

# WEBER WEEKLY TANKER REPORT



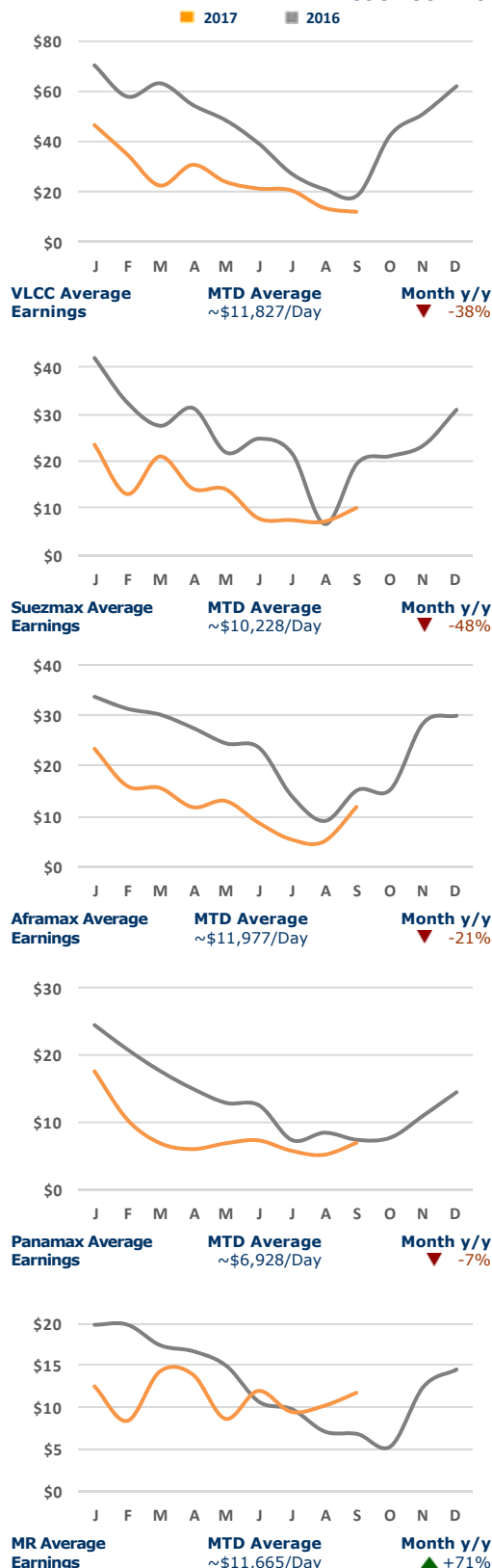
WEEK 36 – 8 SEPTEMBER 2017

ISSUE 36 – 2017

Spot Market	WS/LS	TCE	WS/LS	TCE
<b>VLCC</b> (13.0 Kts L/B)		<b>1-Sep</b>		<b>8-Sep</b>
AG>USG 280k	21.5	\$(3,704)	20.0	\$(5,962)
AG>USG/CBS>SPORE/AG	--	\$20,264	--	\$20,454
AG>SPORE 270k	38.0	\$7,416	41.0	\$8,477
AG>JPN 265k	37.0	\$8,640	39.0	\$8,950
AG>CHINA 270k	39.0	\$7,407	41.0	\$7,718
WAFR>CHINA 260k	45.5	\$14,069	49.0	\$15,892
CBS>SPORE 270k	\$3.35m	--	\$3.60m	--
<b>VLCC Average Earnings</b>		<b>\$10,617</b>		<b>\$11,310</b>
<b>SUEZMAX</b> (13.0 Kts L/B)				
WAFR>USG 130k	65.0	\$10,356	67.5	\$10,474
WAFR>UKC 130k	70.0	\$7,521	75.0	\$8,606
BSEA>MED 140k	75.0	\$5,319	80.0	\$7,477
CBS>USG 150k	70.0	\$14,228	82.5	\$20,883
<b>Suezmax Average Earnings</b>		<b>\$9,396</b>		<b>\$10,979</b>
<b>AFRAMAX</b> (13.0 Kts L/B)				
N.SEA>UKC 80k	85.0	\$(2,128)	100.0	\$8,898
AG>SPORE 70k	92.5	\$7,372	90.0	\$5,969
BALT>UKC 100k	60.0	\$1,580	70.0	\$5,637
CBS>USG 70k	155.0	\$22,222	155.0	\$21,531
USG>UKC 70k	115.0	--	110.0	--
CBS>USG/USG>UKC/NSEA	--	\$29,976	--	\$27,723
MED>MED 80k	77.5	\$1,632	105.0	\$10,551
<b>Aframax Average Earnings</b>		<b>\$10,698</b>		<b>\$13,613</b>
<b>PANAMAX</b> (13.0 Kts L/B)				
CBS>USG 50k	125.0	\$2,755	122.5	\$1,559
CONT>USG 55k	122.5	\$8,895	117.5	\$7,041
ECU>USWC 50k	140.0	\$9,409	140.0	\$8,951
<b>Panamax Average Earnings</b>		<b>\$7,597</b>		<b>\$6,175</b>
<b>LR2</b> (13.0 Kts L/B)				
AG>JPN 75k	100.0	\$9,768	111.0	\$11,454
AG>UKC 80k	\$1.65m	\$10,875	\$1.60m	\$9,206
MED>JPN 80k	\$1.59m	\$7,561	\$1.55m	\$6,237
AG>UKC/MED>JPN/AG	--	\$14,921	--	\$13,273
<b>LR2 Average Earnings</b>		<b>\$11,484</b>		<b>\$12,060</b>
<b>LR1</b> (13.0 Kts L/B)				
AG>JPN 55k	121.5	\$8,900	131.0	\$9,767
AG>UKC 65k	\$1.37m	\$8,558	\$1.42m	\$8,889
UKC>WAFR 60k	147.5	\$8,682	114.0	\$2,791
AG>UKC/UKC>WAFR/AG	--	\$15,878	--	\$12,741
<b>LR1 Average Earnings</b>		<b>\$12,389</b>		<b>\$11,254</b>
<b>MR</b> (13.0 Kts L/B)				
UKC>USAC 37k	250.0	\$23,771	125.0	\$4,175
USG>UKC 38k	115.0	\$4,526	95.0	\$971
USG>UKC/UKC>USAC/USG	--	\$20,435	--	\$6,949
USG>CBS (Pozos Colorados) 38k	\$450k	\$13,699	\$375k	\$8,112
USG>CHILE (Coronel) 38k	\$1.20m	\$16,535	\$1.03m	\$10,977
CBS>USAC 38k	135.0	\$8,725	130.0	\$7,378
