

WEBER WEEKLY TANKER REPORT



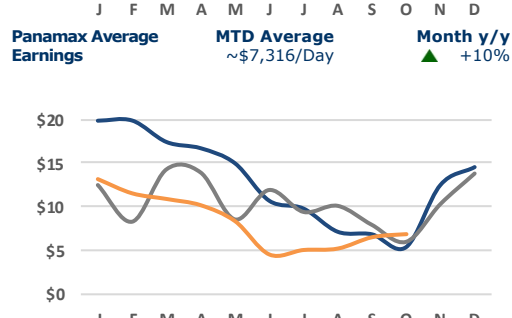
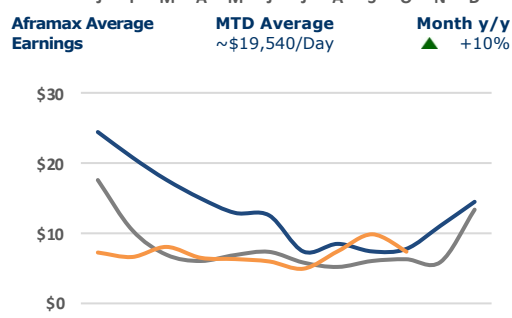
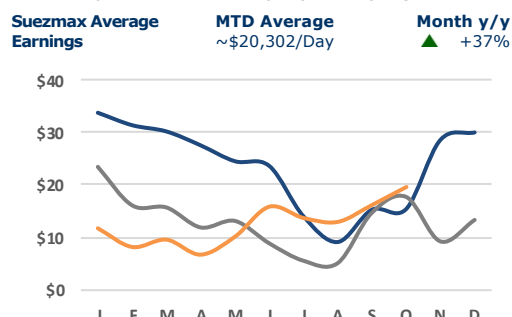
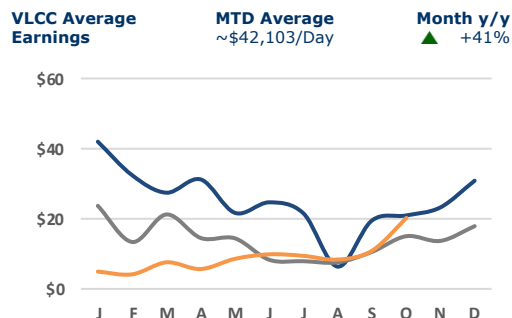
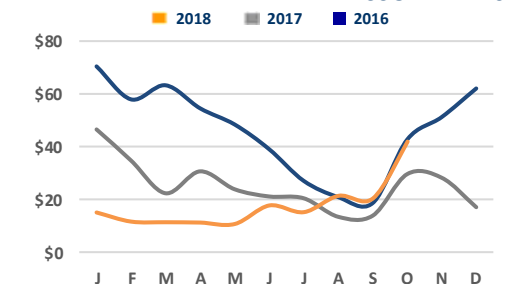
WEEK 42 – 19 OCTOBER 2018

