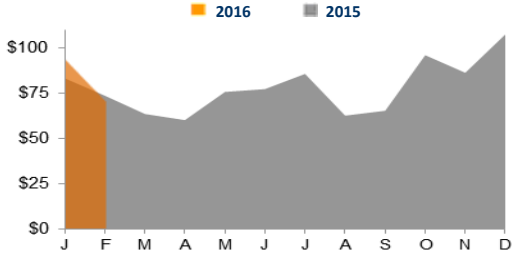
WEBER WEEKLY TANKER REPORT

WEEK 8 – 26 FEBRUARY 2016

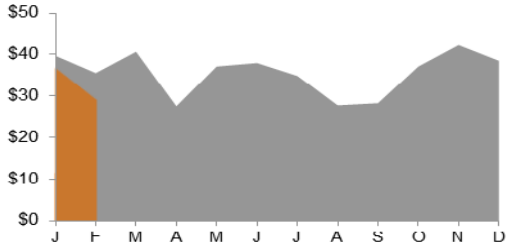
ISSUE 8 – 2016

Spot Market	WS/LS	TCE ~$/day	WS/LS	TCE ~$/day
VLCC (13.0 Kts L/B)	19-Feb		26-Feb	
AG>USG 280k (TD1)	35.0	$25,423	32.0	$22,518
AG>USG/CBS>SPORE/AG	--	$71,131	--	$68,205
AG>SPORE 270k (TD2)	62.5	$56,094	51.0	$43,205
AG>CHINA 265k (TD3C)	62.5	$50,143	51.0	$37,787
WAFR>USG 260k (TD4)	77.5	$69,775	70.0	$62,173
WAFR>CHINA 260k (TD15)	72.5	$61,465	65.0	$53,904
CBS>SPORE 270k	$5.90m	--	$5.85m	--
SUEZMAX (13.0 Kts L/B)				
WAFR>USAC 130k	80.0	$31,982	70.0	$26,887
WAFR>UKC 130k (TD20)	82.5	$29,405	70.0	$23,131
BSEA>MED 140k (TD6)	92.5	$41,694	77.5	$31,133
CBS>USG 150k	80.0	$37,818	77.5	$26,049
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k (TD7)	92.5	$24,916	92.5	$24,975
AG>SPORE 70k (TD8)	117.5	$31,641	117.5	$31,607
BALT>UKC 100k (TD17)	75.0	$31,212	72.5	$29,508
CBS>USG 70k (TD9)	135.0	$33,805	145.0	$37,623
MED>MED 80k (TD19)	97.5	$25,891	95.0	$24,818
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k (TD21)	120.0	$14,379	125.0	$20,574
CONT>USG 55k (TD12)	120.0	$21,849	107.5	$18,572
ECU>USWC 50k	240.0	$42,889	250.0	$44,810
CPP (13.0 Kts L/B)				
UKC>USAC 37k (TC2)	117.5	$13,247	115.0	$12,825
USG>UKC 38k (TC14)	105.0	$12,003	125.0	$15,825
USG>UKC/UKC>USAC/USG	--	$18,876	--	$21,683
USG>POZOSCOLORADOS 38k	$500k	$21,036	$750k	$37,980
CBS>USAC 38k	140.0	$18,225	150.0	$20,216
AG>JPN 35k	117.5	$11,607	122.5	$12,216
AG>JPN 75k (TC1)	93.5	$21,332	88.0	$19,650
AG>JPN 55k (TC5)	100.0	$15,788	97.5	$15,205

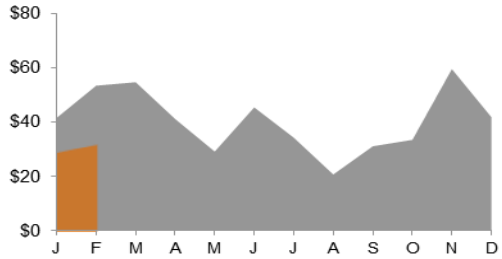
Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$45,000	$41,000
Suezmax	$35,000	$32,000
Aframax	$29,000	$25,000
Panamax	$23,500	$21,500
MR	$17,750	$18,250



