

# WEBER WEEKLY TANKER REPORT



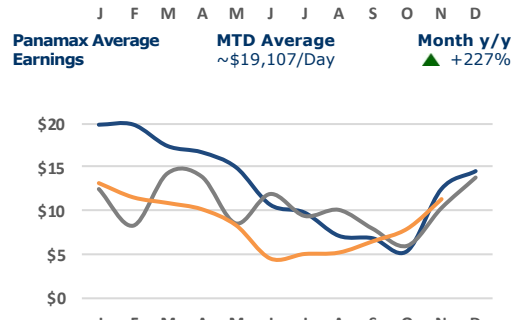
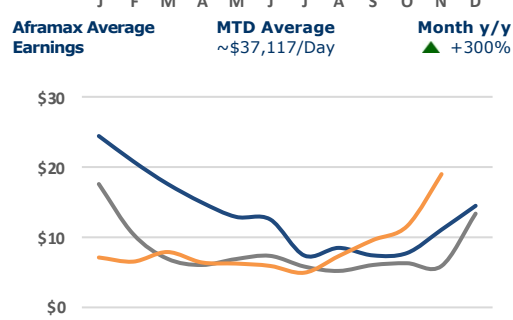
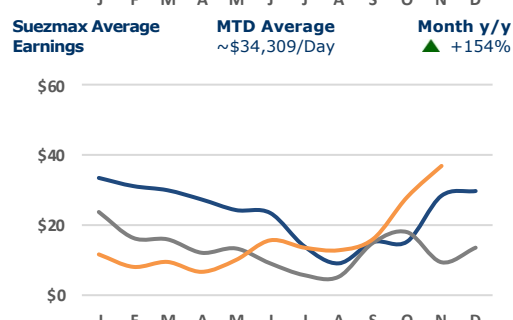
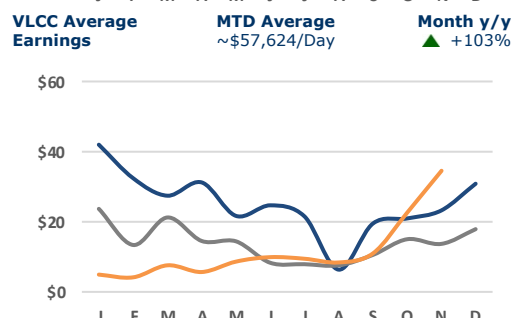
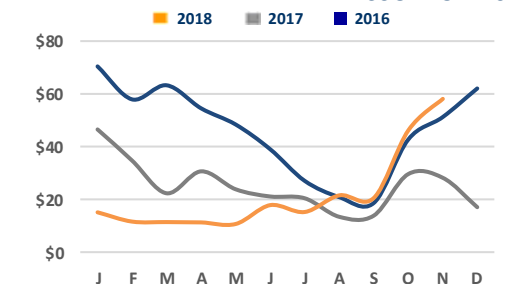
WEEK 45 – 9 NOVEMBER 2018