ISSUE 42 – 2018

Spot Market	WS/IS	TCE	WS/IS	TCE
VLCC (13.0 Kts L/B)		12-Oct		19-Oct
AG>USG 280k	32.0	--	34.0	--
AG>SPORE 270k	82.5	\$44,113	84.0	\$45,532
AG>JPN 265k	80.0	\$46,049	82.0	\$48,051
AG>CHINA 270k	84.0	\$44,035	86.0	\$45,947
WAFR>CHINA 260k	79.0	\$41,201	80.0	\$43,145
USG>SPORE 270k	\$6.30m	\$38,279	\$7.00m	\$46,004
AG>USG/USG>SPORE/AG	--	\$49,582	--	\$57,668
VLCC Average Earnings		\$44,648		\$47,095
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	97.5	\$23,710	97.5	\$23,761
WAFR>UKC 130k	102.5	\$20,261	100.0	\$19,147
BSEA>MED 140k	102.5	\$19,431	105.0	\$21,557
CBS>USG 150k	100.0	\$32,673	120.0	\$46,598
USG>UKC 130k	90.0	--	117.5	--
CBS>USG/USG>UKC/WAFR	--	\$29,586	--	\$45,986
AG>USG 140k	30.0	--	35.0	--
USG>SPORE 130k	\$3.95m	--	\$4.10m	--
AG>USG/USG>SPORE/AG	--	\$21,877	--	\$25,020
Suezmax Average Earnings		\$22,633		\$24,500
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	117.5	\$15,796	135.0	\$27,278
BALT>UKC 100k	102.5	\$24,982	120.0	\$35,775
CBS>USG 70k	165.0	\$23,554	205.0	\$36,889
USG>UKC 70k	125.0	--	155.0	--
CBS>USG/USG>UKC/NSEA	--	\$35,475	--	\$51,732
MED>MED 80k	105.0	\$9,252	120.0	\$15,006
AG>SPORE 70k	135.0	\$16,117	140.0	\$17,503
Aframax Average Earnings		\$22,318		\$32,810
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	120.0	\$3,828	175.0	\$15,976
CONT>USG 55k	115.0	\$6,675	125.0	\$9,176
ECU>USWC 50k	160.0	\$12,163	185.0	\$17,100
Panamax Average Earnings		\$6,346		\$12,770
LR2 (13.0 Kts L/B)				
AG>JPN 75k	100.0	\$7,454	100.5	\$7,591
AG>UKC 80k	\$1.90m	\$9,942	\$1.85m	\$8,989
MED>JPN 80k	\$2.00m	\$7,076	\$1.98m	\$6,792
AG>UKC/MED>JPN/AG	--	\$15,513	--	\$14,816
LR2 Average Earnings		\$10,137		\$9,997
LR1 (13.0 Kts L/B)				
AG>JPN 55k	123.0	\$7,494	128.5	\$8,601
AG>UKC 65k	\$1.41m	\$4,270	\$1.42m	\$4,432
UKC>WAFR 60k	121.0	\$4,080	114.0	\$2,810
AG>UKC/UKC>WAFR/AG	--	\$11,211	--	\$10,555
LR1 Average Earnings		\$9,352		\$9,578
MR (13.0 Kts L/B)				
UKC>USAC 37k	130.0	\$3,999	127.5	\$3,648
USG>UKC 38k	110.0	\$2,073	135.0	\$6,330
USG>UKC/UKC>USAC/USG	--	\$8,949	--	\$12,020
USG>CBS (Pozos Colorados) 38k	\$475k	\$11,679	\$575k	\$18,464
USG>CHILE (Coronel) 38k	\$1.28m	\$19,935	\$1.40m	\$18,579
CBS>USAC 38k	127.5	\$6,416	175.0	\$14,977
WCIND>JPN/ROK>SPORE/WCIND	--	\$6,236	--	\$6,182
MR Average Earnings		\$7,882		\$10,054
Handy (13.0 Kts L/B)				
MED>EMED 30k	155.0	\$11,865	152.5	\$11,229
SPORE>JPN 30k	122.5	\$1,918	124.0	\$2,104
Handy Average Earnings		\$5,499		\$5,389

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	\$29,000	\$33,500
Suezmax	\$18,000	\$22,000
Aframax	\$16,000	\$19,000
Panamax	\$12,500	\$14,500
MR	\$12,000	\$14,500
Handy	\$11,000	\$13,000



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SPOT MARKET SUMMARY

VLCC

Rates in the VLCC market continued to rise this week, reaching fresh highs and yielding average earnings at nearly a two-year high before retreating slightly by the close of the week as those highs many owners pare back their rate ideas to secure cargoes. A total of 29 fixtures were reported in the Middle East market this week, representing a 21% w/w gain. In the West Africa market, demand was unchanged w/w at five fixtures. Fixtures in the Atlantic Americas doubled w/w to eight. Average earnings conclude the week at ~\$47,095/day, marking a 5% w/w gain.

