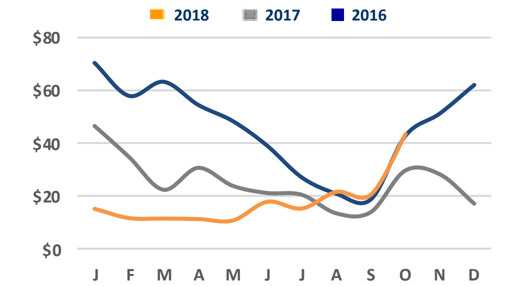
WEBER WEEKLY TANKER REPORT

WEEK 43 – 26 OCTOBER 2018 | **ISSUE 43 – 2018**

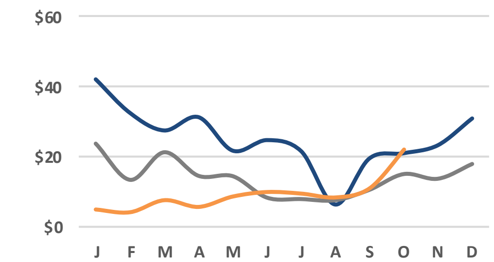
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	19-Oct		26-Oct	
AG>USG 280k	34.0	--	34.0	--
AG>SPORE 270k	84.0	$45,532	88.0	$49,795
AG>JPN 265k	82.0	$48,051	86.0	$52,542
AG>CHINA 270k	86.0	$45,947	90.0	$50,245
WAFR>CHINA 260k	80.0	$43,145	85.0	$47,802
USG>SPORE 270k	$7.00m	$46,004	$7.00m	$45,980
AG>USG/USG>SPORE/AG	--	$57,668	--	$57,652
VLCC Average Earnings		*$47,095*		*$50,935*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	97.5	$23,761	102.5	$26,240
WAFR>UKC 130k	100.0	$19,147	107.5	$22,672
BSEA>MED 140k	105.0	$21,557	105.0	$21,137
CBS>USG 150k	120.0	$46,598	125.0	$50,144
USG>UKC 130k	117.5	--	120.0	--
CBS>USG/USG>UKC/WAFR	--	$45,986	--	$47,736
AG>USG 140k	35.0	--	52.5	--
USG>SPORE 130k	$4.10m	--	$4.30m	--
AG>USG/USG>SPORE/AG	--	$25,020	--	$33,087
Suezmax Average Earnings		*$24,500*		*$26,965*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	135.0	$27,278	150.0	$37,206
BALT>UKC 100k	120.0	$35,775	120.0	$36,031
CBS>USG 70k	205.0	$36,889	265.0	$56,858
USG>UKC 70k	155.0	--	235.0	--
CBS>USG/USG>UKC/NSEA	--	$51,732	--	$86,970
MED>MED 80k	120.0	$15,006	180.0	$37,986
AG>SPORE 70k	140.0	$17,503	135.0	$16,405
Aframax Average Earnings		*$32,810*		*$47,413*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	175.0	$15,976	215.0	$24,825
CONT>USG 55k	125.0	$9,176	165.0	$19,003
ECU>USWC 50k	185.0	$17,100	210.0	$21,837
Panamax Average Earnings		*$12,770*		*$21,229*
LR2 (13.0 Kts L/B)				
AG>JPN 75k	100.5	$7,591	109.0	$10,215
AG>UKC 80k	$1.85m	$8,989	$1.85m	$8,993
MED>JPN 80k	$1.98m	$6,792	$1.96m	$6,539
AG>UKC/MED>JPN/AG	--	$14,816	--	$14,654
LR2 Average Earnings		*$9,997*		*$11,693*
LR1 (13.0 Kts L/B)				
AG>JPN 55k	128.5	$8,601	129.0	$8,949
AG>UKC 65k	$1.42m	$4,432	$1.43m	$4,715
UKC>WAFR 60k	114.0	$2,810	119.0	$3,706
AG>UKC/UKC>WAFR/AG	--	$10,555	--	$11,292
LR1 Average Earnings		*$9,578*		*$10,120*
MR (13.0 Kts L/B)				
UKC>USAC 37k	127.5	$3,648	115.0	$1,608
USG>UKC 38k	135.0	$6,330	140.0	$7,217
USG>UKC/UKC>USAC/USG	--	$12,020	--	$11,748
USG>CBS (Pozos Colorados) 38k	$575k	$18,464	$615k	$21,192
USG>CHILE (Coronel) 38k	$1.40m	$18,579	$1.40m	$18,587
CBS>USAC 38k	175.0	$14,977	160.0	$12,321
WCIND>JPN/ROK>SPORE/WCIND	--	$6,182	--	$6,659
MR Average Earnings		*$10,054*		*$9,915*
Handy (13.0 Kts L/B)				
MED>EMED 30k	152.5	$11,229	145.0	$9,430
SPORE>JPN 30K	124.0	$2,104	124.0	$2,274
Handy Average Earnings		*$5,389*		*$4,851*

