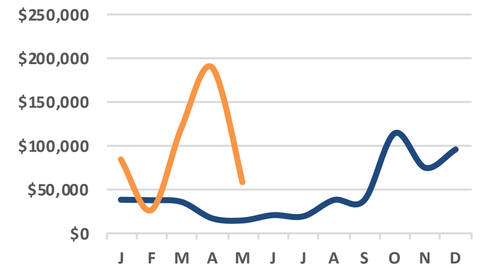
Charles R. Weber Research

WEEKLY MARKET REPORT

Week 21 • May 22, 2020 **Issue WM21-20**

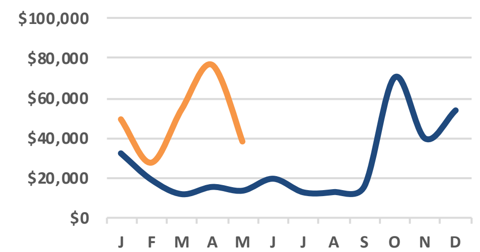
VLCC: It was a lackluster week on the VLCC front with the May program complete and charterers in no rush to progress into June. The limited fresh inquiries exerted further downward pressure on sentiment and TD3 rates dropped from the high to low ws50's, the latest fixture at ws49.5 which yields a TCE of about $38,900 per day. Those few charterers that entered the market this week had sufficient choices and with further cuts expected in June, sentiment is bearish for the short term. There were only 11 fresh fixtures to report this week from the AG, bringing the June cargo tally to 15. The position list shows some 38 vessels available through the first decade of June, which compares to another 20 to 25 expected cargoes over that same period.



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

MTD '20 Avg/Day: $58,895 **MTD 20' *v.* CY '19':** +280%

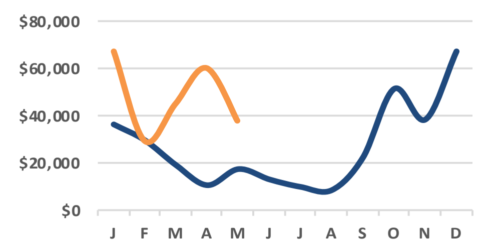
SUEZMAX: Demand in West Africa was limited this week, as charterer's remain patient with their first decade June programs as sentiment amongst owners continues to dissipate. The TD20 route shed 10 points on the week as ample tonnage and weaker demand from secondary markets kept downward pressure on last done levels. As a result, TD20 TCE levels slipped downward yielding a return of roughly $32,100/day (IFO 380) / 29,100/day (0.5%) on the week. With limited cargo flow surfacing the MED market also saw red figures this week as the TD6 route slipped 15 points down to ws72.5 generating a TCE of around $31,400/day (IFO 380) / 30,600/day (0.5%). In the USG/CBS region, decreased demand coupled with a top-heavy tonnage list has left rates vulnerable to downward pressure. The USG>TA route was tested accordingly pushing rates south to ws55 basis 145,000mt cargo size. The USG>SPORE route also suffered a similar fate as rates fell $300,000 to $3.9m (1:1) lump sum and is due for further testing heading into the summer months. BDTI- TD20 ended the week settling at ws71.59 which is down 10.23 points from this time last week.



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

MTD '20 Avg/Day: $38,531 **MTD 20' *v.* CY '19':** +177%

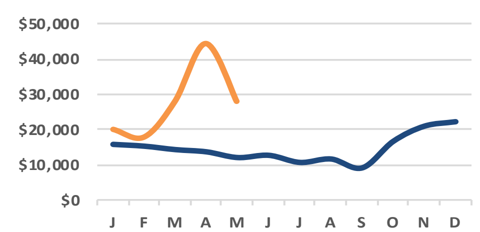
AFRAMAX: Rates took quite a hit this week. TD9 saw rates drop to ws90 mid-week and TA routes saw levels drop to ws87.5. TCEs have been spared however due to the lower than average bunker prices this year. TD9 is now earning approximately $17,000 per day and TD25 approximately $35,000 per day. The lack of activity which persisted throughout the week coupled with plenty of tonnage across the region kept rates soft this week and allowed charterers to finally get a good grip on the market. Now with the long weekend approaching, rates should remain stagnant after a quiet close and next week should be a good indicator if we have reached the bottom. Much of the same is happening across the pond as rates have eased or flattened out in most markets. Cross UKC saw rates ease throughout the week as inquiries softened and more tonnage began to mount in the region. Cross Med and Baltic/Cont trades flattened out near ws87.5 after a quiet week plagued both routes. Owners are losing their incentive to take TA cargoes with markets flattening out on both sides of the pond.