Fundamentals remain tight at the close of the week and while rates for modern, competitive units are now somewhat untested, modest losses have materialized for disadvantaged older tonnage. Opinion is split as to whether this represents a widened spread between competitive and disadvantaged units or wider trend. In advance of the modest pullback, rates on the AG-USG posted sharper-than-expected rate losses at mid-week as a rise in rates for the USG-SPORE benchmark route to \$7.0m lump sum incentivized owners to the longer employment period triangulated westbound trades offer at prevailing TCEs. The AG-USG/USG-SPORE/AG trade pattern employs units for at least four months while round-trip voyages to Singapore can be shorter than a month. The AG-USG easing may well thus have exerted some negative influence on sentiment for other ex-AG voyages – but any associated losses could prove short lived. Round-trip TCEs on the USG-SPORE route are now nearly as high as the average of AG-FAEST voyages and, historically, stronger TCEs for voyages originating in the Atlantic Americas prompt some units to bypass the Middle East and ballast to the USG. If this happens in any concerted way during the coming week because of further ex-AG rate losses, then the resulting reduction of already tight Middle East positions would easily reignite rates in the Middle East. Such long-haul, speculative ballasts are a fairly recent phenomenon, having first been seen in earnest about a year ago – and generally occurs amid low Middle East freight markets as there is an economic advantage of doing so. Fixing Middle East positions before the unit passes the decision point of Galle, however, has been more common.

We presently project that the first decade of the November Middle East program will conclude with nine surplus units, off by a quarter from the end-October surplus. Historically, a surplus of nine units has guided AG-FAEST TCEs to the mid-\$40,000s/day, where the market presently sits. If owners opt to ballast just three units towards the Atlantic basin speculative, or if draws to the West Africa market exceed our expectations by three units, our model suggests that TCEs could be due for a boost of about \$10,000/day.

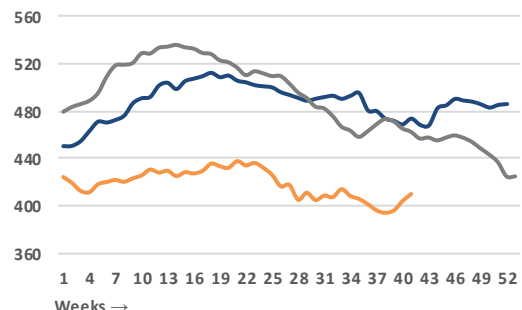
Middle East

Rates on the AG-CHINA route observed a weekly gain of two points to conclude at ws86, having touched an assessed high of ws87.5 earlier during the week. Corresponding TCEs concluded with a weekly gain of 4% to ~\$45,947/day. Rates on the AG-USG c/c route observed a weekly gain of 2 points to ws34 having reached an assessed high of ws36 earlier. Triangulated Westbound trade earnings rose by 16% w/w to ~\$57,668/day.

Atlantic Basin

Rates in the West Africa market followed those in the Middle East. The WAFR-CHINA route added one point to conclude at ws80. Corresponding TCEs on the route gained 5% to ~\$43,145/day.

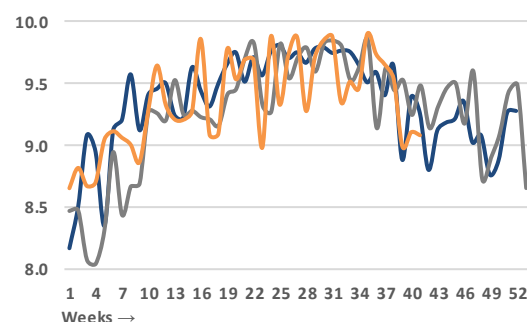
Rates in the Atlantic Americas posted strong gains on strengthening regional demand and prospects for further demand gains thereof. The USG-SPORE route surged by \$700k to conclude at \$7.0m lump sum. Round-trip TCEs on the route jumped by 20% to ~\$46,004/day.



US Crude
Stocks (EIA)

Last Week
416.4 MnBbls

Week y/y
▼ -8.8%



US Gasoline
Demand (EIA)

