$5,195
AG>UKC/MED>JPN/AG	--	$13,107	--	$14,076
LR2 Average Earnings		*$10,173*		*$10,458*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	106.5	$5,657	115.0	$7,088
AG>UKC 65k	$1.44m	$6,562	$1.52m	$7,937
UKC>WAFR 60k	100.0	$55	104.5	$692
AG>UKC/UKC>WAFR/AG	--	$10,071	--	$11,447
LR1 Average Earnings		*$7,864*		*$9,268*
MR (13.0 Kts L/B)				
UKC>USAC 37k	120.0	$3,125	100.0	$(438)
USG>UKC 38k	105.0	$2,026	105.0	$1,872
USG>UKC/UKC>USAC/USG	--	$8,096	--	$6,061
USG>CBS (Pozos Colorados) 38k	$450k	$10,742	$450k	$10,604
USG>CHILE (Coronel) 38k	$1.13m	$11,370	$1.1m	$10,503
CBS>USAC 38k	120.0	$5,832	120.0	$5,692
WCIND>JPN/ROK>SPORE/WCIND	--	$7,206	--	$6,873
MR Average Earnings		*$7,175*		*$5,716*
Handy (13.0 Kts L/B)				
MED>EMED 30k	114.5	$4,645	124.5	$7,085
SPORE>JPN 30K	121.5	$2,591	120.0	$2,213
Handy Average Earnings		*$3,330*		*$3,967*

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

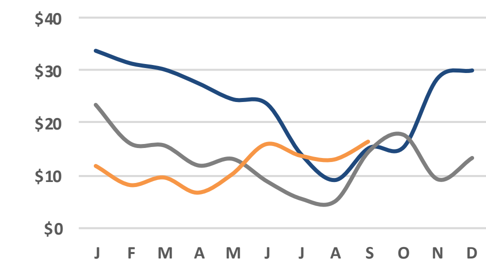
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$25,000	$32,500
Suezmax	$17,500	$21,000
Aframax	$15,500	$18,500
Panamax	$12,500	$14,500
MR	$12,000	$14,500
Handy	$11,000	$13,000



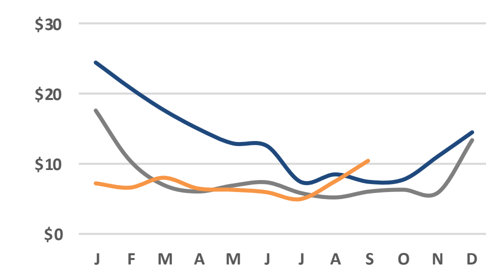
VLCC Average Earnings **MTD Average** ~$19,793/Day **Month y/y** ▲ +42%



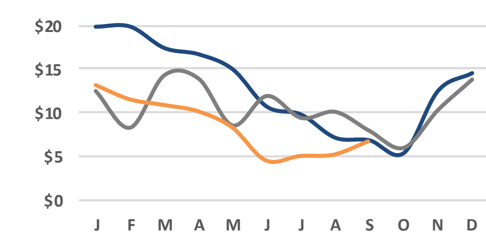
Suezmax Average Earnings **MTD Average** ~$10,963/Day **Month y/y** ▲ +6%



Aframax Average Earnings **MTD Average** ~$16,273/Day **Month y/y** ▲ +11%



Panamax Average Earnings **MTD Average** ~$10,311/Day **Month y/y** ▲ +72%



MR Average Earnings **MTD Average** ~$6,624/Day **Month y/y** ▼ -16%

SPOT MARKET SUMMARY

VLCC

VLCC rates struggled through much of the week as an apparent and abrupt conclusion to the September program with fewer than expected cargoes rocked sentiment. Still, demand strengthened: In the Middle East market, where charterers progressed to early October cargoes, fixture activity jumped 41% w/w to a four-week high. Meanwhile, the Atlantic Americas saw demand fixture activity extend from last week's strong pace, rising 20% w/w to 12 fixtures and raising the specter of insufficient natural positions going forward that could prompt ballasters from Asia. As a result of this, by the close of the week rates turned positive, paring the earlier losses and concluding above last week's closing values. Further rate gains appear likely as the extent of surplus capacity has narrowed. After surging during the final decade of the September program due to low cargo availability to 22 units, the surplus appears poised to drop to just 13 units during the first decade of the October program. This would be the smallest surplus observed in over a year and thus could support a strong push in rates – though we note this is heavily subject to the extent of demand, which itself is proving uncharacteristically volatile.

