

# WEBER WEEKLY TANKER REPORT



WEEK 6 – 7 FEBRUARY 2014

ISSUE 06 – 2014

## Recent growth in US West Coast Product Exports contributes MR ton-miles; further growth likely during 2014

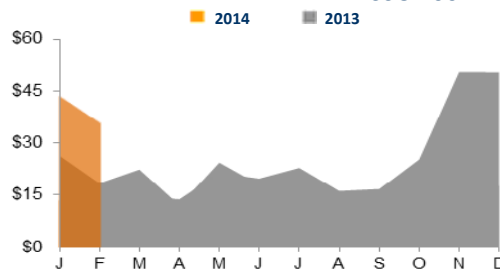
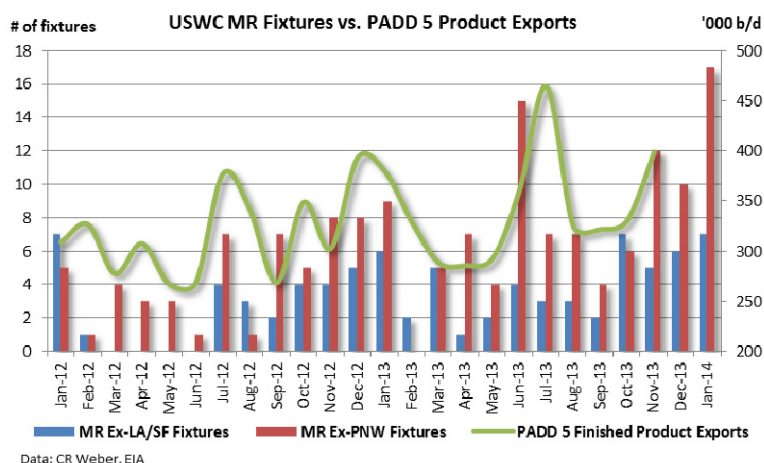
Amid rising levels of domestic tight oil and Canadian tar sands and in the absence of new pipeline infrastructure to transport the advantaged crudes to the refining and export facilities, rising volumes have found their way to refineries on the US West Coast. This stoked a rebound of product exports from the region following years of contraction between the mid-1990s and late-2000s – and EIA data shows record exports of 465,000 b/d during July 2013.

Overall, PADD 5 (Wet Coast) product exports are on course to show strong y/y gains during 2013. EIA data for the first 11 months show that exports rose by 9% on 2012 to an average of 344,600 b/d.

Spot market fixtures generated by rising export volumes proved positive of MR demand. During 2013, fixtures from the region rose by 59%, y/w, with those from refineries in the Pacific Northwest (PNW) leading the way with a y/y growth rate of 62%.

The trend shows little sign of abating, and during January 2014, fixtures from PNW and the Los Angeles-San Francisco range blazing past the previous record set during June 2013 of 15 to a new high of 24.

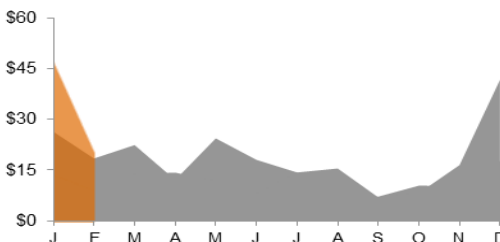
Though the volumes are quite small in comparison to the USG area (it is not uncommon for more ex-USG fixtures to materialize in a single week than ex-USWC fixtures do in a whole month), given the long-haul nature of ex-USWC fixtures the impact on ton-miles remains a positive development for MR demand. Around 10% of fixtures from the region are bound for points in the Far East while 45% are bound for points in South America. The disconnected nature of the region from the more active Atlantic market also helps to constrain world-wide supply and we suggest that this helps to support overall earnings vis-à-vis the inherent inefficiency thereof.



