

WEBER WEEKLY TANKER REPORT

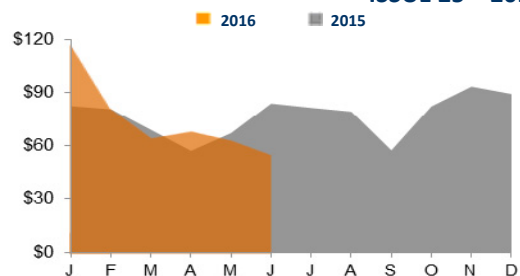


WEEK 25 – 24 JUNE 2016

ISSUE 25 – 2016

Spot Market	WS/LS	TCE ~\$/day	WS/LS	TCE ~\$/day
VLCC (13.0 Kts L/B)				
	17-Jun		24-Jun	
AG>USG 280k (TD1)	26.0	\$11,157	29.0	\$13,427
AG>USG/CBS>SPORE/AG	--	\$44,819	--	\$38,208
AG>SPORE 270k (TD2)	40.0	\$26,567	47.5	\$33,934
AG>CHINA 265k (TD3C)	40.0	\$21,578	47.5	\$28,574
WAFR>USG 260k (TD4)	57.0	\$43,637	57.5	\$43,373
WAFR>CHINA 260k (TD15)	52.0	\$35,539	52.5	\$35,211
CBS>SPORE 270k	\$4.50m	--	\$3.60m	--
SUEZMAX (13.0 Kts L/B)				
WAFR>USAC 130k	85.0	\$30,836	67.5	\$21,149
WAFR>UKC 130k (TD20)	87.5	\$28,166	70.0	\$18,674
BSEA>MED 140k (TD6)	82.5	\$33,207	77.5	\$29,557
CBS>USG 150k	72.5	\$28,230	75.0	\$29,644
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k (TD7)	125.0	\$47,245	120.0	\$43,102
AG>SPORE 70k (TD8)	95.0	\$21,722	95.0	\$21,146
BALT>UKC 100k (TD17)	97.5	\$43,213	97.5	\$43,054
CBS>USG 70k (TD9)	90.0	\$14,266	90.0	\$13,842
MED>MED 80k (TD19)	105.0	\$26,842	117.5	\$32,242
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k (TD21)	112.5	\$7,180	107.5	\$5,679
CONT>USG 55k (TD12)	90.0	\$9,707	90.0	\$9,352
ECU>USWC 50k	140.0	\$19,227	140.0	\$18,881
CPP (13.0 Kts L/B)				
UKC>USAC 37k (TC2)	110.0	\$10,318	97.5	\$6,627
USG>UKC 38k (TC14)	80.0	\$4,955	62.5	\$1,386
USG>UKC/UKC>USAC/USG	--	\$9,797	--	\$7,742
USG>POZOSCOLORADOS 38k	\$400k	\$12,215	\$325k	\$6,880
CBS>USAC 38k	110.0	\$10,318	105.0	\$9,089
AG>JPN 35k	99.0	\$7,066	99.0	\$6,628
AG>JPN 75k (TC1)	80.0	\$14,721	87.5	\$16,386
AG>JPN 55k (TC5)	90.0	\$11,241	100.0	\$12,882

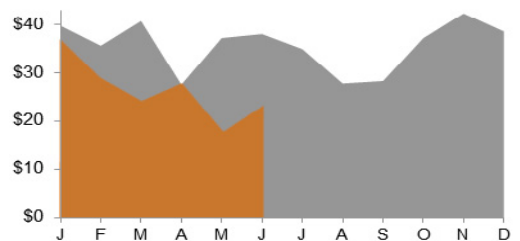
Time Charter Market \$/day (theoretical)	1 Year	3 Years
VLCC	\$38,000	\$35,000
Suezmax	\$27,000	\$26,000
Aframax	\$22,500	\$21,500
Panamax	\$19,000	\$18,000
MR	\$15,000	\$14,500



