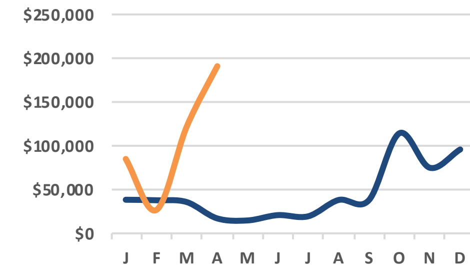
Charles R. Weber Research

# WEEKLY MARKET REPORT

**Week 18 • May 1, 2020** **Issue WM18-20**

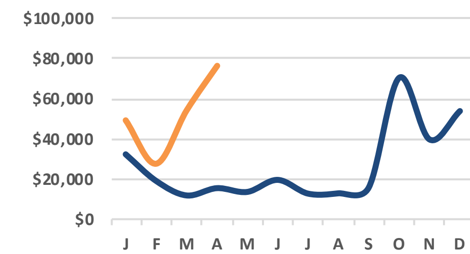
**VLCC:** Over the last two months we have seen extreme volatility in the VLCC sector with eastbound rates fluctuating almost 175 worldscale points over that period, including three upward swings near or in excess of 100 worldscale points and three similar downward swings. This week we are on the downward slide. TD3 saw a peak of ws195.63 last week and today it is at ws80. The sluggish pace of fresh inquiries has been the driver this week, as those few charterers that entered the market saw ample audiences. It was not just the amount of tonnage, but the type. There were more "relets" adding to the competition and with a different mindset. These relets are looking to lock in positive returns to hedge against the time charters that they concluded over these last two months. There were 15 fresh fixtures reported this week from the Arab Gulf, bringing the May cargo tally to 52 fixtures. This should leave some 23-28 cargoes for the second decade. This compares to a position list with 38 vessels remaining over that same period.




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

**MTD '20 Avg/Day:** $190,752 **MTD 20' *v.* CY '19':** +967%

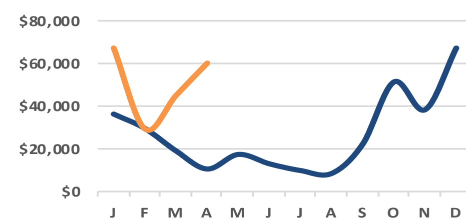
**SUEZMAX:** Rates witnessed a massive drop off this week as diminishing sentiment amongst owners and a cratering VLCC sector have left rates wide open for testing. The TD20 route collapsed late in the week as rates tumbled over 60 points on the week-to-week comparison down to ws97.5 and yielding a TCE of around $49,700/day (IFO 380) / $47,500/day (0.5). BSEA>MED route ended the week at ws107.5, which pushed the TCE return down to around $59,000/day (IFO 380) / $58,200/day (0.5%). In the USG/CBS region, sluggish demand coupled with a top-heavy tonnage list has left rates vulnerable to downward pressure. The USG>TA route remains untested by charterers and weakening fundamentals should pin rates down close to the ws100 barrier (basis 145,000mt) going into next week. The USG>SPORE route followed suit to the slumping VLCC's pushing East rates down to around $5.75m (1:1) lump sum. Expect to see some additional testing on East voyages going into next week as long as VLCC's remain under downward pressure in the Atlantic Basin. BDTI- TD20 ended the week settling at 97.05 which is down 72.72 points from this time last week.




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

**MTD '20 Avg/Day:** $76,404 **MTD 20' *v.* CY '19':** +384%

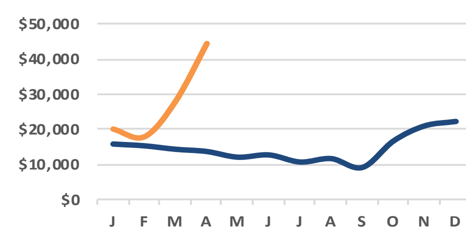
**AFRAMAX:** The U.S. market has been rather quiet this week. Most charterers remain on the sidelines to try and relieve the mounting pressure from previous weeks. This week saw some activity with most cargoes going on subjects during the first-half. A few E.C. Mexico cargoes were reported at or around ws230 which is 15 points less than last done levels. Trans-Atlantic levels hovered near last done during the first-half and went nearly quiet during the second-half with only one cargo working on Friday. As more tonnage opens up over the weekend, charterers should have no problem fixing below last done levels. Next week rates will continue to slide. The only question is how far down they will go down. Following the same trend from previous weeks, the European markets tracked in the same direction. Cross UKC and Baltic>UKC routes finished nearly 100 points down from last done as charterers successfully tested rates downward as tonnage built-up in the region. The charterers' position to" stand-off" has "paid-off" on the Cross Med trades. Rates dropped nearly 60 points to close out the week and will likely take an additional hit next week before leveling out.




