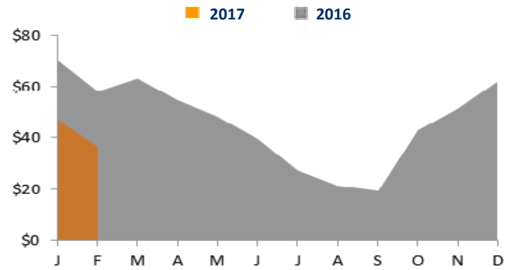
WEBER WEEKLY
TANKER REPORT
CHARLES R. WEBER COMPANY, INC.

WEEK 7 – 17 FEBRUARY 2017 ISSUE 7 – 2017

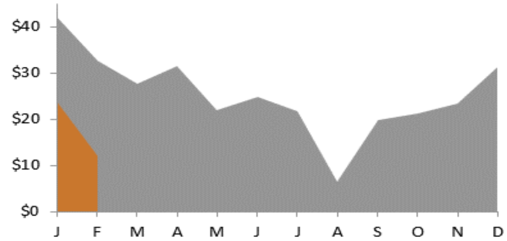
Spot Market	WS/LS	TCE	WS/LS	TCE
VLCC (13.0 Kts L/B)	**10-Feb**		**17-Feb**	
AG>USG 280k	40.0	$10,366	35.0	$6,352
AG>USG/CBS>SPORE/AG	--	$45,815	--	$39,537
AG>SPORE 270k	77.5	$37,483	72.0	$33,160
AG>CHINA 265k	75.0	$36,363	70.0	$32,297
WAFR>USG 260k	70.0	$34,845	70.0	$34,713
WAFR>CHINA 260k	75.0	$37,887	71.5	$34,914
CBS>SPORE 270k	$4.80m	--	$4.50m	--
VLCC Average Earnings		*$38,668*		*$34,522*
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	67.5	$11,125	75.0	$14,187
WAFR>UKC 130k	72.5	$8,605	80.0	$11,495
BSEA>MED 140k	80.0	$7,655	85.0	$9,793
CBS>USG 150k	72.5	$15,774	90.0	$26,573
Suezmax Average Earnings		*$11,322*		*$14,951*
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	95.0	$17,329	110.0	$30,788
AG>SPORE 70k	112.5	$11,161	110.0	$10,615
BALT>UKC 100k	95.0	$22,608	115.0	$33,757
CBS>USG 70k	95.0	$4,089	152.5	$20,975
MED>MED 80k	97.5	$9,399	97.5	$9,291
Aframax Average Earnings		*$12,128*		*$22,444*
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	137.5	$5,137	130.0	$3,666
CONT>USG 55k	142.5	$13,042	112.5	$6,704
ECU>USWC 50k	190.0	$17,451	170.0	$13,940
Panamax Average Earnings		*$11,210*		*$7,364*
CPP (13.0 Kts L/B)				
LR2 Average Earnings		*$8,419*		*$14,055*
LR1 Average Earnings		*$8,321*		*$10,294*
UKC>USAC 37k	135.0	$6,450	130.0	$5,740
USG>UKC 38k	80.0	$(480)	77.5	$(852)
USG>UKC/UKC>USAC/USG	--	$6,850	--	$6,176
USG>CBS (Pozos Colorados) 38k	$300k	$3,519	$315k	$4,515
USG>CHILE (Coronel) 38k	$975k	$9,962	$925k	$8,472
CBS>USAC 38k	115.0	$5,581	115.0	$5,570
MR Average Earnings		*$7,320*		*$6,825*
Handy Average Earnings		*$8,587*		*$7,686*

Average Earnings weighted proportionally to regional activity share of each size class' worldwide market.

