

# WEBER WEEKLY TANKER REPORT



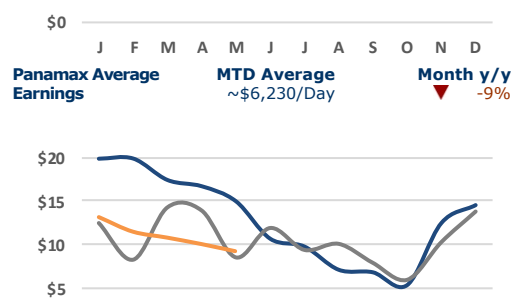
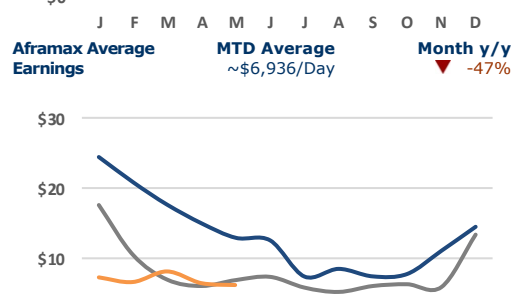
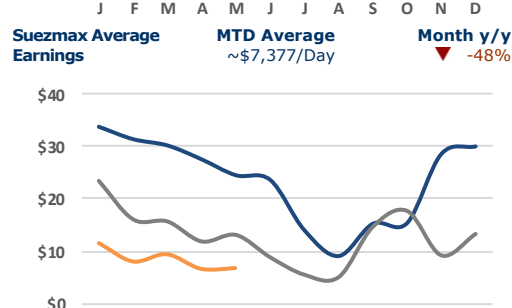
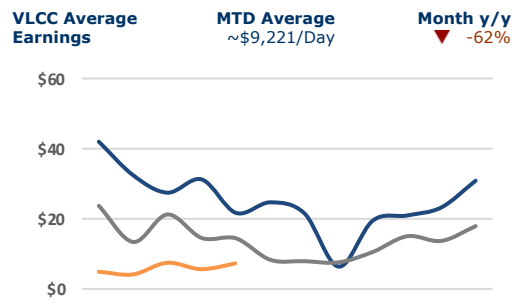
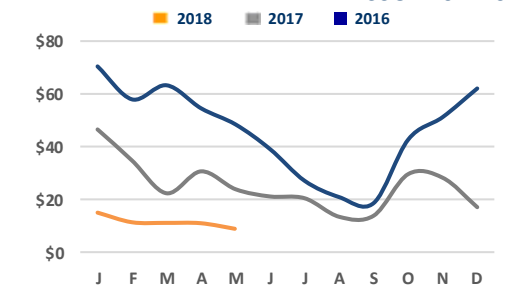
WEEK 20 – 18 MAY 2018

