WEBER WEEKLY TANKER REPORT

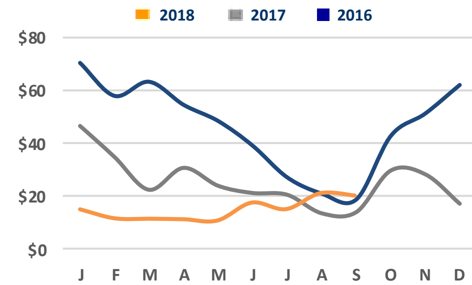
WEEK 39 – 28 SEPTEMBER 2018

ISSUE 39 – 2018

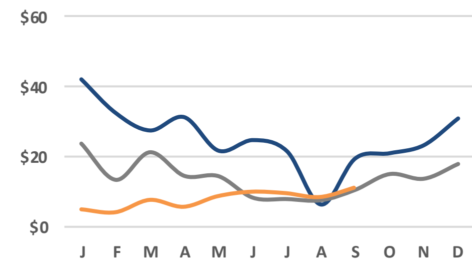
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**21-September**		**28-September**	
AG>USG 280k	21.0	--	23.0	--
AG>SPORE 270k	55.0	$19,162	59.0	$21,807
AG>JPN 265k	53.0	$20,795	57.5	$24,141
AG>CHINA 270k	57.5	$20,442	60.0	$21,699
WAFR>CHINA 260k	57.0	$23,071	60.0	$24,698
USG>SPORE 270k	$4.25m	$17,172	$4.75m	$21,477
AG>USG/USG>SPORE/AG	--	$23,543	--	$28,416
VLCC Average Earnings		*$21,076*		*$23,771*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	67.5	$10,206	72.5	$11,795
WAFR>UKC 130k	72.5	$7,458	77.5	$8,934
BSEA>MED 140k	87.5	$11,545	97.5	$16,663
CBS>USG 150k	75.0	$16,538	80.0	$19,153
USG>UKC 130k	75.0	--	77.5	--
CBS>USG/USG>UKC/WAFR	--	$12,110	--	$12,591
AG>USG 140k	27.5	--	30.0	--
USG>SPORE 130k	$2.80m	--	$3.10m	--
AG>USG/USG>SPORE/AG	--	$9,525	--	$9,541
Suezmax Average Earnings		*$10,397*		*$12,594*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	105.0	$7,970	117.5	$15,411
BALT>UKC 100k	77.5	$9,637	87.5	$15,022
CBS>USG 70k	155.0	$23,099	145.0	$19,075
USG>UKC 70k	102.5	--	100.0	--
CBS>USG/USG>UKC/NSEA	--	$28,980	--	$25,783
MED>MED 80k	100.0	$8,528	112.5	$12,368
AG>SPORE 70k	110.0	$10,595	110.0	$9,910
Aframax Average Earnings		*$15,270*		*$16,757*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	132.5	$5,261	125.0	$3,066
CONT>USG 55k	125.0	$10,174	115.0	$7,118
ECU>USWC 50k	147.5	$10,765	150.0	$10,652
Panamax Average Earnings		*$8,963*		*$6,595*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	100.5	$8,652	103.5	$8,780
AG>UKC 80k	$1.85m	$10,081	$1.85m	$9,388
MED>JPN 80k	$1.75m	$5,195	$1.82m	$5,401
AG>UKC/MED>JPN/AG	--	$14,076	--	$14,019
LR2 Average Earnings		*$10,458*		*$10,524*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	115.0	$7,088	120.0	$7,506
AG>UKC 65k	$1.52m	$7,937	$1.53m	$7,544
UKC>WAFR 60k	104.5	$692	115.0	$1,999
AG>UKC/UKC>WAFR/AG	--	$11,447	--	$12,137
LR1 Average Earnings		*$9,268*		*$9,822*
MR (13.0 Kts L/B)				
UKC>USAC 37k	100.0	$(438)	115.0	$(1,633)
USG>UKC 38k	105.0	$1,872	90.0	$1,148
USG>UKC/UKC>USAC/USG	--	$6,061	--	$4,979
USG>CBS (Pozos Colorados) 38k	$450k	$10,604	$425k	$8,468
USG>CHILE (Coronel) 38k	$1.1m	$10,503	$1.15m	$11,482
CBS>USAC 38k	120.0	$5,692	120.0	$5,240
WCIND>JPN/ROK>SPORE/WCIND	--	$6,873	--	$6,482
MR Average Earnings		*$5,716*		*$5,409*
Handy (13.0 Kts L/B)				
MED>EMED 30k	124.5	$7,085	140.5	$10,808
SPORE>JPN 30K	120.0	$2,213	120.0	$1,808
Handy Average Earnings		*$3,967*		*$5,048*

