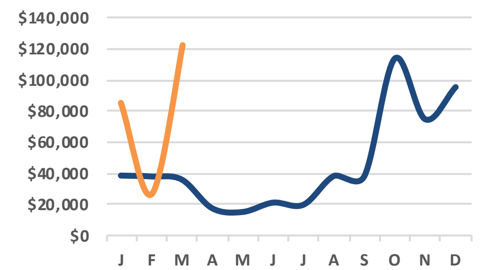
Charles R. Weber Research

WEEKLY MARKET REPORT

Week 12 • March 20, 2020 **Issue WM12-20**

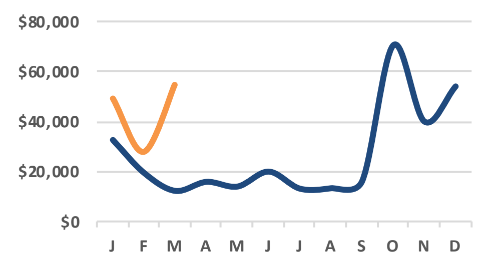
VLCC: The roller coaster ride in the Arabian Gulf continued this week. Two weeks ago eastbound rates were at ws45, last week rates surged to ws20, now they are back down to the ws120 level. That initial surge in rates followed the uptick in production from Saudi Arabia which led to a record-high, 70 fixtures last week. This week that number plummeted to 15 and there seemed to be uncertainty as to many AG stem confirmations. This led to multiple charterers failing ships and those that did re-enter at week's end having an ample supply of choices. Eastbound rates fell almost 50%, but even still, yield a stout TCE of around $130,000 per day. This week we saw some 15 fixtures reported from the AG, off almost 80% from last week's record volume. Eastbound levels fell in one sweeping drop, as ws220 was concluded at the start of the week (on a vessel with no SIRE) and then went quiet. The majority of activity concluded was on COA business and when the next eastbound fixture was concluded it was on an older ex dry-dock unit at ws105. Westbound business followed a similar trend spiking at ws205 at the end of last week, and while untested, today's level is probably closer to ws100. Following a week of record high activity, it was one of the lowest and brings the question; what will next week bring? The April cargo program has only yielded 43 fixtures and there are no indications that Saudi Arabia plans to ease its increased oil production. Thus the activity should pick up again, but until that occurs, softer sentiment builds.



VLCC Average Earnings+ MTD 2020 *v.* CY 2019

MTD '20 Avg/Day: $121,814 **MTD 20' *v.* CY '19':** +235%

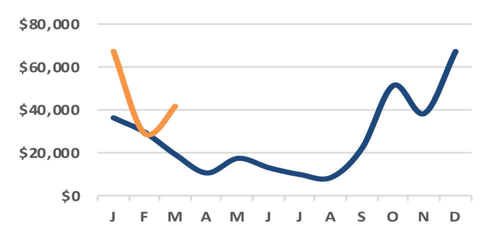
SUEZMAX: The sector followed the VLCC's off the cliff this week as rates toppled nearly as fast as they rocketed up. In West Africa, charterers were quick to pump the brakes and showed restraint on working their remaining second decade programs off the back of diminishing sentiment amongst owners. WAFR>UKCM finished at ws105, which yields a TCE of around $57,000/day (IFO 380) / $55,500/day (0.5%) which is down roughly $60,000/day from this time last week. BSEA>MED also took a tumble this week sliding down to ws125 for the TD6 route resulting in a massive drop of around 80 points on the week-to-week comparison. USG/CBS, limited cargo inquiries and softer sentiment left rates shaky and due for testing on both local and TA voyages. Rates for USG>TA imploded this week dropping nearly 50 points down to the mid ws90's basis 145,000mt cargo. USG>SPORE is tough to call at the moment. Unfortunately, it's very similar to the volatility of the NYSE and trying to ascertain the best way to catch a falling knife. We see USG>SPORE at around $5.5m in order to keep pace with the cratering VLCC Atlantic basin market. Expect Suezmax to face similar pain in the short term before seeing rate stabilization again. BDTI- TD20 ended the week at ws109.77, down 109.32 points from last week.