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

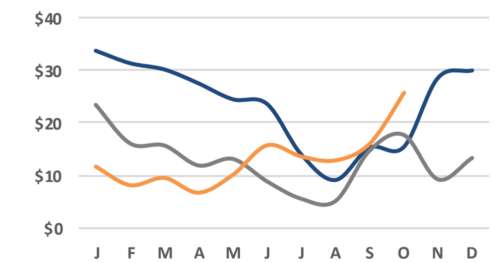
Time Charter Market *$/day (theoretical)*	**1 Year**	**3 Years**
VLCC	$31,000	$35,000
Suezmax	$21,000	$24,000
Aframax	$17,000	$20,000
Panamax	$14,000	$16,500
MR	$12,500	$14,500
Handy	$11,000	$13,000



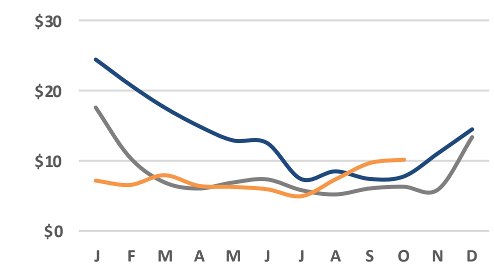
VLCC Average Earnings | **MTD Average** ~$43,261/Day | **Month y/y** ▲ +45%



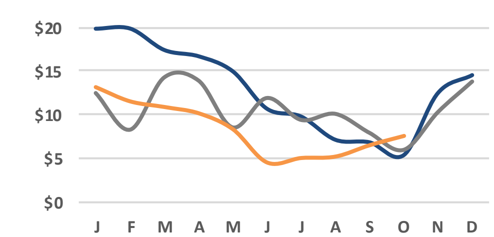
Suezmax Average Earnings | **MTD Average** ~$21,873/Day | **Month y/y** ▲ +47%



Aframax Average Earnings | **MTD Average** ~$25,874/Day | **Month y/y** ▲ +46%



Panamax Average Earnings | **MTD Average** ~$10,158/Day | **Month y/y** ▲ +63%



MR Average Earnings | **MTD Average** ~$7,465/Day | **Month y/y** ▲ +24%

WEBER WEEKLY TANKER REPORT

SPOT MARKET SUMMARY

VLCC

The VLCC market saw rates remain range bound at elevated levels on sustained demand strength in the Middle East and West Africa markets. The Middle East market observed 38 fixtures, representing a three-week high and a 31% w/w gain. The West Africa market observed eight fixtures, also a three-week high and three more than last week's tally.

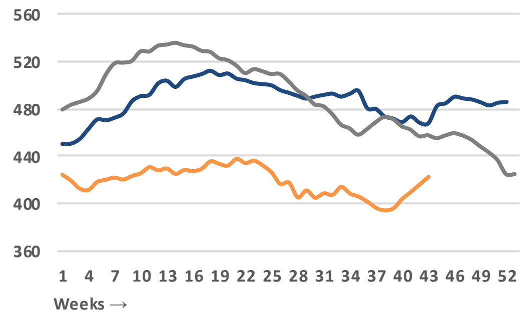
Strong efforts to correct crude oil prices have been observed from Saudi Arabia, raising the specter of further demand gains from the Middle East region as new supply reaches the market. The October Middle East program yielded 157 spot cargoes, representing a record high and a 12% gain from September's spot cargo program. In the first decade of the November program, cargo demand jumped to 54 cargoes, which is a 10% gain on the first decade of the October program, underscoring fresh demand gains. Moreover, recent Saudi commitments to increase supply are too new to be reflected in these demand gains. Meanwhile, VLCC demand in the USG market evaporated this week with no fixtures reported. USG Aframax lightering rates have surged this week, guiding prompt Aframax lightering rates to over $60,000/day, which adds significantly to the freight cost component of US crude exports; uncertainty around the forward Aframax rate environment could maintain lower regional VLCC demand through at least the near term. Any associated adverse impact on VLCC trade dynamics and thus freight rates is of low likelihood as prevailing fundamentals suggest near-term strength.