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

**MTD '20 Avg/Day:** $60,412 **MTD 20' *v.* CY '19':** +482%

**MR:** After a meteoric rise last week, the market followed up with a sudden halt of activity as charterers gathered themselves. The reality of a lack of demand and a growing list on the Continent only added to the question of how much and how quickly rates were bound to fall. The answer was significant as TC2 rates slid down to ws200 shedding nearly 250 points (basis 38,000mt) from recent highs only days ago. Unfortunately, the low level of demand which has cut refinery runs shows a continuous correction with greater losses to follow as we head into next week. A similar story in the USG, as early May inquiries remain very low. Refinery run cuts and charterers ability to push delivery windows back to the second-half of month has led to a low level of fixing. TC14 remains untested, but opinions are closer to the market seeing a 60 point drop down to ws200. Voyages down to Brazil and Chile are equally down with assessments now in the mid ws200's and low $2.0m's, respectively. Shorthauls down to the Caribs are now somewhere in the $900,000 level. The only saving grace for owners right now is major delays in E.C. Mexico and South America which keeps the list from replenishing too quickly. We believe a further correction is expected for this region.



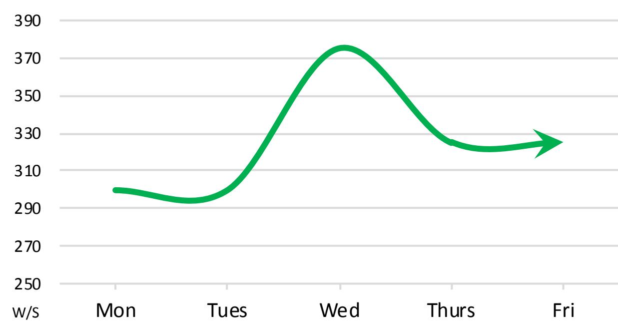

**MR Average Earnings+ MTD 2020 *v.* CY 2019**

**MTD '20 Avg/Day:** $44,659 **MTD 20' *v.* CY '19':** +228%

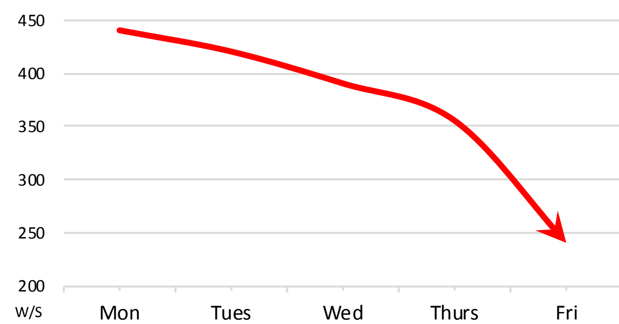
| TANKER ROUTES (13kts L\|B) | Week 17 WS\|L$ | **Week 18 WS\|L$** | Week 17 TCE* | **Week 18 TCE**** | *Week 17 Bunkers VLSFO $219/MT | ****Week 18 Bunkers VLSFO $201/MT** |
|---|---|---|---|---|---|---|
| **VLCC** | | | | | | |
| AG>USG • 280,000 (dwt) | 100.50 | **77.00** | -- | **--** | | |
| AG>SPORE • 270,000 | 171.50 | **120.00** | $205,550 | **$139,915** | **Time Charter 1 Year *v.* 3 Years ($\|day):** | |
| AG>JPN • 265,000 | 169.00 | **117.50** | $209,598 | **$141,834** | $75,000 | $45,000 |
| AG>CHINA • 270,000 | 174.00 | **122.50** | $205,819 | **$140,345** | | |
| WAFR>CHINA • 260,000 | 159.00 | **113.00** | $183,130 | **$126,652** | **# Ships Trading:** | 798 |
| USG>SPORE-AG | 15.0m | **12.8m** | $229,200 | **$194,513** | **% Fleet on Order:** | 9% |
| AG>USG/USG>SPORE-AG | -- | **--** | $237,319 | **$191,578** | **Ships to Breakers:** | No Activity |
| ***VLCC Average Earnings*** + | -- | **--** | *$200,015* | ***$141,602*** | | |
| **SUEZMAX** | | | | | | |
| WAFR>USG • 130,000 | 153.50 | **130.50** | $88,307 | **$74,198** | | |
| WAFR>UKC • 130,000 | 158.50 | **127.50** | $84,174 | **$65,651** | **Time Charter 1 Year *v.* 3 Years ($\|day):** | |
| BSEA>MED • 140,000 | 162.00 | **147.01** | $101,510 | **$89,951** | $47,500 | $35,000 |
| CBS>USG • 150,000 | 135.50 | **135.00** | $89,839 | **$90,225** | | |
| USG>UKC • 150,000 | 106.50 | **114.00** | $64,534 | **$70,927** | **# Ships Trading:** | 539 |
| CBS>USG/USG>UKC-WAFR | -- | **--** | $81,971 | **$87,183** | **% Fleet on Order:** | 10% |
| AG>USG • 140,000 | 138.00 | **105.50** | $110,380 | **$82,941** | **Ships to Breakers:** | No Activity |
| USG>SPORE | 7.7m | **7.0m** | -- | **--** | | |
| AG>USG/USG>SPORE-AG | -- | **--** | $133,539 | **$110,930** | | |
| ***Suezmax Average Earnings*** + | -- | **--** | *$84,336* | ***$68,971*** | | |
| **AFRAMAX** | | | | | | |
| N.SEA>UKC • 80,000 | 220.00 | **203.00** | $113,349 | **$101,696** | | |