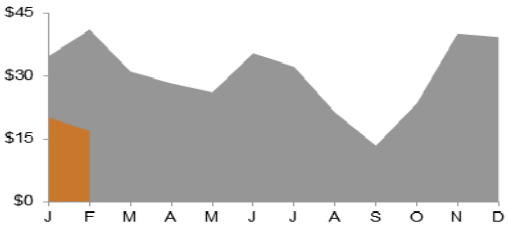
VLCC TCE AG-USG / CBS-SPORE/AG | **MTD Average ~$70,346/Day** | **Month y/y ▼ -4%**



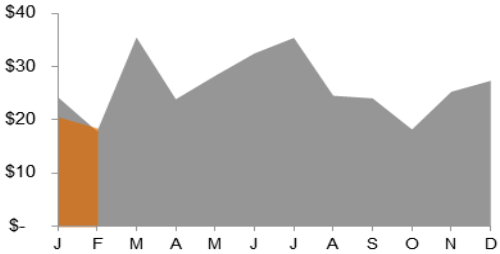
S'MAX TCE 130k WAF-UKC | **MTD Average ~$29,128/Day** | **Month y/y ▼ -18%**



A'MAX TCE 70k CBS-USG | **MTD Average ~$32,053/Day** | **Month y/y ▼ -40%**



P'MAX TCE 50k CBS-USG | **MTD Average ~$16,678/Day** | **Month y/y ▼ -60%**



MR TCE USG-UKC/ UKC-USAC/USG | **MTD Average ~$18,260/Day** | **Month y/y ▲ +2%**

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

SPOT MARKET SUMMARY

VLCC

VLCC demand was uninspiring for a second consecutive week. Whereas last week's chartering volume was only marginally below the 52-week average, this week saw demand in the Middle East drop to half of last week's fixture tally with just 12 reported (a YTD low) while in the West Africa market just two were reported this week – off 71% w/w and the fewest in seven weeks. The lower demand was compounded by the presence of a number of disadvantaged units in the Middle East and resulted in building negative pressure on rates. Having concluded last week at an assessed ws62.5, observed rates on the AG-FEAST routes fluctuated between a high of ws63 for a replacement to a low of ws50 on "vintage" unit. The week concludes at an assessed ws51 assuming normal dates and performing unit. However, with around 46% of the list of units available through mid-March dates also of "vintage" nature, their presence dictates that the more modern constituent positions will need to compete more aggressively to secure business. Adding to woes, a small number of Middle East units were provisionally fixed for storage business this week but in each case subjects on these deals failed to be lifted, returning the units to the pool of available tonnage. We note that there are presently 31 units available through mid-March dates while only 13 further cargoes are likely to materialize within the same space of time. Assuming at least a modest rebound of West Africa demand to draw on the available units, the likely number of surplus positions at mid-March dates is 12-14. This is considerably higher than the earlier-estimated five units available at the close of the first decade.

While we expect further rate downside to prevail on the aforementioned factors, the delaying of much of the expected demand – particularly for second-decade March cargoes – implies a rebounding of activity during the upcoming week. Subject to the extent and timing thereof, an eventual stabilizing of rates could prevail by mid-week and if the pace of fresh demand rises to a high case, then a paring of recent and early-week losses could be expected.

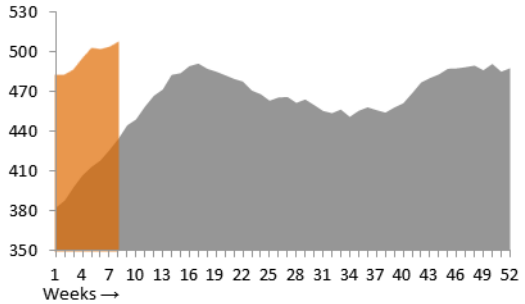
Middle East

Rates to the Far East were assessed at an average of w59.1, off 3.6 points w/w. Corresponding TCEs were off by 6% to an average ~$50,446/day; the present assessment of ws51 yields ~$41,732/day. Rates to the USG via the Cape were off by 0.1 point w/w to an average of ws34.2. Triangulated Westbound trade earnings eased 1% w/w to an average of ~$70,462/day.