VLCC TCE
AG-USG /
CBS-SPORE/AG¹

MTD Average
~\$55,279/Day

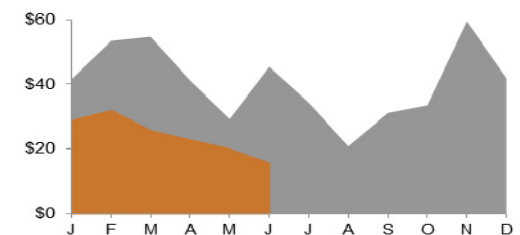
Month y/y
▼ -34%



S' MAX TCE
130k WAF-UKC

MTD Average
~\$23,452/Day

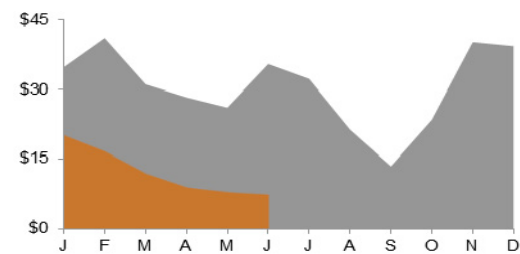
Month y/y
▼ -38%



A' MAX TCE
70k CBS-USG

MTD Average
~\$15,887/Day

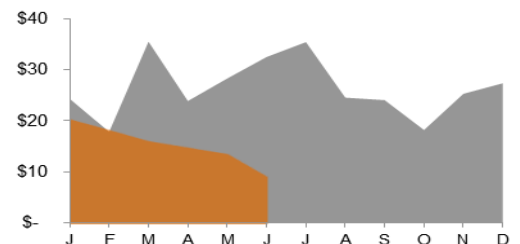
Month y/y
▼ -65%



P' MAX TCE
50k CBS-USG

MTD Average
~\$7,396/Day

Month y/y
▼ -79%



MR TCE
USG-UKC/
UKC-USAC/USG

MTD Average
~\$9,231/Day

Month y/y
▼ -72%

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SPOT MARKET SUMMARY

VLCC

The VLCC market commenced with an extending of last week's rate losses as limited demand was met with an excessive number of available positions – many of which were commercially disadvantaged due to age, recent dry docking or their status as new-buildings. At midweek, however, chartering demand surged substantially and, once the bulk of the disadvantaged units were fixed, owners of the remaining more competitive units succeeded in pushing rates higher. The Middle East and West Africa markets ultimately yielded a combined total of 48 fixtures for the week, a 153% w/w gain and the most in eight months. Voyages to points in the Far East led the demand gains as charterers worked stronger cargo requirements as regional refineries move past high Q2 maintenance programs. Meanwhile, demand in the West Africa market rose to its highest level since January as purchases of Angolan crude rose on an earlier widening discount of key grades to Brent. The surge was largely concentrated around mid/late-week and after touching a low of ws36.25 for a voyage from the Middle East to Korea on an ex-dry dock unit, the AG-FEAST route rebounded and ws47 had been achieved for a voyage to China.

Given that the week's demand has absorbed more tonnage than earlier expected and with the remaining list of available units now largely devoid of disadvantaged units, sentiment remains strong and could lead to further rate gains during the upcoming week as charterers move further into the Middle East July program's second decade. We note that with 51 July fixtures covered thus far, a further 21 are likely to remain uncovered through the end of the month's second decade. Against this, there are 35 units available through the same space of time from which West Africa draws are likely to total six, implying a surplus of eight units. This represents a considerable reduction from the 14 surplus units expected at the conclusion of the month's first decade and matches the average end-month surplus observed over the past 18 months.