Reports indicate that Iran's crude supply is in fresh decline as many buyers seek alternative sources ahead of the November 4th sanctions re-imposition date, under the JCPOA of May 8th. We expect that this will bode well for the VLCC market, as buyers will require replacement cargoes sourced from both other regional producers and from producers further afield, stoking both strong ton-miles and greater spot market VLCC demand. As observed during previous sanctions on Iran's petroleum sector, some units in Iran's 38-strong NITC VLCC fleet may idle to undertake storage activities, thus exiting from normal trades. Presently just four of NITC's units are engaged in storage, with three of these for a period of under three weeks.

Lending further support to the VLCC market, import plans ahead of China's 400,000 b/d Hengli Refinery startup indicate a number of VLCC cargoes through the end of the year. Reports indicate that a startup date for the plant in October has been postponed to November, but that import plans calling for up to 2 MnMT crude this year remain unchanged. A former Itochu trader is understood to be joining in October to facilitate crude procurement and undertake derivative trades. The refinery is designed to process Arab Medium, Arab Heavy and Brazilian Marlin at a ratio of 6:3:1.

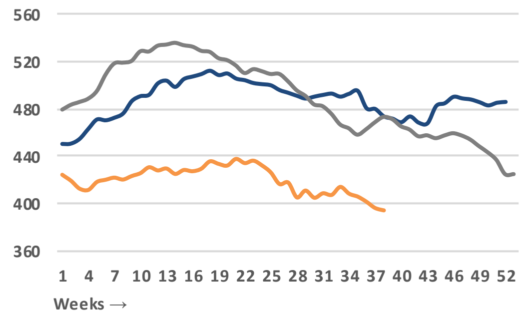
Middle East

Rates on the AG-CHINA route gained 1.5 points to conclude at ws56.5. Corresponding TCEs rose by 4% to ~$19,130/day. Rates on the AG-USG (c/c) route eased by one point as owners were keen to trade towards the Americas. Triangulated Westbound trade earnings added 6% to conclude eat ~$22,276/day.

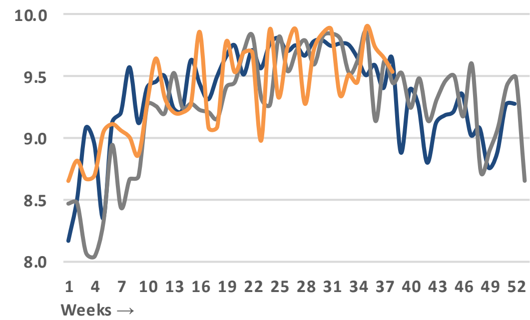
Atlantic Basin

Rates in the West Africa market were steady as the region's usual lag kept rates from posting changes. The WAFR-CHINA route held at ws55, accordingly. TCEs eased by 1% on higher bunker prices, concluding at ~$21,124/day.

Rates in the Atlantic Americas were firmly in positive territory as demand went from strength to strength. The USG-SPORE route added $250k to conclude at $4.10m lump sum.



US Crude Stocks (EIA)	Last Week	Week y/y
	394.1 MnBbls	▼ -16.6%



US Gasoline Demand (EIA)	Last Week	Week y/y
	9.534 MnB/d	▲ +1.0%

2018 2017 2016

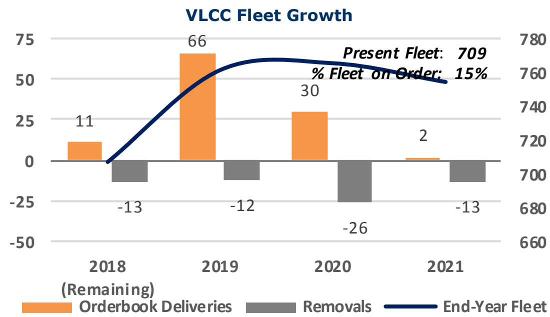
Suezmax

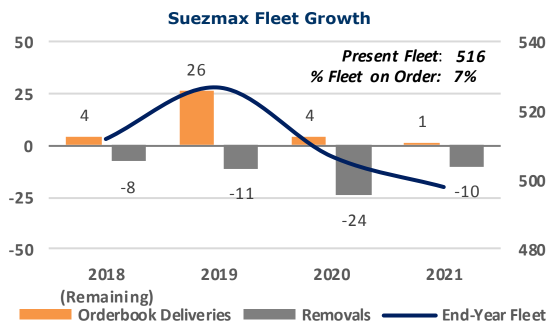
Rates in the West Africa Suezmax market were bolstered by an increase in demand from last week's moribund pace and expectations for stronger near-term cargo availability amid a decline in vessel availability on recent ton-mile gains. The WAFR-UKC route added 2.5 points to conclude at ws72.5. Similar gains were observed in the Black Sea market where rates on the BSEA-MED route added 2.5 points to ws87.5.