<b>MR Average Earnings</b>		<b>\$17,109</b>		<b>\$8,035</b>
<b>Handy</b> (13.0 Kts L/B)				
MED>EMED 30k	135.5	\$8,638	139.0	\$9,161
SPORE>JPN 30k	160.0	\$7,508	180.0	\$9,140
<b>Handy Average Earnings</b>		<b>\$7,915</b>		<b>\$9,147</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>	\$24,500	\$28,000
<b>Suezmax</b>	\$17,000	\$18,500
<b>Aframax</b>	\$14,500	\$17,000
<b>Panamax</b>	\$12,000	\$13,500
<b>MR</b>	\$12,750	\$14,500
<b>Handy</b>	\$12,000	\$13,000



Whilst every care has been taken in the production of this study, no liability can be accepted for any loss incurred in any way whatsoever by any person who may seek to rely on the information contained herein. All information is supplied in good faith and Charles R. Weber Company, Inc. accepts no responsibility for any and all errors and omissions contained within this study.

# WEBER WEEKLY TANKER REPORT



## SPOT MARKET SUMMARY

### VLCC

The VLCC market observed a strong surge in demand this week, led by China-bound voyages being fixed from all loading areas at a two-year high which saw total demand in the Middle East market rise to its most active pace in six-months. The influx of demand led to stronger sentiment that saw modest rate gains materialize—initially. As the week progressed, COAs had accounted for a large percentage of covered cargoes and those which weren't were met with a long list of offers, prompting some rate giveback towards the close of the week. Overall, the Middle East market observed 39 cargoes, a 63% w/w gain, of which COAs accounted for 13, or a third of the total. In the West Africa market, there were six fresh fixtures, or one fewer than last week's tally. China-bound voyages stood at 24, which compares with a YTD average of 13.5 per week, though directional implications are tempered by the fact that the four-week moving average is on par with the YTD average at 14. Vessel supply remains the main challenge for the market, with the end-September Middle East surplus estimated at 24 units, which is unchanged from a month ago. Lagging sentiment, however, has seen TCEs remain in a directional decline despite the unchanged surplus with the present AG-FEAST TCE average of ~\$9,174/day comparing with an August average of ~\$11,506/day.

