

WEBER WEEKLY TANKER REPORT



WEEK 47 – 20 NOVEMBER 2015

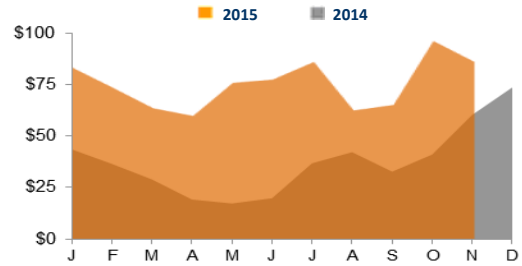
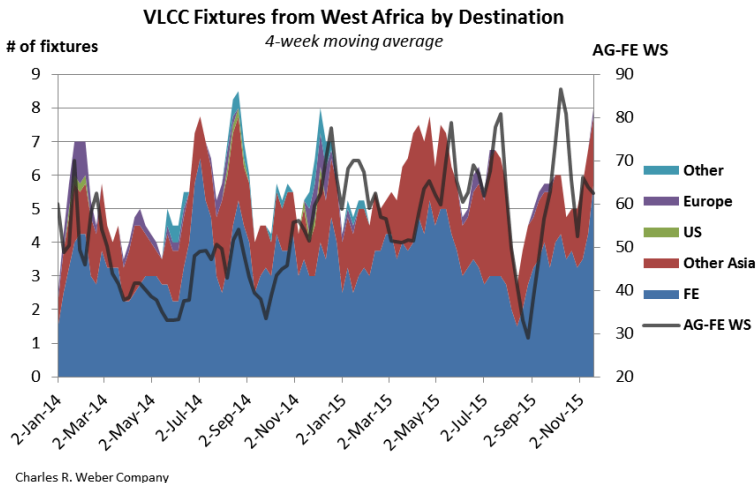
ISSUE 47 – 2015

VLCC rates stabilizing; strong West Africa demand pointing to fresh gains ahead?

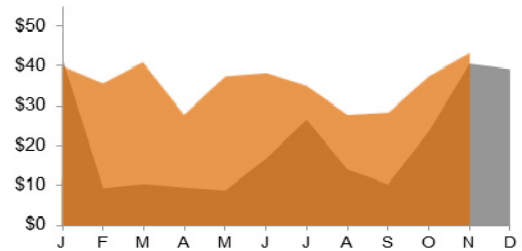
VLCC rates were largely unchanged this week as the specter of stronger Middle East demand to come and strong demand in the Atlantic basin eroded the negative pressure on rates which had earlier accompanied a sluggish conclusion to the Middle East's November program. The Middle East market yielded just 13 reported fixtures this week – half last week's tally while the West Africa market saw demand surge 83% w/w to a four-month high of 11 fixtures.

The November Middle East program concluded with 115 cargoes, representing a m/m decline of 12% -- and five fewer than we previously expected. Together with the appearance of a number of hidden positions (which were partly offset by early West Africa December cargoes worked this week), the number of surplus November units concluded at nine – six fewer than those observed at the conclusion of the October program, but more than previously anticipated. More importantly for rate progression, demand in the West Africa market has remained elevated in recent weeks. We note that the four-week moving average of regional demand stands at a 15 month high of 8 fixtures. With these cargoes competing for Middle East tonnage, the slow pace of demand this week in the Middle East market thus failed to exert negative pressure on rates while going forward the longer period these units will remain off the market should prove supportive. So far, 15 December Middle East cargoes have been covered, leaving a likely 20 remaining through the first decade of the month. Against this, there are 29 units presently showing availability through December 10, from which West Africa demand should draw six units. This would leave an implied surplus of just three units.

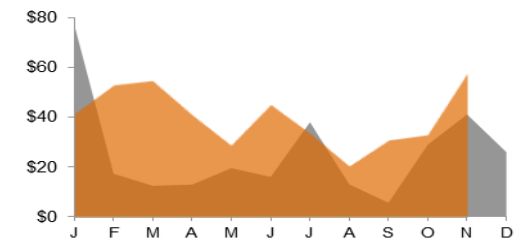
The supply/demand position past the first decade could potentially tighten further. As previously noted, while VLCC-sized stems from Basrah are set to decline by 9% m/m, the bulk of the decline is centered on the first decade period with the subsequent decades set to be more active. Against a likelihood that supply from Saudi Arabia will accelerate during December as direct burn levels decline and refinery intake levels stabilize amid steady crude production figures, rates appear increasingly likely to experience a strong rally in the coming weeks. We expect that a rebounding of Middle East chartering demand during the upcoming week will illustrate the tight prevailing supply/demand positioning and prompt greater resistance by owners. Further forward, the start of the second decade will likely usher a further rallying of rates given the lower availability surplus – as well due to as a possible rush to cover requirements ahead of industry holiday events.