The Middle East availability surplus concluded the October program with 12 units and declined to nine during the first decade of the November program. We project that the tally will decline further during November's second decade to just six units.

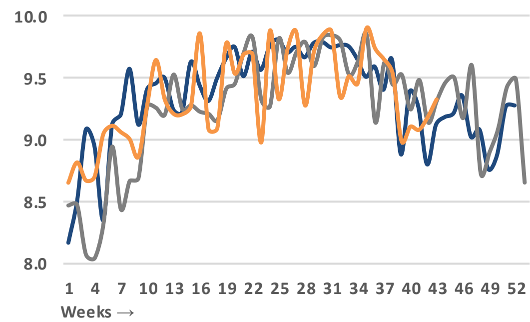
Middle East
Rates on the AG-CHINA route added four points to conclude the week at ws90. Corresponding TCEs rose by 9% to ~$50,245/day. Rates to the USG via the Cape concluded unchanged at ws34. Triangulated Westbound earnings eased $16/day to ~$57,652/day.

Atlantic Basin
Rates in the West Africa market followed those in the Middle East. The WAFR-CHINA route was up by 5 points to ws85. Corresponding TCEs rose by 11% to ~$47,802/day.

Rates in the Atlantic Americas were steady on a tight regional supply/demand profile. The USG-SPORE benchmark route was unchanged at $7.0m lump sum.



US Crude Stocks (EIA)	Last Week	Week y/y
	422.8 MnBbls	▼ -7.5%



US Gasoline Demand (EIA)	Last Week	Week y/y
	9.324 MnB/d	▲ +0.1%

2018 2017 2016

WEBER WEEKLY TANKER REPORT

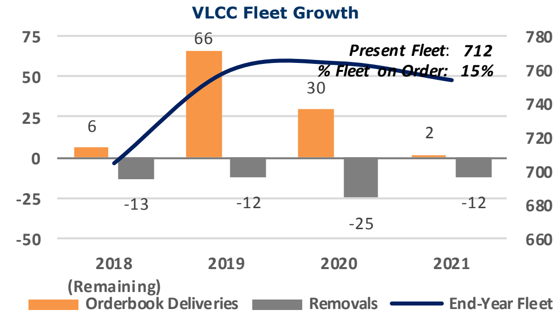
Suezmax

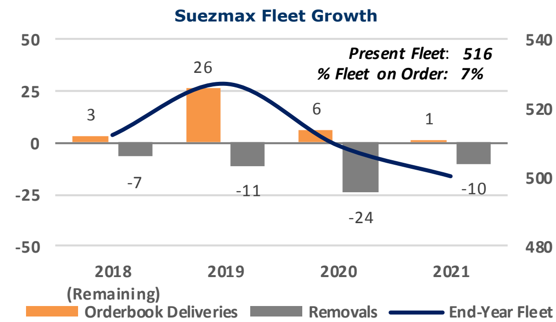
The West Africa Suezmax market remained strong this week on stronger regional demand and a tightening global supply/demand positioning. The week's regional tally of fixtures rose 70% w/w to seventeen fixtures – a seven-week high. Rates on the WAFR-UKC route added 7.5 points to conclude at ws107.5.