We expect that Middle East demand will inch up during October as reports indicate that Saudi Arabia will cut allocations by 350,000 b/d, a lower cut than the approximately 250,000 b/d estimated during September (cuts under the OPEC agreement were for 486,000 b/d relative to an October '16 baseline). This should help to support a progression into seasonal strength by increasing cargo availability, assuming that other regional producers make similar moves. Meanwhile, Saudi and other key regional OSPs for Asian buyers have been raised while being cut for European buyers. This should incentivize a migrating of some Asian interest to the West Africa market, which will increase competition for the same pool of eastern ballast units which make up the Middle East position list – just as the Caribbean market has recently accounted for a number of eastern ballast units. Further forward, any associated increase in West Africa VLCC coverage bodes well for VLCC supply/demand fundamentals by consuming vessels for longer periods and thus reducing availability later during Q4. Thus, while we expect that VLCC rates will remain under modest negative pressure in the near-term as charterers work through the remainder of the September Middle East program, directional strength will likely become apparent by the start of Q4 and remain through the remainder of the year.

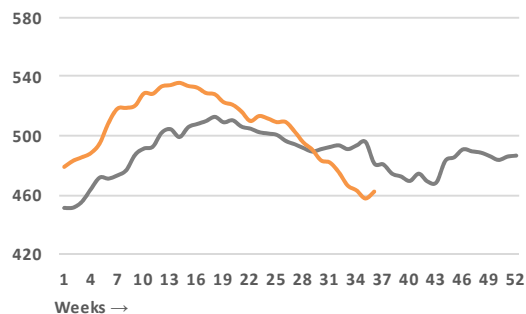
### Middle East

Rates to the Far East gained three points to conclude at ws40 with corresponding TCEs rising by 13% to ~\$9,174/day. Rates to the USG via the cape shed 0.5 point to conclude at ws21. Triangulated Westbound trade earnings eased 6% to ~\$20,301/day.

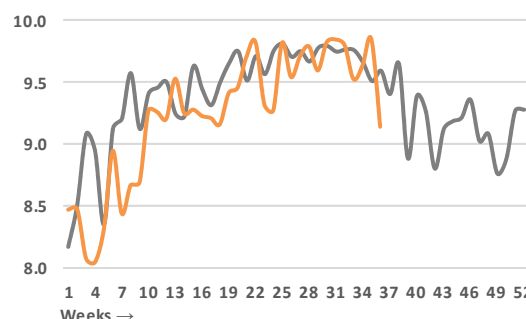
### Atlantic Basin

Rates in the West Africa market were stronger on the sustained tight Atlantic basin supply and as participants were resistant to long-haul trades with earnings only just above OPEX and ahead of the traditionally stronger Q4 market. The WAFR-FEAST route gained 4.5 points accordingly to conclude at ws50. Corresponding TCEs rose by 16% to conclude at ~\$16,752/day.

In the Caribbean market, having eased last week on rising inbound ballasters from Asia, rates were stronger this week after that flow abated and a replacement cargo was fixed at a premium. The CBS-SPORE route concluded with a \$50k gain to \$3.5m lump sum, having declined to the \$3.35m level earlier during the week.



**US Crude Stocks (EIA)** Last Week 462.4 MnBbls Week y/y ▼ -3.8%



**US Gasoline Demand (EIA)** Last Week 9.136 MnB/d Week y/y ▼ -4.8%

■ 2017 ■ 2016

# WEBER WEEKLY TANKER REPORT



## Suezmax

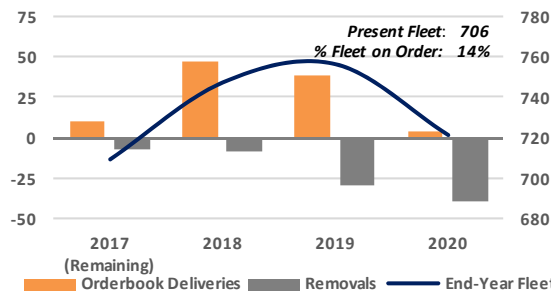
The West Africa Suezmax market remained firm this week as a function of both stronger regional demand and rising rates in the Caribbean market, where demand remained active and supported by firm Aframax rates. A total of 14 West Africa fixtures were reported, representing a w/w gain of 133%. Rates on the WAFR-UKC route added 2.5 points to conclude at ws72.5. Stronger rates may have materialized given strong resistance by owners to last-done levels, but charterers were quieter at the close of the week in an attempt to stem further upside, which appears to be bearing fruit. Meanwhile, the Black Sea market has been following the gains elsewhere as overall supply levels tighten; the BSEA-MED route added five points to conclude at ws80. Further gains are expected to materialize on a fresh resumption of demand given a strong discount of TCEs on both ex-WAFR and ex-BSEA routes relative to those in the Caribbean market.

