

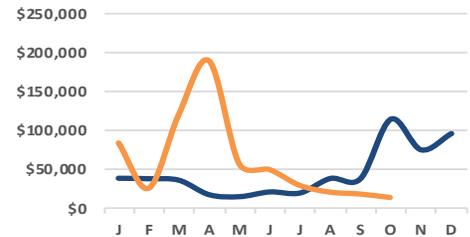
# WEEKLY MARKET REPORT



Week 40 • October 2, 2020

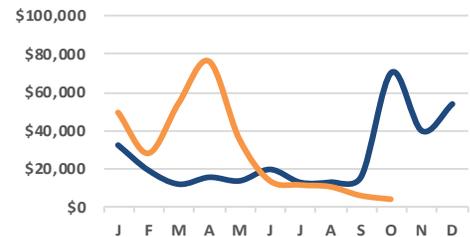
Issue WM40-20

**VLCC:** This week marked the start of what is usually the strongest quarter of the year for earnings in the VLCC market. Looking back over the last ten years, from the start of 2010 through the end of 2019, the average earnings for the fourth quarter were more than double that of the earnings in the third quarter and 30% higher than the earnings in the first quarter, which, historically, would be the second highest quarter for earnings during the year over that same time period. In five of those ten years, the fourth quarter would deliver the highest earnings for the year, while the first quarter would deliver four years of the highest earnings for the year and with the second quarter delivering the highest earnings just once. All that being said, 2020 is anything but normal and unlikely to follow those historical patterns. The COVID virus has exerted its influence and has unquestionably resulted in real demand destruction and does not appear to be diminishing any time soon. This demand destruction has resulted in eliminating 50 less fixtures being completed each month over the last four months as compared to the first four months of 2020. This absence of inquiries has led to the limited choices available for the ever-increasing large audiences to compete for, and as a result, the reality that rates are now hovering near daily operating cost levels.



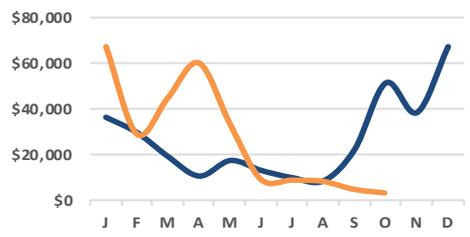
**VLCC Average Earnings\* MTD 2020 v. CY 2019**  
 MTD '20 Avg/Day: \$14,849      MTD 20' v. CY '19': -87%

**SUEZMAX:** A slightly more active week in the Atlantic basin helped to steady rates for both the TD20 route, and for Brazilian export market. TD20 rates held on to the ws35 level with the exceptions being those ships that got discounted due to "issues" such as: no sire, bad sire or ships in need of dry-docking. The activity level emanating from Brazil also helped to temporarily halt further rate slides. The troubling issue for owners is the demand destruction driven by lack of activity in the Mediterranean, Black Sea and Continent, and which shows no real signs of letting up prior to a global vaccination program. The Arabian Gulf market has been hit especially hard, with both VLCC and Suezmax cargoes being drip fed into the market against a continually growing position list. However, the real killer is the consistent presence of relets and the handful of new buildings, and in some cases, both, and further, who's interests are to force hefty time charter rates to push spot market rates down into territory no one imagined.



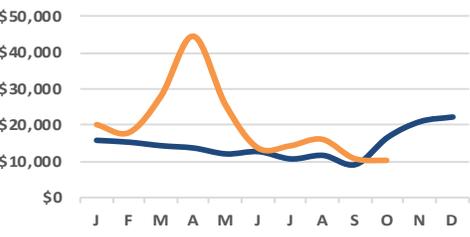
**Suezmax Average Earnings\* MTD 2020 v. CY 2019**  
 MTD '20 Avg/Day: \$3,956      MTD 20' v. CY '19': -94%

**AFRAMAX:** Despite a handful of additional fixtures concluded from the previous week's levels, it remains yet another rather quiet week in the U.S. Gulf and Caribbean markets. Rates are hovering at last done levels for short-hall voyages while slightly declining for the USG>East Coast Canada>Transatlantic route. The lack of cargos prevented rates from gaining any traction, especially as the available tonnage list continues to grow and stack-up with the willing suitors who continue to search desperately for that elusive cargo to capture. TCE's traded between \$2,000 per day for local routes and up to \$10,000 per day for any Transatlantic voyages (basis one-way). Rates shall remain at current levels for the near term, and possibly the long term, unless either the supply or the demand forces can break free from the chains that currently bind them. But for now, it seems, any chance for emancipation remains elusive.