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

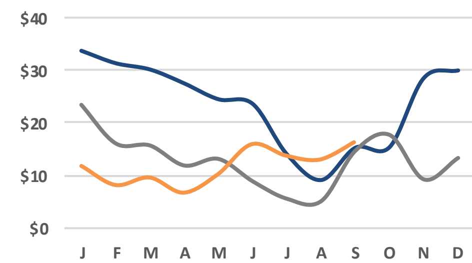
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$25,000	$32,500
Suezmax	$17,500	$21,000
Aframax	$15,500	$18,500
Panamax	$12,500	$14,500
MR	$12,000	$14,500
Handy	$11,000	$13,000



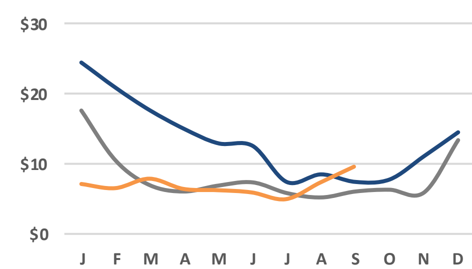
VLCC Average Earnings	Sep. Average ~$20,471/Day	Month y/y ▲ +47%



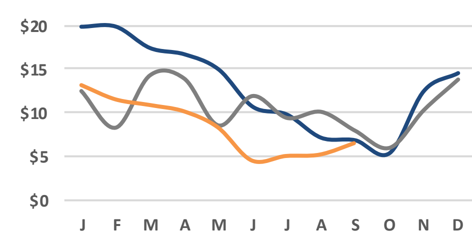
Suezmax Average Earnings	Sep. Average ~$10,949/Day	Month y/y ▲ +6%



Aframax Average Earnings	Sep. Average ~$16,154/Day	Month y/y ▲ +10%



Panamax Average Earnings	Sep. Average ~$9,680/Day	Month y/y ▲ +61%

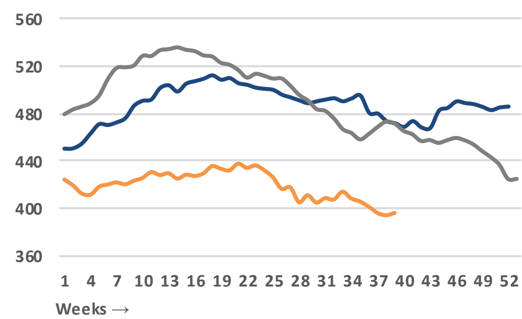


MR Average Earnings	Sep. Average ~$6,401/Day	Month y/y ▼ -19%

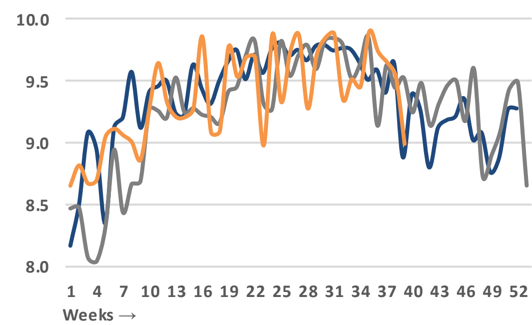
SPOT MARKET SUMMARY

VLCC

VLCC rates were strengthening this week and are poised for more substantial gains in the coming week on the back of strong draws on Middle East tonnage by West Africa demand, which extended a decline in surplus tonnage. Demand in the Middle East market rose 32% w/w to a six-week high of 41 fixtures while demand in the West Africa market surged 140% w/w to a YTD high of 12 fixtures. With charterers working in the second decade of the October Middle East program, the strong demand profile in both markets – which source tonnage from the same pool of available units – saw the extent of surplus capacity in the date range drop to a fresh 19-month low. Just 10 surplus units are projected to be available at the conclusion of the second decade. This is three fewer than the level seen at the conclusion of the month's first decade and is more than half the 22 surplus units at the conclusion of the September program.