Suezmax Average Earnings+ MTD 2020 *v.* CY 2019

MTD '20 Avg/Day: $55,011 **MTD 20' *v.* CY '19':** +351%

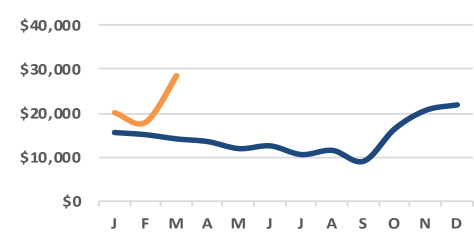
AFRAMAX: The week started off strong with the market riding off the momentum from last week. Local tonnage was tight and inquiries steady, driving rates up an additional 10 points during the first half. As the week progressed and activity started slowing down owners were still able to hold on to last done levels through Wednesday on EC Mexico trades, fixing at ws200. The second half of the week saw charterers successfully test rates downward with an EC Mexico cargo fixed at ws195. As inquiries remain relatively limited, tonnage is mounting in the USG giving charterers more ammunition to reach lower with each fixture. Now, with the COVID-19 pandemic growing exponentially larger every day, one could say we are getting closer and closer to seeing a larger impact in the shipping industry. That said, next week should be a good indicator as to where the market is headed as rates start creeping downward and more tonnage comes available in the USG. Europe saw some additional growth this week with Cross UKC and Cross Med trading near ws180. Charterers are sitting on their cargoes however with some charterers fixing under the radar momentum has remained strong on both trade lanes. Rates out of the Baltic closed around ws150 and with inquiries slowing down there is talk that the market could top off and hover around last done for the next few days. Europe is strong overall and should give owners a solid reason to fix and bring cargoes from the USG if rates go far enough south.



Aframax Average Earnings+ MTD 2020 *v.* CY 2019

MTD '20 Avg/Day: $41,717 **MTD 20' *v.* CY '19':** +121%

MR: Ever-changing developments regarding COVID-19 had most people working remotely and probably didn't help add any "punch" to an already depressed MR market. TC2 voyages hovered for the most part, vacillating between ws170-180 for most of the week. Early thoughts of any positive trickle-down effect on the heels of a surging LR1 and LR2 markets in the Med were quickly erased as vessels entered the area. USG faced an uphill battle as a lack of early week inquiries and a growing prompt tonnage list managed to set the table for a substantial fall. Cargoes for USG>Chile and USG/Brazil received a double digit number of offers and is now respectively $1.55m and ws155. Short-hauls have also dropped sub $600,000 and $400,000 for CBS and Mexico, respectively, with a closed USG>TA arbitrage providing little transatlantic opportunities. Much to the dismay of owners, next week looks poised to continue its slide as supply is clearly outweighing demand.



MR Average Earnings+ MTD 2020 *v.* CY 2019

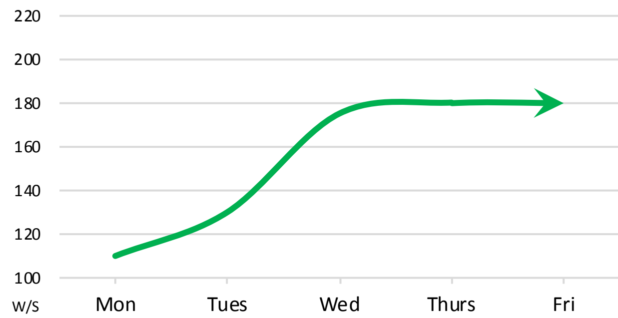
MTD '20 Avg/Day: $28,522 **MTD 20' *v.* CY '19':** +100%