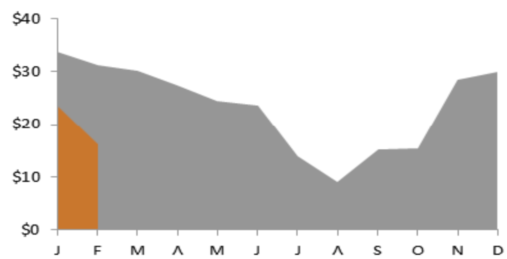
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$28,000	$27,000
Suezmax	$20,000	$20,000
Aframax	$16,500	$17,000
Panamax	$13,000	$14,000
MR	$12,750	$14,000
Handy	$11,250	$13,000



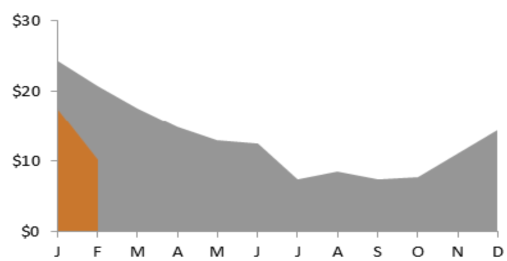
VLCC Average Earnings | **MTD Average ~$36,482/Day** | **Month y/y ▼ -37%**



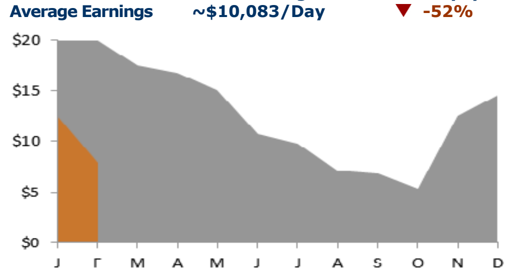
Suezmax Average Earnings | **MTD Average ~$12,226/Day** | **Month y/y ▼ -63%**



Aframax Average Earnings | **MTD Average ~$15,944/Day** | **Month y/y ▼ -49%**



Panamax Average Earnings | **MTD Average ~$10,083/Day** | **Month y/y ▼ -52%**



MR Average Earnings | **MTD Average ~$7,901/Day** | **Month y/y ▼ -60%**

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SPOT MARKET SUMMARY

VLCC

Chartering demand was down significantly this week as charterers were slow in their progression into the Middle East's March program. Just 12 fixtures materialized for loading in the region, a 68% w/w decline and the fewest in ten months. Elsewhere, demand in the West Africa market were similarly slow; just two fixtures were reported for loading there, marking a departure from the relatively elevated levels observed since the start of the year. Rates commenced the week relatively buoyant on the back of last week's strong demand and a balanced supply/demand positioning at the conclusion of February's program, though as the week progressed sentiment appeared to be shifting as uncertainty over the extent of the March program rose and some owners became more aggressive in seeking to cover units. Adding to increasingly sour sentiment were reports indicating greater compliance by OPEC producers under the 2016 OPEC/Non-OPEC production cut agreement than had been expected and the emergence of the March Basrah program showing a sharp decline in total supply from the terminal. We remain skeptical that reported production cuts will translate into reduced supply (given the export length afforded to producing states by inventories and above-average winter refinery turnarounds, including in states party to the agreement). Moreover, we note that negative notional implications of a fresh reduction of crude supply during March from Basrah may not be reflective of immediate near-term VLCC demand as our analysis of March stems show a number of likely co-loadings onto VLCCs which will keep VLCC cargo availability from the terminal unchanged from February levels (albeit at the expense of Suezmaxes).

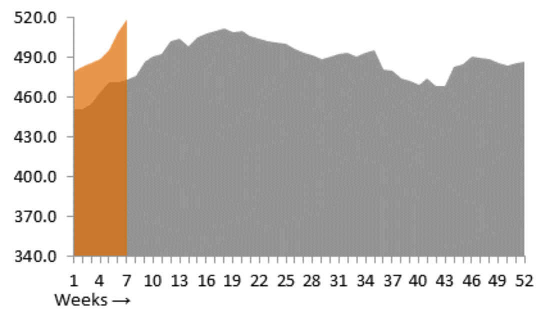
We expect that a rebound in demand in the Middle East will likely stabilize rates by offering owners more options. Fundamentals continue to show a relatively balanced supply/demand position; there are presently 44 units available through March's fist decade against an anticipated 27 further cargoes and once accounting for likely West Africa draws, we expect that surplus tonnage at the conclusion of March's first decade will range between 6 and 12. This compares with five surplus units at the conclusion of the February program, though we note that early during the February program the surplus temporarily appeared likely to exceed 20, illustrating the tenuous nature of the market's fundamentals. Further clouding near-term rate expectations is the potential for further Suezmax rate weakness in the Middle East market to start eating into VLCC demand by preventing co-loadings or causing charterers to split VLCC cargoes onto Suezmaxes. Thus, while fundamentals presently suggest that rates are poise for fresh upside during the upcoming week, the corresponding support could evaporate and keep rates on a negative trend.

