

WEBER WEEKLY TANKER REPORT



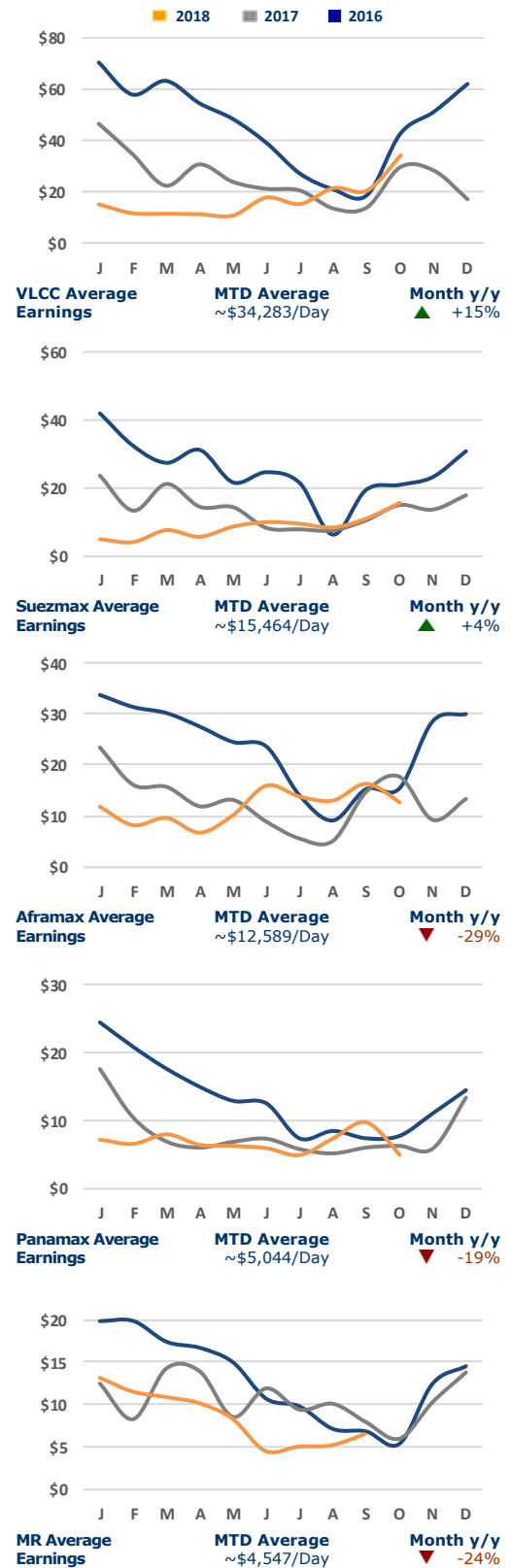
WEEK 40 – 5 OCTOBER 2018

ISSUE 40 – 2018

Spot Market	WS/IS	TCE	WS/IS	TCE
VLCC (13.0 Kts L/B)	28-September		5-October	
AG>USG 280k	23.0	--	32.5	--
AG>SPORE 270k	59.0	\$21,807	84.0	\$43,361
AG>JPN 265k	57.5	\$24,141	83.0	\$47,529
AG>CHINA 270k	60.0	\$21,699	85.0	\$43,501
WAFR>CHINA 260k	60.0	\$24,698	82.5	\$44,541
USG>SPORE 270k	\$4.75m	\$21,477	\$6.30m	\$37,075
AG>USG/USG>SPORE/AG	--	\$28,416	--	\$48,721
VLCC Average Earnings		\$23,771		\$45,257
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	72.5	\$11,795	87.5	\$18,116
WAFR>UKC 130k	77.5	\$8,934	92.5	\$14,906
BSEA>MED 140k	97.5	\$16,663	102.5	\$18,757
CBS>USG 150k	80.0	\$19,153	90.0	\$25,046
USG>UKC 130k	77.5	--	77.5	--
CBS>USG/USG>UKC/WAFR	--	\$12,591	--	\$14,217
AG>USG 140k	30.0	--	30.0	--
USG>SPORE 130k	\$3.10m	--	\$3.60m	--
AG>USG/USG>SPORE/AG	--	\$9,541	--	\$8,503
Suezmax Average Earnings		\$12,594		\$17,231
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	117.5	\$15,411	105.0	\$6,496
BALT>UKC 100k	87.5	\$15,022	87.5	\$14,125
CBS>USG 70k	145.0	\$19,075	127.5	\$12,435
USG>UKC 70k	100.0	--	90.0	--
CBS>USG/USG>UKC/NSEA	--	\$25,783	--	\$18,818
MED>MED 80k	112.5	\$12,368	107.5	\$9,663
AG>SPORE 70k	110.0	\$9,910	110.0	\$8,648
Aframax Average Earnings		\$16,757		\$12,749
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	125.0	\$3,066	115.0	\$206
CONT>USG 55k	115.0	\$7,118	112.5	\$5,765
ECU>USWC 50k	150.0	\$10,652	150.0	\$10,012
Panamax Average Earnings		\$6,595		\$4,709
LR2 (13.0 Kts L/B)				
AG>JPN 75k	103.5	\$8,780	102.0	\$7,087
AG>UKC 80k	\$1.85m	\$9,388	\$1.85m	\$8,574
MED>JPN 80k	\$1.82m	\$5,401	\$1.92m	\$6,097
AG>UKC/MED>JPN/AG	--	\$14,019	--	\$14,259
LR2 Average Earnings		\$10,524		\$9,475
LR1 (13.0 Kts L/B)				
AG>JPN 55k	120.0	\$7,506	122.0	\$6,826
AG>UKC 65k	\$1.53m	\$7,544	\$1.46m	\$5,427
UKC>WAFR 60k	115.0	\$1,999	114.0	\$1,108
