

# WEBER WEEKLY TANKER REPORT



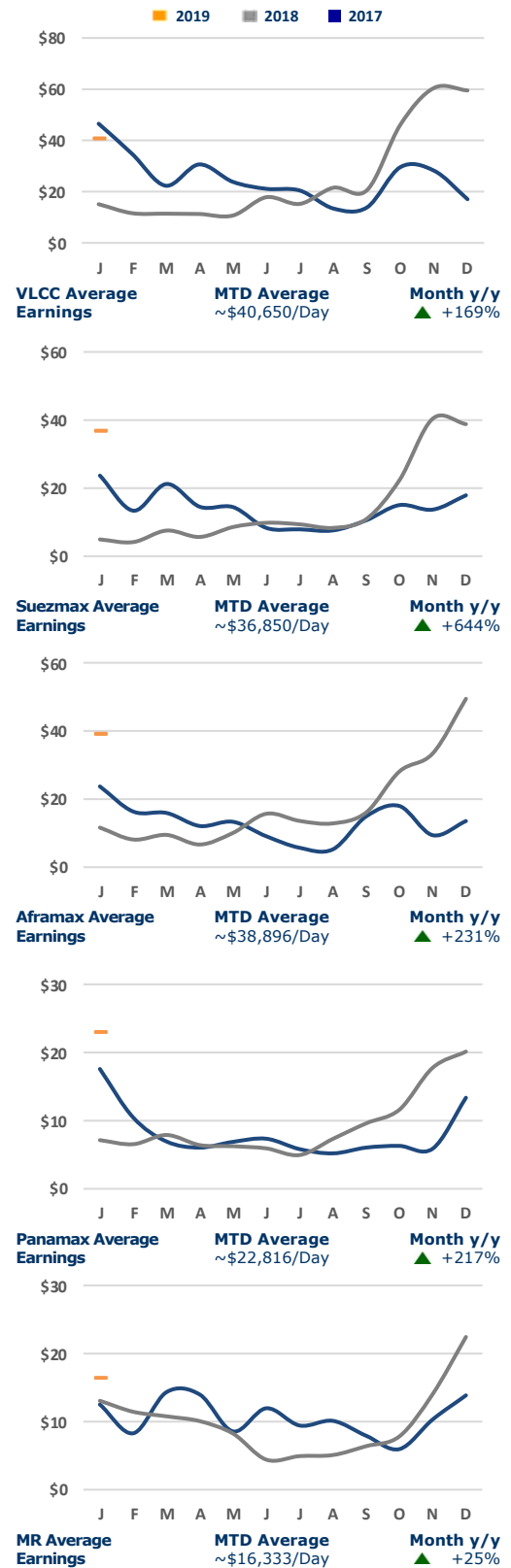
WEEK 3 – 18 JANUARY 2019

ISSUE 3 – 2019

Spot Market	WS/IS	TCE	WS/IS	TCE
<b>VLCC (13.0 Kts L/B)</b>		<b>11-Jan</b>		<b>18-Jan</b>
AG>USG 280k	25.0	--	25.0	--
AG>SPORE 270k	55.0	\$34,078	56.0	\$35,792
AG>JPN 265k	52.5	\$34,577	54.0	\$36,954
AG>CHINA 270k	56.0	\$33,906	57.5	\$36,204
WAFR>CHINA 260k	53.8	\$33,413	57.5	\$38,093
USG>SPORE 270k	\$6.10m	\$41,950	\$6.40m	\$45,719
AG>USG/USG>SPORE/AG	--	\$52,203	--	\$55,477
<i>VLCC Average Earnings</i>		<i>\$36,211</i>		<i>\$39,026</i>
<b>SUEZMAX (13.0 Kts L/B)</b>				
WAFR>USG 130k	87.5	\$30,929	75.0	\$24,013
WAFR>UKC 130k	92.5	\$27,885	80.0	\$21,296
BSEA>MED 140k	132.5	\$51,321	115.0	\$39,350
CBS>USG 150k	92.5	\$43,360	92.5	\$43,622
USG>UKC 130k	90.0	--	90.0	--
CBS>USG/USG>UKC/WAFR	--	\$43,024	--	\$42,107
AG>USG 140k	45.0	--	42.5	--
USG>SPORE 130k	\$4.40m	--	\$4.43m	--
AG>USG/USG>SPORE/AG	--	\$38,695	--	\$37,515
<i>Suezmax Average Earnings</i>		<i>\$38,456</i>		<i>\$31,251</i>
<b>AFRAMAX (13.0 Kts L/B)</b>				
N.SEA>UKC 80k	107.5	\$23,746	110.0	\$25,678
BALT>UKC 100k	95.0	\$31,127	90.0	\$27,976
CBS>USG 70k	145.0	\$29,482	155.0	\$33,695
USG>UKC 70k	115.0	--	115.0	--
CBS>USG/USG>UKC/NSEA	--	\$43,929	--	\$46,187
MED>MED 80k	160.0	\$42,503	120.0	\$25,182
AG>SPORE 70k	125.0	\$23,296	117.5	\$21,217
<i>Aframax Average Earnings</i>		<i>\$33,722</i>		<i>\$30,949</i>
<b>PANAMAX (13.0 Kts L/B)</b>				
CBS>USG 50k	155.0	\$18,895	18.0	\$25,264
CONT>USG 55k	150.0	\$24,901	140.0	\$22,232
ECU>USWC 50k	212.5	\$32,285	212.5	\$35,528
<i>Panamax Average Earnings</i>		<i>\$22,421</i>		<i>\$23,823</i>
<b>LR2 (13.0 Kts L/B)</b>				
AG>JPN 75k	128.0	\$25,418	130.0	\$26,430
AG>UKC 80k	\$2.45m	\$24,154	\$2.65m	\$28,327
MED>JPN 80k	\$2.44m	\$17,093	\$2.54m	\$18,913
AG>UKC/MED>JPN/AG	--	\$29,063	--	\$32,438
<i>LR2 Average Earnings</i>		<i>\$26,632</i>		<i>\$28,431</i>
<b>LR1 (13.0 Kts L/B)</b>				
AG>JPN 55k	151.0	\$21,941	149.0	\$21,777
AG>UKC 65k	\$2.19m	\$22,154	\$2.13m	\$21,368
UKC>WAFR 60k	109.0	\$8,113	112.0	\$8,990