ISSUE 20 – 2018

Spot Market	WS/LS	TCE	WS/LS	TCE
<b>VLCC (13.0 Kts L/B)</b>		<b>11-May</b>		<b>18-May</b>
AG>USG 280k	18.0	--	18.0	--
AG>SPORE 270k	39.0	\$6,276	42.5	\$8,388
AG>JPN 265k	37.0	\$7,111	40.0	\$8,894
AG>CHINA 270k	42.0	\$7,360	44.5	\$8,526
WAFR>CHINA 260k	42.0	\$9,745	45.0	\$11,096
USG>SPORE 270k	\$3.50m	\$9,163	\$3.50m	\$8,807
AG>USG/USG>SPORE/AG	--	\$14,577	--	\$14,122
<i>VLCC Average Earnings</i>		\$8,463		\$9,767
<b>SUEZMAX (13.0 Kts L/B)</b>				
WAFR>USG 130k	55.0	\$5,049	60.0	\$6,469
WAFR>UKC 130k	60.0	\$2,510	65.0	\$3,818
BSEA>MED 140k	85.0	\$9,817	85.0	\$9,234
CBS>USG 150k	60.0	\$7,114	65.0	\$9,563
USG>UKC 130k	57.5	--	57.5	--
CBS>USG/USG>UKC/WAFR	--	\$8,030	--	\$8,344
AG>USG 140k	27.5	--	27.5	--
USG>SPORE 130k	\$2.20m	--	\$2.20m	--
AG>USG/USG>SPORE/AG	--	\$7,860	--	\$6,794
<i>Suezmax Average Earnings</i>		\$6,258		\$6,986
<b>AFRAMAX (13.0 Kts L/B)</b>				
N.SEA>UKC 80k	90.0	\$(3,352)	102.5	\$3,970
BALT>UKC 100k	72.5	\$5,345	80.0	\$9,088
CBS>USG 70k	105.0	\$7,502	120.0	\$11,659
USG>UKC 70k	80.0	--	90.0	--
CBS>USG/USG>UKC/NSEA	--	\$14,224	--	\$18,205
MED>MED 80k	85.0	\$3,534	120.0	\$16,137
AG>SPORE 70k	87.5	\$5,649	95.0	\$7,008
<i>Aframax Average Earnings</i>		\$6,358		\$11,927
<b>PANAMAX (13.0 Kts L/B)</b>				
CBS>USG 50k	120.0	\$3,129	130.0	\$4,675
CONT>USG 55k	105.0	\$5,982	105.0	\$5,248
ECU>USWC 50k	172.5	\$16,285	172.5	\$15,914
<i>Panamax Average Earnings</i>		\$6,456		\$6,686
<b>LR2 (13.0 Kts L/B)</b>				
AG>JPN 75k	90.0	\$7,157	94.0	\$7,522
AG>UKC 80k	\$1.58m	\$5,380	\$1.63m	\$5,529
MED>JPN 80k	\$1.54m	\$2,765	\$1.43m	\$302
AG>UKC/MED>JPN/AG	--	\$9,754	--	\$8,354
<i>LR2 Average Earnings</i>		\$8,022		\$7,799
<b>LR1 (13.0 Kts L/B)</b>				
AG>JPN 55k	110.5	\$7,352	112.5	\$7,136
AG>UKC 65k	\$1.47m	\$7,512	\$1.56m	\$8,453
UKC>WAFR 60k	83.0	\$(2,503)	83.0	\$(3,236)
AG>UKC/UKC>WAFR/AG	--	\$9,045	--	\$9,456
<i>LR1 Average Earnings</i>		\$8,198		\$8,296
<b>MR (13.0 Kts L/B)</b>				
UKC>USAC 37k	137.5	\$6,132	120.0	\$2,558
USG>UKC 38k	90.0	\$(393)	85.0	\$(1,837)
USG>UKC/UKC>USAC/USG	--	\$7,763	--	\$4,870
USG>CBS (Pozos Colorados) 38k	\$375k	\$5,868	\$325k	\$1,947
USG>CHILE (Coronel) 38k	\$1.10m	\$10,838	\$1.03m	\$8,092
CBS>USAC 38k	120.0	\$5,795	115.0	\$4,347
WCIND>JPN/ROK>SPORE/WCIND	--	\$10,629	--	\$10,229
<i>MR Average Earnings</i>		\$8,406		\$5,946
<b>Handy (13.0 Kts L/B)</b>				
MED>EMED 30k	144.5	\$12,055	139.0	\$10,232
SPORE>JPN 30K	132.0	\$4,105	132.0	\$3,670
<i>Handy Average Earnings</i>		\$6,967		\$6,032

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
<b>VLCC</b>	\$21,000	\$28,000
<b>Suezmax</b>	\$15,000	\$21,000
<b>Aframax</b>	\$14,000	\$17,500
<b>Panamax</b>	\$13,000	\$14,500
<b>MR</b>	\$13,000	\$15,000
<b>Handy</b>	\$12,000	\$13,500



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# WEBER WEEKLY TANKER REPORT



## SPOT MARKET SUMMARY

### VLCC

A number of fresh appearances on Middle East position lists saw the May surplus surge to a fresh multiple-year high, prompting rates to tick down lower this week before rebounding modestly to compensate for rising bunker prices.. With the May Middle East program seemingly complete, the number of spot units uncovered tallied at 38, representing the highest level since August 2012. This comes despite the fact that some units previously constituents of May availability opted to speculatively ballast to the Americas in hopes of achieving better returns than the paltry levels yielded by AG-FEAST trades and exposes the extreme level of oversupply gripping the market. The last time surplus capacity stood at 38 units, AG-FEAST TCEs collapsed to just ~\$5,067/day. These voyages presently yield ~\$8,589/day.

As the market progresses past the early part of the June program, challenges are likely to remain. A surge in WAFR-FEAST demand during March kept units off position lists for longer than more conventional AG-FEAST runs. However, these units are now likely to return to position lists progressively during June, which raises the threat of a further hike in surplus capacity and a corresponding undermining of rates. Present indications for June's first decade surplus are ~20 units, though we expect that hidden positions will emerge and increase the number. As more units come into play by the second-decade, a higher surplus could materialize. Our analysis of proprietary intel and AIS data suggest the surplus could rise to as high as 38 units, matching May's surplus.

