

WEBER WEEKLY TANKER REPORT



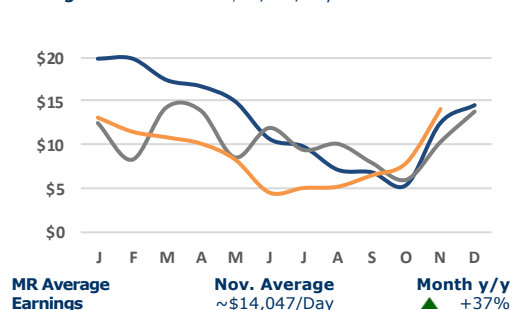
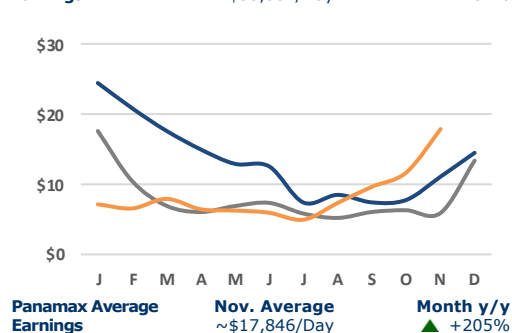
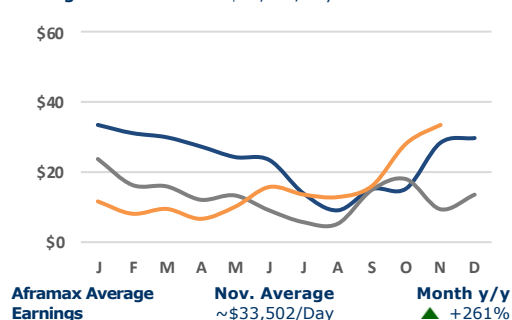
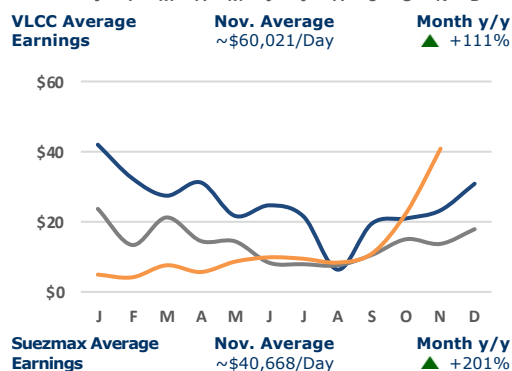
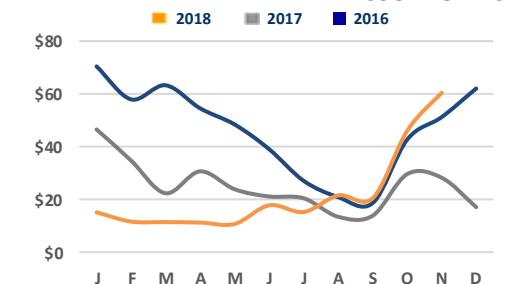
WEEK 48 – 30 NOVEMBER 2018