AG>UKC/UKC>WAFR/AG	--	\$25,033	--	\$24,955
<i>LR1 Average Earnings</i>		<i>\$23,487</i>		<i>\$23,366</i>
<b>MR (13.0 Kts L/B)</b>				
UKC>USAC 37k	140.0	\$12,766	125.0	\$9,895
USG>UKC 38k	95.0	\$5,026	90.0	\$4,194
USG>UKC/UKC>USAC/USG	--	\$15,176	--	\$12,847
USG>CBS (Pozos Colorados) 38k	\$450k	\$12,366	\$420k	\$10,409
USG>CHILE (Coronel) 38k	\$1.25m	\$16,571	\$1.20m	\$15,290
CBS>USAC 38k	130.0	\$12,597	130.0	\$12,744
WCIND>JPN/ROK>SPORE/WCIND	--	\$23,208	--	\$23,073
<i>MR Average Earnings</i>		<i>\$15,250</i>		<i>\$13,537</i>
<b>Handy (13.0 Kts L/B)</b>				
MED>EMED 30k	190.5	\$26,996	172.0	\$21,991
SPORE>JPN 30k	195.0	\$17,007	189.0	\$16,362
<i>Handy Average Earnings</i>		<i>\$20,603</i>		<i>\$18,388</i>

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>	\$35,500	\$38,000
<b>Suezmax</b>	\$24,000	\$25,000
<b>Aframax</b>	\$18,500	\$21,500
<b>Panamax</b>	\$15,000	\$16,500
<b>MR</b>	\$14,250	\$16,000
<b>Handy</b>	\$13,250	\$14,000



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## SPOT MARKET SUMMARY

### VLCC

After commencing the week softer, the VLCC market experienced a modest fresh firming of rates on tightening fundamentals amid strong draws from the Middle East pool of tonnage for cargoes originating in the Atlantic basin. A moderating of Middle East demand likely limited the extent of rate gains observed thus far, but a markedly tighter supply/demand setup implies that more substantial rate gains may be achieved during the upcoming week. Spot fixture activity in the Middle East market was off 23% w/w with 27 fixtures reported; ten of these being concluded under COAs furthered impact on sentiment by creating the perception of demand slower than it actually was. In the West Africa market, demand remained active with seven fixtures matching last week's tally. Demand in the Atlantic Americas remained strong; 12 fixtures were reported, or two fewer than last week's tally. Six of the regional fixtures were for US crude exports – the second strongest week after last week's record high fixture count of seven.