Middle East

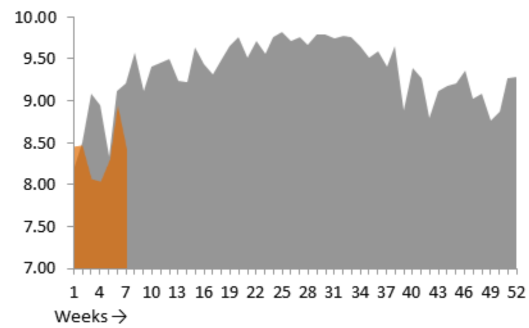
Rates to the Far East lost 4 points to conclude at ws71 with corresponding TCEs declining by 3% to ~$35,995/day. Rates to the USG via the Cape shed five points to conclude at ws35. Triangulated Westbound trade earnings were off 17% to a closing assessment of ~$39,287/day.

Atlantic Basin

Rates in the West Africa market lagged those in the Middle East with the WAFR-FEAST route shedding 3.5 points to conclude at ws71.5 and corresponding TCEs off by 9% to ~$34,673/day. Rates in the Caribbean market softened on an extending of the region's relatively slow demand environment of late. Rates on the CBS-SPORE route shed $250k to conclude at $4.5m lump sum.



US Crude Stocks (EIA)	Last Week	Week y/y
	518.1 MnBbls	▲ +9.6%



US Gasoline Demand (EIA)	Last week	Week y/y
	8.433 MnB/d	▼ -8.4%

2017 2016

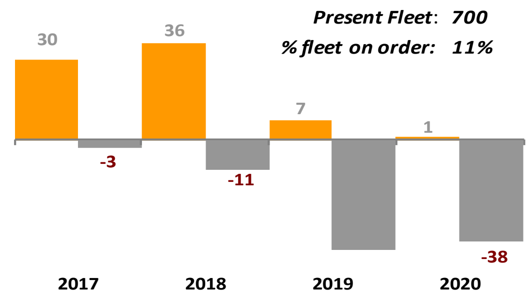
Suezmax

The Suezmax market bounced from earlier lows this week on the back of a progressively more active February program in the West Africa market and lower levels of ballasters towards West Africa from the Middle East and the Caribbean. The West Africa market observed thirteen fixtures this week, up two from last week and the most in five weeks. This follows softer earlier spot VLCC coverage of the February West Africa program's final decade, which left more Suezmax cargoes available. Moreover, spot VLCC coverage of the March program to-date has been lighter than the pace of March cargo purchases by Asian buyers would have suggested which appears to have bolstered owners' rate sentiment. Rates on the WAFR-UKC route added 7.5 points to conclude at ws80. The BSEA-MED route bucked its downward trend as well despite slower m/m demand levels to-date, gaining five points to conclude at ws85. The Caribbean observed the strongest gains, with rates on the CBS-USG route gaining 17.5 points to conclude at 150k x ws90. Rates in the West Africa market appear to have further upside potential with the list of available tonnage through early March presently very thin. Meanwhile the Caribbean market also remains tight on both Suezmax demand for extra-regional voyages and a firming Aframax market, which may keep rates on a positive trend there.

