

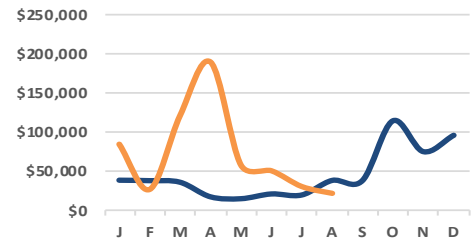
WEEKLY MARKET REPORT



Week 35 • August 28, 2020

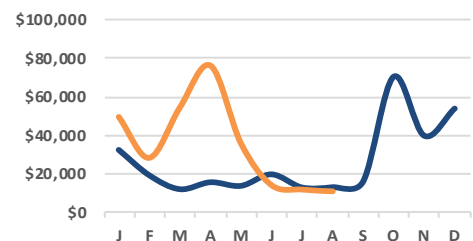
Issue WM35-20

VLCC: Little change was expected this week as reality set in that gravity has finally caused the historic rates seen over the last 12 months to finally fall back to earth and where such rates have become a distant memory. The summer doldrums gave way this week to the anticipation of the arrival of Hurricane Laura setting aim on the U.S. Gulf and the refineries of Louisiana and Texas. The news this morning revolves around the impacts and damage Hurricane Laura exerted as it made landfall at St. Charles as a CAT4 and, bringing with it, some of the strongest winds ever recorded on land, recording speeds in excess of 150 mph (241 kph). Although it is still too early to know the full extent of the damage, reports are emerging that more significant damage has been caused to some refineries in Louisiana. In the market, tonnage remains plentiful all over and owners are resisting lower levels. The AG remains all but dead and hovering around the ws30 barrier for modern tonnage and the Atlantic is little better. The next likely softening is expected to be in the U.S. Gulf, which has been steady, most recently delivering in the mid \$4m and mid \$5m range for Singapore and Ningbo, respectively. But with potential supply disruption and too many ships looking that way, given time, those rates will also soften. As the market examines whether this summer week will be seen as the bottom, we still hear the general cry of “where are all the cargoes?” echoing in the market as we have only seen 33 fixtures so far for September.



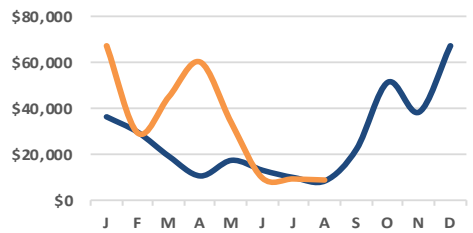
VLCC Average Earnings* MTD 2020 v. CY 2019
 MTD '20 Avg/Day: \$21,826 MTD 20' v. CY '19': -44%

SUEZMAX: With the end of summer in sight, demand in West Africa remains light as charterers remain patient with their second-half September programs. The TD20 route was tested accordingly as rates slipped 7.5 points on the week-to-week comparison down to ws42.5. As a result, TD20 TCE levels slipped south yielding a return of roughly \$9,400/day (IFO 380) / \$6,200/day (0.5%). With limited cargo flow predominating, the Mediterranean market started seeing red figures on the week as the TD6 route slipped 2.5 points down to ws52.5 and generating a TCE of \$11,800/day (IFO 380) / \$10,500/day (0.5%). In the USG/CBS region, with limited cargo inquiries and ample tonnage available, rates remained shaky and due for additional testing on both local and Trans-Atlantic routes. Rates for USG>TA slipped down below the ws50 barrier dropping down to ws45 (basis 145,000mt cargo). The USG>SPORE market appears shaky at current levels and should remain pinned down at around \$2.75m (1:1) lump sum and certainly appears to be vulnerable for further testing going forward. BDTI- TD20 ended the week settling at ws43.18 which is down 1.27 points from this time last week.



