

WEBER WEEKLY TANKER REPORT



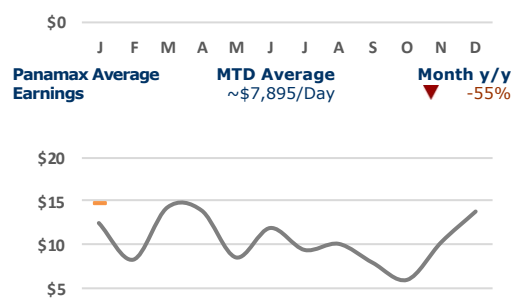
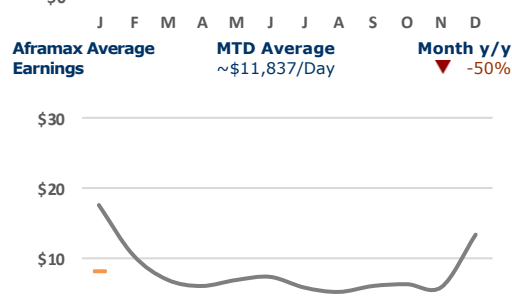
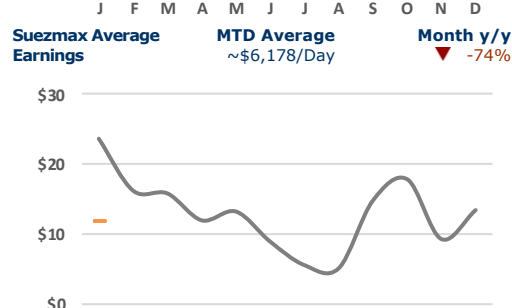
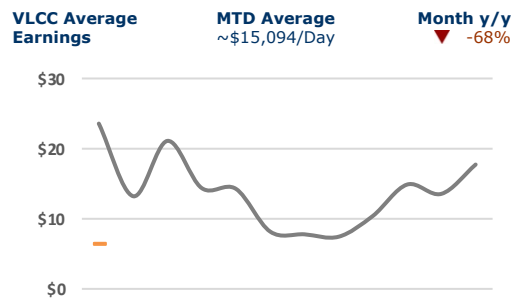
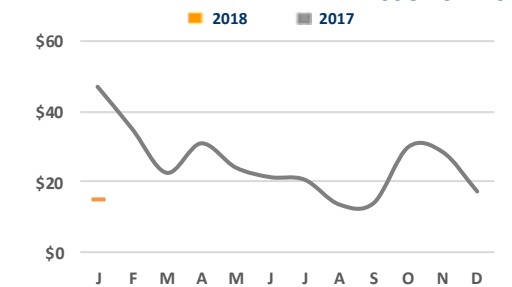
WEEK 3 – 19 JANUARY 2018