ISSUE 48 – 2018

Spot Market	WS/IS	TCE	WS/IS	TCE
VLCC (13.0 Kts L/B)		21-Nov		30-Nov
AG>USG 280k	39.0	--	40.0	--
AG>SPORE 270k	93.5	\$58,238	100.0	\$67,619
AG>JPN 265k	90.0	\$59,839	95.0	\$68,132
AG>CHINA 270k	92.5	\$55,856	97.5	\$63,850
WAFR>CHINA 260k	90.0	\$55,707	100.0	\$67,544
USG>SPORE 270k	\$7.75m	\$57,648	\$7.90m	\$61,753
AG>USG/USG>SPORE/AG	--	\$72,310	--	\$77,161
VLCC Average Earnings		\$59,161		\$67,800
SUEZMAX (13.0 Kts L/B)				
WAFR>USG 130k	120.0	\$37,415	122.5	\$40,358
WAFR>UKC 130k	125.0	\$33,420	125.0	\$35,132
BSEA>MED 140k	172.5	\$62,285	160.0	\$55,859
CBS>USG 150k	135.0	\$59,887	135.0	\$61,591
USG>UKC 130k	125.0	--	110.0	--
CBS>USG/USG>UKC/WAFR	--	\$55,888	--	\$51,595
AG>USG 140k	60.0	--	65.0	--
USG>SPORE 130k	\$4.70m	--	\$4.60m	--
AG>USG/USG>SPORE/AG	--	\$41,819	--	\$44,535
Suezmax Average Earnings		\$45,248		\$44,532
AFRAMAX (13.0 Kts L/B)				
N.SEA>UKC 80k	117.5	\$19,133	130.0	\$28,499
BALT>UKC 100k	90.0	\$20,965	107.5	\$32,943
CBS>USG 70k	177.5	\$29,764	120.0	\$12,029
USG>UKC 70k	142.5	--	105.0	--
CBS>USG/USG>UKC/NSEA	--	\$45,541	--	\$25,443
MED>MED 80k	160.0	\$32,129	195.0	\$46,924
AG>SPORE 70k	150.0	\$22,215	170.0	\$30,006
Aframax Average Earnings		\$28,879		\$29,556
PANAMAX (13.0 Kts L/B)				
CBS>USG 50k	185.0	\$20,041	150.0	\$13,444
CONT>USG 55k	137.5	\$14,317	135.0	\$14,943
ECU>USWC 50k	285.0	\$37,621	275.0	\$36,098
Panamax Average Earnings		\$18,182		\$15,740
LR2 (13.0 Kts L/B)				
AG>JPN 75k	119.5	\$15,072	158.0	\$27,609
AG>UKC 80k	\$1.85m	\$11,007	\$2.10m	\$17,296
MED>JPN 80k	\$2.14m	\$11,195	\$2.46m	\$17,430
AG>UKC/MED>JPN/AG	--	\$18,444	--	\$25,678
LR2 Average Earnings		\$16,195		\$26,966
LR1 (13.0 Kts L/B)				
AG>JPN 55k	129.5	\$10,719	147.0	\$15,909
AG>UKC 65k	\$1.44m	\$6,523	\$1.63m	\$11,379
UKC>WAFR 60k	137.5	\$8,768	146.0	\$11,545
AG>UKC/UKC>WAFR/AG	--	\$15,088	--	\$19,728
LR1 Average Earnings		\$12,903		\$17,819
MR (13.0 Kts L/B)				
UKC>USAC 37k	140.0	\$7,677	190.0	\$17,184
USG>UKC 38k	150.0	\$10,525	170.0	\$14,889
USG>UKC/UKC>USAC/USG	--	\$17,179	--	\$25,547
USG>CBS (Pozos Colorados) 38k	\$700k	\$28,346	\$775k	\$34,311
USG>CHILE (Coronel) 38k	\$1.50m	\$10,525	\$1.50m	\$23,816
CBS>USAC 38k	175.0	\$16,474	180.0	\$18,281
WCIND>JPN/ROK>SPORE/WCIND	--	\$13,809	--	\$14,146
MR Average Earnings		\$15,537		\$20,969
Handy (13.0 Kts L/B)				
MED>EMED 30k	170.5	\$16,717	196.0	\$23,905
SPORE>JPN 30k	149.0	\$6,520	144.0	\$7,035
Handy Average Earnings		\$10,191		\$13,120

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
VLCC	\$31,000	\$36,000
Suezmax	\$22,000	\$25,000
Aframax	\$17,500	\$21,000
Panamax	\$14,000	\$16,500
MR	\$13,500	\$14,500
Handy	\$12,000	\$13,000



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SPOT MARKET SUMMARY

VLCC

The VLCC market observed strong demand for the second consecutive week as participants were busy covering cargo requirements at a pace exceeding expectations. The demand gains – and particularly those in the West Africa market – have drawn strongly on available tonnage, guiding the key Middle East capacity surplus to a fresh low. A total of 40 fixtures were reported in the Middle East market, representing a w/w gain of 18% and the loftiest tally in three months. The West Africa market observed a modest pullback with nine fixtures reported, as compared with twelve last week. As compared with the YTD average of six per week, however, this week's tally remained strong. The Atlantic Americas observed slower demand amid a halting of fixtures for US export cargoes; the collective regional tally halved w/w to four fixtures.

With much of this week's demand centered around the disadvantaged constituents of the tonnage list, rates failed to observe much upside on the back of the improving fundamentals. At the close of the week, however, with most of the disadvantaged units having been employed and interest being firmly on competitive units a retesting of rates yielded fresh gains.