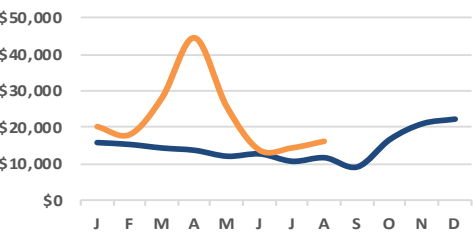
Suezmax Average Earnings* MTD 2020 v. CY 2019
 MTD '20 Avg/Day: \$10,536 MTD 20' v. CY '19': -20%

AFRAMAX: The market remained flat this week despite some added pressure from Hurricane Laura's impacts in the Gulf of Mexico. Rates remained sideways for most of the Aframax routes as there was not sufficient activity to drum up any excitement. Trans-Atlantic routes closed at ws62.5 while East Coast Mexico and TD9 routes closed near ws62.5 to 65. Now, with more tonnage expected to open up over the weekend, the already saturated list will likely grow and ultimately overtake the current level well into next week. European markets faced similar trends this week with the Cross Mediterranean routes dropping around 10 points to close near ws52.5 and therefore resulting in negative TCE returns for owners. While the Cross UKC routes seemed poised to move early on this week, inquiries failed to materialize and get the rates moving and instead resulted in putting rates at the ws80 level by the end of the week. With these conditions prevailing, we see similar sentiment should be expected next week as well.



Aframax Average Earnings* MTD 2020 v. CY 2019
 MTD '20 Avg/Day: \$8,747 MTD 20' v. CY '19': +5.9%

MR: All the talk this week surrounded Hurricane Laura and its potential impact on Gulf Coast refining. The anticipation of supply disruptions in the region caused Continent charterers to take note, driving up TC2 rates to roughly up 50 points to ws150 (basis 37,000mt cargo) by mid-week. Ultimately as the storm veered east of Houston, and the arbitrage began to evaporate, deals began to fail, and the market cooled down to ws115 levels. Expectations are for further downside movement next week. In Europe, committed ballasters are only adding to the growing list of competition. On the other hand, the U.S. Gulf market went in only one direction, down. The impending threat of shut-ins provided a quieter tone and some owners were eager to try to fix ahead of the storm. USG>UKC has now slid to ws90 (basis 38,000mt cargo) and Brazil to ws130 with shorter hauls to E.C. Mex at \$350,000 and \$550,000 to the Caribs. Hurricane Laura's storm track took dead aim on the U.S. Gulf coast refineries this week with initial word that some refineries could be down for a number of weeks. Short term rate expectations are for weaker sentiment as a growing list of ships will have to wait for September stems which likely will not surface until early to middle next week.



MR Average Earnings* MTD 2020 v. CY 2019
 MTD '20 Avg/Day: \$16,052 MTD 20' v. CY '19': +38%