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

MTD '20 Avg/Day: $37,922 **MTD 20' *v.* CY '19':** +119%

MR: Rates in Europe continued to tumble on the back of weakened demand. TC2 levels have now fallen to ws100 for 37,000mt basis with the West Africa premium narrowing to 15 points. This is down about 40 points from last week, but most feel the market has likely reached near its bottom. Asian demand has improved and should potentially be a cause for a much needed uptick for early June lifting's. After bottoming at ws70 for TC14 and ws115 for Brazil, the USG market rebounded Thursday as charterers set out to cover month end stems prior to the Memorial Day weekend. Once this additional volume was introduced, rates climbed back to ws80 for TC14 and ws125 for Brazil. Short-hauls were also able to maintain their ground of $400,000 for Caribbean destinations. That being said, available tonnage still remains and, with demand destruction still constant, this may only be a temporary stop to the bleeding.



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

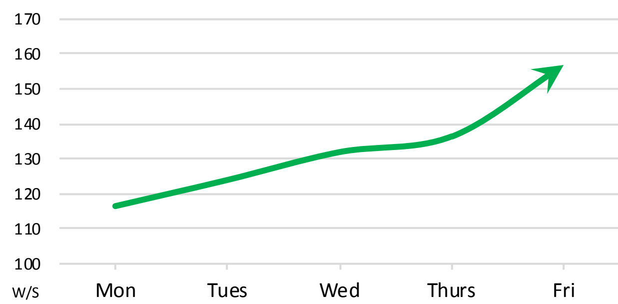
MTD '20 Avg/Day: $28,135 **MTD 20' *v.* CY '19':** +134%

TANKER ROUTES (13kts L|B)	Week 20 WS|L$	Week 21 WS|L$	Week 20 TCE*	Week 21 TCE**
VLCC				
AG>USG • 280,000 (dwt)	35.60	**35.00**	--	**--**
AG>SPORE • 270,000	60.40	**58.00**	$61,101	**$55,989**
AG>JPN • 265,000	59.50	**52.40**	$62,620	**$51,074**
AG>CHINA • 270,000	60.00	**55.00**	$57,934	**$49,461**
WAFR>CHINA • 260,000	57.50	**53.70**	$55,704	**$49,021**
USG>SPORE-AG	5.5m	**4.9m**	$74,827	**$62,449**
AG>USG/USG>SPORE-AG	--	**--**	$75,753	**$66,988**
VLCC Average Earnings +	--	**--**	*$59,908*	***$51,135***
SUEZMAX				
WAFR>USG • 130,000	90.00	**71.00**	$45,174	**$33,009**
WAFR>UKC • 130,000	92.50	**75.50**	$42,654	**$30,624**
BSEA>MED • 140,000	94.00	**81.00**	$45,585	**$33,656**
CBS>USG • 150,000	97.50	**88.00**	$58,815	**$49,741**
USG>UKC • 150,000	78.50	**65.50**	$43,186	**$32,038**
CBS>USG/USG>UKC-WAFR	--	**--**	$54,322	**$42,433**
AG>USG • 140,000	55.50	**40.50**	$38,271	**$23,745**
USG>SPORE	4.25m	**4.20m**	--	**--**
AG>USG/USG>SPORE-AG	--	**--**	$57,240	**$31,688**
Suezmax Average Earnings +	--	**--**	*$41,303*	***$30,368***
AFRAMAX				
N.SEA>UKC • 80,000	109.50	**118.75**	$22,693	**$38,820**
BALT>UKC • 100,000	82.50	**105.00**	$31,976	**$45,521**
CBS>USG • 70,000	145.50	**102.50**	$40,100	**$21,833**
USG>UKC • 70,000	136.50	**101.25**	$37,588	**$23,243**
CBS>USG/USG>UKC-NSEA	--	**--**	$63,006	**$40,097**
MED>MED • 80,000	121.50	**87.50**	$39,853	**$21,183**
AG>SPORE • 80,000	142.50	**126.25**	$42,850	**$35,513**
Aframax Average Earnings +	--	**--**	*$41,319*	***$29,879***
PANAMAX				
CBS>USAC(USG) • 50,000	150.00	**126.00**	$31,872	**$24,143**
UKC>USG • 55,000	130.60	**119.30**	$28,554	**$24,095**
MED>USG • 55,000	140.00	**123.00**	$29,238	**$24,838**
ECU>USWC • 50,000	271.00	**259.00**	$60,108	**$56,062**
Panamax Average Earnings +	--	**--**	*$29,918*	***$25,595***
LR2				
AG>JPN • 75,000	288.50	**145.40**	$98,314	**$43,468**
AG>UKC	5.33m	**2.82m**	$85,269	**$35,627**
MED>JPN	4.28m	**2.79m**	$59,583	**$32,557**
AG>UKC-MED>JPN-AG	--	--	$82,817	**$40,818**
LR2 Average Earnings +	--	**--**	*$93,154*	***$42,586***
LR1				
AG>JPN • 55,000	281.20	**156.20**	$69,041	**$33,679**
AG>UKC	3.72m	**2.24m**	$57,207	**$27,648**
UKC>WAFR • 60,000	166.30	**126.40**	$43,416	**$34,134**
AG>UKC/UKC>WAFR-AG	--	--	$60,558	**$29,793**
LR1 Average Earnings +	--	--	*$64,800*	***$33,907***
MR				
UKC>USAC • 37,000	161.00	**114.50**	$23,643	**$13,292**
USG>UKC • 38,000	95.00	**79.00**	$11,439	**$7,239**
USG>UKC/UKC>USAC(USG)	--	**--**	$29,618	**$19,487**
USG>CBS (Pozos Colorados)	415k	**395k**	$14,099	**$12,027**
USG>CHILE (Coronel)	1.32m	**1.25m**	$22,300	**$19,531**
CBS>USAC(USG) • 38,000	146.00	**117.00**	$23,045	**$15,856**
WCIND>JPN-ROK>SPORE-WCIND	--	**--**	$37,728	**$21,585**
MR Average Earnings +	--	**--**	*$26,067*	***$17,169***
HANDYSIZE				
MED>EMED • 30,000	115.60	**133.20**	$10,738	**$15,265**
SPORE>JPN • 30,000	282.00	**152.50**	$38,967	**$17,059**
Handysize Average Earnings +	--	**--**	*$28,805*	***$16,413***