ISSUE 45 – 2018

Spot Market	WS/LS	TCE	WS/LS	TCE
<b>VLCC</b> (13.0 Kts L/B)		<b>2-Nov</b>		<b>9-Nov</b>
AG>USG 280k	39.5	--	40.0	--
AG>SPORE 270k	96.0	\$57,604	92.0	\$54,661
AG>JPN 265k	93.0	\$59,792	91.5	\$59,145
AG>CHINA 270k	98.0	\$58,129	93.0	\$54,186
WAFR>CHINA 260k	95.0	\$57,236	90.0	\$53,662
USG>SPORE 270k	\$7.20m	\$48,254	\$7.50m	\$52,735
AG>USG/USG>SPORE/AG	--	\$63,965	--	\$68,422
<b>VLCC Average Earnings</b>		<b>\$58,618</b>		<b>\$57,120</b>
<b>SUEZMAX</b> (13.0 Kts L/B)				
WAFR>USG 130k	107.5	\$28,836	115.0	\$33,352
WAFR>UKC 130k	112.5	\$25,149	120.0	\$29,484
BSEA>MED 140k	115.0	\$26,952	152.5	\$49,306
CBS>USG 150k	125.0	\$50,398	125.0	\$51,258
USG>UKC 130k	120.0	--	112.5	--
CBS>USG/USG>UKC/WAFR	--	\$48,655	--	\$46,517
AG>USG 140k	45.0	--	50.0	--
USG>SPORE 130k	\$4.50m	--	\$4.60m	--
AG>USG/USG>SPORE/AG	--	\$32,197	--	\$35,739
<b>Suezmax Average Earnings</b>		<b>\$29,996</b>		<b>\$38,716</b>
<b>AFRIMAX</b> (13.0 Kts L/B)				
N.SEA>UKC 80k	132.5	\$26,445	117.5	\$17,479
BALT>UKC 100k	110.0	\$30,550	92.5	\$20,718
CBS>USG 70k	240.0	\$48,616	235.0	\$47,631
USG>UKC 70k	185.0	--	175.0	--
CBS>USG/USG>UKC/NSEA	--	\$67,337	--	\$64,086
MED>MED 80k	175.0	\$36,068	125.0	\$17,540
AG>SPORE 70k	142.5	\$18,629	140.0	\$18,441
<b>Aframax Average Earnings</b>		<b>\$39,841</b>		<b>\$32,341</b>
<b>PANAMAX</b> (13.0 Kts L/B)				
CBS>USG 50k	200.0	\$21,687	200.0	\$22,241
CONT>USG 55k	145.0	\$14,295	155.0	\$17,359
ECU>USWC 50k	217.5	\$23,535	220.0	\$24,198
<b>Panamax Average Earnings</b>		<b>\$17,885</b>		<b>\$19,599</b>
<b>LR2</b> (13.0 Kts L/B)				
AG>JPN 75k	121.5	\$13,790	121.0	\$14,166
AG>UKC 80k	\$1.90m	\$10,050	\$1.88m	\$10,236
MED>JPN 80k	\$2.03m	\$7,459	\$2.08m	\$7,890
AG>UKC/MED>JPN/AG	--	\$15,837	--	\$16,070
<b>LR2 Average Earnings</b>		<b>\$14,472</b>		<b>\$14,800</b>
<b>LR1</b> (13.0 Kts L/B)				
AG>JPN 55k	130.5	\$9,374	128.0	\$9,304
AG>UKC 65k	\$1.43m	\$4,768	\$1.42m	\$5,132
UKC>WAFR 60k	119.0	\$3,733	129.0	\$6,147
AG>UKC/UKC>WAFR/AG	--	\$11,336	--	\$12,867
<b>LR1 Average Earnings</b>		<b>\$10,355</b>		<b>\$11,086</b>
<b>MR</b> (13.0 Kts L/B)				
UKC>USAC 37k	115.0	\$1,835	152.5	\$8,739
USG>UKC 38k	140.0	\$7,354	125.0	\$5,327
USG>UKC/UKC>USAC/USG	--	\$11,958	--	\$13,956
USG>CBS (Pozos Colorados) 38k	\$600k	\$20,279	\$525k	\$15,663
USG>CHILE (Coronel) 38k	\$1.45m	\$20,099	\$1.35m	\$17,661
CBS>USAC 38k	160.0	\$12,435	145.0	\$10,199
WCIND>JPN/ROK>SPORE/WCIND	--	\$9,216	--	\$11,188
<b>MR Average Earnings</b>		<b>\$10,546</b>		<b>\$12,059</b>
<b>Handy</b> (13.0 Kts L/B)				
MED>EMED 30k	147.0	\$9,812	154.5	\$12,052
SPORE>JPN 30k	135.0	\$3,721	150.0	\$5,876
<b>Handy Average Earnings</b>		<b>\$5,914</b>		<b>\$8,099</b>

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
<b>VLCC</b>	\$31,000	\$35,000
<b>Suezmax</b>	\$21,000	\$24,000
<b>Aframax</b>	\$17,000	\$20,000
<b>Panamax</b>	\$14,000	\$16,500
<b>MR</b>	\$12,500	\$14,500
<b>Handy</b>	\$11,000	\$13,000