AG>UKC/UKC>WAFR/AG	--	\$12,137	--	\$10,356
LR1 Average Earnings		\$9,822		\$8,591
MR (13.0 Kts L/B)				
UKC>USAC 37k	115.0	\$(1,633)	155.0	\$7,844
USG>UKC 38k	90.0	\$1,148	77.5	\$(3,851)
USG>UKC/UKC>USAC/USG	--	\$4,979	--	\$6,480
USG>CBS (Pozos Colorados) 38k	\$425k	\$8,468	\$375k	\$4,557
USG>CHILE (Coronel) 38k	\$1.15m	\$11,482	\$1.00m	\$6,581
CBS>USAC 38k	120.0	\$5,240	110.0	\$2,901
WCIND>JPN/ROK>SPORE/WCIND	--	\$6,482	--	\$5,772
MR Average Earnings		\$5,409		\$5,925
Handy (13.0 Kts L/B)				
MED>EMED 30k	140.5	\$10,808	149.0	\$12,570
SPORE>JPN 30K	120.0	\$1,808	120.0	\$1,061
Handy Average Earnings		\$5,048		\$5,204

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



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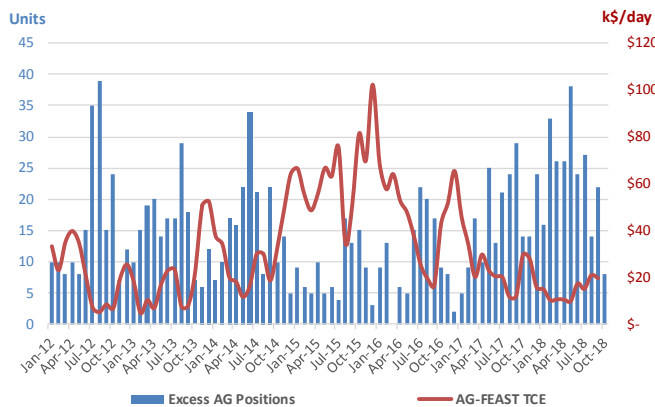
SPOT MARKET SUMMARY

VLCC

The VLCC rally continued this week with rates surging at strong levels as the curve's progression adhered to its exponential nature. Rates on the benchmark AG-CHINA route surged 25 points to ws85 – which yields the highest gross freight observed since late 2016. Record demand in the Middle East market this week built upon the momentum observed in the West Africa market last week to keep draws on Middle East positions elevated, thus helping to bolster sentiment and allowing rates to catch up with a recent improvement of fundamentals. A total of 52 fixtures were reported for Middle East loading, representing a 27% w/w gain, exceeding the previous record of 50 fixtures in a single week. Many participants had anticipated a pullback due to the National Day Golden Week holiday in China and though demand for China-bound VLCC voyages from all origination points was off 42% w/w, the 22 such fixtures remained 29% above the YTD weekly average. Fixtures for voyages from West Africa moderated from last week's YTD high of 13 fixtures to seven this week – though, again, this remained above the YTD average.