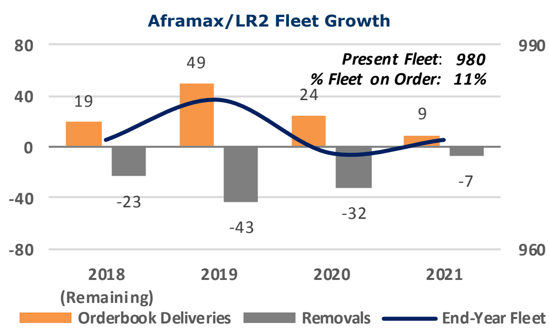
Rates in the Americas were mixed. The USG-UKC route added 2.5 points to conclude at 130 x ws75 while the CBS-USG route was off 2.5 points to 150 x ws75 and the USG-SPORE route was off $150k to $2.8m lump sum. Slower demand was observed for US crude exports as a firm migration of demand to Asian importers favored VLCCs.

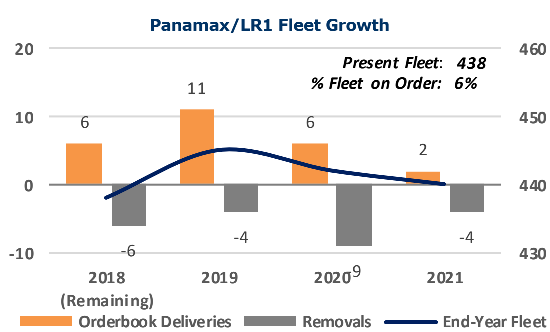
Aframax

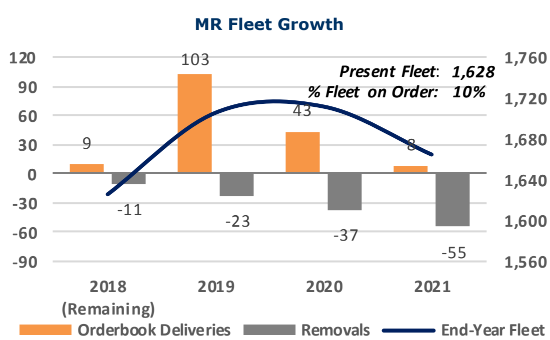
Rates in the Caribbean Aframax market were steady this week at elevated levels as extra-regional demand continued to maintain a relatively tight supply profile. The CBS-USG route was unchanged at ws155 accordingly. This notwithstanding, the USG-UKC route posted an unexpected loss of 7.5 points to ws102.5. Towards the close of the week, availability levels appear to be rising and as the weekend is likely to contribute further units, the trans-Atlantic rate losses are likely to extend to intraregional voyages.











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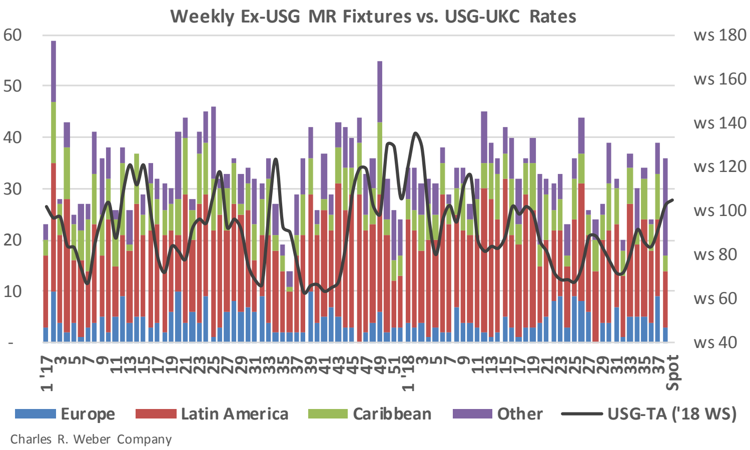
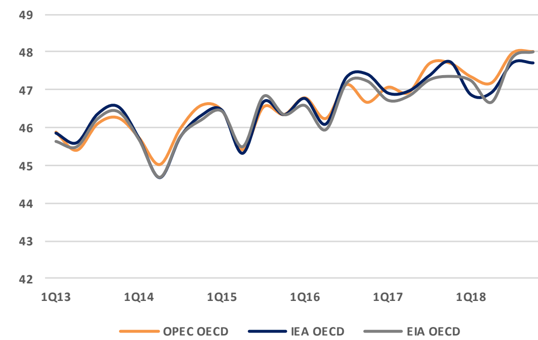
MR