The Caribbean market remained active as charterers looked to the class as an alternative for replacements of delayed Aframaxs, evidenced by a number of CBS-USG fixtures while cargoes for ECMEX-USWC, ECMEX-UKC and CBS-FAST voyages added to the demand. The CBS-USG route rose 12.5 points to 150 x ws82.5. Further gains could be difficult to achieve given that \$/mt freights are now at a premium to Aframaxs, though the impact of Hurricane Katia hitting Mexico's east coast on itineraries in both classes remains unclear.

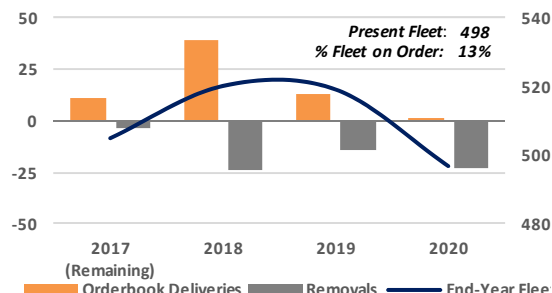
## Aframax

The Caribbean market commenced the week with an extending of strong sentiment as vessels remained delayed and owners sought to capitalize on both the remnants of Hurricane Harvey's impact and the specter of Hurricane Irma-driven delays as it entered the Caribbean region. Rates remained moderately volatile as the week progressed but ultimately concluded unchanged from a week ago with the CBS-USG route assessed at ws155. Potential upside seems to have been limited by the ability of Suezmaxs to command a strong share of the market, though with the larger class' rates now at a \$/mt premium to Aframaxs it remains to be seen if interest will migrate to larger tonnage – and could instead lend fresh further support to Aframax rates. Also uncertain at the close of the week is the impact of Hurricane Katia hitting Mexico's east coast, where a number of terminals closed as the storm approached. Itinerary delays could help to accelerate any fresh rallying of rates. Otherwise, an anticipated expansion of positions at the start of the upcoming week may see rates start to trend towards normalized levels.