The view of available Middle East tonnage shows successive declines as the October program rolls on. A small number of speculative ballasts away towards the Atlantic Americas contributed to this, as a strong rise in rates there, occurring several days before a subsequent similar rise in rates from the Middle East, incentivized owners to undertake the long ballast to achieve better TCEs. Meanwhile, as key Asian crude importers abandon Iranian crude, fixture demand in West Africa has been strong, drawing away Middle East tonnage while other Middle East producers also placed more cargoes into the market. We now project that at the conclusion of the October program, just 8 units will remain uncovered, marking the fewest surplus units since January 2017. Just as recently as Wednesday the end-October surplus was projected at 11 units, underscoring the rapid fundamentals improvement of late.

Middle East Monthly VLCC Surplus Positions vs. AG-FEASTTCE



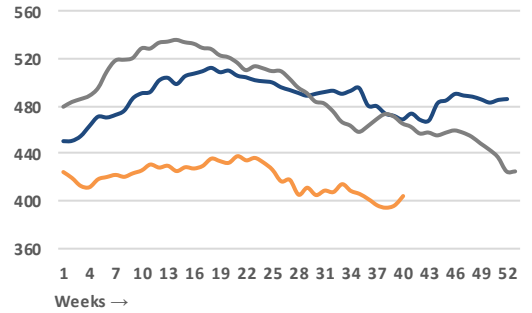
Middle East

Rates on the AG-CHINA route gained 25 points to conclude at ws85. Corresponding TCEs more than doubled to ~\$43,501/day. Rates on the AG-USG (c/c) route added 9.5 points to conclude at ws32.5. Triangulated Westbound trade earnings rose by 99% to ~\$43,361/day.

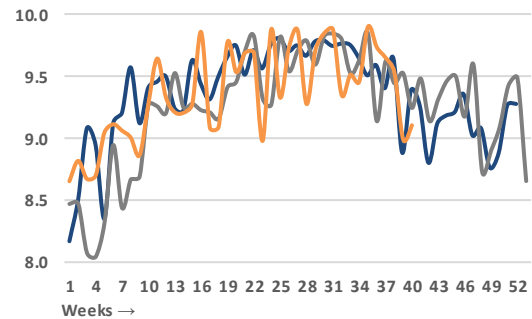
Atlantic Basin

Rates in the West Africa market followed those in the Middle East with the WAFR-CHINA route posting strong gains. The route added 22.5 to conclude at ws82.5. Corresponding TCEs on the route gained 80% to ~\$44,541/day.

With the Atlantic Americans increasingly tight on tonnage and TCEs differences now presenting a disincentive to speculative ballasts into the region, a jump in demand here supported strong rate gains. The USG-SPORE route jumped by \$1.55m to \$6.30m lump sum. Round-trip TCEs on the route rose by 73% to ~\$37,075/day. Rising US crude inventories amid slower domestic refinery uptakes raises prospects for a rise in US crude export cargoes that may exhaust already tight natural positions and require stronger rates to attract ballasters.



US Crude Stocks (EIA) Last Week 404.0 MnBbls Week y/y ▼ -13.1%



US Gasoline Demand (EIA) Last Week 9.102 MnB/d Week y/y ▼ -1.5%

Legend: 2018 (orange), 2017 (grey), 2016 (blue)

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Suezmax

Suezmax rates were stronger this week on softer availability replenishment rates following recent ton-mile gains. In the West Africa market, demand remained below the YTD average for a fourth-consecutive week with a tally of nine representing a w/w reduction of one fixture. Still, as new appearances on position lists were slower and owners were bullish around remaining cargo availability for the final decade of the October program and a strong start to the November program, rates were able to gain traction. The WAFR-UKC route jumped by 15 points to ws92.5.