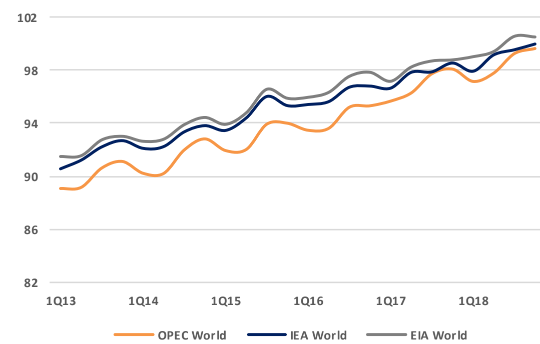
A slow start to the week in the USG MR market led to early rate losses, though a rebound in demand thereafter allowed owners to recapture the earlier losses and conclude the week in positive territory. A total of 36 fixture were reported, representing three fewer than last week's tally, though still more than the YTD average. Meanwhile, demand for voyages to the USAC has posted a steep decline on disadvantageous economics – leading to fewer USAC arrivals and thus fewer ballasts to the USG. The two-week forward view of available tonnage shows a 17% w/w decline to 38 units. Accordingly, an active start to the upcoming week could bode well for positive rate progression.



Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



REPORTED TANKER SALES

Britanis – 304,732 /02 – Daewoo – DH
-Sold on private terms to Modec. Conversion to FPSO (TBRN FPSO Guanabara MV31).

Kai-Ei – 299,997 /04 – IHI Kure– DH
-Sold for $23.75m to Aeolos Management.

Seaways Sakura – 298,641 /01 – Hitachi Zosen– DH
-Sold for $18.35m to Hellenic Tankers. Unit due for DD due 10/2018.

Hyundai Samho S876 – 158,000 /20 – Hyundai Samho– DH
Hyundai Samho S877 – 158,000 /20 – Hyundai Samho– DH
-Sold en bloc for $64m to Polembros. Scrubber-fitted.

British Kestre l– 113,553 /06 – Samsung Geoje– DH – Ice 1A
British Falcon – 113,553 /06 – Samsung Geoje– DH – Ice 1A
British Eagle – 113,553 /06 – Samsung Geoje– DH – Ice 1A
British Gannet – 114,809 /05 – Samsung Geoje– DH
British Mallard – 114,809 /05 – Samsung Geoje– DH
British Cygnet – 113,782 /05 – Samsung Geoje– DH – Ice 1A
British Robin – 113,782 /05 – Samsung Geoje– DH – Ice 1A
British Cormorant – 113,782 /05 – Samsung Geoje– DH – Ice 1A
-Sold en bloc for $108m to Union Maritime.

Megacore Philomena – 74,574 /10 – Hyundai Mipo– DH
-Sold for $19m to unit's existing financiers at auction.

FPMC P Alpine – 70,426 /04 – Universal– DH
-Sold for $8.2m to undisclosed buyers.

Formosa Falcon – 70,426 /05 – Universal– DH
-Sold for $8.2m to European buyers.

Great Manta – 51,833 /13 – Sungdong– DH
-Sold for $27.25m to undisclosed Singaporean buyers.

Torm Neches – 47,052 /00 – Onomichi– DH
-Sold for $7.8m to undisclosed buyers.

High Beam – 46,646 /09 – Naikai Zosen– DH
High Current – 46,590 /09 – Naikai Zosen– DH
-Sold en bloc for $15m to undisclosed buyers.

Torm Ohio – 37,278 /01 – Hyundai Mipo– DH – IMO III - Ice 1B
-Sold for $6.8m to undisclosed buyers.

Blue Marlin – 35,970 /01 – Daedong– DH
-Sold for $5.8m to undisclosed Middle East buyers. Unit due for DD due 11/2018.

Maersk Rhode Island – 34,801 /02 – Guangzhou– DH
-Sold for $7m to undisclosed Greek buyers.

Kristin Knutsen – 19,152 /98 – Gijon Naval– DH
-Sold for $6.2m to Seacon Shipping.

FT Foce – 6,090 /08 – Torgem– DH – IMO II - Ice FS II
-Sold for $5.8m to Simonsen Chartering Aps.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

Ramlah – 300,361 /96 – 47,342 LDT – DH
-Sold for $440/ldt. As is, Jeddah including 1,600 MT bunkers.

DS Progress – 70,427 /03 – 12,553 LDT – DH
-Sold on private terms.

Final Destination: **India**

Clear Aurora – 9,093 /82 – 2,884 LDT – DB – IMO II/III
-Sold on private terms.

Final Destination: **Pakistan**

Ataka – 280,889 /98 – 38,726 LDT – DH
-Sold for $438/ldt. As is, Singapore including 400 MT bunkers.

Lion M – 105,203 /97 – 17,030 LDT – DH
-Sold for $458/ldt. As is, Fujairah including 700 MT bunkers.

Final Destination: **Unknown**

CV Stealth – 104,499 /05 – 18,070 LDT – DH
-Sold for $193/ldt. As is, Trinidad.

Skazochnyj Most – 47,314 /98 – 9,740 LDT – DH – IMO II/III
-Sold for $455/ldt.

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