US Crude Stocks (EIA)	Last Week	Week y/y
	396.0 MnBbls	▼ -15.9%



US Gasoline Demand (EIA)	Last Week	Week y/y
	8.987 MnB/d	▼ -5.6%

2018 2017 2016

The narrowing surplus suggests that forward rate gains could surprise to the upside in the coming weeks. The pace of demand will likely guide the level of any gains, ultimately, though given the exponential nature of the spot tanker market, we believe that rates have room for upside even in a low demand case (assumes that October's program matches September's, rather than the markedly stronger August program).

For its part, the NITC fleet actively trading continues to decline. NITC VLCCs storing crude has risen by two units to five, as compared with a week ago, while the number of units in drydock has increased by one to three. Accordingly, the NITC trading fleet stands at 29 units, compared with 32 a week ago. As NITC-undertaken deliveries of Iranian crude declines, demand gains for other units to transport cargoes from both the Middle East and crude origination points further afield is likely, presenting further impetus for rate gains in the coming weeks and months. This week's surge in demand in the West Africa market appears to underscore the potential for strong sanctions-associated ton-mile development.

Middle East
Rates on the AG-CHINA route gained 2.5 points to conclude at 60. Corresponding TCEs rose by 6% to ~$21,699/day. Rates on the AG-USG (c/c) route rose by 2 points to conclude at w23. Triangulated Westbound trade earnings rose by 21% to ~$28,416/day.

Atlantic Basin
Rates in the West Africa market followed those in the Middle East with the WAFR-CHINA route posting belated gains. The route added three points to conclude at ws60. Corresponding TCEs on the route gained 18% to ~$24,879/day.

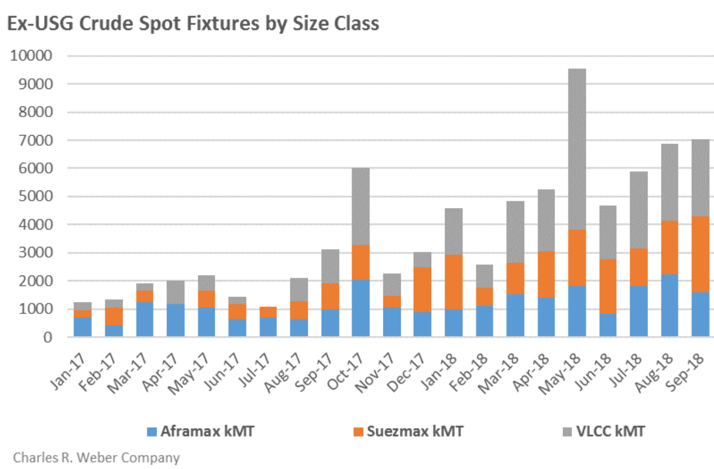
After spending much of the week unchanged, rates in the Atlantic Americas surged on a late-week retesting on rising sentiment throughout the VLCC markets and a tight natural position list. The USG-SPORE rose $500k to a fresh YTD high of $4.75m lump sum.