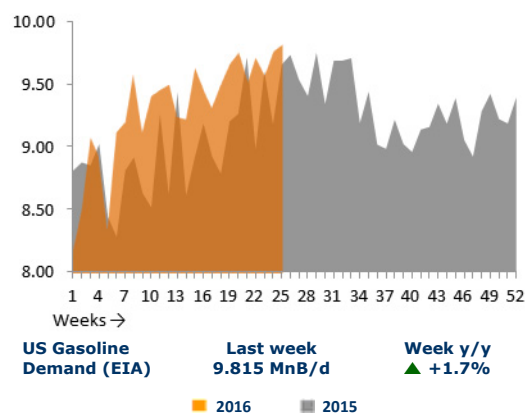
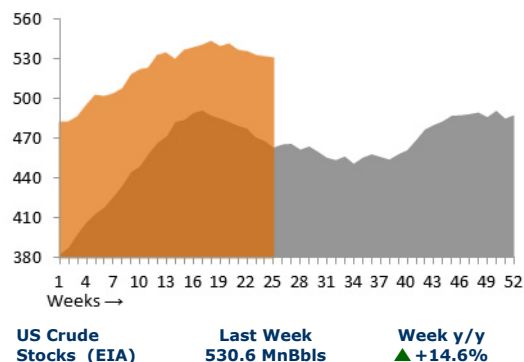
Middle East

Rates to the Far East closed with a weekly gain of 7.5 points at ws47.5. Corresponding TCEs rose by 50% to conclude at ~\$31,800/day. Rates to the USG via the Cape added 2.5 points to a closing assessment of ws29. Triangulated Westbound trade earnings at current AG-USG and CBS-SPORE assessments stand at ~\$38,259/day, representing a w/w loss of 15%. Further market upside during the upcoming week could see AG-USG rates post stronger gains to compensate for declining triangulated returns associated rate losses for onward trades from the Caribbean.

Atlantic Basin

The West Africa market continued to lag movements in the Middle East. Rates on the WAFR-FEAST route closed unchanged at ws52.5 (due to the lag of earlier losses); the route observed a low of ws49 in intraweek trading. WAFR-FEAST TCEs conclude at ~\$35,271/day, representing a 1% w/w loss.

The Caribbean market remained extremely slow with tonnage continuing to build. The CBS-SPORE route was retested with \$3.6m lump sum recorded, representing a weekly loss of \$900k – and marking a two-year low.



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Suezmax

Rates for Suezmaxes in the West Africa market were considerably cooler this week after charterers were quieter in the July program's second decade and rising VLCC coverage during the month's second and third decades implied fewer cargoes available for the smaller class going forward. The regional weekly Suezmax fixture tally dropped by a third to a YTD low of just six fixtures this week. Rates on the WAFR-UKC route dropped 17.5 points to conclude at ws70. Suezmaxes coming back into play for late purchases of Nigerian cargoes could help to limit further downside, if the present high premium above Brent stoked by ongoing recent supply issues starts to ease due to low demand.

Aframax

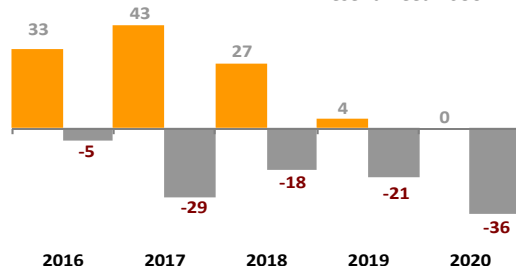
Caribbean Aframax rates were steady between ws87.5 and ws90 for CBS-USG voyages this week. The regional fixture tally rose by 18% w/w to 13 fixtures, but this remained uninspiring – particularly against availability and seasonal norms. The four-week moving average of fixtures is 18% below year-earlier levels at just 14. Rates below the aforementioned band had been expected given supply/demand positioning, but owners' resistance – citing stronger earnings in alternative markets – proved sufficient to fend off the downside. Little change is expected during the upcoming week, failing a significant change to the demand profile.

Panamax

Rates in the Caribbean Panamax market pared back this week as amply supply relative to demand kept the fundamentals in charterers' favor. The CBS-USG route shed 7.5 points to conclude at ws107.5. Absent any impetus for a change in either direction, rates are expected to commence the upcoming week unchanged.