ISSUE 3 – 2018

Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)		12-Jan		19-Jan
AG>USG 280k	19.9	\$(6,461)	22.4	\$(4,112)
AG>SPORE 270k	40.0	\$10,645	50.0	\$19,926
AG>JPN 265k	37.6	\$11,224	48.5	\$21,921
AG>CHINA 270k	39.8	\$8,691	50.3	\$18,389
WAFR>CHINA 260k	43.8	\$14,297	48.4	\$18,572
CBS>SPORE 270k	\$3.40m	\$15,097	\$3.50m	\$16,385
AG>USG/CBS>SPORE/AG	--	\$17,394	--	\$20,340
<i>VLCC Average Earnings</i>		<i>\$12,050</i>		<i>\$19,974</i>
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	50.0	\$4,697	52.5	\$5,970
WAFR>UKC 130k	55.0	\$2,265	57.5	\$3,479
BSEA>MED 140k	67.5	\$1,326	67.5	\$1,519
CBS>USG 150k	65.0	\$12,667	60.0	\$9,292
USG>UKC 130k	52.5	--	52.5	--
CBS>USG/USG>UKC/WAFR	--	\$9,375	--	\$8,133
AG>USG 140k	30.0	--	30.0	--
USG>SPORE 130k	\$2.30m	--	\$2.35m	--
AG>USG/USG>SPORE/AG	--	\$11,522	--	\$11,984
<i>Suezmax Average Earnings</i>		<i>\$4,222</i>		<i>\$4,839</i>
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	97.5	\$3,146	105.0	\$8,170
BALT>UKC 100k	70.0	\$5,592	90.0	\$17,900
CBS>USG 70k	120.0	\$14,185	120.0	\$14,210
USG>UKC 70k	95.0	--	95.0	--
CBS>USG/USG>UKC/NSEA	--	\$23,206	--	\$23,275
MED>MED 80k	90.0	\$7,095	85.0	\$5,177
AG>SPORE 70k	92.5	\$9,091	92.5	\$8,983
<i>Aframax Average Earnings</i>		<i>\$10,719</i>		<i>\$14,370</i>
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	110.0	\$2,279	107.5	\$1,783
CONT>USG 55k	110.0	\$8,721	105.0	\$7,558
ECU>USWC 50k	145.0	\$12,660	145.0	\$12,578
<i>Panamax Average Earnings</i>		<i>\$7,289</i>		<i>\$6,539</i>
LR2 (13.0 Kts L/B)				
AG>JPN 75k	80.0	\$6,500	81.0	\$6,665
AG>UKC 80k	\$1.40m	\$3,635	\$1.30m	\$1,701
MED>JPN 80k	\$2.12m	\$13,315	\$1.97m	\$11,033
AG>UKC/MED>JPN/AG	--	\$15,628	--	\$13,051
<i>LR2 Average Earnings</i>		<i>\$9,540</i>		<i>\$8,792</i>
LR1 (13.0 Kts L/B)				
AG>JPN 55k	89.0	\$4,790	87.5	\$4,395
AG>UKC 65k	\$1.05m	\$710	\$1.03m	\$440
UKC>WAFR 60k	139.0	\$9,203	114.5	\$4,735
AG>UKC/UKC>WAFR/AG	--	\$11,006	--	\$8,136
<i>LR1 Average Earnings</i>		<i>\$7,898</i>		<i>\$6,265</i>
MR (13.0 Kts L/B)				
UKC>USAC 37k	145.0	\$8,655	155.0	\$10,437
USG>UKC 38k	140.0	\$9,273	115.0	\$5,108
USG>UKC/UKC>USAC/USG	--	\$16,430	--	\$14,061
USG>CBS (Pozos Colorados) 38k	\$625k	\$23,865	\$500k	\$15,459
USG>CHILE (Coronel) 38k	\$1.43m	\$21,421	\$1.23m	\$15,646
CBS>USAC 38k	165.0	\$15,001	140.0	\$10,554
<i>MR Average Earnings</i>		<i>\$15,248</i>		<i>\$13,109</i>
Handy (13.0 Kts L/B)				
MED>EMED 30k	184.5	\$23,083	170.5	\$19,520
SPORE>JPN 30k	132.5	\$5,407	127.5	\$4,723
<i>Handy Average Earnings</i>		<i>\$11,770</i>		<i>\$10,050</i>

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
VLCC	\$27,500	\$30,000
Suezmax	\$17,000	\$20,000
Aframax	\$15,000	\$17,500
Panamax	\$12,250	\$14,500
MR	\$13,750	\$14,500
Handy	\$12,500	\$13,250



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SPOT MARKET SUMMARY

VLCC

VLCC rates moved broadly higher this week as participants reacted to a narrowing Middle East availability surplus that materialized during January's last decade loading program. The gains came despite a slowing of demand in the Middle East as draws on the region's positions to service West Africa demand rose for a third consecutive week. The Middle East market observed 20 fresh fixtures, representing a 46% w/w decline. Meanwhile, demand in the West Africa market inched up by one fixture to a one-month high of ten. Average earnings on AG-FEAST routes surged 93% y/y to ~\$20,411/day.

The supply/demand positioning appears set for successive further narrowing during the first half of the February program. We presently project that, net of draws to the Atlantic basin, Middle East availability will decline from January's end-month surplus of 16 units to 14 units at the conclusion of February's first decade. Looking further ahead, the surplus could drop to 9-11 units by mid-February (though we note that there is greater uncertainty around mid-month availability given the potential for "hidden" positions and/or a weakening of West Africa demand). Nevertheless, the 14 surplus units projected at February 10th represents the lowest surplus since November, when AG-FEAST TCEs averaged ~\$27,698/day, implying that there is further upside potential. Indeed, based on the first decade's supply/demand positioning, our model suggest an AG-FEAST TCE of around \$25,000/day.