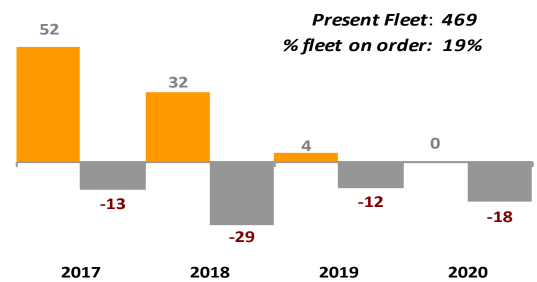
Aframax

Rates in the Aframax market were firmer this week, boosting average earnings by 85% from a week ago. The Caribbean market observed the greatest w/w upside with rates on the CBS-USG route adding 57.5 points, recouping losses observed earlier during the month to conclude at ws152.5. Sustained demand strength formed the basis of the gains with this week's chartering demand yielding 25 fresh fixtures, the loftiest tally in 13 months. Meanwhile, the four-week moving average of regional fixtures rose to a two-month high. Contributing to the demand gains, Venezuela was seen offering fresh cargoes amid refinery issues that further trimmed domestic uptakes. Rates in the region remain firm with owners and charterers at a seeming standoff at the close of the week with charterers expecting that fresh availability builds over the weekend will see rates start to correct and owners pointing to tight supply and strengthening rates in the North Sea market. Benchmark route TCEs in the North Sea presently stand 47% higher than those in the Caribbean, which certainly adds some weight to expectations for further upside. Rates on the NSEA-UKC route added 15 points to conclude at ws110. The gains there accompanied reports that key North Sea crude cargoes were heavily subscribed by Asian buyers, which lead to a surge in demand for remaining cargoes from regional buyers. Meanwhile, the AG-SPORE route was softer this week, shedding 2.5 points to conclude at ws110.

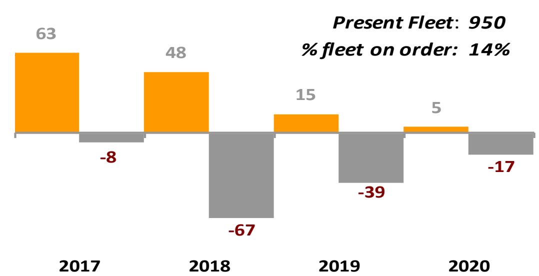
VLCC Projected Orderbook Deliveries/Phase-Outs



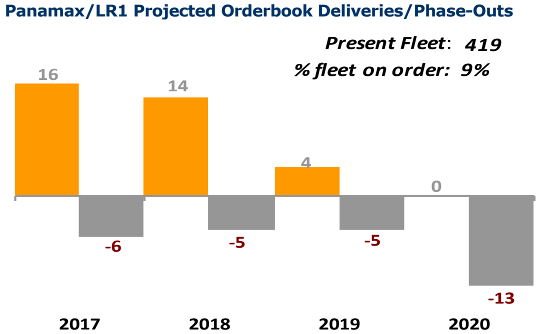
Suezmax Projected Orderbook Deliveries/Phase-Outs



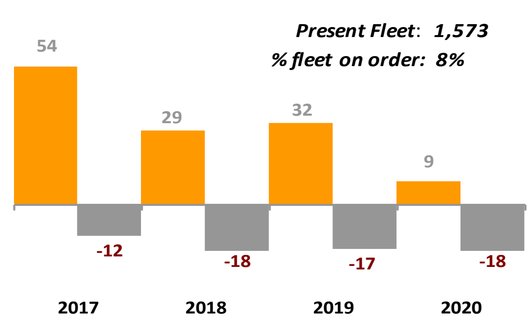
Aframax/LR2 Projected Orderbook Deliveries/Phase-Outs



Panamax/LR1 Projected Orderbook Deliveries/Phase-Outs



MR Projected Orderbook Deliveries/Phase-Outs



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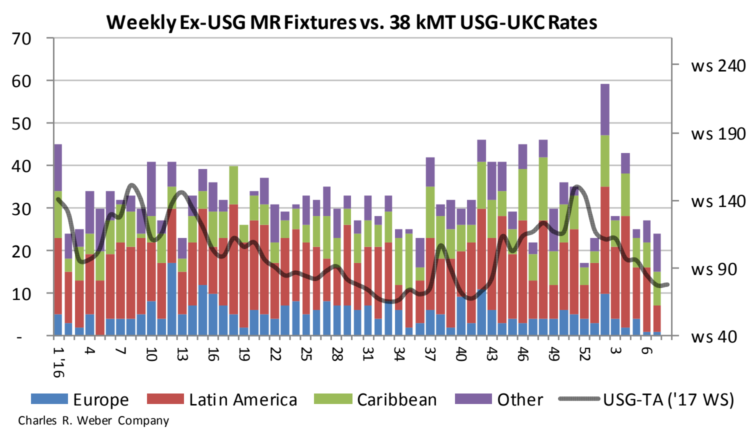
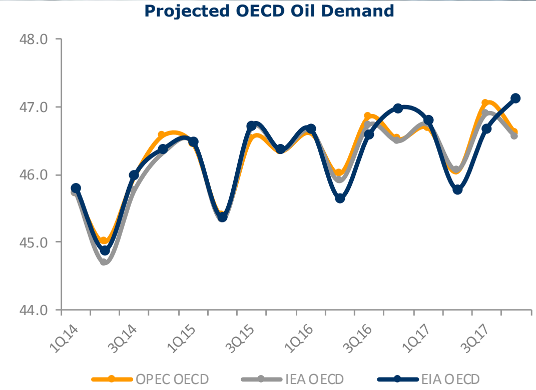
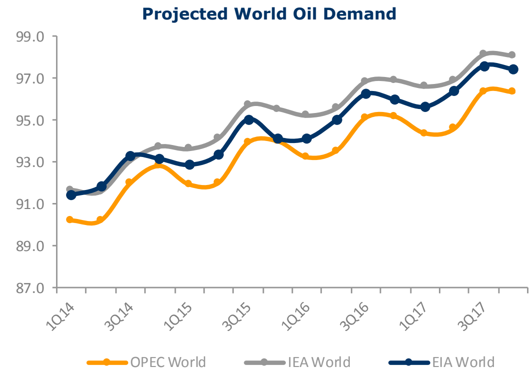
MR