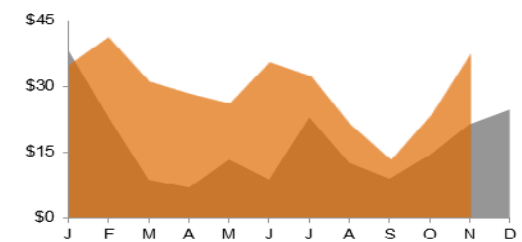
VLCC TCE
AG-USG / CBS-SPORE/AG
MTD Average ~\$86,073/Day
Month y/y ▲ +43%



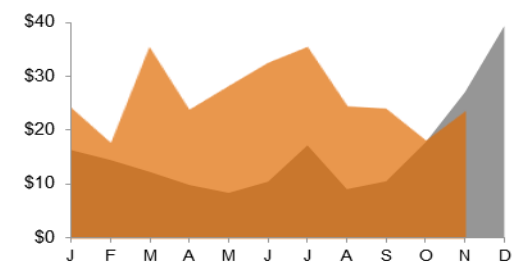
S'MAX TCE
130k WAF-UKC
MTD Average ~\$43,045/Day
Month y/y ▲ +6%



A'MAX TCE
70k CBS-USG
MTD Average ~\$57,775/Day
Month y/y ▲ +41%



P'MAX TCE
50k CBS-USG
MTD Average ~\$37,408/Day
Month y/y ▲ +74%



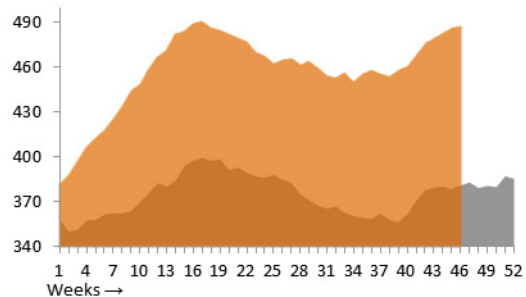
MR TCE
USG-UKC / UKC-USAC/USG
MTD Average ~\$23,616/Day
Month y/y ▼ -13%

WEBER WEEKLY TANKER REPORT



Spot Market	WS/LS	TCE ~\$/day	WS/LS	TCE ~\$/day
VLCC (12 Kts L/11.5 Kts B)	13-November		20-November	
AG>USG 280k (TD1)	36.5	\$35,235	36.0	\$35,078
AG>USG/CBS>SPORE/AG	--	\$84,429	--	\$85,258
AG>SPORE 270k (TD2)	62.5	\$65,985	63.0	\$67,269
AG>JPN 265k (TD3)	62.5	\$70,453	62.0	\$70,384
WAFR>USG 260k (TD4)	77.5	\$83,560	72.5	\$77,808
WAFR>CHINA 260k (TD15)	69.5	\$75,400	67.5	\$73,273
CBS>SPORE 270k	\$7.00m	--	\$7.10m	--
SUEZMAX (12 Kts L/11.5 Kts B)				
WAFR>USAC 130k	80.0	\$39,879	80.0	\$40,239
WAFR>UKC 130k (TD20)	80.0	\$36,872	80.0	\$37,233
BSEA>MED 140k (TD6)	100.0	\$65,863	107.5	\$72,558
CBS>USG 150k	115.0	\$75,705	115.0	\$76,057
AFRAMAX (12.5 Kts L/B)				
N.SEA>UKC 80k (TD7)	125.0	\$59,116	117.5	\$52,876
AG>SPORE 70k (TD8)	97.5	\$33,375	102.5	\$35,911
BALT>UKC 100k (TD17)	105.0	\$61,482	102.5	\$59,778
CBS>USG 70k (TD9)	177.5	\$63,151	187.5	\$68,011
MED>MED 80k (TD19)	115.0	\$46,620	117.5	\$48,400
PANAMAX (12.5 Kts L/B)				
CBS>USG 50k (TD21)	162.5	\$40,000	187.5	\$48,786
CONT>USG 55k (TD12)	132.5	\$30,845	137.5	\$32,763
ECU>USWC 50k	150.0	\$30,148	152.5	\$31,210
CPP (13.5 Kts L/B)				
UKC>USAC 37k (TC2)	137.5	\$23,005	125.0	\$20,351
UKC>WAFR 37k	152.5	\$24,751	165.0	\$27,777
USG>UKC 38k (TC14)	110.0	\$18,816	117.5	\$20,837
USG>UKC/UKC>USAC/USG	--	\$29,748	--	\$29,810
USG>POZOSCOLORADOS 38k	\$600k	\$29,502	\$675k	\$34,900
CBS>USAC 38k	145.0	\$26,221	160.0	\$30,034
AG>JPN 35k	95.0	\$12,698	94.0	\$12,767
SPORE>JPN 30k (TC4)	111.0	\$13,670	110.0	\$13,726
AG>JPN 75k (TC1)	69.0	\$21,699	69.0	\$22,063
AG>JPN 55k (TC5)	82.5	\$17,829	81.5	\$17,886