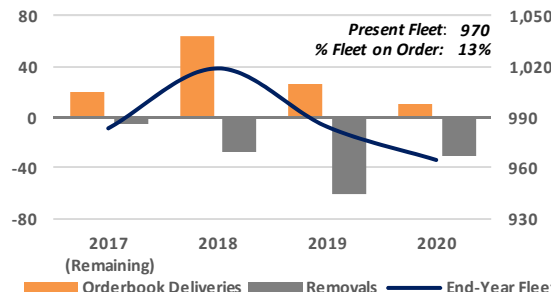
### VLCC Fleet Growth



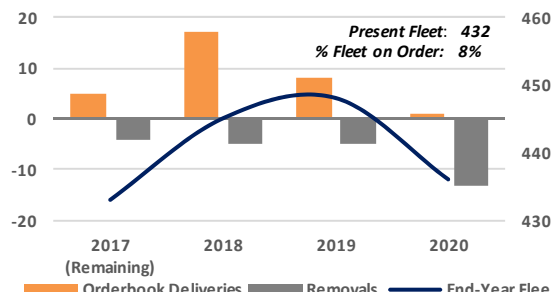
### Suezmax Fleet Growth



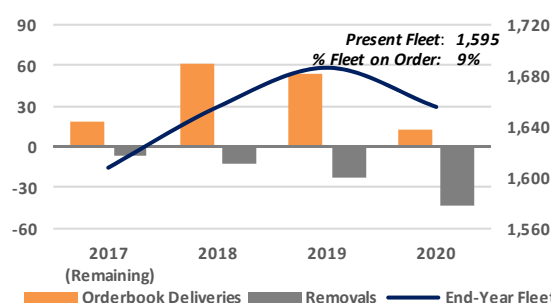
### Aframax/LR2 Fleet Growth



### Panamax/LR1 Fleet Growth



### MR Fleet Growth



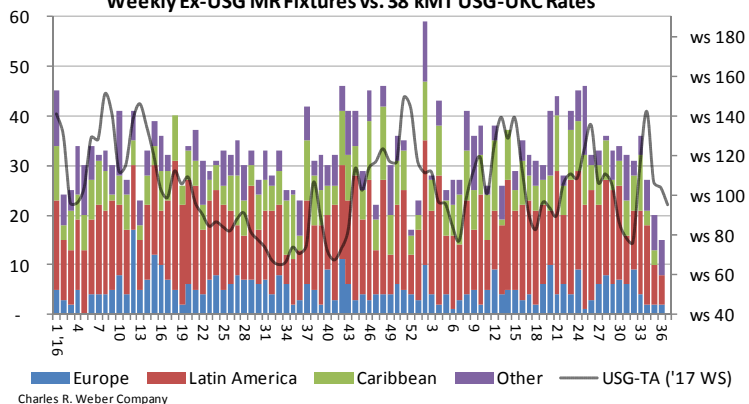
# WEBER WEEKLY TANKER REPORT



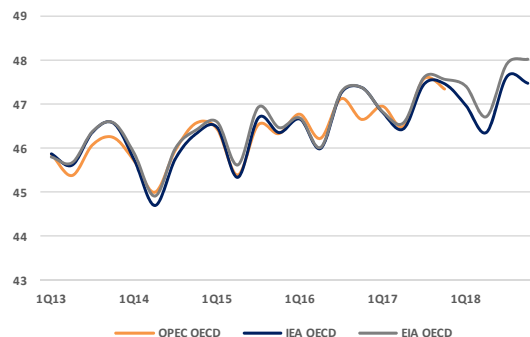
## MR

The USG MR market was quiet through much of the week and with the fixture tally appearing on course to decline to a four-year low. Just 15 fixtures were reported through mid-day Friday. However, at least 10 units were put on subjects or are being worked late Friday for Florida-bound voyages from the USG and USAC after the US Department of Homeland Security confirmed a blanket waiving of Jones Act restrictions delivery to hurricane-affected areas amid Hurricane Irma's Florida approach. The waiver applies for cargoes laden within the next seven days. Depending on the extent of damage and fuel shortages, the waivers could continue to stoke demand on the route, which would help to limit further rate downside. Similarly, though, if the impact of the storm on gasoline supplies in areas expected to be hit by Hurricane Irma, the coastwise fixtures could fail leading these units back into the market. The USG-UKC route shed 20 points to conclude at ws95 while the USG-CBS route shed \$75k to conclude at \$375k lump sum. Strong rate losses in the UKC market were observed at the close of the week, which may increase resistance to USG-TA voyages thus limiting further rate losses—and similarly influence round-trip ex-USG voyages.

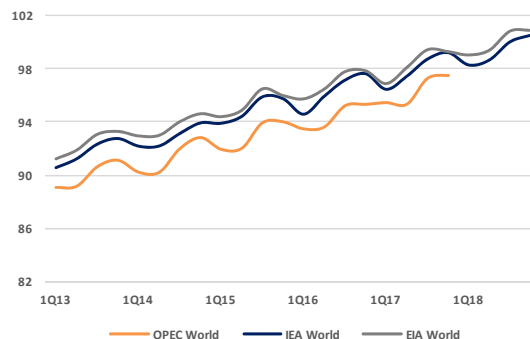
Weekly Ex-USG MR Fixtures vs. 38 kMT USG-UKC Rates



Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



# WEBER WEEKLY TANKER REPORT



## REPORTED TANKER SALES

**"Neptune Voyager"** – 104,875/03 – Samsung Geoje – DH  
-Sold for \$10.2m to undisclosed Greek buyers.

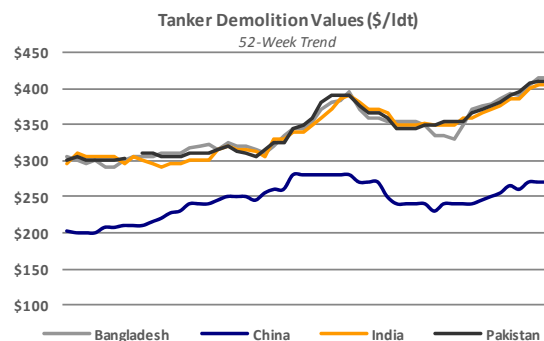
**"Hellespont Protector"** – 73,821/07 – New Century – DH  
**"Hellespont Promise"** – 73,727/07 – New Century – DH  
**"Hellespont Promise"** – 73,669/07 – New Century – DH  
-Sold en bloc for \$42.0m to undisclosed buyers.

**"Vega"** – 46,217/99 – Hyundai Ulsan – DH  
-Sold for \$6.5m to undisclosed buyers basis DD due.

## REPORTED TANKER DEMOLITION SALES

### India

**"Alors"** – 45,999/91 – 10,766 LDT – DH – IMO II  
-Sold for \$405/ltd. Unit due for SS/DD 11/2017.



**George P. Los**  
Senior Market Analyst  
Charles R. Weber Research  
[research@crweber.com](mailto:research@crweber.com)

**Charles R. Weber Company, Inc.**  
Greenwich Office Park Three, 1001 McKinney Street,  
Greenwich, CT 06831 Suite 475  
Tel: +1 203 629-2300 Houston, TX 77002  
[www.crweber.com](http://www.crweber.com) Tel: +1 713 568-7233