**Aframax Average Earnings\* MTD 2020 v. CY 2019**  
 MTD '20 Avg/Day: \$3,682      MTD 20' v. CY '19': -92%

**MR:** Not a lot of change to speak of this week for U.K. and Continent levels. TC2 tried its best to gain a bit of momentum and push over the ws90 barrier, only to retreat slightly and end up at ws87.5 (basis 37,000mt cargo). Despite the usual Transatlantic and West Africa inquiries, a steady supply of ballasters helped keep things steady. In contrast, the U.S. Gulf market made some early strides as owners' reluctance to send vessels through the Panama Canal, at depressed levels, ultimately resulted in some improvement. USG>PERU concluded at \$1.04m pushing the usual USG>Chile differential up some \$200,000 to a lump sum of \$1.25m. Increasingly, bad weather in E.C. Mexico also helped create uncertainty and helped absorb the excess tonnage. Present levels, despite being untested, stand approximately at ws72.5-75(basis 38,000mt cargo) for USG>TA and at ws105 (basis 38,000mt cargo) for USG>Brazil. Shorter hauls have been less active and still preferred by owners showing an uptick to around \$190,000 for E.C. Mexico and \$390,000 for CBS. That being said, the market will need a fresh injection of export volumes next week if rates have any chance of preventing rates from a further slide.