**VLCC TCE**  
280k AG-USG  
+ CBS-SPORE

**MTD Average**  
\$35,700/Day

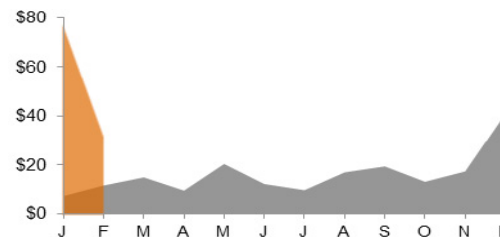
**Month y/y**  
▲ +145%



**S'MAX TCE**  
130k WAF-USAC

**MTD Average**  
\$20,300/Day

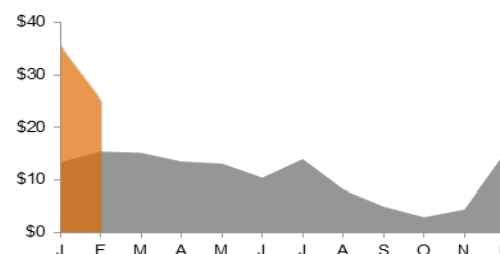
**Month y/y**  
▲ +125%



**A'MAX TCE**  
70k CBS-USG

**MTD Average**  
\$31,700/Day

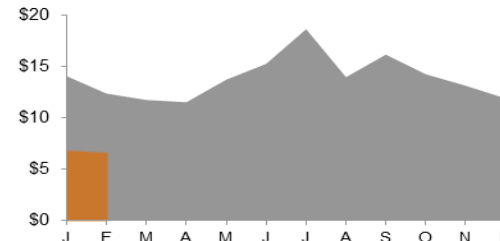
**Month y/y**  
▲ +170%



**P'MAX TCE**  
50k CBS-USAC

**MTD Average**  
\$24,900/Day

**Month y/y**  
▲ +60%



**MR TCE**  
38k CBS-USAC

**MTD Average**  
\$6,600/Day

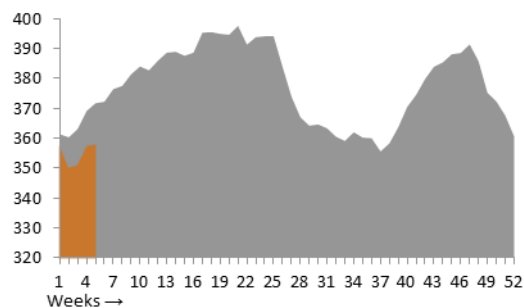
**Month y/y**  
▼ -46%

# WEBER WEEKLY TANKER REPORT



Spot Market	WS/LS	TCE \$/day	WS/LS	TCE \$/day
<b>VLCC</b> (12 Kts L/11.5 Kts B)				
	<b>30-Jan</b>		<b>7-Feb</b>	
AG>USG 280k (TD1)	29.0	\$3,587	30.0	\$5,359
AG>USG/CBS>SPORE/AG	--	\$37,398	--	\$36,867
AG>SPORE 270k (TD2)	40.0	\$16,818	48.5	\$29,133
AG>JPN 265k (TD3)	40.0	\$16,211	48.5	\$28,857
WAFR>USG 260k (TD4)	65.0	\$47,172	60.0	\$41,182
WAFR>CHINA 260k (TD15)	57.5	\$38,484	50.0	\$28,895
CBS>SPORE/AG 270k	\$5.40m	\$51,093	\$5.15m	\$47,324
<b>SUEZMAX</b> (12 Kts L/11.5 Kts B)				
WAFR>USAC 130k (TD5)	82.5	\$26,637	67.5	\$17,085
BSEA>MED 135k (TD6)	100.0	\$41,142	67.5	\$13,316
CBS>USG 130k	100.0	\$38,922	75.0	\$20,466
<b>AFRAMAX</b> (12.5 Kts L/B)				
N.SEA>UKC 80k (TD7)	175.0	\$88,382	100.0	\$23,956
AG>SPORE 70k (TD8)	115.0	\$24,592	112.5	\$24,030
BALT>UKC 100k (TD17)	160.0	\$83,873	77.5	\$18,055
CBS>USG 70k (TD9)	152.5	\$36,027	120.0	\$21,515
MED>MED 80k (TD19)	110.0	\$27,171	82.5	\$10,940
<b>PANAMAX</b> (12.5 Kts L/B)				
CBS>USAC 50k	225.0	\$37,794	175.0	\$23,379
CONT>USG 55k (TD12)	185.0	\$31,593	162.5	\$24,32
ECU>USWC 50k	182.5	\$23,899	185.0	\$23,891
<b>CPP</b> (13.5 Kts L/B)				
CONT>USAC 37k (TC2)	145.0	\$14,050	135.0	\$11,628
USG>CONT 38k (TC14)	75.0	\$8	82.5	\$1,847
USG>CONT/CONT>USAC/USG	--	\$14,041	--	\$14,585
USG>P.COLORADOS 38k	\$428k	\$8,363	\$480k	\$12,064
CBS>USAC 38k (TC3)	100.0	\$5,488	107.5	\$7,339
AG>JPN 35k	98.0	\$2,582	99.0	\$3,161
SPORE>JPN 30k (TC4)	101.0	\$1,653	101.0	\$1,988
AG>JPN 75k (TC1)	77.5	\$8,449	76.5	\$8,543
AG>JPN 55k (TC5)	90.0	\$2,665	96.0	\$5,250