| BALT>UKC • 100,000 | 176.30 | **177.60** | $93,384 | **$94,915** | **Time Charter 1 Year *v.* 3 Years ($\|day):** | |
| CBS>USG • 70,000 | 182.00 | **228.00** | $54,965 | **$73,896** | $30,500 | $24,000 |
| USG>UKC • 70,000 | 162.50 | **187.50** | $48,015 | **$57,599** | | |
| CBS>USG/USG>UKC-NSEA | -- | **--** | $80,218 | **$98,996** | **# Ships Trading:** | 1,029 |
| MED>MED • 80,000 | 165.50 | **211.00** | $62,888 | **$86,925** | **% Fleet on Order:** | 9% |
| AG>SPORE • 80,000 | 170.00 | **190.00** | $53,950 | **$61,749** | **Ships to Breakers:** | No Activity |
| ***Aframax Average Earnings*** + | -- | **--** | *$69,859* | ***$85,106*** | | |
| **PANAMAX** | | | | | | |
| CBS>USAC(USG) • 50,000 | 187.00 | **230.00** | $42,610 | **$48,249** | **Time Charter 1 Year *v.* 3 Years ($\|day):** | |
| UKC>USG • 55,000 | 139.00 | **185.40** | $31,416 | **$46,153** | $20,000 | $18,000 |
| MED>USG • 55,000 | 138.00 | **171.00** | $31,765 | **$42,222** | **# Ships Trading:** | 448 |
| ECU>USWC • 50,000 | 275.00 | **275.00** | $61,429 | **$61,942** | **% Fleet on Order:** | 4% |
| ***Panamax Average Earnings*** + | -- | **--** | *$36,593* | ***$49,222*** | **Ships to Breakers:** | No Activity |
| **LR2** | | | | | | |
| AG>JPN • 75,000 | 402.70 | **501.40** | $141,506 | **$179,100** | **Time Charter 1 Year *v.* 3 Years ($\|day):** | |
| AG>UKC | 6.60m | **8.56m** | $110,155 | **$148,624** | $45,000 | $25,000 |
| MED>JPN | 6.47m | **8.55m** | $97,889 | **$134,496** | **# Ships Trading:** | 1,029^ |
| AG>UKC-MED>JPN-AG | -- | -- | $118,517 | **$160,356** | **% Fleet on Order:** | 9%^ |
| ***LR2 Average Earnings*** + | -- | **--** | *$133,851* | ***$172,858*** | **Ships to Breakers:** | No Activity^ |
| **LR1** | | | | | | |
| AG>JPN • 55,000 | 388.20 | **455.40** | $98,760 | **$117,747** | **Time Charter 1 Year *v.* 3 Years ($\|day):** | |
| AG>UKC | 4.91m | **5.67m** | $80,442 | **$95,568** | $30,000 | $17,000 |
| UKC>WAFR • 60,000 | 302.60 | **393.00** | $86,812 | **$115,920** | **# Ships Trading:** | 448° |
| AG>UKC/UKC>WAFR-AG | -- | -- | $95,704 | **$118,912** | **% Fleet on Order:** | 4%° |
| ***LR1 Average Earnings*** + | -- | -- | *$97,232* | ***$118,330*** | **Ships to Breakers:** | No Activity° |
| **MR** | | | | | | |
| UKC>USAC • 37,000 | 325.00 | **354.00** | $57,521 | **$63,930** | | |
| USG>UKC • 38,000 | 198.50 | **246.00** | $33,498 | **$43,961** | **Time Charter 1 Year *v.* 3 Years ($\|day):** | |
| USG>UKC/UKC>USAC(USG) | -- | **--** | $72,133 | **$85,836** | $22,500 | $16,000 |
| USG>CBS (Pozos Colorados) | 950K | **1.1m** | $49,781 | **$60,457** | | |
| USG>CHILE (Coronel) | 2.24m | **2.6m** | $49,708 | **$58,894** | **# Ships Trading:** | 1,730 |
| CBS>USAC(USG) • 38,000 | 184.00 | **295.00** | $31,699 | **$56,739** | **% Fleet on Order:** | 8% |
| WCIND>JPN-ROK>SPORE-WCIND | -- | **--** | $67,328 | **$78,137** | **Ships to Breakers:** | No Activity |
| ***MR Average Earnings*** + | -- | **--** | *$58,618* | ***$69,091*** | | |
| **HANDYSIZE** | | | | | | |
| MED>EMED • 30,000 | 475.60 | **543.00** | $115,228 | **$135,051** | **Time Charter 1 Year *v.* 3 Years ($\|day):** | |
| SPORE>JPN • 30,000 | 249.00 | **418.00** | $33,798 | **$61,814** | $20,000 | $14,000 |
| ***Handysize Average Earnings*** + | -- | **--** | *$63,113* | ***$88,179*** | **# Ships Trading:** | 1,590 |
| | | | | | **% Fleet on Order:** | 6% |
| | | | | | **Ships to Breakers:** | No 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.***