**MR Average Earnings\* MTD 2020 v. CY 2019**  
 MTD '20 Avg/Day: \$10,204      MTD 20' v. CY '19': -38%

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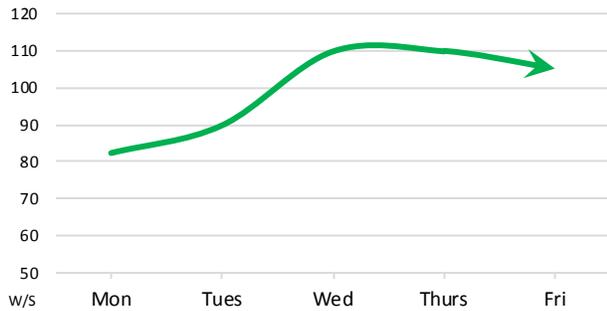
TANKER ROUTES (13kts L B)	Week 39	Week 40	Week 39	Week 40	*Week 39 Bunkers	**Week 40 Bunkers
VLCC	WS L\$	WS L\$	TCE*	TCE**	VLSFO \$325/MTD	VLSFO \$326/MTD
AG>USG • 280,000 (dwt)	18.60	<b>18.00</b>	--	--		
AG>SPORE • 270,000	28.70	<b>26.00</b>	\$14,623	<b>\$11,070</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$31,500 \$37,000	
AG>JPN • 265,000	27.20	<b>25.00</b>	\$13,871	<b>\$10,872</b>		
AG>CHINA • 270,000	29.90	<b>27.50</b>	\$13,597	<b>\$10,425</b>		
WAFR>CHINA • 260,000	34.00	<b>32.30</b>	\$21,089	<b>\$18,910</b>	<b># Ships Trading:</b>	810
USG>SPORE-AG	3.96m	<b>3.72m</b>	\$43,181	<b>\$39,216</b>	<b>% Fleet on Order:</b>	9%
AG>USG/USG>SPORE-AG	--	--	\$35,767	<b>\$32,788</b>	<b>Ships to Breakers:</b>	No Activity
<b>VLCC Average Earnings*</b>	--	--	\$17,823	<b>\$14,849</b>		
<b>SUEZMAX</b>						
WAFR>USG • 130,000	30.00	<b>29.00</b>	\$3,995	<b>\$3,281</b>		
WAFR>UKC • 130,000	33.00	<b>34.00</b>	\$1,708	<b>\$2,265</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$24,000 \$26,000	
BSEA>MED • 140,000	45.00	<b>45.00</b>	\$2,012	<b>\$1,974</b>		
CBS>USG • 150,000	47.50	<b>46.50</b>	\$14,720	<b>\$13,824</b>	<b># Ships Trading:</b>	550
USG>UKC • 150,000	37.50	<b>37.00</b>	\$8,695	<b>\$8,237</b>	<b>% Fleet on Order:</b>	8%
CBS>USG/USG>UKC-WAFR	--	--	\$12,110	<b>\$11,454</b>	<b>Ships to Breakers:</b>	No Activity
AG>USG • 140,000	15.00	<b>14.60</b>	-\$956	<b>-\$1,361</b>		
USG>SPORE	2.50m	<b>2.47m</b>	--	--		
AG>USG/USG>SPORE-AG	--	--	\$15,373	<b>\$14,832</b>		
<b>Suezmax Average Earnings*</b>	--	--	\$3,836	<b>\$3,956</b>		
<b>AFRAMAX</b>						
N.SEA>UKC • 80,000	72.00	<b>72.00</b>	\$3,294	<b>\$3,178</b>		
BALT>UKC • 100,000	40.70	<b>42.20</b>	\$1,785	<b>\$2,638</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$19,000 \$21,000	
CBS>USG • 70,000	57.50	<b>52.50</b>	\$1,967	<b>-\$83</b>		
USG>UKC • 70,000	51.50	<b>46.00</b>	\$2,657	<b>\$541</b>	<b># Ships Trading:</b>	1,036
CBS>USG/USG>UKC-NSEA	--	--	\$9,474	<b>\$7,021</b>	<b>% Fleet on Order:</b>	10%
MED>MED • 80,000	57.50	<b>57.50</b>	\$3,752	<b>\$3,719</b>	<b>Ships to Breakers:</b>	No Activity
AG>SPORE • 80,000	64.00	<b>62.30</b>	\$9,982	<b>\$9,307</b>		
<b>Aframax Average Earnings*</b>	--	--	\$4,563	<b>\$3,682</b>		
<b>PANAMAX</b>						
CBS>USAC(USG) • 50,000	80.00	<b>76.50</b>	\$9,546	<b>\$8,500</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$13,000 \$14,000	
UKC>USG • 55,000	58.60	<b>59.30</b>	\$3,839	<b>\$3,997</b>	<b># Ships Trading:</b>	456
MED>USG • 55,000	56.50	<b>56.00</b>	\$4,255	<b>\$4,059</b>	<b>% Fleet on Order:</b>	3%
ECU>USWC • 50,000	207.50	<b>202.00</b>	\$41,216	<b>\$39,769</b>	<b>Ships to Breakers:</b>	Low Activity
<b>Panamax Average Earnings*</b>	--	--	\$7,630	<b>\$7,039</b>		
<b>LR2</b>						
AG>JPN • 75,000	64.70	<b>63.00</b>	\$11,122	<b>\$10,450</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$20,500 \$21,500	
AG>UKC	1.68m	<b>1.59m</b>	\$11,625	<b>\$9,842</b>	<b># Ships Trading:</b>	1,036^
MED>JPN	2.42m	<b>1.94m</b>	\$24,032	<b>\$15,709</b>	<b>% Fleet on Order:</b>	10%^
AG>UKC-MED>JPN-AG	--	--	\$23,417	<b>\$17,567</b>	<b>Ships to Breakers:</b>	No Activity^
<b>LR2 Average Earnings*</b>	--	--	\$15,216	<b>\$12,820</b>		
<b>LR1</b>						
AG>JPN • 55,000	68.60	<b>69.00</b>	\$7,864	<b>\$7,945</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$17,000 \$17,500	
AG>UKC	1.22m	<b>1.22m</b>	\$6,446	<b>\$6,324</b>	<b># Ships Trading:</b>	456°
UKC>WAFR • 60,000	107.60	<b>104.50m</b>	\$22,127	<b>\$21,108</b>	<b>% Fleet on Order:</b>	3%°
AG>UKC/UKC>WAFR-AG	--	--	\$16,234	<b>\$15,711</b>	<b>Ships to Breakers:</b>	No Activity°
<b>LR1 Average Earnings*</b>	--	--	\$12,049	<b>\$11,828</b>		
<b>MR</b>						
UKC>USAC • 37,000	91.50	<b>87.50</b>	\$7,218	<b>\$6,338</b>		
USG>UKC • 38,000	59.50	<b>67.50</b>	\$1,728	<b>\$3,369</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$14,000 \$15,000	
USG>UKC/UKC>USAC(USG)	--	--	\$11,250	<b>\$12,252</b>		
USG>CBS (Pozos Colorados)	285k	<b>346k</b>	\$3,472	<b>\$7,478</b>	<b># Ships Trading:</b>	1,760
USG>CHILE (Coronel)	960k	<b>1.16m</b>	\$9,979	<b>\$15,571</b>	<b>% Fleet on Order:</b>	78%
CBS>USAC(USG) • 38,000	110.00	<b>106.00</b>	\$13,029	<b>\$12,101</b>	<b>Ships to Breakers:</b>	No Activity
WCIND>JPN-ROK>SPORE-WCIND	--	--	\$8,945	<b>\$10,666</b>		
<b>MR Average Earnings*</b>	--	--	\$8,719	<b>\$10,208</b>		
<b>HANDYSIZE</b>						
MED>EMED • 30,000	107.40	<b>78.35</b>	\$6,809	<b>-\$1,624</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$12,500 \$14,000	
SPORE>JPN • 30,000	86.00	<b>90.20</b>	\$4,936	<b>\$5,603</b>	<b># Ships Trading:</b>	605
<b>Handysize Average Earnings*</b>	--	--	\$5,611	<b>\$3,001</b>	<b>% Fleet on Order:</b>	5%
					<b>Ships to Breakers:</b>	No Activity

+ "Average Earnings" are weighted proportionally to each size class' worldwide market activity (may include routes not necessarily shown in this report).