The USG MR market spent most of the week under negative pressure due to light fixture activity and rising levels of available tonnage at the start of the week. At the end of the week, however, rates were slightly stronger as the supply/demand position tightened, though most route concluded the with w/w losses. A total of 24 fixtures were reported, representing am 11% w/w decline. Of the tally, just one unit was bound for points in Europe (unchanged w/w), 14 were bound for points in Latin America and the Caribbean (-7, w/w) and the remainder were bound for alternative destinations or have yet to be determined. Rates on the USG-UKC route lost 2.5 points from a week ago to conclude at ws77.5, having dropped to ws75 at midweek while the USG-CHILE route shed \$50k to conclude at \$925k lump sum, having dropped to \$900k earlier. The USG-CBS route concluded with a gain of \$15k to \$315k, having dropped into the high \$200s earlier. The two-week forward view of available tonnage shows 43 units available, or 10% fewer than a week-ago and markedly below numbers observed earlier this week. On this basis, and with expectations high for exports to finally start to ramp up given high US CPP inventories while USAC have trended lower this month, reducing the specter of inward ballasts, rates could be poised to extend this week's late gains. One complicating factor, however, could be a slow start to the upcoming week with many market participants expected to be absent on Monday in observation of the President's Day holiday in the US – though a rush to cover cargoes thereafter could offset any negative pressures.







REPORTED TANKER SALES

"Orthis" – 320,105/11 – Daewoo – DH
-Sold on subjects for $57.0m to Greek buyers (TMS Tankers Ltd).

"DHT Phoenix" – 307,151/99 – Daewoo – DH
-Sold for $18.5m to Swiss buyers (Mercuria).

***Hyundai Samho S812* –** 113,284/17 – Hyundai Samho – DH
-Sold for $43.7m to Greek buyers (TMS Tankers Ltd). Unit scheduled for delivery from yard 06/2017.

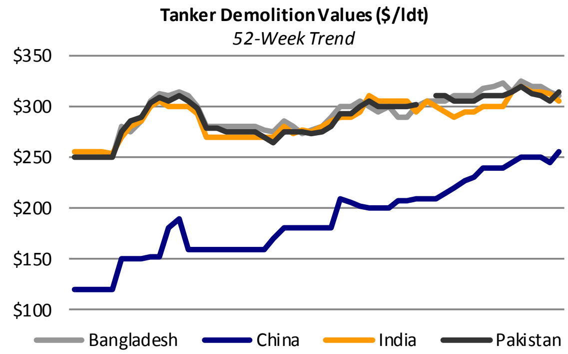
"Stena Important" – 49,731/15 – Guangzhou – DH
-Sold for $36.0m to undisclosed buyers including BBB for 9 years on private terms, with purchase obligation at end of period.

"High Presence" – 48,700/05 – Iwagi Zosen – DH
-Sold on subjects for $15.0m to Chinese buyers (Shandong Shipping) including BBB for 5 years at $14,250/day.

"Bow Aratu" – 13,843/97 – Escerizio Viareggio – DH – Ice 1A
-Sold on subjects for $4.6m to undisclosed Chinese buyers. Unit due for SS 05/2017.

REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 7.



[1]Monthly triangulated VLCC AG-USG/CBS-SPORE/AG TCE averages based on current-month aveage CBS-SPORE assessments and prior-month AG-USG assessments to reflect the earnings reality for units engaged in this trade.

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