An expected increase in Middle East demand during the upcoming week should allow owners to capitalize on the improving fundamentals, though it remains to be seen how a high presence of commercially disadvantaged units will influence rate progression. These units represent 29% of the position list through February 10th and 24% of the position list through February 15th. A most likely scenario is for a wider rate differential between competitive and disadvantaged units, though this is subject to a normal distribution of inquiry between requirements that can and cannot work disadvantaged tonnage.

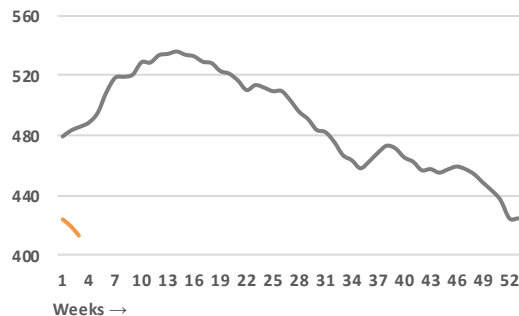
Middle East

Rates to the on the AG-JPN route surged 10.9 points to conclude at ws48.5 with corresponding TCEs rallying 91% to ~\$21,921/day. Rates to the USG via the Cape added 2.5 points to conclude at ws22.4. Triangulated Westbound trade earnings rose by 17% to ~\$20,340/day.

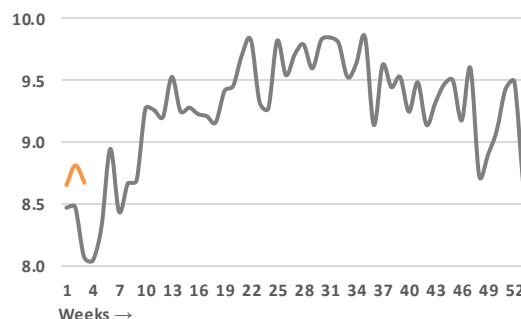
Atlantic Basin

Rates in the West Africa market were stronger in line with the trend in the Middle East. Rates on WAFR-FEAST routes added 4.6 points to conclude at ws48.4. Corresponding TCEs rose by 30% to ~\$18,572/day.

Rates in the Atlantic Americas market continued to pare early-month losses in line with last week's improvement in demand and improving overall VLCC sentiment. The CBS-SPORE route added \$100k to conclude at \$3.50m lump sum. Round-trip TCEs on the route rose 9% w/w to ~\$16,385/day.



US Crude Stocks (EIA) Last Week 412.7 MnBbls Week y/y ▼ -15.0%



US Gasoline Demand (EIA) Last Week 8.668 MnB/d Week y/y ▲ +7.4%

■ 2018 ■ 2017

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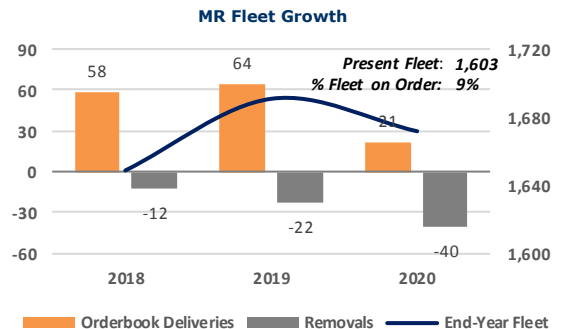
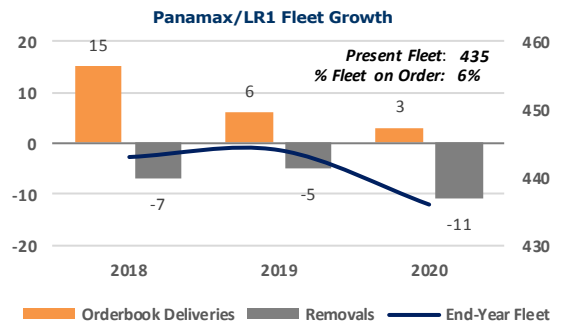
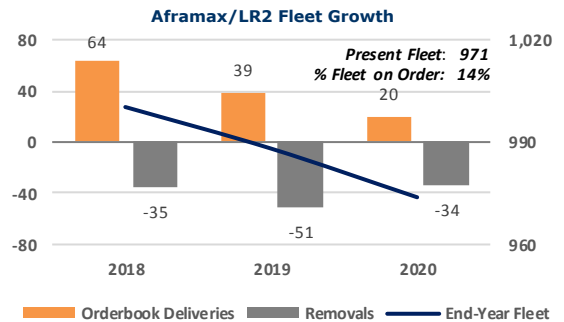
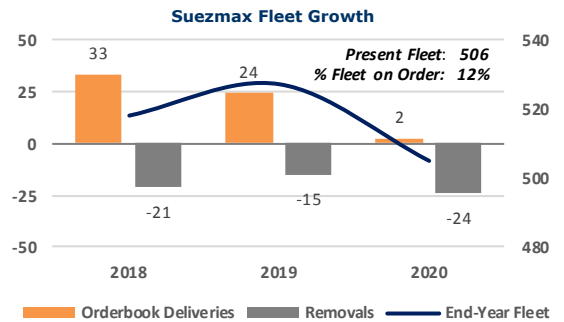
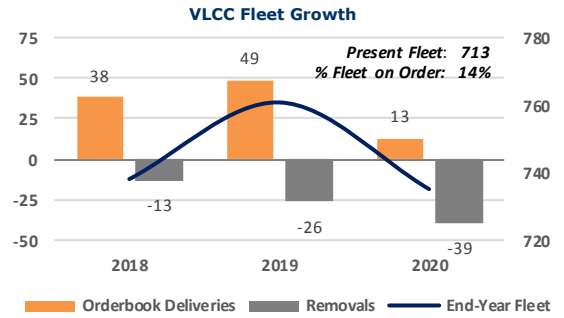
Suezmax