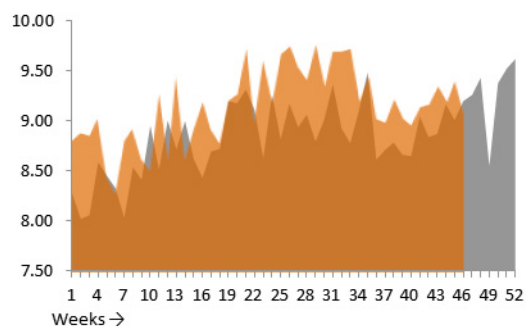
Time Charter Market \$/day (theoretical)	1 Year	3 Years
VLCC	\$49,500	\$41,000
Suezmax	\$35,000	\$32,000
Aframax	\$30,000	\$25,500
Panamax	\$24,000	\$22,000
MR	\$19,000	\$18,500



US Crude Stocks (EIA)

Last Week
487.3 MnBbls

Week y/y
▲ +27.9%



US Gasoline Demand (EIA)

Last week
9.388 MnB/d

Week y/y
▼ -1.5%

■ 2015 ■ 2014

WEBER WEEKLY TANKER REPORT



THE TANKER MARKETS

VLCC

Middle East

Rates to the Far East averaged ws63, representing a w/w loss of 1.7 points while the present assessment stands at ws62. Corresponding TCEs eased 2% to an average of ~\$69,498/day while the present assessment yields ~\$68,261/day. Rates to the USG via the cape were assessed at an average of ws36.0 -- a weekly loss of 0.6 point. Triangulated Westbound trade earnings averaged ~\$85,060/day, off 1% w/w.

Atlantic Basin

The West Africa market continued to trail the Middle East and the WAFR-FEAST route eased 2.7 points to an average of ws68.3. Corresponding TCEs lost 4% w/w to an average of ~\$74,036/day.

The Caribbean market remained quiet this week with muted demand. However, with some positions uncertain given the existence of still-exercisable optional destinations on voyages expected to bring units to the USG area, rates pared some of their earlier losses. The CBS-SPORE route concluded at an assessed \$7.0m – modestly ahead of last week’s closing assessment of \$6.95m.

Suezmax

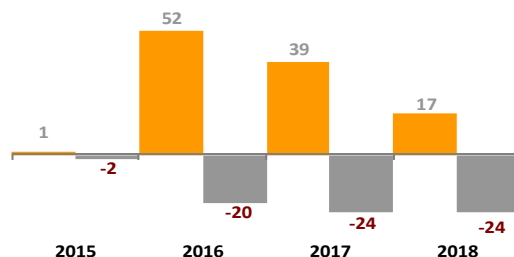
Suezmax chartering activity in the West Africa market improved this week as charterers worked a small number of late November cargoes and progressed more concertedly into December dates. A total of 17 fixtures were reported, representing a w/w gain of 89%. The stronger demand, combined with rising transit delay issues at the Turkish Straits and greater Suezmax encroachment into Aframax markets in Europe and the Americas following the smaller class’ tightening supply/demand fundamentals, all contributed to a halting of the earlier rate downside facing West Africa Suezmaxes. The WAFR-UKC route fluctuated between the ws80 and ws82.5 levels and ultimately concluded at the ws80 level, off 2.5 points from last week’s closing assessment. Rate support from the West Africa December program appears limited at best; regional VLCC demand accelerated further within the second decade with cargo booked on the larger class in the date range now at its highest level since early October. This will leave limited cargo opportunities for Suezmaxes as they move into the date range. Resulting rate downside, however, should be limited as fewer ballasters reduce availability replenishment – and ultimately this, together with the potential for Suezmaxes to turn more active during the final decade of the December program, should support a fresh regional rate rally in the coming weeks.