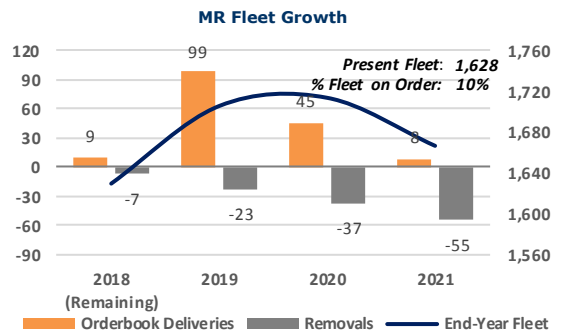
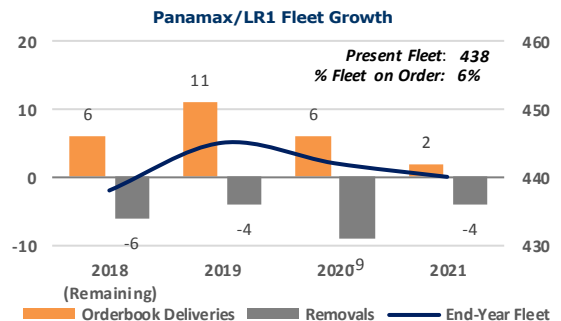
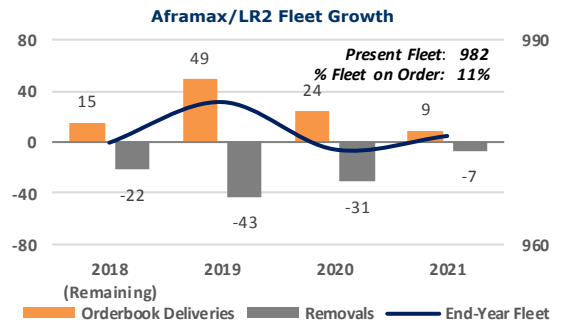
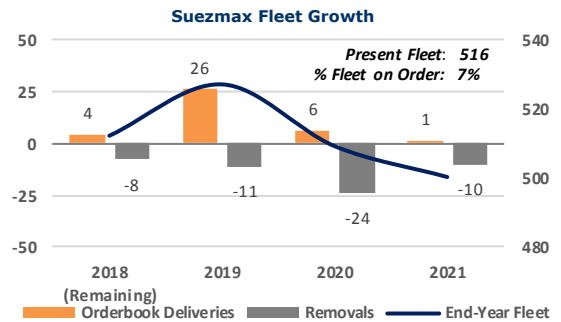
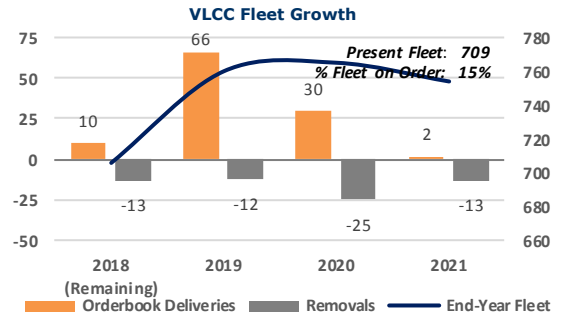
Rates in the Black Sea market – already stronger from recent Turkish straits delay issues – gained further ground on the rising Suezmax sentiment. The BSEA-MED route added 5 points to conclude at ws102.5.

Rates in the Atlantic Americas were in positive progression as well on most routes amid steady demand and stronger sentiment globally. The CBS-USG route added 10 points to conclude at 150 x ws90 while the USG-SPORE route jumped \$500k to \$3.60m lump sum. Rates on the USG-UKC route were unchanged at 130 x ws77.5 as owners took a positive view to onward trade prospects the route offers.

Aframax

In isolation from its larger counterparts, the Aframax market was softer this week. In the Atlantic Americas, strong and steady demand levels failed to offset the impact of rising availability and the specter of a list of prompt available units to come on Monday. As a result, rates on the CBS-USG route (basis Venezuela loading) were off by 17.5 points to ws127.5.

Rising available units on slowing demand for short-haul voyages amid a slowing of refinery throughputs saw rates in European markets moderate as well. The NSEA-UKC route was off 7.5 points to ws105 while the MED-MED route eased by 5 points to ws107.5.