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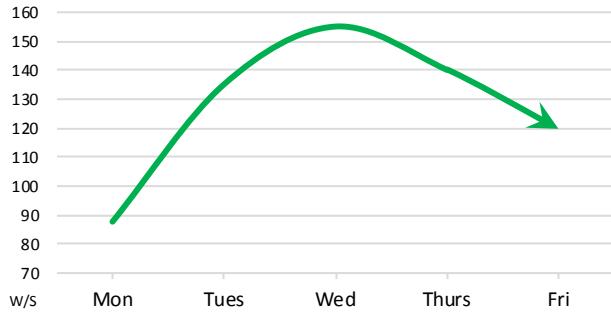
TANKER ROUTES (13kts L B)	Week 34	Week 35	Week 34	Week 35	*Week 34 Bunkers	**Week 35 Bunkers
VLCC	WS L\$	WS L\$	TCE*	TCE**	VLSFO \$346/MT	VLSFO \$345/MT
AG>USG • 280,000 (dwt)	21.00	20.80	--	--		
AG>SPORE • 270,000	32.20	32.20	\$17,948	\$18,005	Time Charter 1 Year v. 3 Years (\$ day): \$34,000 \$39,000	
AG>JPN • 265,000	30.60	30.20	\$17,179	\$16,703		
AG>CHINA • 270,000	33.80	33.40	\$17,352	\$16,898		
WAFR>CHINA • 260,000	38.00	34.60	\$24,925	\$20,732	# Ships Trading: 807	
USG>SPORE-AG	4.40m	4.40m	\$49,058	\$49,119	% Fleet on Order: 9%	
AG>USG/USG>SPORE-AG	--	--	\$41,162	\$41,004	Ships to Breakers: No Activity	
VLCC Average Earnings*	--	--	\$21,456	\$20,727		
SUEZMAX						
WAFR>USG • 130,000	40.00	40.50	\$9,464	\$9,838		
WAFR>UKC • 130,000	45.00	44.00	\$8,184	\$7,610	Time Charter 1 Year v. 3 Years (\$ day): \$24,000 \$26,000	
BSEA>MED • 140,000	57.00	55.00	\$11,015	\$9,420		
CBS>USG • 150,000	56.50	52.50	\$20,862	\$17,696	# Ships Trading: 543	
USG>UKC • 150,000	38.50	37.50	\$8,359	\$7,667	% Fleet on Order: 9%	
CBS>USG/USG>UKC-WAFR	--	--	\$14,056	\$12,428	Ships to Breakers: No Activity	
AG>USG • 140,000	20.55	19.50	\$2,893	\$2,028		
USG>SPORE	2.83m	2.75m	--	--		
AG>USG/USG>SPORE-AG	--	--	\$20,408	\$19,160		
Suezmax Average Earnings*	--	--	\$9,858	\$9,028		
AFRAMAX						
N.SEA>UKC • 80,000	81.00	79.50	\$8,725	\$7,699		
BALT>UKC • 100,000	57.80	53.50	\$11,779	\$9,039	Time Charter 1 Year v. 3 Years (\$ day): \$19,500 \$21,000	
CBS>USG • 70,000	66.00	65.00	\$4,512	\$4,156		
USG>UKC • 70,000	65.50	63.00	\$6,956	\$6,071	# Ships Trading: 1,036	
CBS>USG/USG>UKC-NSEA	--	--	\$16,425	\$15,286	% Fleet on Order: 9%	
MED>MED • 80,000	62.40	58.50	\$5,587	\$3,610	Ships to Breakers: No Activity	
AG>SPORE • 80,000	67.50	69.00	\$10,571	\$11,171		
Aframax Average Earnings*	--	--	\$8,411	\$7,132		
PANAMAX						
CBS>USAC(USG) • 50,000	77.50	79.50	\$8,125	\$8,727	Time Charter 1 Year v. 3 Years (\$ day): \$13,000 \$14,000	
UKC>USG • 55,000	59.20	56.70	\$3,277	\$2,550	# Ships Trading: 453	
MED>USG • 55,000	55.00	55.00	\$3,115	\$3,149	% Fleet on Order: 3%	
ECU>USWC • 50,000	227.50	227.50	\$45,699	\$45,731	Ships to Breakers: No Activity	
Panamax Average Earnings*	--	--	\$8,106	\$6,857		
LR2						
AG>JPN • 75,000	85.20	95.40	\$18,064	\$21,921	Time Charter 1 Year v. 3 Years (\$ day): \$20,000 \$21,500	
AG>UKC	1.75m	1.95m	\$12,312	\$16,116	# Ships Trading: 1,036^	
MED>JPN	2.13m	2.22m	\$18,335	\$19,864	% Fleet on Order: 9%^	
AG>UKC-MED>JPN-AG	--	--	\$20,527	\$23,434	Ships to Breakers: No Activity^	
LR2 Average Earnings*	--	--	\$18,884	\$22,425		
LR1						
AG>JPN • 55,000	96.00	99.00	\$14,781	\$15,635	Time Charter 1 Year v. 3 Years (\$ day): \$17,500 \$17,500	
AG>UKC	1.56m	1.64m	\$12,270	\$13,860	# Ships Trading: 453°	
UKC>WAFR • 60,000	107.50	116.50	\$21,439	\$24,316	% Fleet on Order: 3%°	
AG>UKC/UKC>WAFR-AG	--	--	\$20,088	\$22,450	Ships to Breakers: No Activity°	
LR1 Average Earnings*	--	--	\$17,434	\$19,042		
MR						
UKC>USAC • 37,000	84.50	127.50	\$5,108	\$13,966		
USG>UKC • 38,000	121.50	104.50	\$14,185	\$10,633	Time Charter 1 Year v. 3 Years (\$ day): \$13,750 \$15,000	
USG>UKC/UKC>USAC(USG)	--	--	\$21,983	\$24,358		
USG>CBS (Pozos Colorados)	695k	605k	\$30,117	\$24,178	# Ships Trading: 1,748	
USG>CHILE (Coronel)	1.53m	1.48m	\$25,600	\$24,210	% Fleet on Order: 7%	
CBS>USAC(USG) • 38,000	154.00	137.00	\$22,241	\$18,497	Ships to Breakers: No Activity	
WCIND>JPN-ROK>SPORE-WCIND	--	--	\$9,263	\$10,836		
MR Average Earnings*	--	--	\$16,366	\$18,346		
HANDYSIZE						
MED>EMED • 30,000	80.00	88.30	-\$1,473	\$948	Time Charter 1 Year v. 3 Years (\$ day): \$13,000 \$14,000	
SPORE>JPN • 30,000	89.60	91.20	\$5,089	\$5,372	# Ships Trading: 599	
Handysize Average Earnings*	--	--	\$2,727	\$3,779	% Fleet on Order: 5%	
					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).