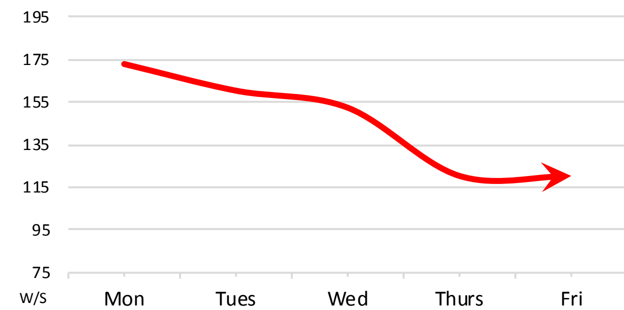
	**Week 20 Bunkers VLSFO $230/MT*	*****Week 21 Bunkers VLSFO $265/MT***
VLCC Time Charter 1 Year *v.* 3 Years ($|day):	$65,000	$40,000
# Ships Trading:	799	
% Fleet on Order:	9%	
Ships to Breakers:	No Activity	
SUEZMAX Time Charter 1 Year *v.* 3 Years ($|day):	$40,000	$32,000
# Ships Trading:	540	
% Fleet on Order:	9%	
Ships to Breakers:	No Activity	
AFRAMAX Time Charter 1 Year *v.* 3 Years ($|day):	$30,000	$24,000
# Ships Trading:	1,029	
% Fleet on Order:	9%	
Ships to Breakers:	No Activity	
PANAMAX Time Charter 1 Year *v.* 3 Years ($|day):	$16,000	$15,000
# Ships Trading:	448	
% Fleet on Order:	4%	
Ships to Breakers:	No Activity	
LR2 Time Charter 1 Year *v.* 3 Years ($|day):	$35,000	$27,500
# Ships Trading:	1,029^	
% Fleet on Order:	9%^	
Ships to Breakers:	No Activity^	
LR1 Time Charter 1 Year *v.* 3 Years ($|day):	$25,000	$18,000
# Ships Trading:	448°	
% Fleet on Order:	4%°	
Ships to Breakers:	No Activity°	
MR Time Charter 1 Year *v.* 3 Years ($|day):	$16,500	$17,000
# Ships Trading:	1,737	
% Fleet on Order:	8%	
Ships to Breakers:	No Activity	
HANDYSIZE Time Charter 1 Year *v.* 3 Years ($|day):	$15,000	$15,000
# Ships Trading:	1,596	
% 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.