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# WEBER WEEKLY TANKER REPORT



## SPOT MARKET SUMMARY

### VLCC

The Middle East market observed slow demand for a second-consecutive week, allowing rates to ease from earlier intraweek highs. Industry events occurring in Dubai next week may prolong the demand lull temporarily and could potentially allow further modest rate losses, given the highly sentiment-driven nature of the spot tanker market. Any losses will likely prove short-lived, however, as fundamentals remain strong and largely unchanged. The November Middle East cargo program is expected to remain at October's peak levels while draws on Middle East positions to service cargoes in alternative markets remains high and continues to keep surplus tonnage at low levels. The Middle East fixture tally was off 12% w/w to 23 fixtures – and with seven of these covered under COAs, charterers were actively working the fewest cargoes since late August, making the market feel even slower than it was. In the West Africa market, demand moderated down sharply from recent highs; just three fixtures were reported, representing a two-month low and five fewer than last week's average. The four-week moving average of regional fixtures, nevertheless, remains at the YTD weekly average. The Atlantic Americas saw total demand moderate by one fixture to four this week. Among these, three were for loading in the USG, marking a second-consecutive week of strong demand.

US crude export demand appears poised for forward strength as crude inventories continue to rise. Total commercial crude inventories stood at 431.8 MnBbbls last week, according to the EIA, representing a 10% gain since mid-September. This has boosted the number of forward days of crude supply to a six-month high of 26.4. The historical norm before global crude inventories swelled during 2H14 was about 20.5 days, ranging between a low of 16.1 days and a high of 25.1 days. This is increasingly important for the VLCC market given the impact of units bypassing the Middle East on ballast legs from Asia on surplus Middle East positions, which heavily factor into the sentiment that directly drives both Middle East and West Africa rates (which collectively account for over 80% of the spot market). Indeed, amid declining natural positions in the Atlantic Americas, more than 32% of cargoes originating in the region have been fixed to ballast units from Asia over the past two months.

With the market now working final-decade November cargoes, we note that the projected end-November Middle East availability surplus is nine units. This compares with 8 units seen at the conclusion of the month's second-decade and matches the first-decade surplus. The October and September programs concluded with 12 and 22 units, respectively – underscoring that the market remains markedly better balanced than just a few weeks ago.

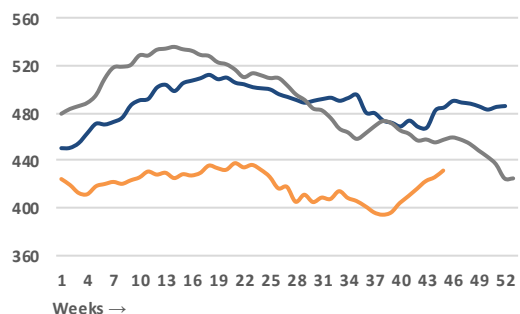
### Middle East

Rates on the AG-CHINA shed 5 points to conclude at ws93. Corresponding TCEs fell by 7% to conclude at ~\$54,186/day. Rates to the USG via the Cape gained 0.5 point to conclude at ws40. Triangulated Westbound trade earnings rose by 7% to ~\$68,422/day on strong rates for onward trades from the Americas.

### Atlantic Basin

Rates in the West Africa market followed those in the Middle East. The WAFR-CHINA route lost 5 points to conclude at ws90. Corresponding TCEs were off by 6% to conclude at ~\$53,662/day.

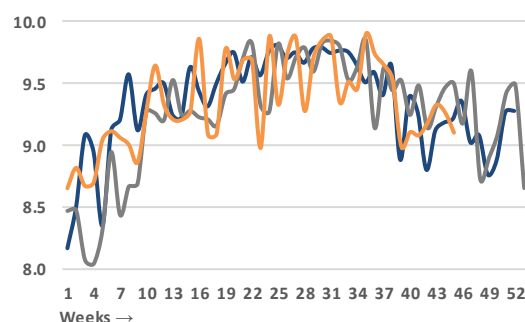
Rates for voyages commencing in the Atlantic Americas continued to rise on a tight regional supply/demand profile and rising sentiment throughout the VLCC market. The USG-SPORE route added \$300k to conclude at \$7.50m lump sum.