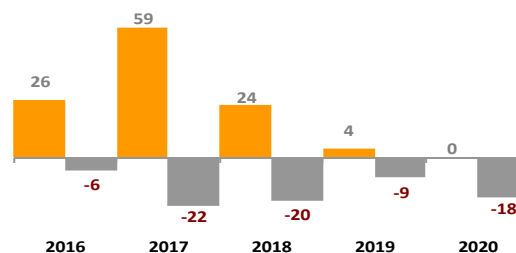
VLCC Projected Deliveries/Removals

Present Fleet: 659



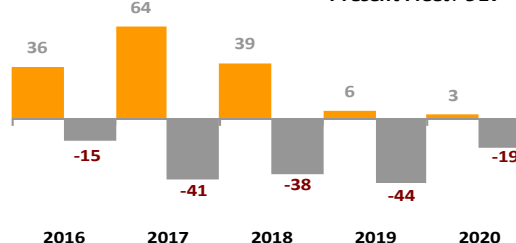
Suezmax Projected Deliveries/Removals

Present Fleet: 443



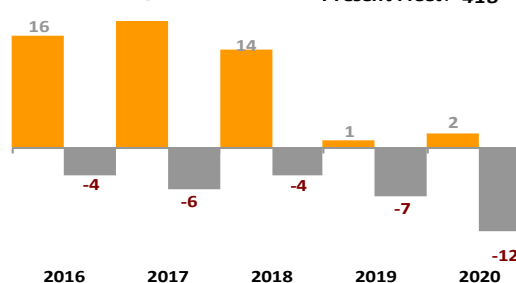
Aframax/LR2 Projected Deliveries/Removals

Present Fleet: 917



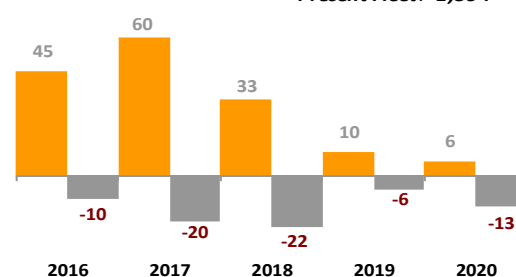
Panamax/LR1 Projected Deliveries/Removals

Present Fleet: 418



MR Projected Deliveries/Removals

Present Fleet: 1,394



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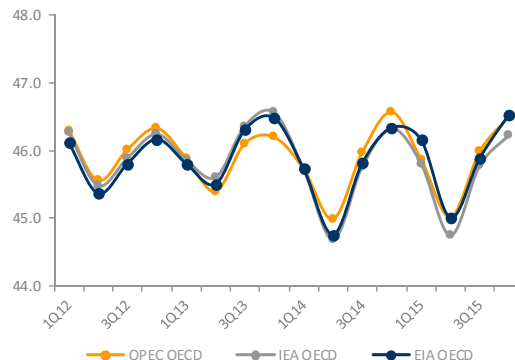


MR

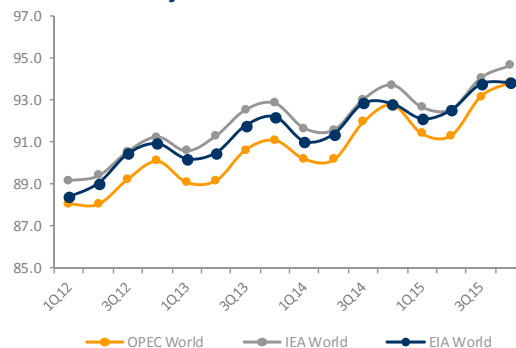
Despite chartering activity gains in the USG MR market this week, rates were firmly in negative territory due to a slow start and the sustained presence of high availability rates. A total of 33 fixtures were reported, representing a 6% w/w gain. Of the week's tally, five fixtures were for voyages to Europe (-3 w/w), 21 were to points in Latin America and the Caribbean (-1 w/w) and the remainder were yet to be determined. Despite a further normalizing of labor relations in France's refining and port sectors, arbitrage opportunities failed to materialize with the resulting declining pace of trans-Atlantic voyages against steadier demand in European markets ushering fresh downside for ex-USG rates. The USG-UKC route gave back nearly all of the prior week's gains and concluded down by 17.5 points to ws62.5. That reality quickly trickled to intraregional rates and the USG-POZOS route was off by \$75k to \$325k lump sum, accordingly.