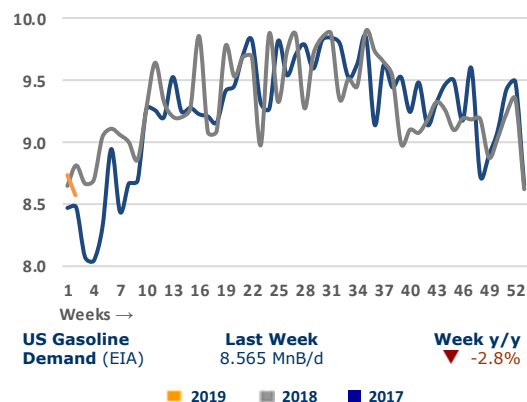
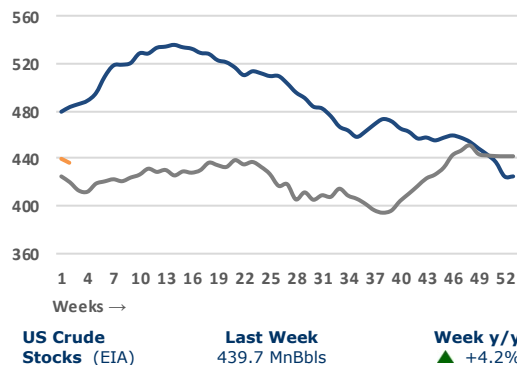
Amid the strong demand on both sides of the Atlantic basin, draws on Middle East tonnage have been high. We count 28 spot-oriented units having ballasted from Asia to the Atlantic basin that would otherwise comprised Middle East positions – and boosted the Middle East surplus to levels that would have already led to a collapse of rates. Indeed, we project that the first decade of the Middle East cargo program will conclude with just seven surplus units. This compares with 12 projected at the conclusion of the January program and is marginally above the low of six in the current cycle observed at the conclusion of the second decade of the December program. When charterers were working second-decade Middle East stems, average VLCC earnings stood at ~\$67,800/day while the current average is 42% lower at ~\$39,071/day. Given lagging sentiment and the exponential nature of rate progression in the spot tanker market, achieving such highs during the near-term is unlikely, but the gap between current earnings and recent earnings highs amid a similar fundamentals setup underscores the near-term upside potential for rates.

### Middle East

Rates on the AG-CHINA route gained 15 point to conclude at ws57.5. Corresponding TCEs rose 7% to conclude at ~\$36,204/day. Rates on the AG-USG c/c route were unchanged at ws25. Triangulated Westbound trade earnings rose 6% to conclude at ~\$55,477/day.

### Atlantic Basin

Rate progression in the West Africa market trailed that in the Middle East. The WAFR-CHINA gained 3.75 points to conclude at ws57.5. TCEs on the route concluded with a 14% w/w gain to ~\$38,093/day. Rates for voyages commencing in the Atlantic Americas remained firm on sustained regional demand strength. The USG-SPORE route added \$300k to conclude at \$6.40m, lump sum.



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## Suezmax

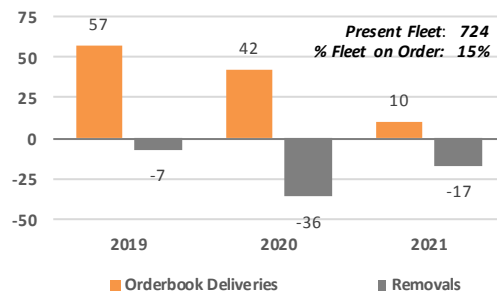
Suezmax rates were softer this week on slower demand and rising availability. In the West Africa market, chartering activity was off 31% w/w to 11 fixtures. Rates on the WAFR-UKC route shed 12.5 points to conclude at ws80. Compounding the impact on a widening supply/demand imbalance, rates in the Black Sea were correcting rapidly from recent highs. Declining delays at the Turkish straits, combined with lower demand amid earlier freight highs saw the BSEA-MED route shed 17.5 points to conclude at ws115.