The West Africa Suezmax market was modestly stronger this week as charterers were busy working cargoes in January's final decade, during which the spot cargo availability for Suezmaxes was at a one-month high. Rates on the WAFR-UKC route added 2.5 points to conclude at ws57.5. The positive direction of rates appears to have been arrested by a progression into early February dates, within which availability levels appear to have inched up slightly.

Rates in the Caribbean/USG market were slightly softer at the close of the week after regional demand declined 25% w/w and the class' \$/mt premium to regional Aframaxes undermined demand for intraregional Suezmax voyages. The CBS-USG route shed 5 points to 150 x ws60 while the USG-UKC route was unchanged at 130 x ws52.5.

Aframax

Rates in the Caribbean Aframax market were largely unchanged this week with the CBS-USG route unchanged at ws120 and the USG-UKC route holding at ws95. Demand was modestly softer this week while Suezmax rates remained at a \$/mt premium, which maintained interest in the smaller class for intraregional voyages. Strong resistance by owners to lower rates against a relatively tight position list should see rates remain stable through at least the start of the upcoming week.

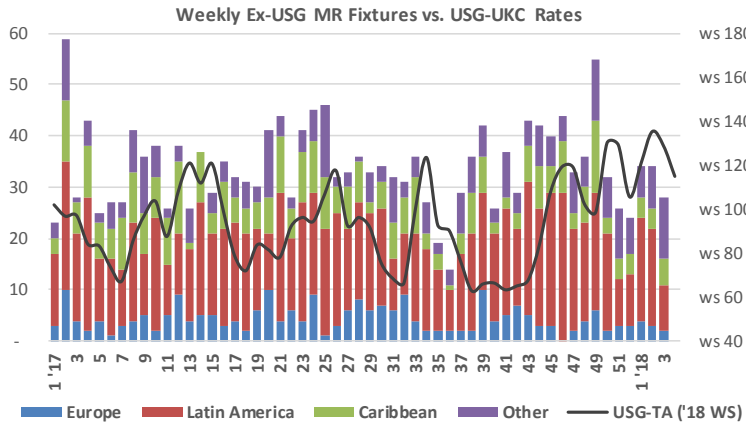


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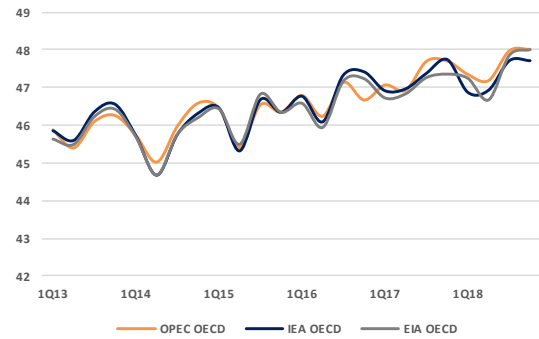
MR