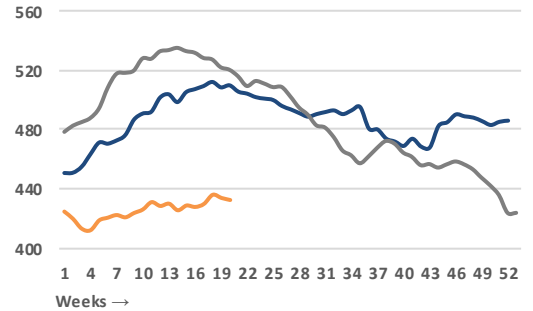
### Middle East

Rates on the AG-CHINA route gained 2.5 points to conclude at ws44.5. TCEs on the route rose by 16% to conclude at ~\$8,526/day. Rates on the AG-USG route were unchanged at ws18. Triangulated Westbound trade earnings were off 3% to ~\$14,122/day.

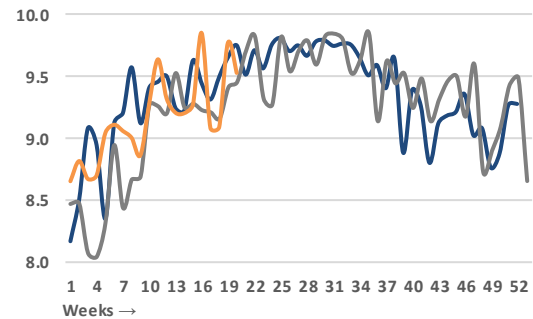
### Atlantic Basin

Rates in the West Africa market largely followed those in the Middle East. The WAFR-CHINA route added 3 points to conclude at ws45. Corresponding TCEs rose by 14% to ~\$11,096/day.

Rates in the Atlantic Americas improved on earlier demand strength and rising bunker prices. The USG-SPORE route added \$100k to conclude at \$3.50m. Round-trip TCEs on the route eased 4% to ~\$8,807/day.



**US Crude Stocks (EIA)** Last Week 432.4 MnBbls Week y/y ▼ -17.0%



**US Gasoline Demand (EIA)** Last Week 9.531 MnB/d Week y/y ▲ +0.8%

■ 2018 ■ 2017 ■ 2016

# WEBER WEEKLY TANKER REPORT



## Suezmax

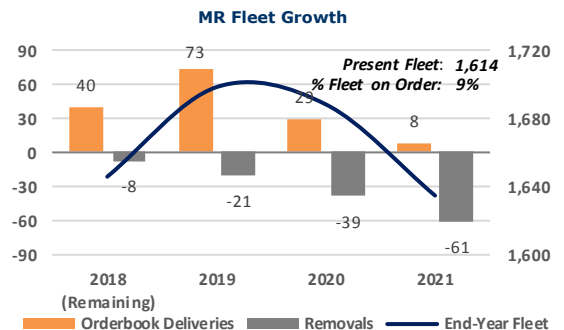
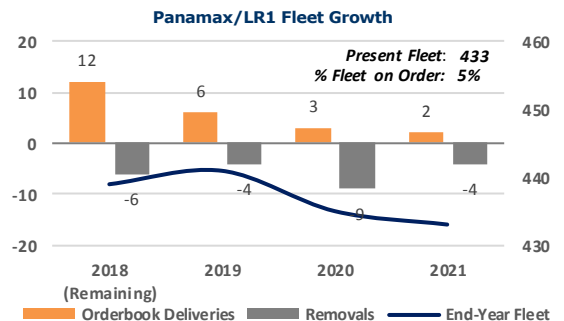
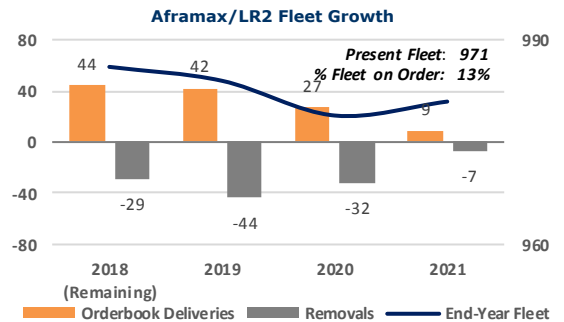
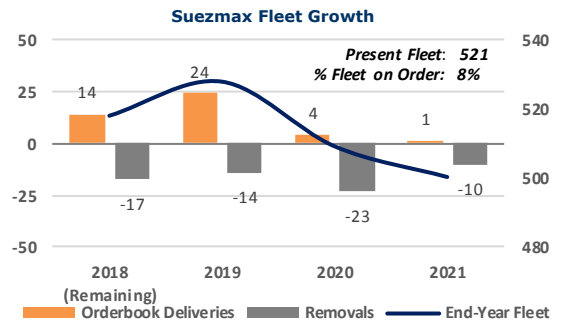
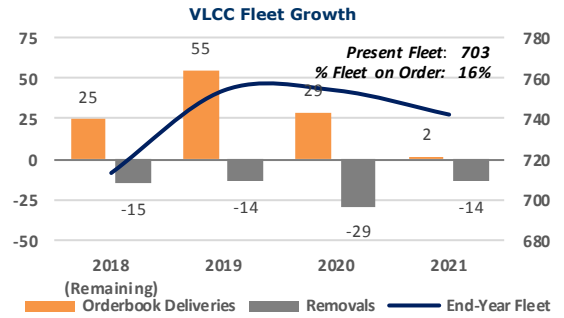
Rates in the West Africa Suezmax market rose modestly this week on strong demand and rising bunker prices. A total of 19 fixtures were reported, representing a gain of 10 on last week's tally and the loftiest tally in ten months. Oversupply remained a challenge, however, and limited the extent of corresponding rate gains. The WAFR-UKC route added 5 points to conclude at ws65. TCEs remained mired well below OPEX levels, despite the gains.