In the Atlantic Americas, demand seemingly evaporated with just two fixtures concluded. Rates on the CBS-USG route were steady at ws92.5 due to elevated Aframax and VLCC rates as were those on the USG-UKC route, which were unchanged at ws90. The USG-SPORE route shed \$50k to \$4.35m lump sum. Expectations for a rebound in demand and support from high freight rates for competing size classes should continue to limit rate losses during the upcoming week.

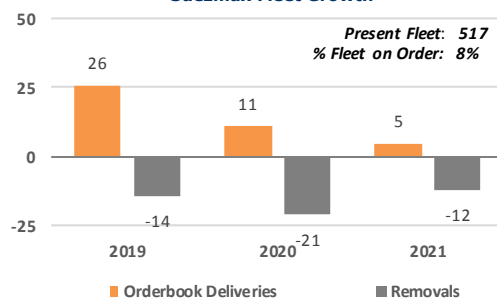
## Aframax

The Caribbean Aframax market was busy this week with cargoes materializing on all key trades routes and demand rising for units to service lightering contracts. The demand gains saw freight rates return to strength from mid-week after experiencing headwinds earlier. The CBS-USG route ultimately concluded with a 10-point gain to ws155 while the USG-UKC route was steady at ws115. Declining rates in the Mediterranean market on the back of easing regional combined Aframax and Suezmax supply/demand constraints could see some units opt to ballast to the relative strength of the Americas, particularly given a favorable forward view amid surging VLCC demand for US crude export cargoes, which will heighten Aframax lightering demand. This could challenge positive rate progression during the upcoming week, though with many of this week's fixtures for long-haul voyages, the extent of any corresponding downside should be limited.

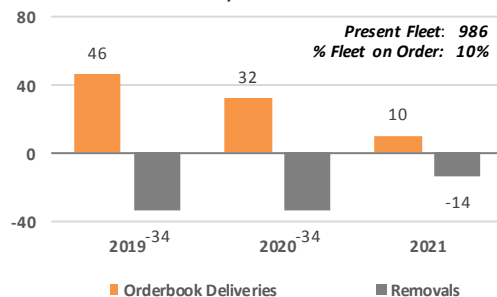
VLCC Fleet Growth



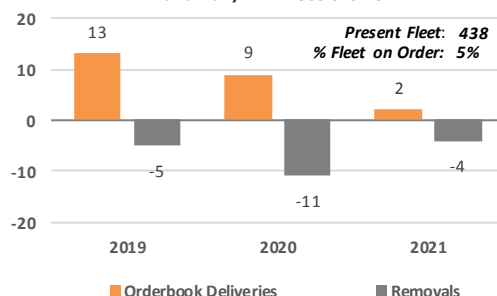
Suezmax Fleet Growth



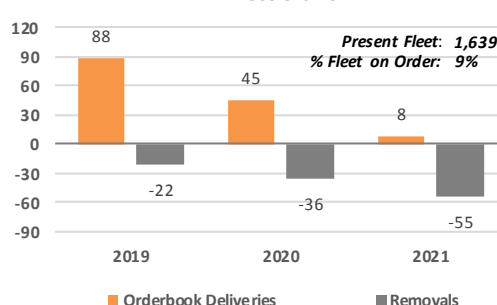
Aframax/LR2 Fleet Growth



Panamax/LR1 Fleet Growth



MR Fleet Growth



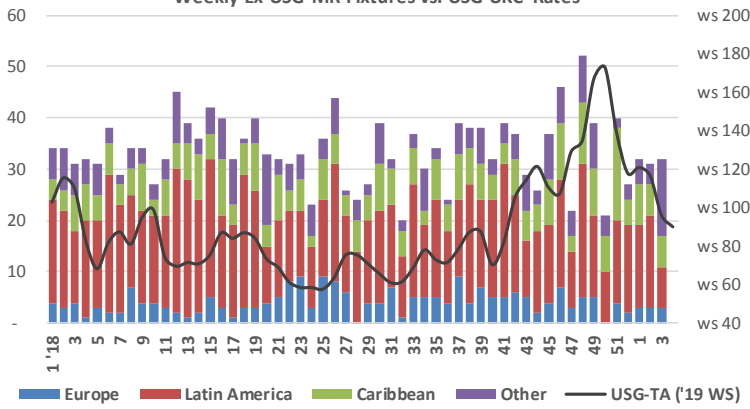
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## MR