The USG MR market observed an easing of rates from last week's rally as chartering activity slowed while vessel availability was unchanged. A total of 28 fixtures were reported this week, off 18% from last week's tally. Further delay issues on Mexico's east coast likely helped to temper the pace of rate erosion early during the week, though ultimately the pace of regional demand proved to be the key driver. Rates on the USG-UKC route shed 25 points to conclude at ws115 while the USG-CBS route shed \$125k to \$500k lump sum and the USG-CHILE route fell \$200k to conclude at \$1.225m lump sum. Two-week forward availability concluded the week with 45 units, unchanged from a week ago. Despite strong US gasoline demand, EIA data shows US inventories remain towards the upper end of the 5-year range while PADD3 area inventories stand 600,000 bbls above year-ago levels. As such, gasoline exports should remain a key driver of USG area MR demand and should offset a relatively tighter US distillate market. While we expect that rates will observe further losses during the upcoming week, the pace of erosion should ease as we do not expect that rates will observe the same lows as were observed during 1Q17. During February, we expect that the USG-UKC route will average ws100 and the USG-CBS route will average \$460k lump sum. During February 2017, these routes averaged ws78 (basis '18 flat rates) and \$356k lump sum, respectively.

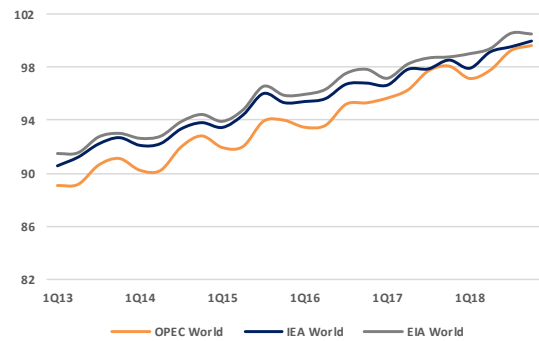


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Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



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REPORTED TANKER SALES

"Ridgebury Alice M" – 105,745/03 – Sumitomo – DH
-Sold for \$11.3m to undisclosed Greek buyers.

"Eagle Baltimore" – 99,405/96 – Samsung Geoeje – DH
-Sold for \$7.5m to undisclosed buyers.

"King Duncan" – 73,720/08 – New Times – DH

"King Darius" – 73,634/07 – New Times – DH
-Sold en bloc for \$28.0m to undisclosed Greek buyers.

"Aristotelis" – 51,604/13 – Hyundai Mipo – DH – IMO II/III
-Sold for \$29.0m to Philippine buyers (Chelsea Shipping Corp).

"Niagara" – 4,034/81 – Sietas Schiffswerft – DH – IMO II – Ice FS II
-Sold on private terms to undisclosed buyers.

"Borislav" – 3,330/90 – Ivan Dimitrov, BG – SH – Ice FS II
-Sold on private terms to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

India

"Betelguese" – 45,513/99 – 9,146 LTD – DH – IMO III
-Sold on private terms.

"Ship Ocean I" – 35,672/91 – 7,286 LTD – DH – IMO II/III
-Sold on private terms.

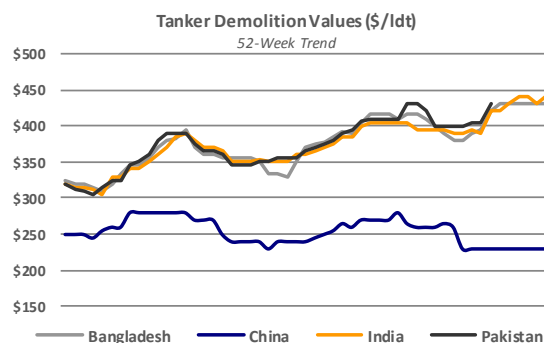
"Theresa Padang" – 29,974/90 – 8,636 LTD – DH – IMO II/III
-Sold on private terms.

Bangladesh

FSO **"Northern Star"** – 281,050/99 – 37,359 LTD – DH
-Sold for \$408/ldt basis as is, Singapore and non-gas free. Unit converted from crude tanker 12/2016.

Unknown

"DS Valentina" – 308,491/00 – 43,308 LTD – DH
-Sold for \$418/ldt.



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