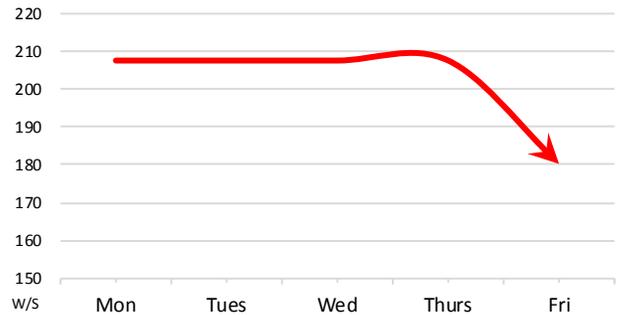
^ Aframax and LR2 fleet numbers are combined for the purposes of these entries.

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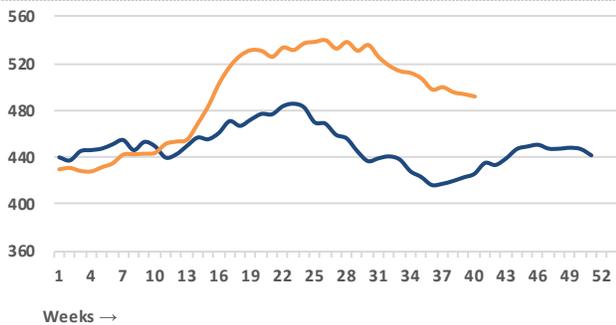
THE WEEK IN CHARTS



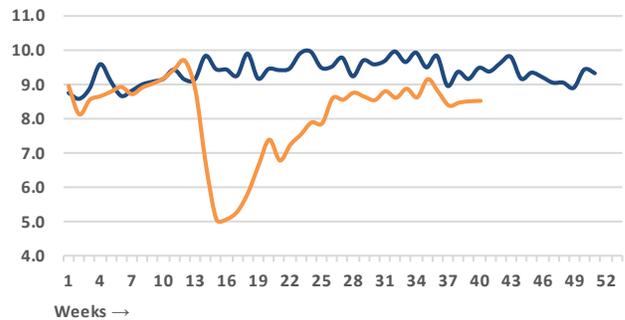
Global Climber of the Week: MR (USG>Brazil 38,000) | +27%



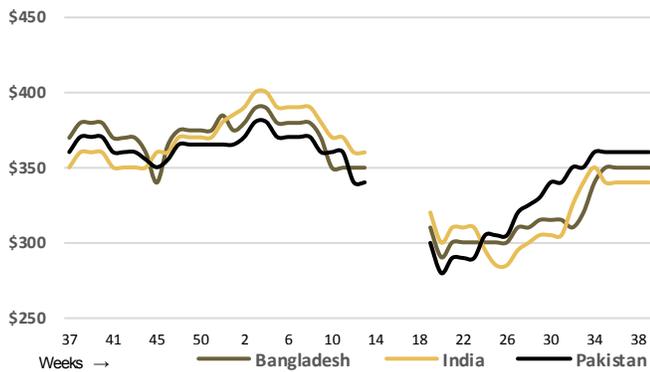
Global Decliner of the Week: Panamax (ECU>USWC 50,000) | -13%



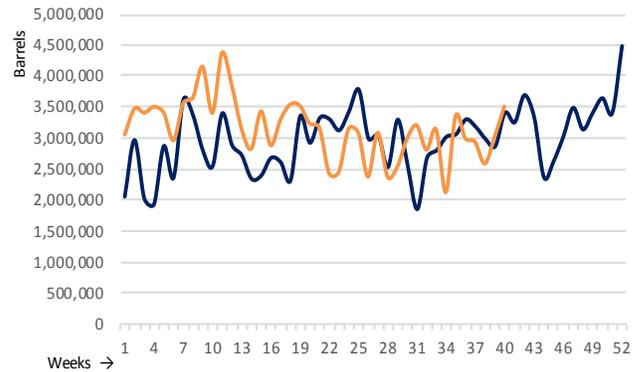
US Crude Oil Stocks (EIA) WTD '20 v. CY '19  
This Week: 492.4m bbls This Week '20 v. '19: +15%



US Gasoline Demand (EIA) WTD '20 v. CY '19  
This Week: 8.529m bbls/day This Week '20 v. '19: -9.8%



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



Charley's Chart of the Week: Weekly US Exports of Crude Oil (WTD 2020 v. CY 2019)  
This Week: 3.512m bbls/day This Week '20 v. '19: +3.3%

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