TANKER ROUTES (13kts L|B)	Week 11 WS|L$	**Week 12 WS|L$**	Week 11 TCE*	**Week 12 TCE****
VLCC				
AG>USG • 280,000 (dwt)	87.00	**159.00**	--	**--**
AG>SPORE • 270,000	127.00	**170.00**	$140,208	**$199,310**
AG>JPN • 265,000	121.50	**164.00**	$138,183	**$198,506**
AG>CHINA • 270,000	128.00	**175.00**	$138,570	**$202,762**
WAFR>CHINA • 260,000	118.00	**169.00**	$124,437	**$191,476**
USG>SPORE-AG	10.11m	**12.8m**	$141,443	**$188,849**
AG>USG/USG>SPORE-AG	--	**--**	$86,198	**$277,976**
VLCC Average Earnings +	--	**--**	*$134,105*	***$196,007***
SUEZMAX				
WAFR>USG • 130,000	100.00	**179.50**	$47,954	**$101,957**
WAFR>UKC • 130,000	105.00	**184.50**	$45,186	**$97,199**
BSEA>MED • 140,000	99.00	**191.00**	$45,001	**$122,363**
CBS>USG • 150,000	106.00	**143.00**	$60,389	**$92,723**
USG>UKC • 150,000	77.00	**123.00**	$36,789	**$73,706**
CBS>USG/USG>UKC-WAFR	--	**--**	$50,406	**$90,845**
AG>USG • 140,000	77.00	**154.00**	$51,567	**$121,033**
USG>SPORE	5.46m	**7.20m**	--	**--**
AG>USG/USG>SPORE-AG	--	**--**	$47,394	**$134,295**
Suezmax Average Earnings +	--	**--**	*$44,951*	***$95,314***
AFRAMAX				
N.SEA>UKC • 80,000	100.50	**155.00**	$22,535	**$63,898**
BALT>UKC • 100,000	81.70	**129.90**	$27,044	**$60,536**
CBS>USG • 70,000	167.00	**194.00**	$44,416	**$57,194**
USG>UKC • 70,000	148.00	**179.00**	$37,360	**$51,059**
CBS>USG/USG>UKC-NSEA	--	**--**	$58,872	**$86,415**
MED>MED • 80,000	118.50	**159.00**	$34,232	**$57,074**
AG>SPORE • 80,000	105.50	**134.00**	$24,607	**$37,425**
Aframax Average Earnings +	--	**--**	*$38,508*	***$60,139***
PANAMAX				
CBS>USAC(USG) • 50,000	186.00	**187.00**	$38,580	**$40,527**
UKC>USG • 55,000	101.30	**111.20**	$15,904	**$20,701**
MED>USG • 55,000	110.00	**110.00**	$19,411	**$21,160**
ECU>USWC • 50,000	254.00	**255.00**	$52,001	**$54,199**
Panamax Average Earnings +	--	**--**	*$25,408*	***$28,661***
LR2				
AG>JPN • 75,000	146.50	**174.80**	$40,750	**$53,463**
AG>UKC	3.24m	**3.67m**	$40,721	**$51,042**
MED>JPN	2.89m	**3.58m**	$31,143	**$45,230**
AG>UKC-MED>JPN-AG	--	--	$43,139	**$56,594**
LR2 Average Earnings +	--	**--**	*$41,545*	***$54,506***
LR1				
AG>JPN • 55,000	152.10	**169.90**	$29,962	**$36,599**
AG>UKC	2.46m	**2.64m**	$29,527	**$34,667**
UKC>WAFR • 60,000	184.60	**201.10**	$45,574	**$52,539**
AG>UKC/UKC>WAFR-AG	--	--	$42,710	**$49,103**
LR1 Average Earnings +	--	--	*$36,336*	***$42,851***
MR				
UKC>USAC • 37,000	169.50	**177.00**	$22,343	**$25,334**
USG>UKC • 38,000	136.50	**128.50**	$17,144	**$16,917**
USG>UKC/UKC>USAC(USG)	--	**--**	$36,048	**$36,856**
USG>CBS (Pozos Colorados)	759k	**644k**	$34,179	**$27,864**
USG>CHILE (Coronel)	1.95m	**1.74m**	$37,442	**$32,722**
CBS>USAC(USG) • 38,000	153.00	**159.00**	$21,836	**$24,493**
WCIND>JPN-ROK>SPORE-WCIND	--	**--**	$25,037	**$31,184**
MR Average Earnings +	--	**--**	*$28,903*	***$29,884***
HANDYSIZE				
MED>EMED • 30,000	177.30	**189.50**	$26,589	**$31,104**
SPORE>JPN • 30,000	151.90	**158.50**	$15,113	**$17,438**
Handysize Average Earnings +	--	**--**	*$19,425*	***$22,358***