US Crude Stocks (EIA)

Last Week  
431.8 MnBbbls

Week y/y  
▼ -5.5%



US Gasoline Demand (EIA)

Last Week  
9.099 MnB/d

Week y/y  
▼ -4.2%

■ 2018 ■ 2017 ■ 2016

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## Suezmax

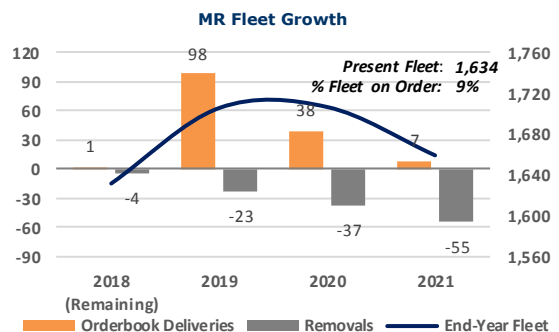
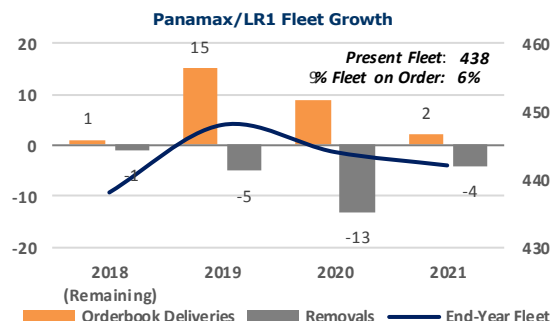
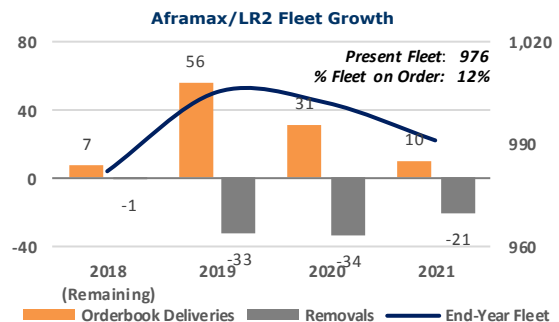
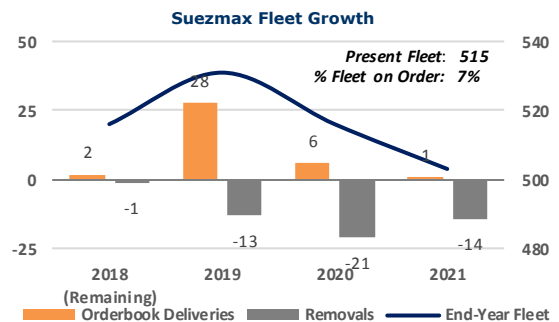
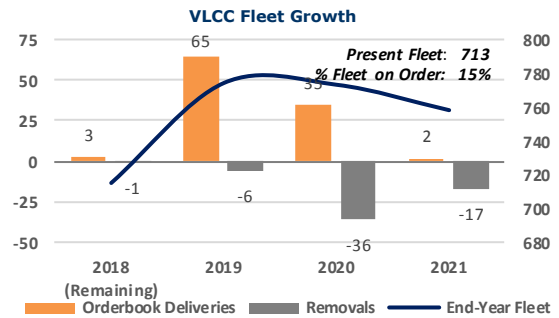
Ongoing delays at the Turkish straits and declining rates of available tonnage replenishment in key markets supported a fresh round of rate gains this week. In the West Africa market, demand increased with twelve fixtures concluded, as compared with nine last week. Rates on the WAFR-UKC route gained 7.5 points to conclude at ws120.