Rates in the Caribbean market were mixed. Long-haul extra-regional voyages saw rates unchanged with the USG-UKC route unchanged at 130 x ws57.5 and the USG-SPORE route steady at \$2.20m lump sum. The CBS-USG route saw a modest 5-point gain to 150 x ws65 on rising Aframax rates and resistance to Venezuelan ports.

## Aframax

The Caribbean Aframax market was stronger this week on sustained demand strength, delay issues and uncertain itineraries. This week's fixture tally was off by four fixtures to 19, but this was 27% above the YTD average. A surge in rates in the Mediterranean market contributed to the shift in sentiment. The CBS-USG route added 15 points to conclude at ws120.

In the Mediterranean market, demand has been at considerable strength in recent weeks. A total of 29 fixtures were reported this week which represents a 21% w/w gain and compares with a YTD weekly average of just 11. Rates on the MED-MED route added 35 points to conclude at ws120 with TCEs adding \$12,603 to conclude at ~\$16,137/day. Support carried over to other European markets with the NSEA-UKC route adding 12.5 points to conclude at ws102.5 and the BALT-UKC route up by 7.5 points to ws80.



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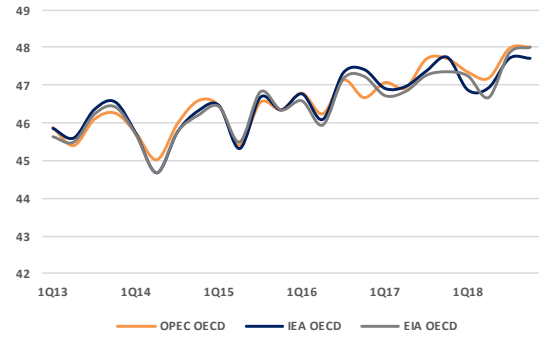
## MR

Rates in the USG MR collapsed to an effective floor this week on an extreme souring of fundamentals. Available positions surged Monday as turnarounds at Mexican ports quickened, contributing to reappearances of units from other intraregional voyages and the fresh presence of USAC positions. We counted 67 units available by COB Monday, which was more than double the tally seen a week earlier and represented greatest number of units observed since September '17 amid aftermath of Hurricane Harvey. At the close of the week, two-week forward availability has moderated by remains very high at 55 units (67% more than a week ago). More units are expected to appear on position lists Monday.

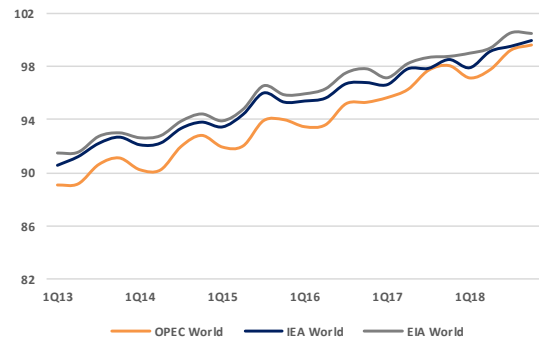
Meanwhile, demand this week declined 18% to 33 fixtures as pricing of PADD3-area products was disadvantageous amid declining regional inventories, rising domestic demand and six-consecutive weeks of declining refinery utilization rates. A rare reverse (UKC-USAC) diesel arbitrage also briefly appeared, underscoring challenges facing USG exports, though no spot fixtures for such trades were reported. One VLCC carrying diesel on a maiden westbound voyage revised its AIS destination to New York (with reports of a second such unit underway), which may have limited further interest.