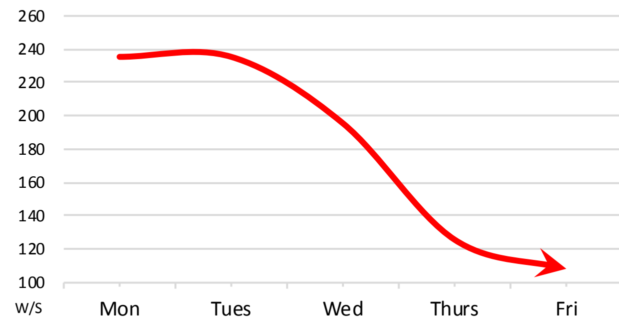
	*Week 11 Bunkers VLSFO $354/MT	***Week 12 Bunkers VLSFO $294/MT**
VLCC Time Charter 1 Year *v.* 3 Years ($|day):	$58,000	$34,000
# Ships Trading:	794	
% Fleet on Order:	9%	
Ships to Breakers:	No Activity	
SUEZMAX Time Charter 1 Year *v.* 3 Years ($|day):	$42,000	$28,000
# Ships Trading:	538	
% Fleet on Order:	9%	
Ships to Breakers:	No Activity	
AFRAMAX Time Charter 1 Year *v.* 3 Years ($|day):	$31,000	$21,500
# Ships Trading:	1,025	
% Fleet on Order:	10%	
Ships to Breakers:	No Activity	
PANAMAX Time Charter 1 Year *v.* 3 Years ($|day):	$19,000	$16,000
# Ships Trading:	447	
% Fleet on Order:	4%	
Ships to Breakers:	No Activity	
LR2 Time Charter 1 Year *v.* 3 Years ($|day):	$30,000	$23,000
# Ships Trading:	1,025^	
% Fleet on Order:	10%^	
Ships to Breakers:	No Activity	
LR1 Time Charter 1 Year *v.* 3 Years ($|day):	$20,000	$17,000
# Ships Trading:	447#	
% Fleet on Order:	4%#	
Ships to Breakers:	No Activity#	
MR Time Charter 1 Year *v.* 3 Years ($|day):	$19,000	$16,000
# Ships Trading:	1,718	
% Fleet on Order:	8%	
Ships to Breakers:	No Activity	
HANDYSIZE Time Charter 1 Year *v.* 3 Years ($|day):	$15,000	$14,000
# Ships Trading:	1,586	
% Fleet on Order:	6%	
Ships to Breakers:	Low Activity	

+ "Average Earnings" are weighted proportionally to each size class' worldwide market activity (may include routes not necessarily shown in this report).
^ Aframax and LR2 fleet numbers are combined for the purposes of these entries.
 # Panamax and LR1 fleet numbers are combined for the purposes of these entries.