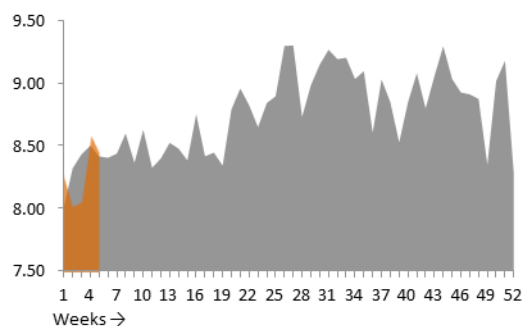
Time Charter Market \$/day (theoretical)	1 Year	3 Years
<b>VLCC</b>	\$24,000	\$23,500
<b>Suezmax</b>	\$21,500	\$18,500
<b>Aframax</b>	\$14,500	\$15,500
<b>Panamax</b>	\$14,250	\$15,500
<b>MR</b>	\$14,500	\$16,000



US Crude  
Stocks (EIA)

Last Week  
358.1 Mbbls

Week y/y  
▼ -3.7%



US Gasoline  
Demand (EIA)

Last week  
8.452 Mb/d

Week y/y  
▲ +0.4%

2014 2013

# WEBER WEEKLY TANKER REPORT



## THE TANKER MARKETS

### VLCC

A surprise rise in fixture activity materialized in the Middle East VLCC market this week, prompting a rebounding of rates by mid-week which pared some of last week's losses. The weekly fixture tally there gained 79% to a total of 43 – a five-month high – led by a greater number of fixtures bound for points in the Far East. This brought the number of February Middle East cargoes to 120, a level well ahead of our last estimate and an earlier consensus, and, together with stronger activity in the West Africa market drawing on Middle East positions, reduced the number of excess Middle East positions. We now estimate that some 20 units will carryover from February to March dates vs. a week-ago estimate of 26. The present estimate continues, however, to represent the most excess positions since August; accordingly, the basis of this week's rate gains can be largely attributed to the pace of fresh activity and resulting impact on sentiment, rather than supply/demand fundamentals (which remain weak).

The longer than anticipated February program (now at or near its conclusion) represents a positive development for owners, particularly as the recent robustness improved sentiment ahead of a progression into the March program. Thus, while the weak prevailing fundamentals may imply a retreating of rates, sustained activity in the market could help to keep rates elevated during the upcoming week as charterers progress more concertedly into the March program. Additionally, given that the February program is generally shorter due to the fewer number of February loading days, it may be surmised that the March program will be longer, which should help to limit rate downside.

### Middle East

Rates to the Far East gained 5.5 points over the course of the week to a closing level of ws48. This direction averaged ws44.7, representing a loss of 5.9 points from last week's average. Corresponding TCEs shed ~\$8,381/day, w/w, to an average of ~\$23,822/day while the present assessment yields ~\$28,414/day. Rates to the USG via the Cape averaged ws29.6, off 3.2 points, w/w; the route is presently assessed at ws30. Triangulated Westbound trade earnings lost ~\$5,960/day, w/w, and averaged ~\$35,781/day. This trading pattern concluded the week at ~\$36,303/day.