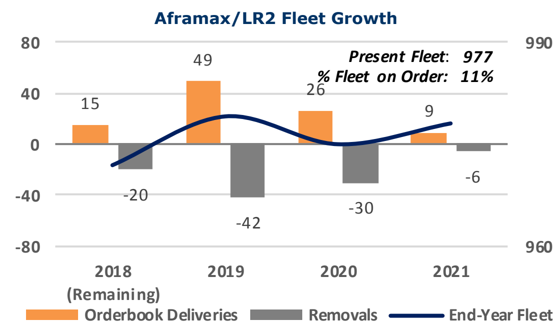
In the Atlantic Americas, surging demand for Aframaxes extended rate gains to alternative size classes while natural Suezmax demand remained elevated. The CBS-USG route added five points to conclude at 150 x ws125. The USG-UKC route added 2.5 points to conclude at 130 x ws120 while the USG-SPORE route added $200k to $4.30m lump sum.

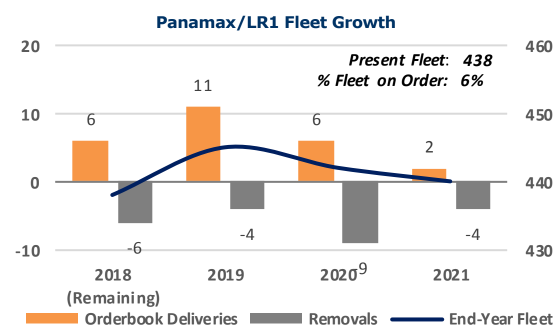
Aframax

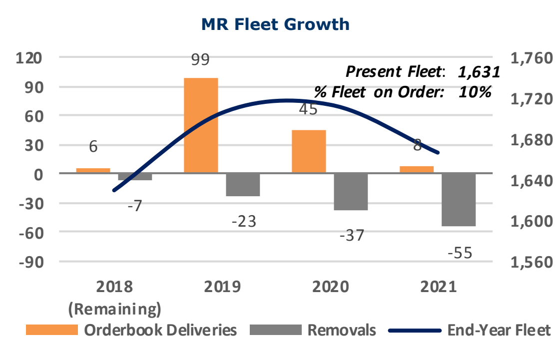
The Caribbean Aframax market observed considerable rate strength this week on strong demand and a run on units to service USG-area lightering. The CBS-USG route jumped 60 points to conclude at ws265 while the USG-UKC route added 80 points to conclude at ws235. Lightering rates jumped from $40,000/day a week ago to over $60,000/day. A shortage of units on the front-end of the list factored heavily into these gains – particularly as a failure to secure prompt units for USG lightering threatened to backup area crude pipeline systems tied to crude exports. As units free during the upcoming week and the situation eases, rates should moderate in tandem. Still, we envision that rates will remain elevated through at least the near-term, relative to levels observed during Q3.







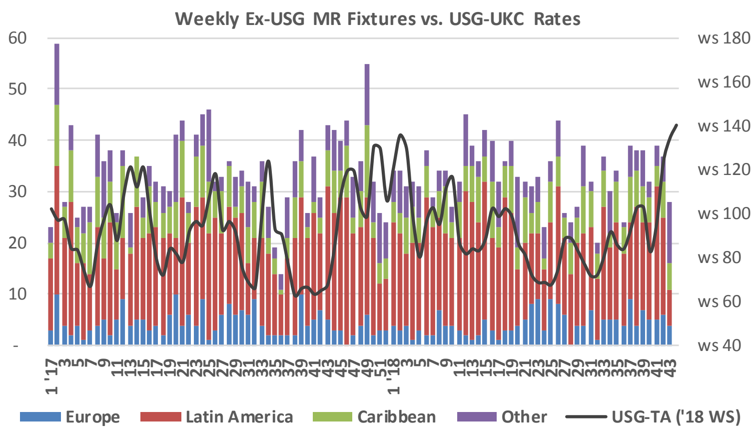




MR

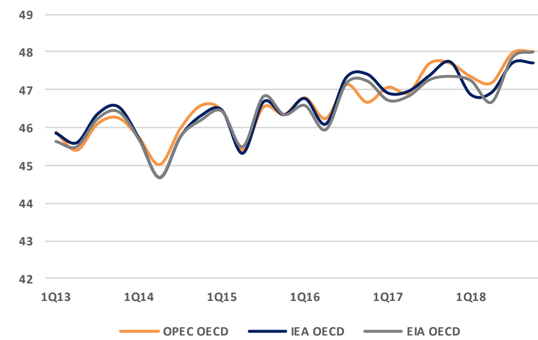
Rates in the USG MR market remained firm amid tight availability on sporadic regional delay issues, declining USAC arrivals (and thus USAC-USG ballasts) and recent regional demand strength. Rates shrugged off early negative sentiment to extend gains over the course of the week – but appear to have reached a ceiling amid slower demand. This week's fixture tally was off 24% w/w to 28 fixtures. Rates on the USG-UKC route rose by 5 points to conclude at ws140 while the USG-CBS route added $40k to conclude at $615k lump sum. The USG-CHILE route was unchanged at $1.40m lump sum.