Rates slid on the widened supply/demand imbalance, though the extent of downside was limited by rising bunker prices and their adverse impact on voyage TCEs. The USG-UKC route shed five points to ws85 while the USG-CBS route shed \$50k to \$325k lump sum. The USG-CHILE route lost \$75k to conclude \$1.025m lump sum. Rates are unlikely to observe much upside at the start of the upcoming week with progression thereafter subject to the extent of demand. Further forward, we note that inbound USAC voyages have declined from recent highs which should yield fewer potential ballasters from the USAC to the USG. Additionally, the specter of a VLCC-sized diesel cargo inbound to New York should limit USAC-bound LR1 voyages and thus limit cargo cannibalization from the larger class in the MR space for onward USG trades. These together with seasonal factors should see the market directionally improve through early July, though our rate expectations for June/July are tempered by the extent by which fundamentals have disjointed, and the PADD3 inventories/refinery utilization rate developments.

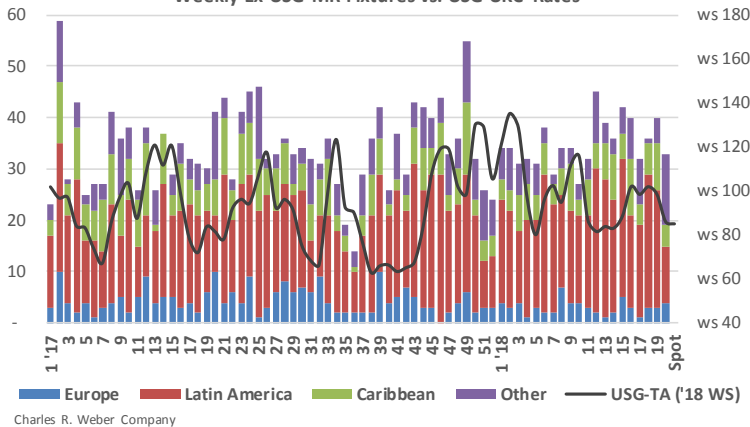
Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



Weekly Ex-USG MR Fixtures vs. USG-UKC Rates



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## REPORTED TANKER SALES

**United Emblem** – 161,653 /10 – New Times– DH  
-Sold for \$27.0m to Delta Tankers as part of a court sale.

**United Honor** – 112,795 /10 – New Times– DH  
-Sold for \$19.5m to undisclosed buyers as part of a court sale.

**Christina Kirk** – 53,540/10 – Shin Kurushima – DH  
**Gunhild Kirk** – 50,326/10 – Guangzhou – DH – IMO III  
**Edith Kirk** – 37,255/04 – Hyundai Mipo – DH – IMO III – Ice 1B  
**Marie Kirk** – 37,217/04 – Hyundai Mipo – DH – IMO III – Ice 1B  
-Sold en bloc for \$35.3m to undisclosed Danish buyers.

**British Courtesy** – 47,210 /05– Hyundai Mipo – DH  
**British Serenity** – 47,210 /05 – Hyundai Mipo – DH  
**British Tranquility** – 47,210/05 – Hyundai Mipo – DH  
-Sold en bloc for \$10.7m each to undisclosed buyers. Units due for DD 06/2018, 06/2018 and 09/2018, respectively.

## REPORTED TANKER DEMOLITION SALES

Final Destination: India

**Ridgebury Pioneer** – 306,397 /99 – 42,421 LDT – DH  
-Sold for \$408/ldt, basis as is, Khor Fakkan and gas-free, including 300 MT bunkers.

**Silver Glory** – 302,203/01 – 44,380 LDT – DH  
- Sold for \$437/ldt.

Final Destination: Pakistan

**Amazon Guardian** – 72,910 /99 – 12,560 LDT – DH  
- Sold for \$455/ldt, basis as is, Khor Fakkan and gas-free for hot works, including ~400 MT bunkers.

Final Destination: Bangladesh

**Asta Samudra**– 18,625 /94 – 5,168 LDT – SH  
- Sold for \$250/ldt, basis as is Batam (under tow).



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