The Middle East surplus in December's second-decade loading program is just six units – a fresh low in the current cycle. This is likely to maintain positive pressure on rates through the coming week, when charterers could remain busy to cover cargoes ahead of industry holiday events. The AG-CHINA route jumped into the high ws90s Thursday after being range-bound during the preceding two weeks in the low/mid-ws90s and FFA indications for December stand at over ws100. Underscoring the thesis of further gains, we note that strong demand for long-haul routes is likely to maintain a low rate of availability replenishment through at least the early part of the January program. Meanwhile, draws on the availability list could surge given strong US crude inventory builds that raise the specter of demand for US export demand.

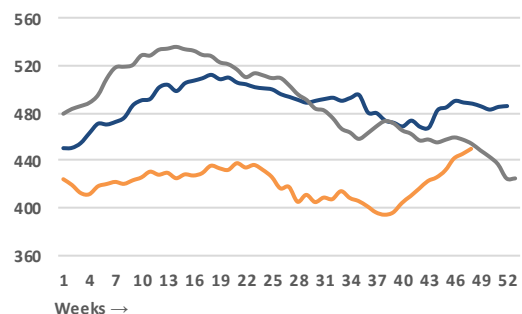
Middle East

Rates on the AG-CHINA added five points to conclude at ws97.5. A 10% drop in bunker prices exacerbated the impact on corresponding TCEs, which rose by 14% w/w to ~\$63,850/day. Rates to the USG via the Cape added one point to conclude at ws40. Triangulated Westbound trade earnings rose by 7% w/w to conclude at ~\$77,161/day.

Atlantic Basin

Rates in the West Africa market rose in excess of levels guided by the Middle East market as owners resisted the long voyage duration of such trades at prior prevailing rate correlations. The WAFR-CHINA route added 10 points, accordingly, to conclude at ws100. Corresponding TCEs rose 21% to conclude at ~\$67,544/day.

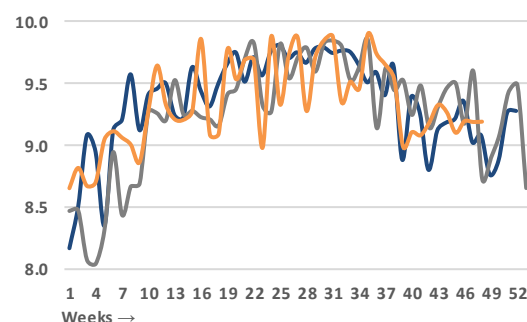
Rates for voyages commencing in the Atlantic Americas continued to rise on a tight regional supply/demand profile and rising sentiment throughout the VLCC market. The USG-SPORE route added \$150k to conclude at \$7.90m lump sum with round-trip TCEs increasing by 7% to ~\$61,753/day.



US Crude Stocks (EIA)

Last Week
450.5 MnBbls

Week y/y
▼ -0.7%



US Gasoline Demand (EIA)

Last Week
9.188 MnB/d

Week y/y
▲ +5.3%

■ 2018 ■ 2017 ■ 2016

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Suezmax

West Africa Suezmax rates were largely range-bound this week with last week's slow demand pace extending this week while availability replenishment rates remained light. A total of 6 fixtures were reported, unchanged w/w. Rates on the WAFR-UKC route were unchanged at ws125.

Rates in the Black Sea market were softer on easing demand as charterers' earlier forward reach on dates now left fewer cargoes to work, thus countering sustained delays through the Turkish straits. The BSEA-MED route shed 7.5 points to conclude at ws160. Corresponding TCEs at ~\$55,859/day, however, remained at a premium to the West Africa market, which raises prospects for further rate losses during the upcoming week, subject to the extent of fresh demand.