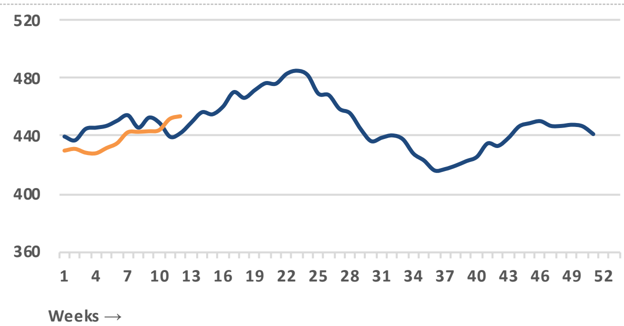
THE WEEK IN CHARTS



Global Climber of the Week: AFRAMAX (N. Sea>UKC 80,000) **| +63%**

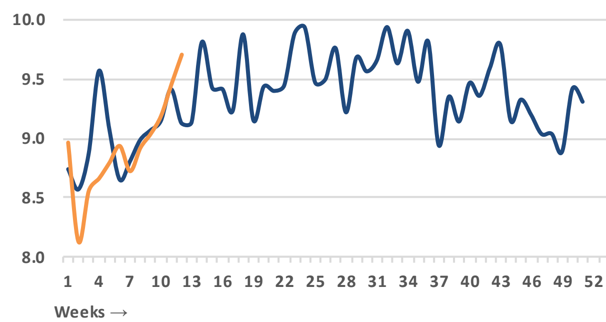


Global Decliner of the Week: SUEZMAX (WAF>USG 130,000) **| -54%**



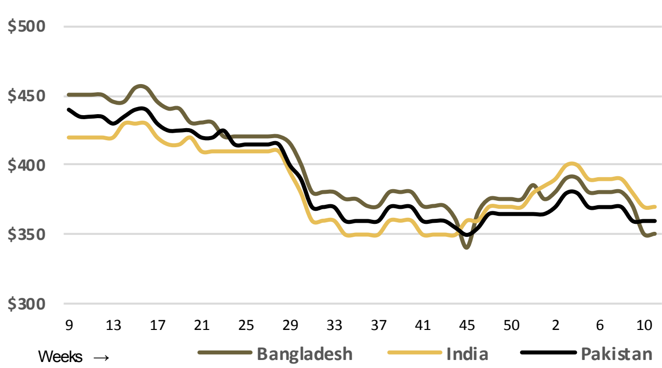
US Crude Oil Stocks (EIA) WTD '20 *v.* CY '19

This Week: 453.7Mn.Bbls **This Week '20 *v.* '19:** +2.6%%

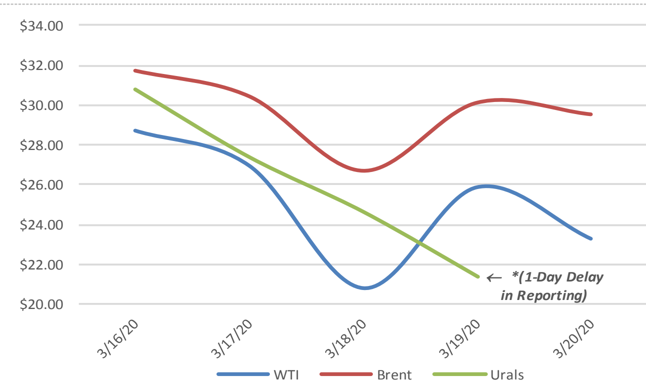


US Gasoline Demand (EIA) WTD '20 *v.* CY '19

This Week: 9.696Mn.Bbls/Day **This Week '20 *v.* '19:** +6.3%



Tanker Demolition Market, 52-Week Ticker ($|Ldt)



Charley's Chart of the Week: Chaos & Conflict Controlling Crude Conditions
WTI *v.* Brent *v.* Urals* ($|Bbls) this Week.

Charles R. Weber Company, Inc. (Greenwich)
Greenwich Office Park 3
Greenwich, CT, 06831
T: +1 203 629 2300
E: research@crweber.com
W: www.crweber.com

CHARLES R. WEBER COMPANY, INC.

Charles R. Weber Company, Inc. (Houston)
1001 McKinney Street, Suite 475
Houston, TX, 77002
T: +1 713 568 7233
E: research@crweber.com
W: www.crweber.com