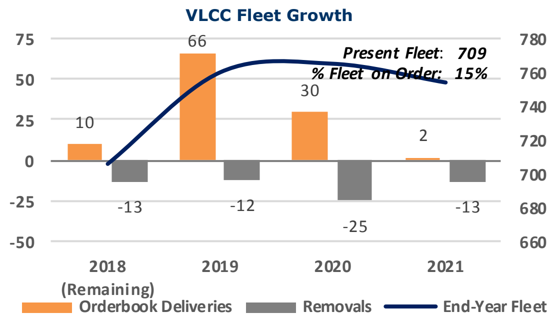
Suezmax

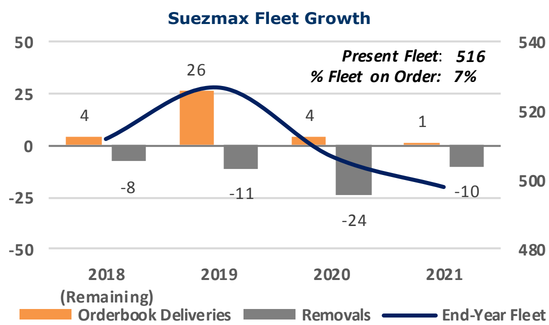
Stronger demand, a rising $/mt freight premium for regional VLCCs and higher bunker prices lent support to Suezmax rates in the West Africa market. A total of 10 fixtures were reported, representing a 25% w/w gain. Rates on the WAFR-UKC route added five points to conclude at ws77.5. Similarly, rates in the Atlantic Americas were up on rising demand and improving overall sentiment. The CBS-USG route rose by five points to conclude at 150 x ws80. The USG-UKC route added 2.5 points to conclude at 130 x ws77.5, while the long-haul USG-SPORE route jumped $300k to $3.10m lump sum.

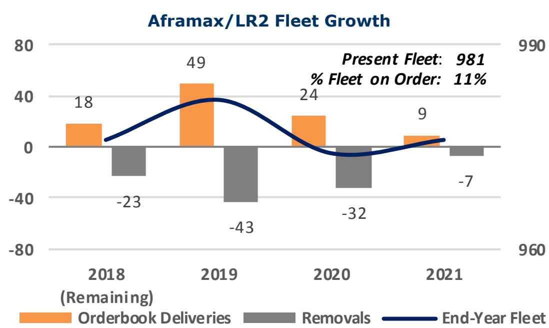
Aframax

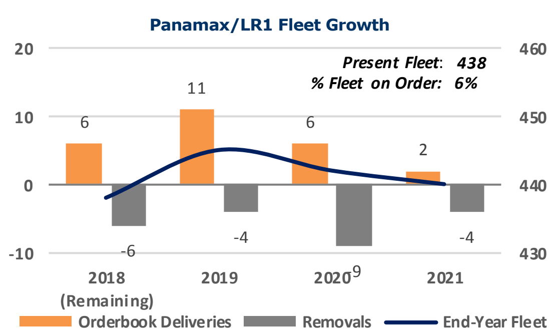
Rates in the Caribbean Aframax market were softer despite rising sentiment in alternative regions on a persisting "seesaw" affect. The CBS-USG route shed 10 points to conclude at ws145 while the USG-UKC route eased 2.5 points to ws100. In the Mediterranean market, MED-MED rates jumped 12.5 points to ws112.5 while in the North Sea market the NSEA-UKC route added 12.5 points to ws117.5.