The two-week forward view of available tonnage shows a 14% w/w gain to 33 units. Rising PADD3 distillate inventories suggest that export demand should strengthen – while higher collective gasoline inventories could limit inter-PADD district gasoline movements and add some length to gasoline exports. Simultaneously, the comparatively strong USG market is likely to attract units away from other disadvantageous regions, which should start to erode rates in the coming weeks.

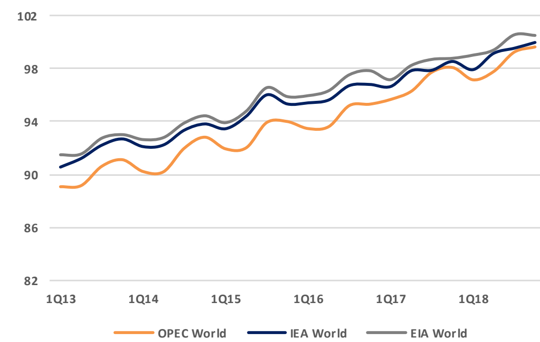


Charles R. Weber Company

Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



WEBER WEEKLY TANKER REPORT

REPORTED TANKER SALES

Brightoil Gravity – 319,911/12 – Hyundai Gunsan – DH
Brightoil Glory – 319,819/12 – Hyundai Gunsan – DH
Brightoil Gem – 319,798/13 – Hyundai Gunsan – DH
Brightoil Grace – 319,778/13 – Hyundai Gunsan – DH
Brightoil Galaxy – 319,743/12 – Hyundai Gunsan – DH
-Sold to Shandong Shipping on private terms including BBB.

Toba – 310,389/04 – Imabari – DH
-Sold on private terms to undisclosed buyers.

Mila – 46,013/03 – Shin Kurushima Onishi – DH
-Sold for $7.0m to Anya Tankers. SS/DD passed.

Challenge Polaris – 45,988/10 – Shin Kurushima – DH
Challenge Paragon – 45,920/09 – Shin Kurushima – DH
-Sold en bloc on private terms to undisclosed buyers.

Pacific Vega – 45,951/10 – Shin Kurushima – DH
-Sold for $16.35m to undisclosed Monaco-based buyers.

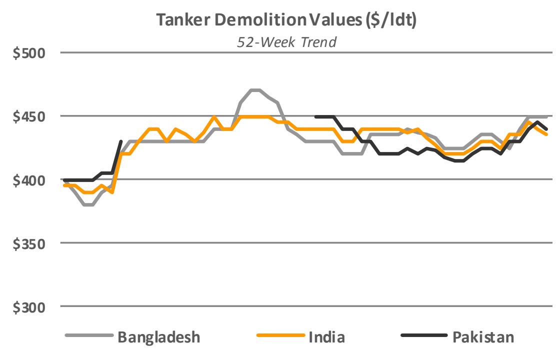
Challenge Premier – 45,897/05 – Shin Kurushima – DH
-Sold on private terms to undisclosed buyers including BBB.

Galatea – 7,413/11 – Yangzhou Haichuan – DH – IMO II – Ice FS II
-Sold for $6.5m to undisclosed US-based buyers.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

Melor – 114,106/96 – 19,457 LDT – DH
-Sold for $469.5/ldt basis as is, Singapore, including 700 MT bunkers and gas-free for man entry.



George P. Los
Head of Tanker Research
research@crweber.com

Charles R. Weber Company, Inc.
3 Greenwich Office Park,
Greenwich, CT 06831
Tel: +1 203 629-2300
1001 McKinney Street, Suite 475
Houston, TX 77002
Tel: +1 713 568-7233
www.crweber.com