Aframax

Limited availability levels in the Caribbean Aframax market saw rates extend gains this week despite impacting the regional fixture tally (just five were reported). Instead, Panamax and Suezmax encroachment has rise as charterers look to minimize freight costs – which factored into a limiting of the extent of the present rate rally. The CBS-USG route rallied from last week’s closing assessment of ws180 to as high as ws190 this week before settling at the ws187.5 level. However, prevailing ullage delays and a potential rise in demand as PADD 3 refiners progress from already low maintenance levels could support further gains once availability for alternative size classes follow Aframaxes.

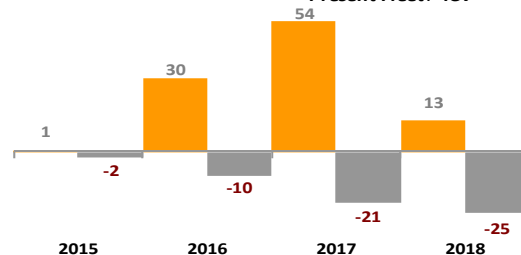
VLCC Projected Deliveries/Removals

Present Fleet: 638



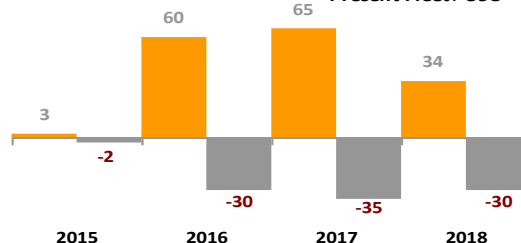
Suezmax Projected Deliveries/Removals

Present Fleet: 437



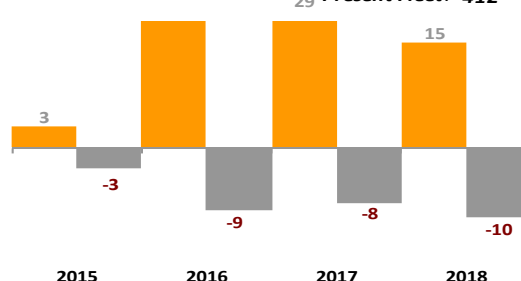
Aframax/LR2 Projected Deliveries/Removals

Present Fleet: 893



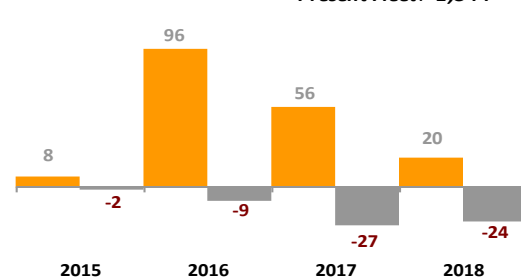
Panamax/LR1 Projected Deliveries/Removals

Present Fleet: 412



MR Projected Deliveries/Removals

Present Fleet: 1,344



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Panamax

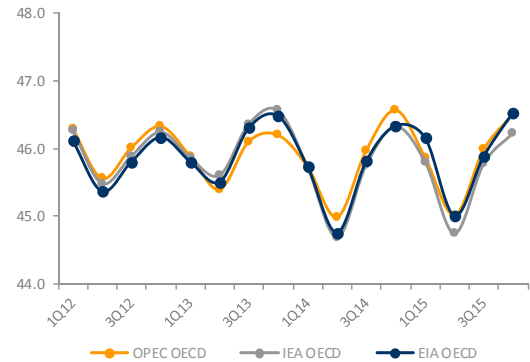
The Caribbean Panamax market rallied this week as ullage delays on the USG limited availability replenishment while a very tight regional Aframax market saw charterers look to Panamax as an alternative. The CBS-USG route added 25 points to conclude at ws187.5. The market remains firm and any extending of delay issues or expansion of regional demand for Aframax and/or Panamax cargoes will likely lead to further gains.