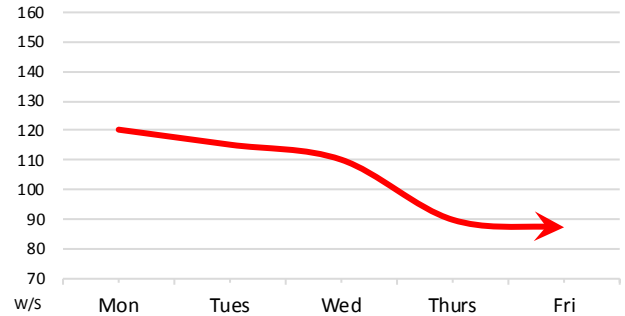
^ Aframax and LR2 fleet numbers are combined for the purposes of these entries.

° Panamax and LR1 fleet numbers are combined for the purposes of these entries.

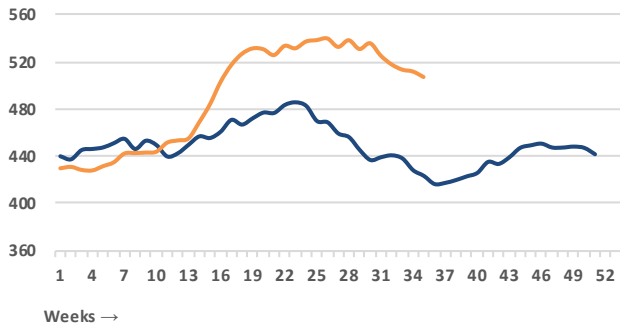
THE WEEK IN CHARTS



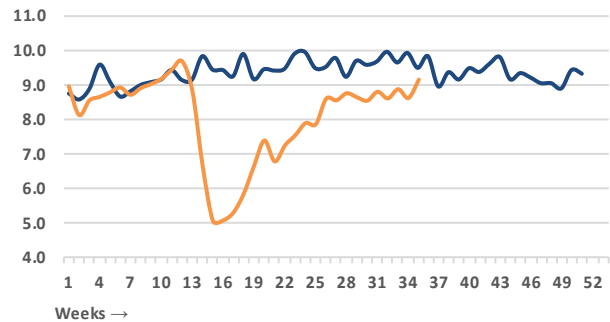
Global Climber of the Week: MR (UKC>USAC 38,000) | +37%