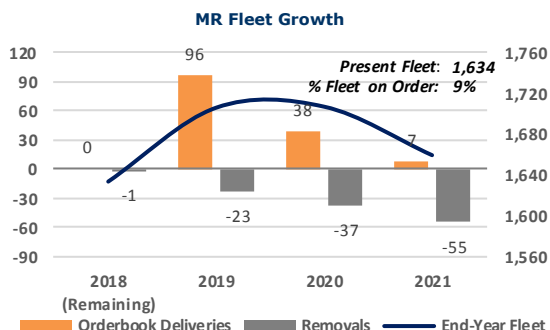
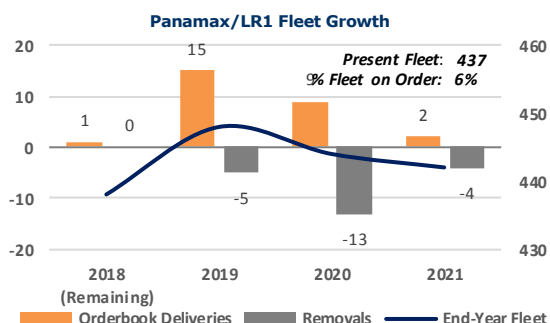
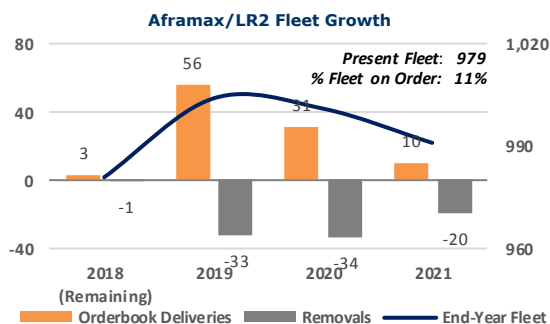
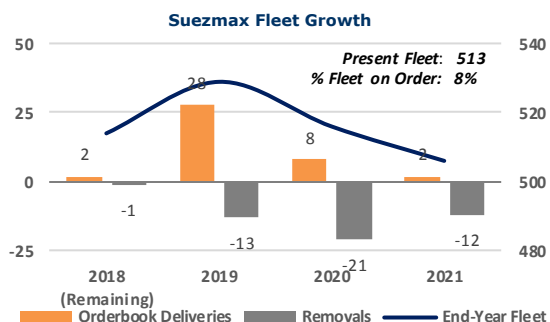
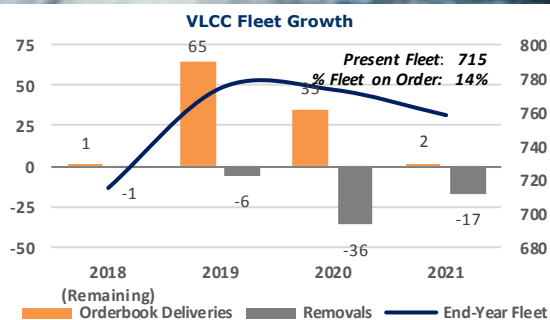
In the Atlantic Americas, rates remained elevated amid a slowing of demand as availability remained tight. The CBS-USG route was unchanged at 150 x ws135 while the USG-SPORE route shed \$100k to conclude at \$4.60m lump sum. Correcting rates for regional Aframaxes and the recently slower demand pace could yield further Suezmax rate losses during the upcoming week, failing an increase in demand.

Demand in the Middle East market was markedly stronger this week amid rising VLCC rates which saw some demand trickle to the smaller class. A total of 14 fixtures were reported here – more than double last week's tally and the loftiest tally in six weeks. The demand surge should bode well for Western markets with more than half of this week's fixtures bound for points in the East. The AG-USG benchmark route added 5 points to conclude at ws65.

Aframax

Strengthening demand in the European markets against declining availability saw rates across all key European markets post strong gains. The NSEA-UKC route added 12.5 points to conclude at ws130 while the BALT-UKC route added 17.5 points to conclude at ws107.5. Even more pronouncedly, in the Mediterranean market, cross-MED rates added 35 points to conclude at ws195.

In the Caribbean market, rates posed incremental losses throughout the week as a correction from recent high continued – aided by sluggish demand. The CBS-USG route shed 57.5 points to conclude at ws120. Rates on the USG-UKC route shed 37.5 points to conclude at ws105. Amid the appearance of a number of spot units, owners were keen to fix rather than remain spot allowing the extent of losses observed. However, with rates on intraregional voyages now yielding TCEs of just ~\$12,029/day, as compared with an average of ~\$36,122/day in Europe, further losses may prove elusive as owners could opt to reposition vessels away – or at least point to the possibility of doing so as a negotiation point.



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MR

Rates in the USG MR market commenced the week on a sour note due to the appearance of a number of prompt ships on position lists following the long Thanksgiving weekend. The resulting negative rate trend proved short-lived, however, with extremely strong demand observed from the start of the week. With this quickly clearing out the prompt units and revealing an otherwise tight supply/demand ratio, rates quickly moved into fresh – and considerable – strength. Ultimately, the week's fixtures tally set a fresh YTD while rates achieved multiple-year highs. The USG-UKC route added 20 points to conclude at ws170 while the USG-CBS route added \$75k to conclude at \$775k lump sum and the USG-CHILE route was steady at \$1.50m lump sum. In the UKC market, rates on the UKC-USAC route jumped 50 points to conclude at ws190.