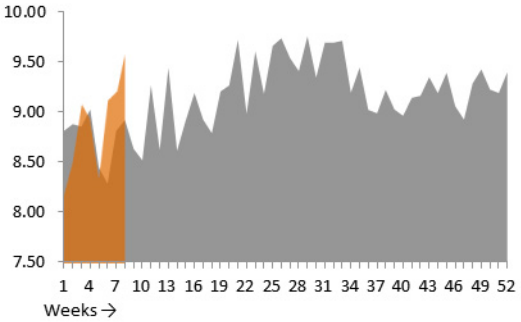
Atlantic Basin

Rates in the West Africa market corrected following a stronger market late last week and early this week to more closely match the Middle East. The WAFR-FEAST route eased to an average of ws68.5, representing a w/w gain of 0.3 points. Corresponding TCEs gained 3% w/w to an average of ~$57,517/day.

The Caribbean market remained slow and though two Brazil/Uruguay fixtures were concluded, a widening supply/demand imbalance kept modest negative pressure on rates. The CBS-SPORE route was assessed at an average of $5.88m lump sum, off $20k w/w.



US Crude Stocks (EIA)	Last Week 507.6 MnBbls	Week y/y ▲+16.94%



US Gasoline Demand (EIA)	Last week 9.576 MnB/d	Week y/y ▲+7.4%

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Suezmax

Rates in the West Africa Suezmax market continued to correct this week on further demand erosion and rising availability. The week's fixture tally was down 18% w/w to a fresh YTD low of 9. Adding to woes of modestly stronger VLCC coverage in the second decade of the March program and limited European demand, last week's attack on the Forcados pipeline resulted over the weekend in the declaring of force majeure on exports from the line's supplied export terminal, affecting as much as 400,000 b/d of regional supply until April. Rates took their cue with the WAFR-UKC route losing 12.5 points to conclude at ws70.

Compounding the situation for owners, rates in the Black Sea market were markedly softer this week with the BSEA-MED route shedding 15 points to close at ws77.5 (albeit with TCEs remaining at a 35% premium over WAFR-UKC). Limiting the extent of further downside, lower recent VLCC demand in the West Africa market leaves a longer list of cargoes available for Suezmaxes.

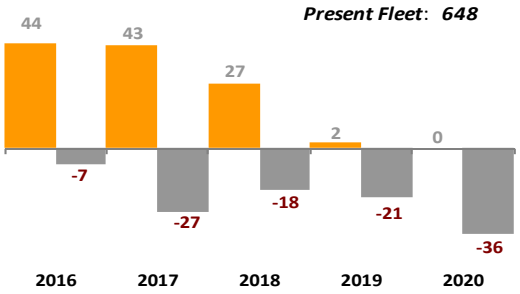
Aframax

After a sluggish start, the Caribbean Aframax market was stronger through much of the mid-week, leading to fresh rate gains. Having commenced at ws135 and briefly touching lower levels on Monday, the mid-week concentration of demand saw the CBS-USG route rise to as high as ws140. With some ships failing on Friday, however – and with charterers cognizant of an impending loosening of supply – the route ultimately concluded at ws140. Failing a robust start to the upcoming week, rates should continue their giveback on rising availability, which may be further boosted by an easing of recent delay issues.

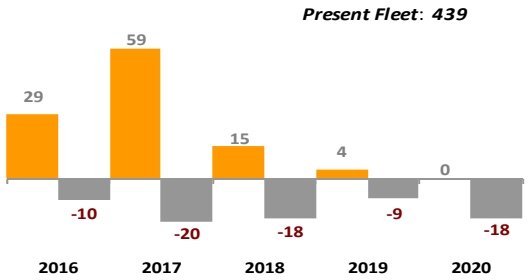
Panamax

The Caribbean Panamax commenced the week with an extending of last week's softer sentiment. However, after an exodus of units last to Europe week reduced regional availability and Caribbean area demand proved markedly stronger, rates were directionally stronger throughout the remainder of the week. Ultimately, the CBS-USG route concluded with a gain of five points to ws125.