Last Week
9.182 MnB/d

Week y/y
▲ +0.5%

■ 2018 ■ 2017 ■ 2016

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Suezmax

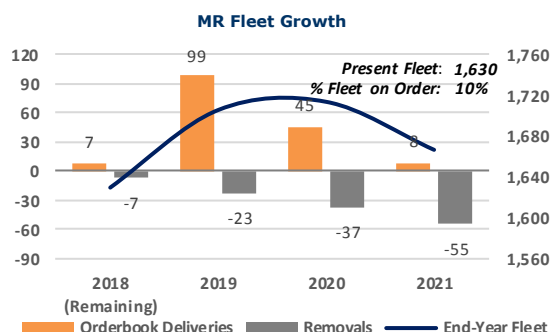
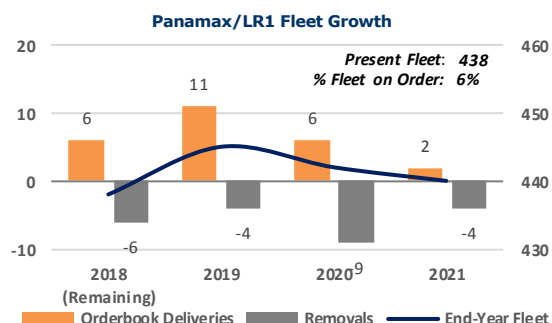
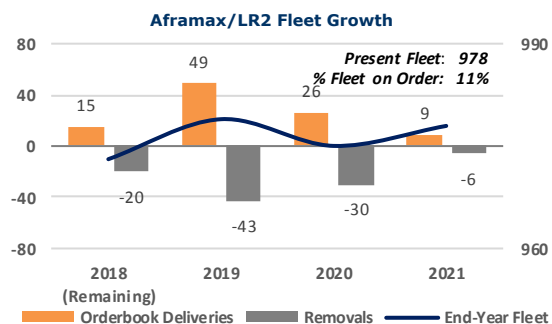
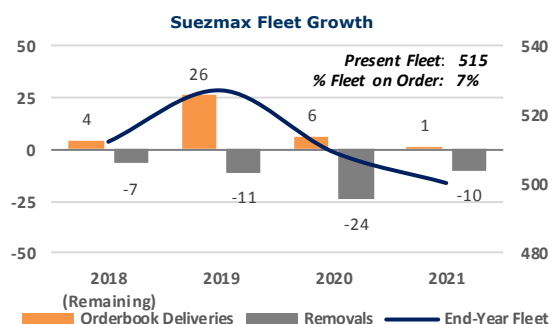
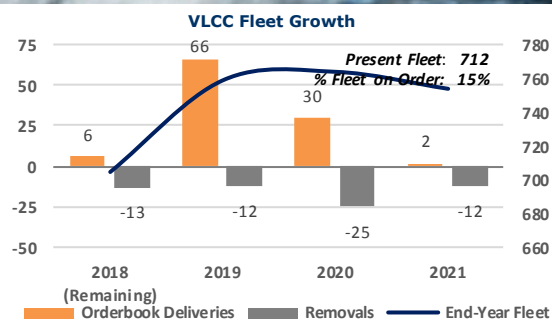
Suezmax rates in the West Africa market eased slightly from earlier assessed highs but remained strong amid rising rates in alternative markets. Fixture activity was unchanged w/w with ten fixtures reported (which compares with a YTD weekly average of 11 fixtures). Rates on the WAFR-UKC lost 2.5 points to conclude at ws100 while the WAFR-USG route was unchanged at ws97.5.

Meanwhile, in the Middle East market, demand surged to fourteen fixtures – more than double last week's tally – as rising VLCC rates lent more demand to Suezmaxes. Rates on the AG-USG route added five points to ws35 and the AG-USWC route gained ten points to ws90.

Surging Aframax rates in the Caribbean basin saw regional Suezmax rates observe strong gains in tandem. Rates on the USG-UKC route added 27.5 points to conclude at 130 x ws117.5 while the USG-SPORE route rose by \$150k to \$4.10m lump sum. The CBS-USG route gained 20 points to conclude at 150 x ws120.

Aframax

Rates in the Caribbean Aframax marked observed considerable gains this week on continued demand strength and declining tonnage replenishment following recent long-haul demand gains and strengthening rates in alternative markets. The CBS-USG route surged 40 points to ws205 while the USG-UKC/M route gained 30 points to conclude at ws155.