Key drivers of the extent of recent rate gains include:

1) **Stronger refinery utilization** following fall '18 seasonal maintenance and ahead of spring '19 maintenance, which is expected to be above-normal as refineries gear up for the diesel demand surge expected to accompany IMO 2020 regulations that will come into force from January 2020.

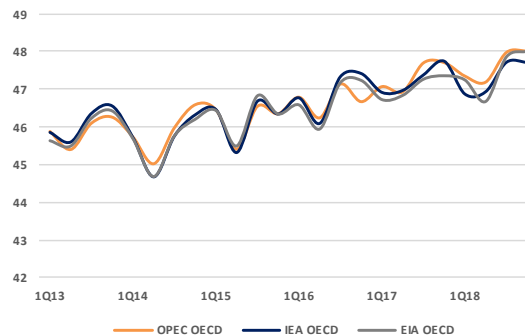
2) **Lower efficiency in the Atlantic basin.** High US gasoline inventories have reduced gasoline imports in the PADD1 (USAC), while both gasoline and diesel exports from the PADD3 (USG) region have risen. Lower triangulation (i.e. UKC-USAC/USG-UKC) means greater ballast time, lower efficiency and lower overall availability and thus higher rates. A widened spread between North American and International crude prices is hastening this, in part, by advantaging PADD3 refiners.

3) **Fresh China product export quotas** that were announced in early November for the balance of 2018. The new quotas totaled 2.93 MnMT (or the equivalent of 77 additional MR cargoes) through end-2018 and thus stoked strong fresh demand in the intra-Asia market, keeping units within the region and improving the global MR supply/demand balance.

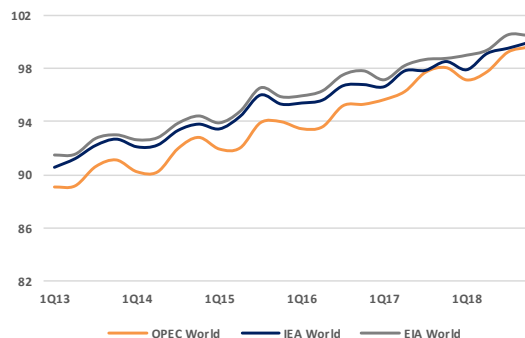
4) A drop in crude prices during November lowered key product prices, stoking strong fresh purchases by traders and end-users.

Structurally, we also note that fleet growth in the MR market has moderated during 2017 and 2018 to levels not observed in over a decade, clocking in at 2.95% and 1.74% (net), respectively. We expect that rates will retreat from current highs during December, but will strong during the month. During 1H19, we expect that rates will observe fresh headwinds due to rebound in newbuilding deliveries (+4.6%, net fleet growth is projected for 2019) and above-average refinery maintenance to gear up for IMO 2020 fuel production, as well as and other seasonal factors. Simultaneously, we believe that moderated global product inventories and an improvement in trade dynamics will maintain a higher floor than was observed earlier during 3Q18, when earnings averaged just ~\$5,469/day.

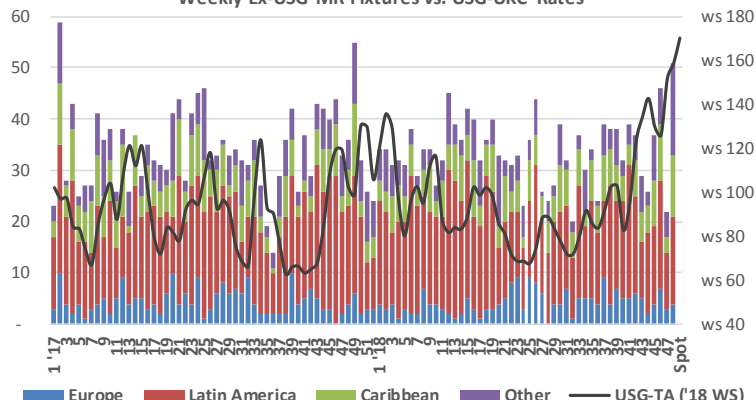
Projected OECD Oil Demand (Mnb/d)



Projected World Oil Demand (Mnb/d)



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



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REPORTED TANKER SALES

SCF Altai – 159,417 /01 – Hyundai Ulsan– DH
-Sold for \$13.0m to undisclosed Greek buyers.