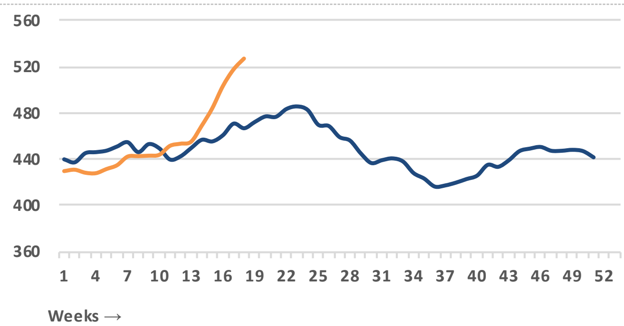
## THE WEEK IN CHARTS




**Global Climber of the Week: LR1** (USG>UKC 60,000) | **+8.3%**

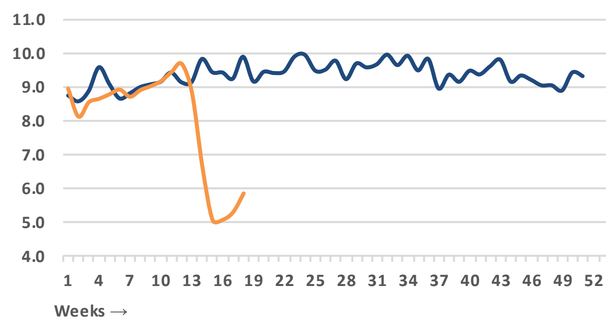



**Global Decliner of the Week: MR** (UKC>WAF 38,000) | **-45.4%**



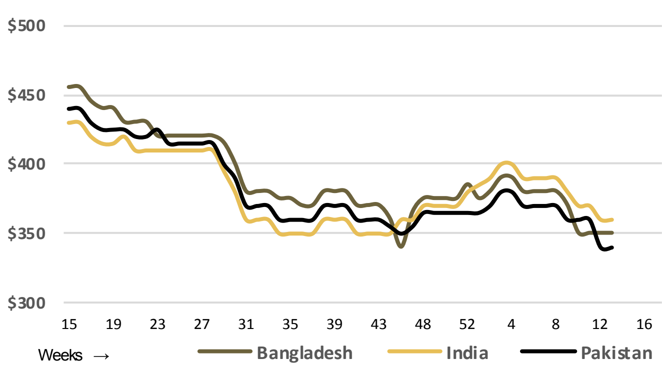

**US Crude Oil Stocks (EIA) WTD '20 *v.* CY '19**

**This Week**: 527.6Mn.Bbls **This Week '20 *v.* '19**: +13.1%

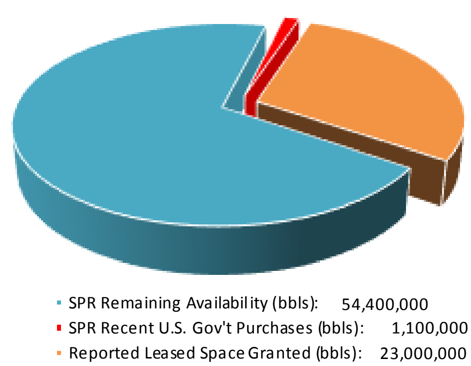



**US Gasoline Demand (EIA) WTD '20 *v.* CY '19**

**This Week**: 5.860 Mn.Bbls/Day **This Week '20 *v.* '19**: -40.6%




**Tanker Demolition Market, 52-Week Ticker ($|Ldt)**
**(Note: Breaker beaches are closed therefore no quotes available.)**




**Charley's Chart of the Week:** U.S. Strategic Petroleum (SPR) Reserve Activity (Total SPR Authorized Capacity: 713,500,000 bbls)

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