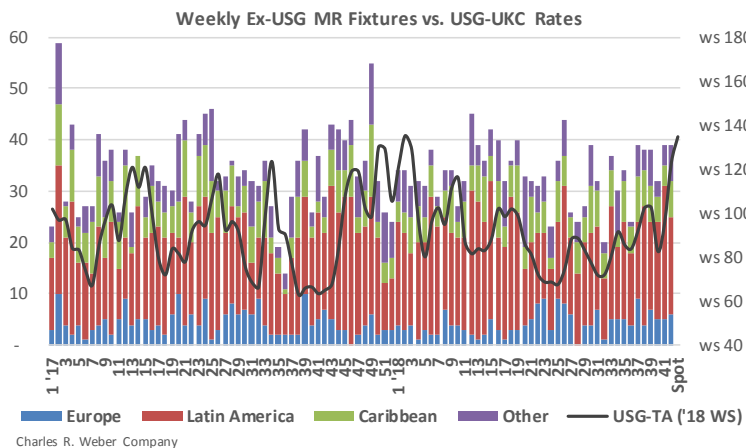


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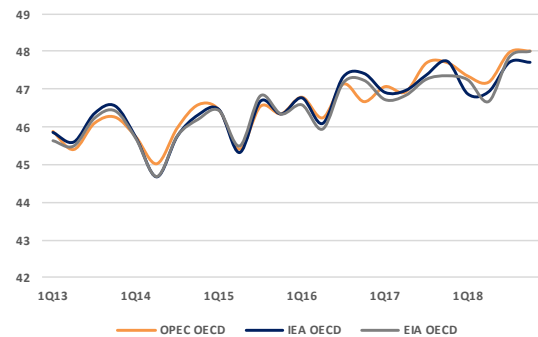


MR

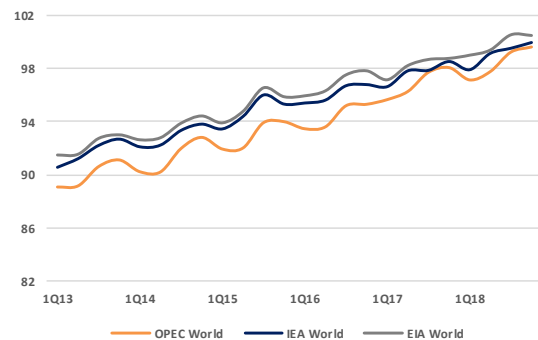
Rates in the USG MR market were markedly stronger this week as demand was steady at relatively elevated levels while available tonnage continued to decline. A total of 39 fixtures were reported, unchanged from last week's tally while the two-week forward view of available tonnage eased by one unit as compared with a week ago to 29 units. An increase in the available tonnage list on Monday was quickly pared thereafter on declining USAC arrivals – as well as on the back of an initially stronger rate environment in Europe and sour forward demand view for the USG, which saw some USAC arrivals ballast in that direction. Delay issues on Mexico's east coast, which are a regular occurrence but had been absent for some time, reappeared and added to the positive pressure. Rates surged to multiple month highs: the USG-UKC route added 25 points to conclude at a nine-month high of ws135 while the USG-CBS route rose to seven-month high of \$575k lump sum. Rates appear poised to remain strong through the upcoming week on the prevailing strong sentiment and tight fundamentals. Easing delay issues in Mexico and likely inbound ballasts will likely see rates start to ease thereafter.



Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



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REPORTED TANKER SALES

Astro Chorus – 305,704/01 – Daewoo – DH
-Sold on private terms to undisclosed buyers.

CSK Shelton – 106,029/05 – Daewoo – DH
-Sold for \$5.0m to undisclosed buyers.

Red Eagle – 74,997/11 – Sungdong – DH
-Sold \$20.1m to PNSC.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

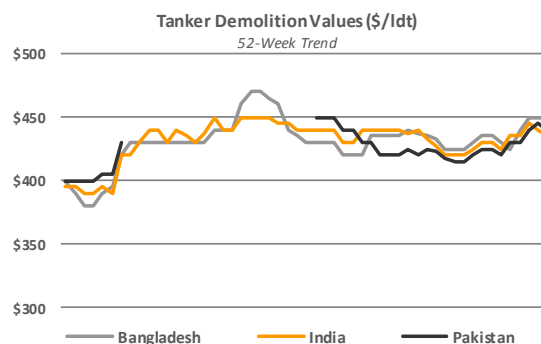
FSO Armada Ulysses – 310,137/99 – 40,712 LDT – DH
-Sold for \$395/ltd basis as is, Singapore for green recycling and including 500 MT sludges.

Final Destination: **India**

Spero – 107,160/98 – 16,717 LDT – DH
-Sold for \$417/ltd basis as is, Singapore for green recycling and including 500 MT sludges.

Final Destination: **Unknown**

Eagle Beaumont – 99,448/96 – 16,649 LDT – DH
-Sold for \$460/ltd.



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