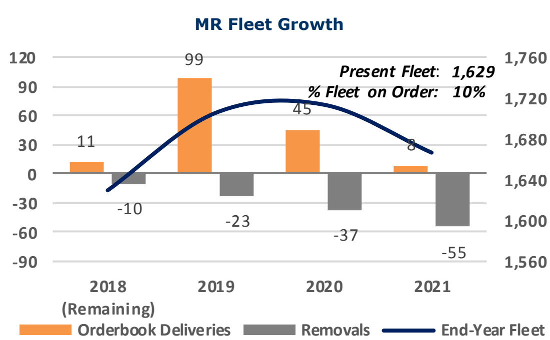


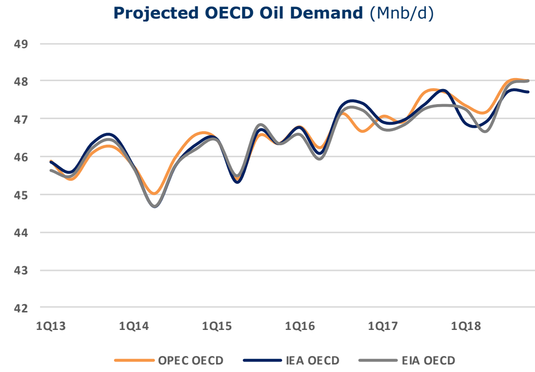






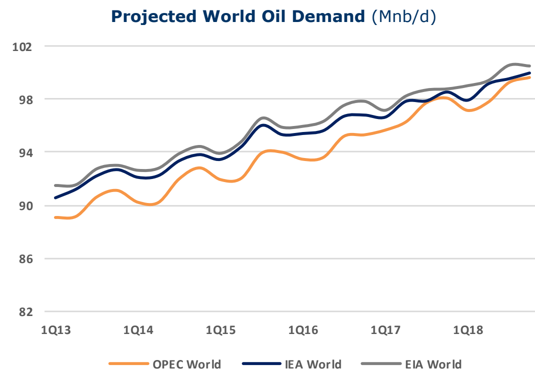


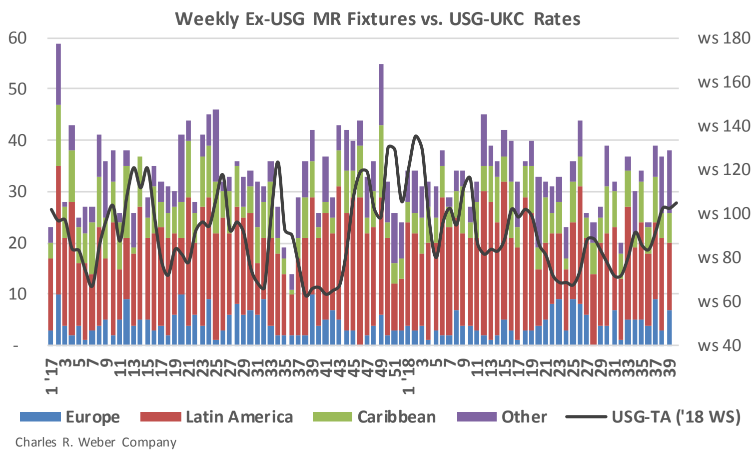




MR

Rates in the USG MR market softened this week on a high tally of units available at the start of the week and a slow demand pace during the first half of the week. Ultimately, demand levels improved and the week concluded with a relatively elevated fixture tally, but the impact on sentiment extended rate losses through to the conclusion of the week. A total of 38 fixtures were reported – or one more than last week's tally. Rates on the USG-UKC route dropped by 15 points to ws90 while the USG-CBS route eased $25k to $425k lump sum. In isolation, the USG-CHILE route concluded with a $50k gain to $1.15m lump sum as owners were resistant to long-haul trades at low rates ahead of the (historically) seasonally stronger Q4 market. Amid some naphtha discharge bottleneck issues on the USAC – as well as the emergence of a more compelling ballast direction to the UKC for units freeing on the USAC on a strengthening rates in the former region – the two-week forward view of available USG tonnage is off 8% w/w to 35 units. A late-week surge in UKC-USAC demand will eventually bring more units into play in the USG, but in the interim regional rates appears poised for a halting of the current rate slide and the potential for fresh gains.





REPORTED TANKER SALES

European Spirit– 151,848 /03 – Hyundai Ulsan– DH
African Spirit– 151,736 /03 – Hyundai Ulsan– DH
-Sold en bloc for $26m to Avin International.

United Paragon– 157,100 /18 – COSCO Jiangsu– DH
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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 for $282m to Zodiac.

Pearl Express– 45,727 /04 – Minaminippon– DH
-Sold for $9.5m to undisclosed Middle East buyers.

Berg– 16,870 /08 – Taizhou Sanfu– DH
-Sold for $7.8m to undisclosed Indonesian buyers. Unit due for SS 10/2018.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

Maiden Alpha – 15,999 /91 – 4,815 LDT – DB
-Sold for $365/ldt. Basis as is, Belawan.

Final Destination: **India**

S United– 42,088 /90 – 8,831 LDT – DH
-Sold on private terms.

Final Destination: **Unknown**

New Discovery– 279,989 /00 – 42,099 LDT – DH
-Sold for $445/ldt.

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