MR

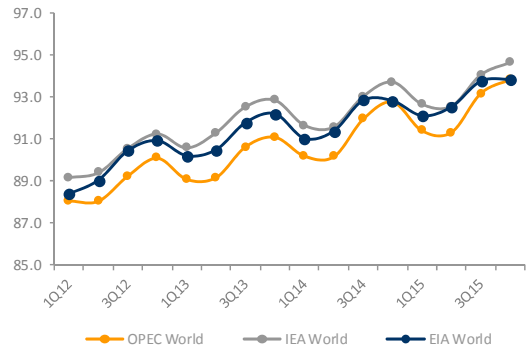
Rates in the USG MR market continued to rally as demand rose to a four-month high and availability levels remained unchanged. A total of 46 fixtures were reported, representing a 17% w/w gain; of these, 10 were bound for points in Europe (+67% w/w), 23 were bound for points in Latin America and the Caribbean (-4% w/w) and the remainder were bound for alternative locations or have yet to be determined. Seasonally strong PADD 3 refining runs have boosted export levels and created more certain distillate arbitrage opportunities – as illustrated by the 67% increase of voyages for such fixtures this week as compared with the YTD average. Simultaneously, voyages to Latin America and the Caribbean have strengthened in-line with seasonal norms. Rates on the USG-UKC route added 7.5 points over the course of the week to a closing assessment of ws120 while the USG-POZOS route added \$75k to conclude at \$675k lump sum. Softer earnings in the UKC market, where UKC-WAFR voyages yield ~\$7,123/day less than USG-POZOS voyages, is drawing units freeing on the USAC firmly towards the USG market. While these units have been absorbed by the USG markets elevated demand, they likely factored into the easing of upward pressure on USG rates observed this week. We note that the two-week forward view of available units concludes unchanged from a week ago at 25 units.

During the upcoming week, any rush to cover requirements ahead of the Thanksgiving holiday will likely prompt further rate gains. Thereafter, a greater level of uncertainty over rate progression prevails. While directionally, rates are likely to strengthen through the close of the year, we note that four LR1s and two LR2s have already been fixed for early December cargoes which could limit MR demand once the smaller class moves into early December dates while position lists expand during the Thanksgiving weekend offering charterers more options on their return (and shortening Panama Canal delays could compound this). Any corresponding negative pressure on rates though will likely be short-lived as strong refinery utilization throughout the Atlantic basin keeps the greater Western MR supply/demand positioning tight

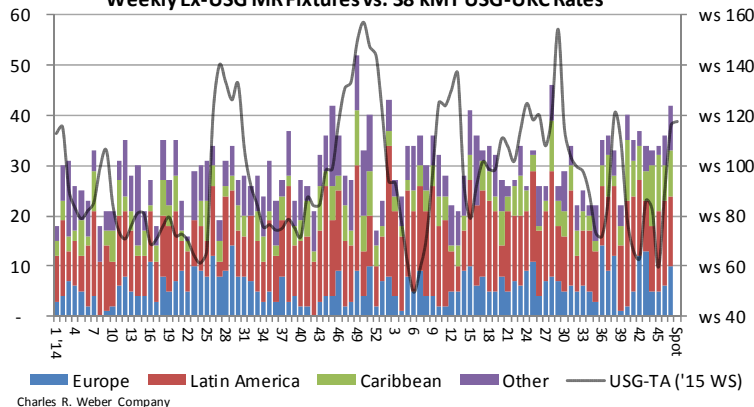
Projected OECD Oil Demand



Projected World Oil Demand



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



Charles R. Weber Company

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REPORTED TANKER SALES

"Cosmic Jewel" 300,955/97 – Mitsubishi Nagasaki – DH
-Sold for \$30.0m to undisclosed Chinese buyers for a storage project.

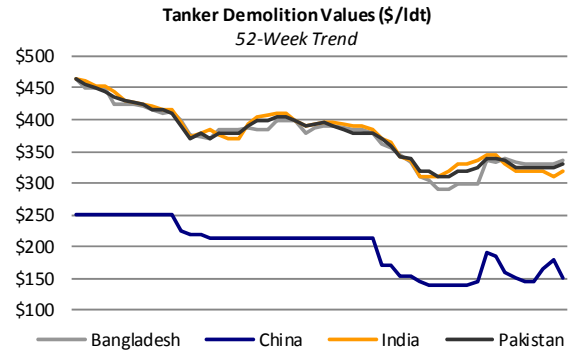
"Dong-A Krios" 49,997/15 – Hyundai Mipo – DH
"Dong-A Triton" 50,162/09 – Hyundai Mipo – DH
-Sold en bloc for \$69.6m to undisclosed buyers.

"Rainbow Quest" 47,221/99 – Onomichi – DH
-Sold for \$10.0m to undisclosed Greek buyers.

"Green Oak" 13,044/08 – 21st Century – DH – IMO II
-Sold for \$12.5m to undisclosed buyers.

REPORTED TANKER DEMOLITION SALES

There are no reported tanker demolition sales for week 47.



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