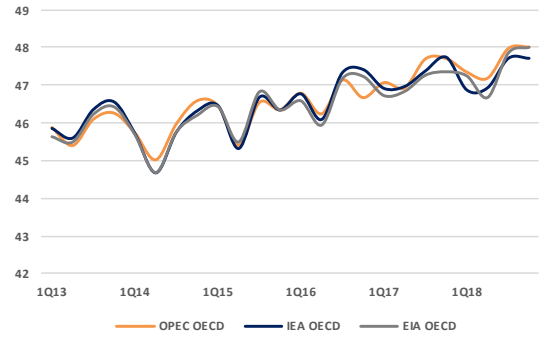
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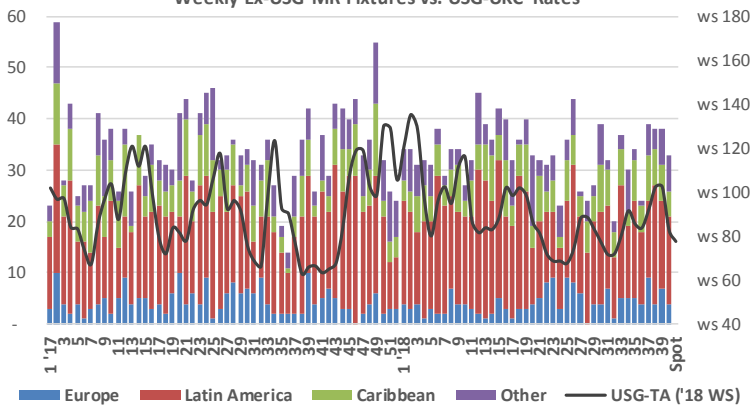
MR

Rates in the USG MR market corrected sharply at the start of the week as headwinds on the supply side took a belated toll. This was hastened at the start of the week by a challenging trading environment in European markets, which prompted more ballasts from the USAC into the USG market. The specter of a pullback in ex-USG demand from recent elevated levels amid PADD3 refinery maintenance furthered souring sentiment. Ultimately, 33 units were fixed, off 13% from last week's tally. Still, there are signs that the market is poised to improve. Rates in the UKC market are rebounding strongly and should firmly draw units freeing on the USAC, allowing the USG supply/demand equation to improve. Already, rates at the close of the week inched up from earlier intraweek lows. Rates on the USG-UKC route shed 12.5 points to conclude at ws77.5 (having touched a low of while the USG-CBS route was off by \$50k to conclude at \$375k and the USG-CHILE route lost \$150k to conclude at \$1.0m lump sum. The two-week forward available tonnage shows one fewer unit than a week ago with 34 units available.

Projected OECD Oil Demand (Mnb/d)

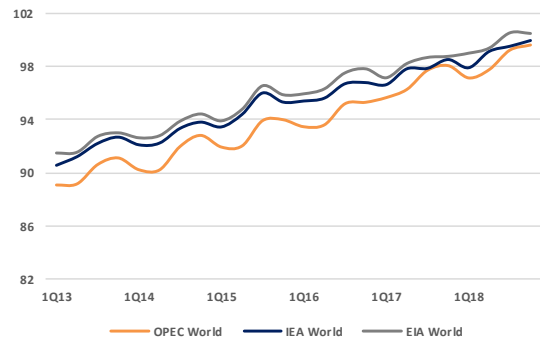


Weekly Ex-USG MR Fixtures vs. USG-UKC Rates



Charles R. Weber Company

Projected World Oil Demand (Mnb/d)



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REPORTED TANKER SALES

Front Ariake – 298,530/01 – Hitachi Zosen– DH

-Sold for \$20.7m to undisclosed buyers for conversion to FPSO. Unit due for DD 10/2018.

DS Venture – 297,345/11 – Dalian– DH

DS Vision – 297,345/11 – Dalian– DH

-Sold for \$56.0m each to Minsheng Financial Leasing, including TCB.

Global Mercury – 12,693/07 – Higaki – DH – IMO II/III

-Sold for \$10.3m to undisclosed Singapore-based buyers.

JW Jewel – 8,836/07 – Sanuki – DH

-Sold on private terms to undisclosed Singapore-based buyers.

Harmony – 8,760/05 – Usuki – DH

-Sold on private terms to undisclosed Singapore-based buyers.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

Dawn Kanchipuram – 44,885/96 – 9,756 LDT – DH

-Sold on private terms. Unit suffered total loss 01/2017.

Final Destination: **Unknown**

Sung Hae – 11,816/95 – 2,850 LDT – DH

-Sold for \$330/ldt basis as is, South Korea.



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