The more onerous nature of regulations in force for Turkish Straits transits since September are becoming increasingly apparent amid recent weather related delays, themselves more pronounced than at this time a year ago. These factors saw rates on the BSEA-MED route surge 37.5 points to conclude at ws152.5 (with corresponding TCEs up 83% to ~\$49,306/day).

In the Atlantic Americas market, were varied depending on voyage. The intraregional CBS-USG route was unchanged at 150 x ws125, keeping the class at a premium to competing Aframax on a \$/mt basis as owners preferred longer-haul routes. The USG-UKC route, which repositions vessels well for onward trades, shed 7.5 points to conclude at 130 x ws112.5 while the long-haul USG-SPORE route added \$100k to conclude at \$4.60m lump sum.

## Aframax

The Caribbean Aframax market eased moderately this week on inbound ballasts and sluggish demand. The CBS-USG route lost five points to conclude at ws235. Expected availability builds over the weekend may allow charterers to achieve lower rates during the upcoming week, though following this week's slow demand an early rebound next week could prolong the trend.



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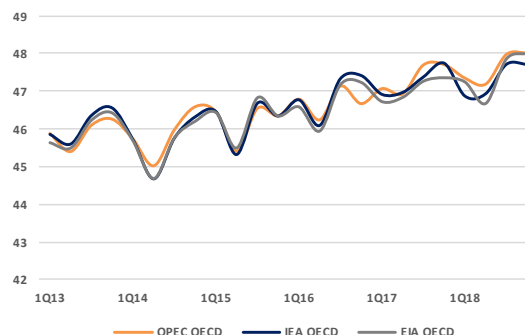


## MR

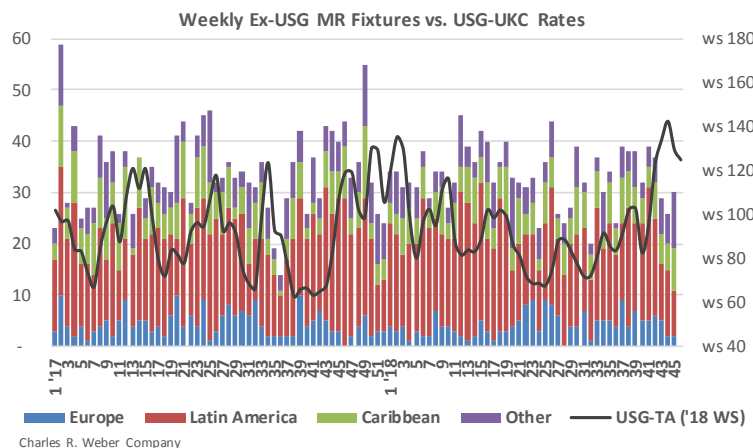
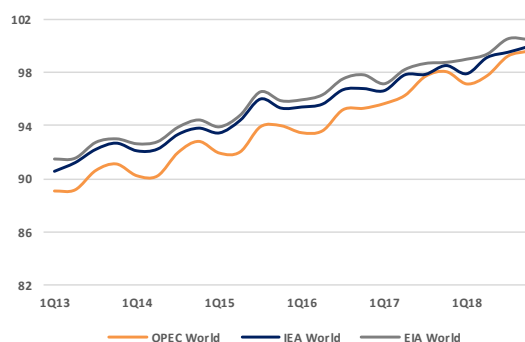
Rates in the USG MR market turned softer this week on last week's late unbalancing of regional supply/demand fundamentals. Rates remain soft at the close of the week and further losses are expected to materialize at the start of the upcoming week, though we note that an improvement in the supply/demand setup this week should limit the extent of losses – and could give way to a fresh strengthening in rates by the close of the week. A total of 30 fixtures were reported this week, representing a 15% w/w gain while the two-week forward view of available tonnage grew by just one unit to 42. Rates on the USG-UKC route shed 15 points to conclude at ws125 while the USG-CBS route dropped \$75k to \$525k lump sum and the USG-CHILE route was off by \$100k to \$1.35m lump sum. A rebound of rates in Europe amid the current softening of rates in the Americas is likely to attract units freeing on the USAC back to Europe, at least ahead of any fresh improvement in the Americas, which should keep supply levels moderate. The extent of any fresh upside from that point, though, could be capped by a fresh wave of USAC-bound fixtures this week, which will bring more USAC-USG ballasters into play.