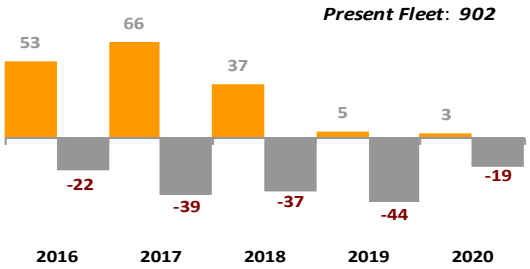
VLCC Projected Deliveries/Removals



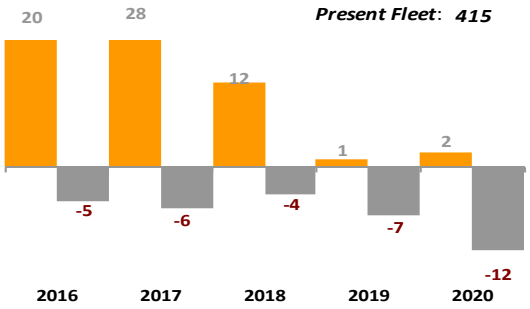
Suezmax Projected Deliveries/Removals



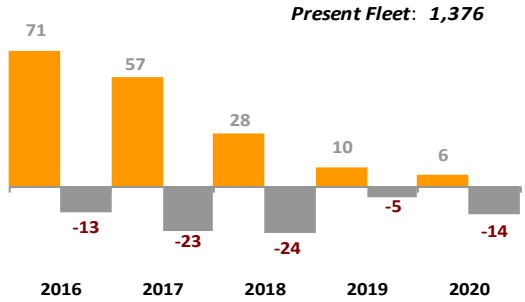
Aframax/LR2 Projected Deliveries/Removals



Panamax/LR1 Projected Deliveries/Removals



MR Projected Deliveries/Removals



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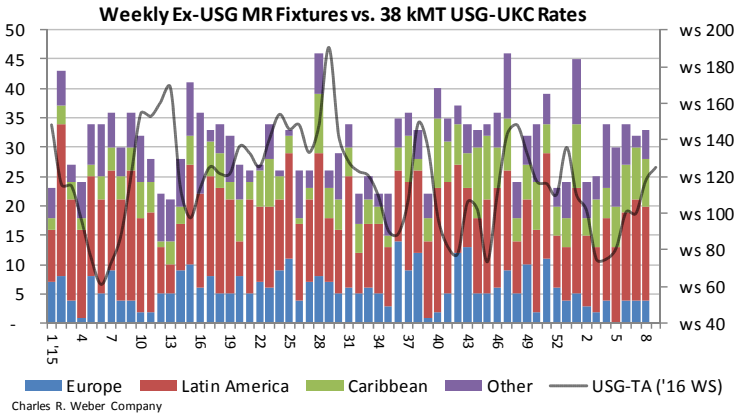
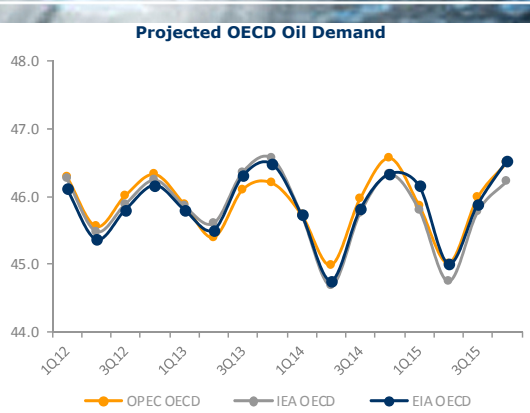
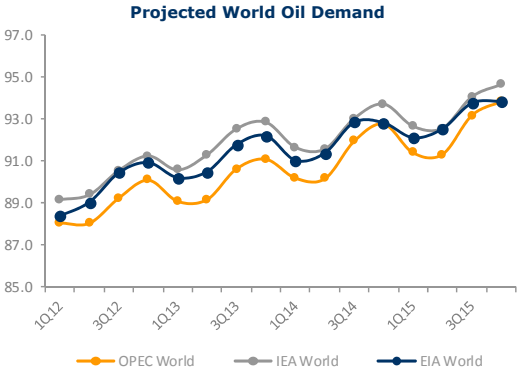
MR