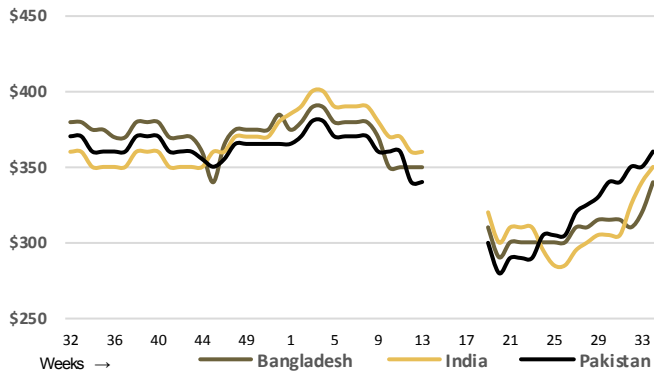
Global Decliner of the Week: MR (USG>UKC 38,000) | -27%



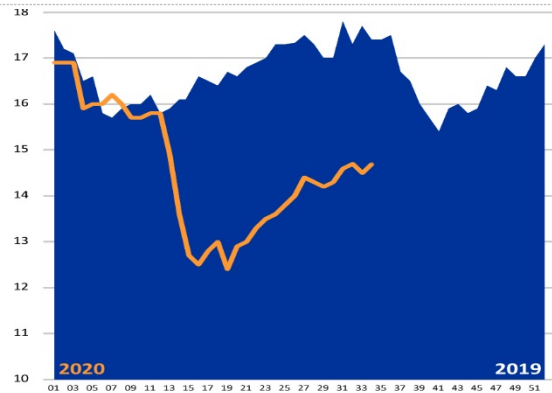
US Crude Oil Stocks (EIA) WTD '20 v. CY '19
This Week: 507.8m bbls This Week '20 v. '19: +20%



US Gasoline Demand (EIA) WTD '20 v. CY '19
This Week: 9.161m bbls/day This Week '20 v. '19: -3.3%



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



Charley's Chart of the Week: U.S. Refinery Crude Oil Net Inputs (m bbls/day)
This Week: 14.7m bbls/day This Week '20 v. '19: -15%

SEE ALSO: The "Back Page Special Report" on Hurricane Laura Impacts.

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

BACK PAGE SPECIAL REPORT: HURRICANE LAURA IMPACTS – U.S. GULF REFINERY UPDATE



According to Platts, the five Texas oil refineries shuttered ahead of Hurricane Laura are all planning to restart soon, although the two major refineries near Lake Charles, Louisiana are expected to take longer as they deal with widespread power outages and potentially more serious storm damage.

Exxon Mobil and Valero Energy confirmed today that the storm only had a minor impact on their Beaumont and Port Arthur refining complexes and that they were preparing to restart. Similar timelines are expected with the Motiva and Total refineries in Port Arthur, while the Chevron Pasadena Refinery was already gearing up to restart.

The startups of the Citgo and Phillips 66 refineries in Lake Charles, where Laura made a direct hit, likely will drag on, with hundreds of thousands of people without power and extensive wind and rain damage throughout the region.

More than 2.3 million b/d of refining capacity were taken offline in advance of Laura's landfall.

Timing for refinery restarts even in Texas is dependent on the recovery of the Beaumont-Port Arthur region around them.


ExxonMobil

"Our initial assessment of our Beaumont area facilities revealed the need for only minor repairs, and we have begun restart activities. Timing on when operations can resume to normal will largely depend on the availability of power, product transportation infrastructure and the reopening of the Sabine Neches Waterway."

Valero

"There is no visible damage to the refinery from the storm. Our next assessment phase continues as we restart utilities and begin preparing for a safe and controlled refinery restart."

In Lake Charles, Citgo and Phillips 66 have not yet provided updates on their damage assessments.

Closed refinery updates after Hurricane Laura 

Refiner	Plant	Capacity (b/d)	Status
Citgo	Lake Charles, Louisiana	425,000	Assessing damages
Phillips 66	Lake Charles, Louisiana	249,000	Assessing damages
Motiva	Port Arthur, Texas	630,000	Preparing for restart
Valero	Port Arthur, Texas	335,000	Preparing for restart
Total	Port Arthur, Texas	225,500	Preparing for restart
ExxonMobil	Beaumont, Texas	366,000	Preparing for restart
Chevron	Pasadena, Texas	110,000	Restarting
Total capacity offline: 2,340,500			

Source: Platts