Directionally stronger rates remain likely on both sides of the Atlantic from late-November through end-year. We note that benchmark Asia MR earnings have risen by 63% over the past two weeks. As reported by TradeWinds Thursday, the Chinese government has issued additional product export quotas equating to 2.93 MnMT for the balance of the year. We expect this to offer further support to the MR market in a way similar to that observed late last year when Asia MR earnings surged to over \$16,000/day, marking a then-rare occurrence of stronger earnings in Asia than in the Atlantic basin. Stronger resulting competition for tonnage between regional markets should extend corresponding earnings strength to the Atlantic basin by December – and could continue to support rates through at least early during 2019. Already, MR earnings have observed positive y/y progression during the MTD for the first time since February.

Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



Charles R. Weber Company

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## REPORTED TANKER SALES

**Alter Ego I** – 309,371 /01 – Samsung Geojoe– DH  
-Sold for \$23.0m to undisclosed buyers.

**Apollonia** – 309,021 /03 – Samsung Geojoe– DH  
-Sold for \$27.5m to undisclosed buyers. SS/DD Passed.

**European Spirit** – 151,848 /03 – Hyundai Ulsan– DH  
-Sold for \$15.7m to undisclosed buyers. SS/DD Passed 06/2018.

**Daehan 5043** – 158,000 /20 – Daehan – DH – scrubber-fitted  
**Daehan 5044** – 158,000 /20 – Daehan – DH – scrubber-fitted  
-Sold en bloc on private terms to Maran Tankers Management.

**HS Tosca** – 115,635 /04 – Samsung Geojoe– DH  
-Sold for \$13.5m to Spring Maritime.

**DHT Sophie** – 112,045 /03 – Hyundai Samho – DH – scrubber-fitted  
**DHT Cathy** – 111,928 /04 – Hyundai Samho – DH – scrubber-fitted  
-Sold en bloc for \$24.3m to undisclosed buyers.

**ADS Oslo** – 107,127 /03 – Imabari– DH  
-Sold for \$11.7m to undisclosed NO buyers.

**Maersk Misaki** – 47,980 /11 – Iwagi Zosen– DH  
-Sold for \$16.7m to undisclosed buyers. Unit due for DD 03/2019.

**Doxa** – 47,065 /01 – Onomichi – DH  
-Sold for \$6.5m to undisclosed buyers.

**Ramira** – 16,979 /08 – Tuzla Gemi– DH – IMO II - Ice 1A  
-Sold for \$13.5m to undisclosed buyers.

**Masalli** – 13,030 /07 – Krasnoye Sormovo – DH – Ice FS II  
-Sold for 5.45m to undisclosed Russian buyers.

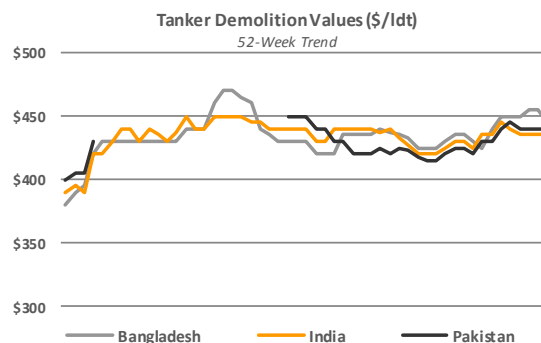
## REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

**Intan (FSO)** – 178,351 /68 – 30,036 LDT – SH  
-Sold for \$443.5/ldt. Unit converted from oil tanker in 1992.

Final Destination: **Unknown**

**Saffron** – 157,406 /98 – 22,615 LDT – DH  
-Sold for \$468/ldt basis as is, Colombo, including 700 MT bunkers.



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