The USG MR market was busier this week with the reappearance of arbitrage opportunities to Europe supporting a steady trans-Atlantic cargo flow while exports to Latin America and the Caribbean remained strong. A total of 33 fixtures were reported this week vs. 32 last week. This week's tally included 4 to Europe (unchanged w/w), 24 to Latin America and 5 to be determined or to alternative destinations. The earlier opening of the trans-Atlantic arbitrage largely favored LR1 units, for which five USG-UKC fixtures materialized (while one additional unit was chartered for short-term storage). However, this helped to clear out regional LR availability and offered MR owners a stronger hand to capitalize on the recent USG-area demand strength and relatively tight fundamentals. On this basis, the USG-UKC route added 20 points to conclude at a YTD high of ws125 while the USG-POZOS route jumped 50% to $750k lump sum).

=Though PADD 3 refinery utilization rates eased last week as refiners work through maintenance programs, high inventory levels continue to offset the impact export flows while stronger crack spreads at the close of the week could limit further reductions in utilization rates. Meanwhile, forward availability remains tight despite a w/w tonnage build; the 26 units presently showing availability represents a 13% gain but remains below the 52-week average. Whether this translates into further gains depends on the distribution of the upcoming weeks demand and an active start could maintain the positive momentum.







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REPORTED TANKER SALES

"Hanjin Ras Tanura" 317,660/11 – Hyundai Ulsan – DH
-Sold for $76.0m to Saudi buyers (Bahri Navigation).

"Takachiho II" 280,889/98 – IHI – DH
-Sold for $21.3m to Greek buyers (NGM Energy).

"Kilimanjaro Spirit" 115,048/04 – Daewoo – DH
"Fuji Spirit" 106,360/03 – Tsuneishi – DH
-Sold en bloc on private terms to undisclosed Greek buyers. Sale includes 3-Year TCB on both units at $22,750/day and $23,000/day, respectively.

"SPT Explorer" 105,804/08 – Tsuneishi – DH – Lightering
"Navigator Spirit" 105,773/08 – Tsuneishi – DH – Lightering
-Sold en bloc for $80.0m to Canadian buyers (Teekay Tankers).

"STI Chelsea" 49,990/14 – Hyundai Mipo – DH – IMO II
"STI Lexington" 49,990/14 – Hyundai Mipo – DH – IMO II
"STI Mythos" 49,990/14 – Hyundai Mipo – DH – IMO II
"STI Olivia" 49,990/14 – Hyundai Mipo – DH – IMO II
"STI Powai" 49,990/14 – Hyundai Mipo – DH – IMO II
-Sold en bloc for $166.5m to Saudi buyers (National Chemical Carriers).

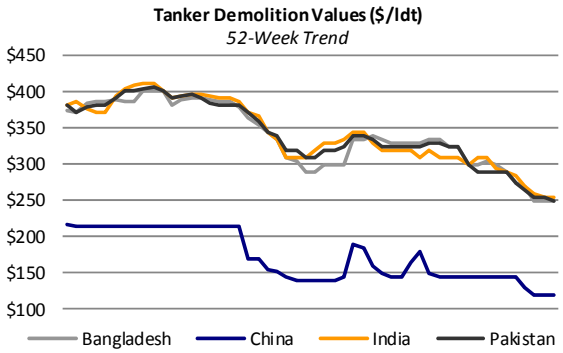
"Amalienborg" 40,059/04 – Shina – DH – IMO III
-Sold for $15.5m to Greek (Seaworld Management) buyers.

"Marida Mulberry" 13,211/08 – Jinse – DH – IMO II
"Marida Magnolia" 13,211/08 – Jinse – DH – IMO II
-Sold for $18.0m to undisclosed European buyers.

REPORTED TANKER DEMOLITION SALES

Unknown

"Concertina" 96,835/92 – 15,225 LDT – DH
-Sold for $263/ldt.



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