Singapore River – 115,126 /09 – Sasebo– DH
-Sold for \$22.3m to Latsco Shipping Ltd. Unit due for SS/DD 03/2019.

NS Challenger – 109,841 /05 – Hyundai Ulsan– DH
-Sold for \$10.5m to undisclosed buyers.

Aegean Faith – 106,074 /03 – Hyundai Ulsan– DH
-Sold for \$13.0m to undisclosed buyers.

Phoenix Alpha – 104,707 /03 – Daewoo– DH
-Sold for \$12.0m to undisclosed Indonesian buyers.

Aegean Wave – 51,510 /09 – STX Jinhae– DH – IMO II
-Sold for \$17.0m to undisclosed buyers.

Gan-Tribute– 49,999 /10 – Hyundai Mipo– DH – IMO II/III
Gan-Triumph– 49,999 /10 – Hyundai Mipo– DH – IMO II/III
-Sold en bloc for \$39.0m to Odjell.

High Pearl – 48,023 /09 – Iwagi Zosen– DH
-Sold for \$16.0m to Transocean Maritime.

Ardmore Seatrader – 47,141 /02 – Onomichi– DH
-Sold for \$9.3m to undisclosed Indonesian buyers.

Seaways Alcesmar – 46,248 /04 – STX Jinhae – DH – IMO III
-Sold for \$9.45m to undisclosed Greek buyers.

Challenge Point – 45,997 /08 – Shin Kurushima– DH
-Sold for \$14.25m to undisclosed Greek buyers.

Yukon Star – 37,873 /09 – Hyundai Mipo – DH – IMO III - SS/DD due 02/2019
Orinoco Star– 37,872 /09 – Hyundai Mipo – DH – IMO III- DD Passed 10/2018 / SS Due 03/2019
Zambezi Star– 37,874 /10 – Hyundai Mipo – DH – IMO III
-Sold en bloc for \$48.5m to Viken Shipping.

Ai Giannis – 15,747 /98 – Lindenau– DH – IMO II
-Sold for \$4.75m to undisclosed buyers.

Tana – 6,480 /11 – Desan – DH – IMO II/III
-Sold for \$9.0m to Sea Tanker Chartering.

Toli – 3,442 /09 – Desan – DH – IMO II/III
-Sold for \$5.0m to Sanmar.

REPORTED TANKER DEMOLITION SALES

Final Destination: **Bangladesh**

Bunga Kelana 6 – 105,811 /99 – 17,064 LDT – DH
-Sold on private terms.

Final Destination: **India**

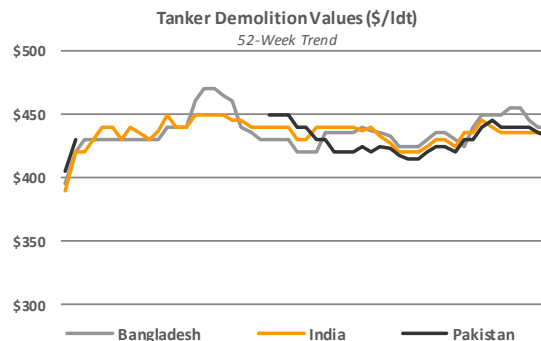
Nordic Aurora – 147,262 /99 – 23,098 LDT – DH
-Sold for \$442.5/ldt, basis as is, Khor Fakkan, including 800 MT bunkers - SS/DD due 01/2019.

Nordic Spirte – 147,188 /99 – 23,172 LDT – DH
-Sold for \$442.5/ldt, basis as is, Khor Fakkan, including 1,200 MT bunkers - SS/DD due 01/2019.

Final Destination: **Unknown**

Kyriakoula – 72,353 /03 – 13,795 LDT – DH
- Sold on private terms.

Pearl – 44,500 /97 – 12,615 LDT – DH
- Sold for \$450.0/ldt, basis as is, Singapore.



George P. Los
Head of Tanker Research
research@crweber.com

Charles R. Weber Company, Inc.
3 Greenwich Office Park, 1001 McKinney Street, Suite 475
Greenwich, CT 06831 Houston, TX 77002
Tel: +1 203 629-2300 Tel: +1 713 568-7233
www.crweber.com