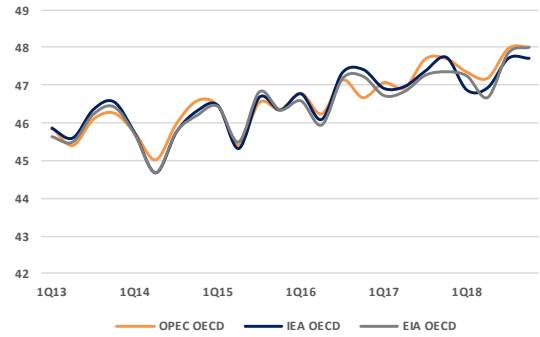
The USG market's overall supply/demand positioning was largely unchanged from last week. Initially, the disconnect between fundamentals and rates saw rate gains materialize; however, sentiment turned weaker from mid-week as details on many fixtures were lacking and as the forward demand view looks weaker on softer PADD3 refinery utilization rates. A total of 32 fixtures were reported, or one more than last week's tally. Meanwhile, 39 units were available on a two-week forward basis – one more than a week-ago. Rates on the USG-UKC route shed 5 points to conclude at ws90 while the USG-CBS route shed \$30k to conclude at \$420k lump sum and the USG-CHILE route lost \$50k to conclude at \$1.2m lump sum. PADD3 refinery utilization dropped 3.5 percentage points to 94.2% during the week ending 1/11. Though this is broadly in-line with year-ago levels, ahead of anticipated elevated refinery maintenance during 1Q19 the strong drop from utilization as strong as 99.4% during the week ending 12/28 was seen as ominous. Slow demand Monday is expected with some participants closed for the Martin Luther King, Jr. holiday; this may see available tonnage build up by the time the market returns in earnest on Tuesday, thus potentially extending this week's losses.

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

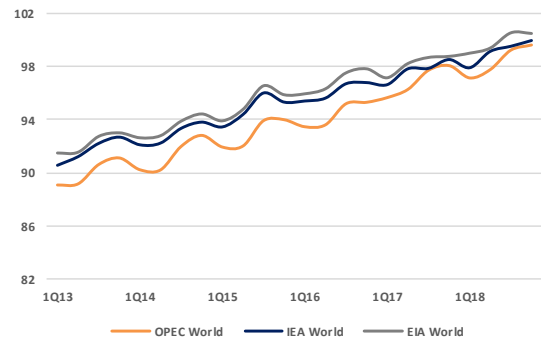


Charles R. Weber Company

Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



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## REPORTED TANKER SALES

**Felicity** – 157,667/09 – Samsung Geoe – DH  
-Sold for \$42.0m to Modec for conversion to FPSO. Old sale; included long subjects.  
Unit due for SS/DD 06/2019.

**Milos** – 157,525/16 – Sungdong – DH  
-Sold for \$56.0m to Ocean Yield ASA including \$7.0m seller's credit and 13-Year BBB.

**Nordic Spirit** – 151,294/01 – Samsung Geoe – DH  
-Sold for \$11.2m to undisclosed buyers.

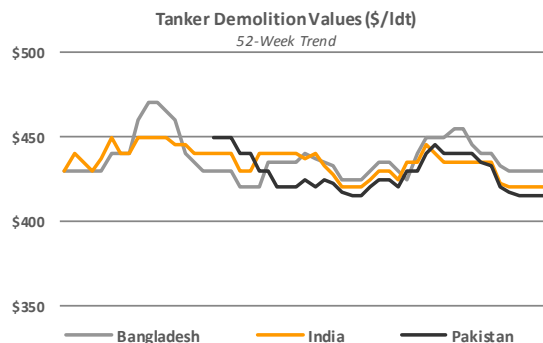
**Cielo di Milano** – 74,100/19 – Hyundai Vinashin – DH  
-Sold for \$38.6m to undisclosed Japanese buyers including BBB.

**Hyundai Vinashin S472** – 50,000/19 – Hyundai Vinashin – DH – IMO II/III  
**Hyundai Vinashin S466** – 50,000/20 – Hyundai Vinashin – DH – IMO II/III  
-Sold en bloc for \$68.0m to DSD Shipping.

**Torm Charente** – 35,751/01 – Daedong – DH – IMO III  
-Sold for \$6.0m to PT Buana Lintas Lautan TBK.

## REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 3.



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