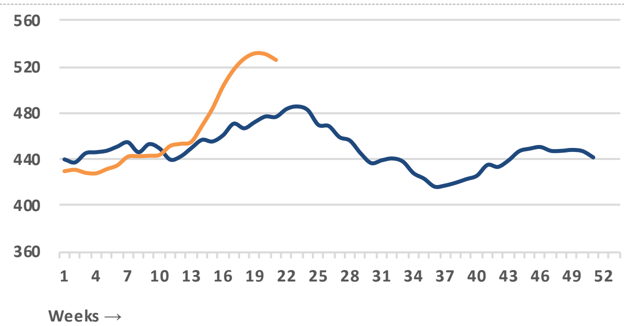
THE WEEK IN CHARTS



Global Climber of the Week: Handymax (Med>Med 30,000) **| +34%**

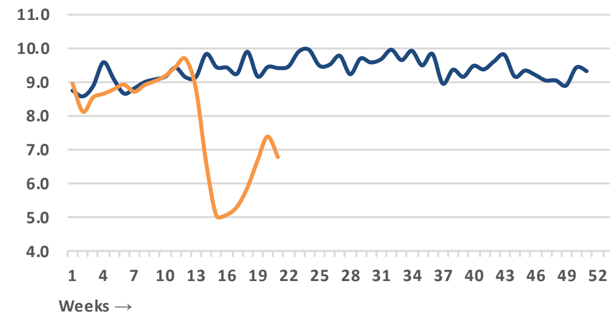


Global Decliner of the Week: LR2 (AG>Far East 75,000) **| -30%**



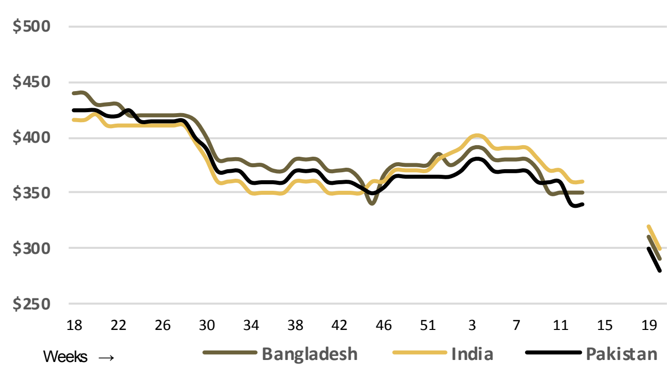
US Crude Oil Stocks (EIA) WTD '20 *v.* CY '19

This Week: 526.5Mn.Bbls **This Week '20 *v.* '19:** +10.5%

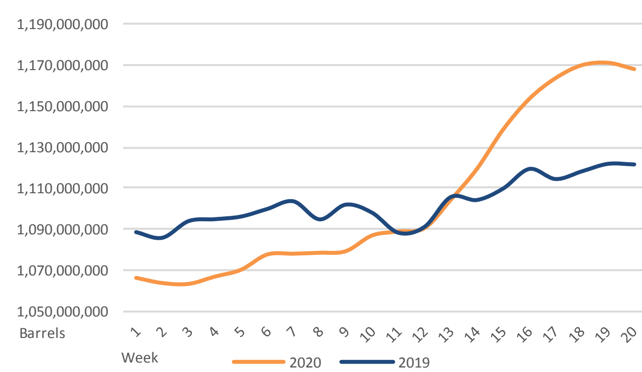


US Gasoline Demand (EIA) WTD '20 *v.* CY '19

This Week: 6.790 Mn.Bbls/Day **This Week '20 *v.* '19:** -27.7%



Tanker Demolition Market, 52-Week Ticker ($|Ldt)
(Note: Breaker beaches are slowly opening.)



Charley's Chart of the Week: US Weekly Ending Stocks of Crude Oil (EIA)
Week 20 2019 *v.* 2020 Spread: 46,831,000 barrels

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