Record-high gasoline demand in the US last week failed to inspire much upside in the UKC market, where rates on the UKC-USAC route lost 12.5 points to conclude at ws110. AIS data this week showed a small number of units reported as fixed to deliver gasoline cargoes to the US East Coast diverted to alternative destinations within the Americas. PADD 1 (East Coast) gasoline stocks stand 15% above year-ago levels while the four-week moving average of US gasoline demand is just 4% above year-ago levels, complicating the ability for the US' east coast to absorb gasoline from Europe. While presenting a near-term negative due to the fact that units diverted from the USAC to the CBS are more likely to contribute to USG availability than had they freed on the USAC, these diversions could signal a healthier USG market going forward. Rising PADD 1 gasoline imports had formed a large economic basis for sustained European refining runs despite the resulting glut of middle distillates. This closed a large part of the export market for US and Middle East diesel, creating tonnage surpluses in CPP tanker markets. If economic run reductions accompany complications in pushing gasoline into the US, product tanker demand should benefit overall while the USG market should benefit from a greater number of voyages away from the region to the UKC and elsewhere.

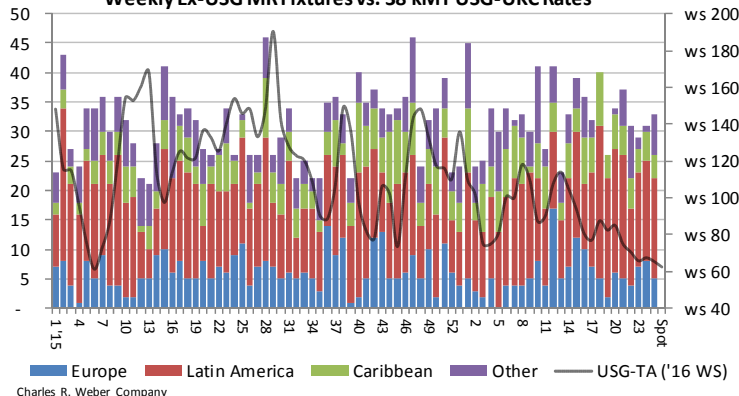
Projected OECD Oil Demand



Projected World Oil Demand



Weekly Ex-USG MR Fixtures vs. 38 KMT USG-UKC Rates



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REPORTED TANKER SALES

"Shoshone Spirit" 314,000/11 – Daewoo – DH
-Sold for \$62.0m to Greek buyers (Pantheon Tankers); includes existing TC to Koch at \$49,000/day w/ earliest redelivery Sep '16.

"Sikinos" 150,709/00 – NKK – DH
-Sold for \$20.0m to Indian buyers (AZA Shipping).

"Nissos Kythnos" 115,674/11 – Samsung Geoje – DH
-Sold for \$39.0m to undisclosed Iranian buyers, subject to ENAP tender.

"Akama" 47,996/03 – Iwagi Zosen – DH
-Sold for \$11.0m to undisclosed buyers.

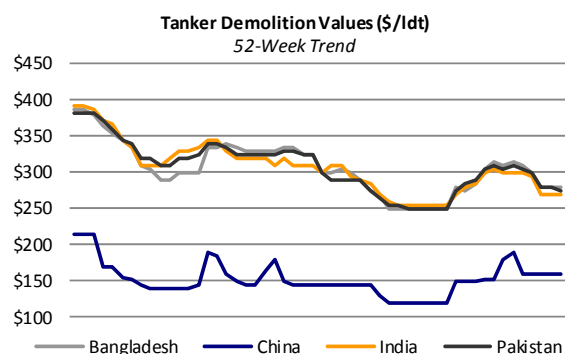
"DL Sunflower" 47,204/98 – Onomichi – DH
-Sold for \$6.5m to undisclosed Taiwanese buyers.

"BLS Liwa" 47,128/08 – Hyundai Mipo – DH – IMO III
"BLS Ruwais" 47,128/08 – Hyundai Mipo – DH – IMO III
-Sold en bloc for \$44.0m to undisclosed buyers.

"Alam Bistari" 47,065/01 – Onomichi – DH
-Sold on subjects for \$12.0m to undisclosed Middle East buyers.

REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 25.



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



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