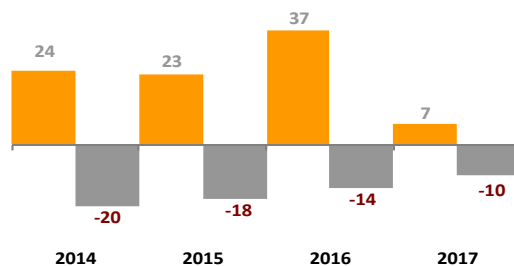
### Atlantic Basin

The Atlantic basin was more active this week on the back of a robust West Africa market, where a total of 8 fixtures materialized. Rates in the West Africa market pared earlier losses, in-line with the Middle East market. The WAFR-FAEST route corrected strongly at the start of the week on the back of last week's rate losses in the Middle East, while a late paring of those losses followed the stronger Middle East market. The route averaged ws49.4, representing a w/w loss of 12.1 points, and concludes at an assessed level of ws50. TCEs on the route dropped ~\$15,413/day to an average of ~\$28,091/day and concluded at ~\$28,896/day.

Activity in the Caribbean market was muted with just one fixture materializing. The CBS-SPORE benchmark route commenced at \$5.35m LS and assessed lower at this week's start at the \$5.0m level on the back of souring sentiment in the overall VLCC market before posting late gains to a final assessment of \$5.15m.

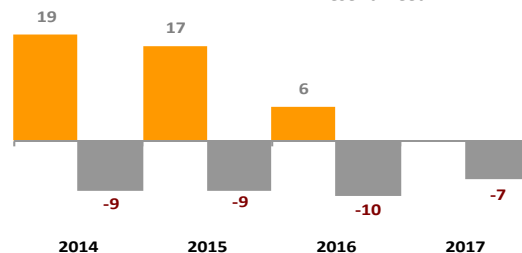
### VLCC Projected Deliveries/Removals

**Present Fleet: 613**



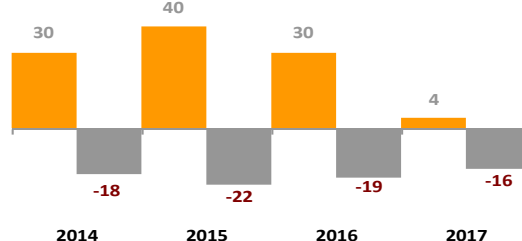
### Suezmax Projected Deliveries/Removals

**Present Fleet: 442**



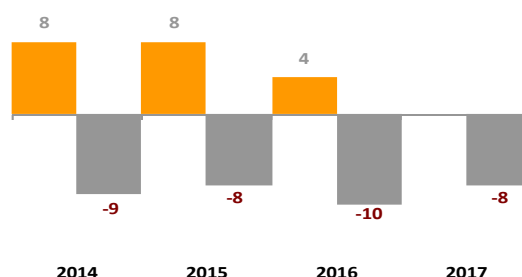
### Aframax/LR2 Projected Deliveries/Removals

**Present Fleet: 881**



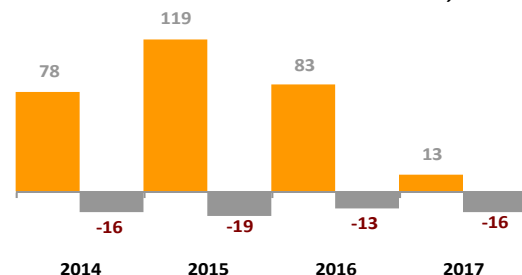
### Panamax/LR1 Projected Deliveries/Removals

**Present Fleet: 417**



### MR Projected Deliveries/Removals

**Present Fleet: 1,192**



# WEBER WEEKLY TANKER REPORT



## Suezmax

The West Africa Suezmax market was modestly more active this week with fixtures rising by one to a total of 12. However, as overall availability continued to expand and sentiment continued to sour, rates remained under negative pressure throughout the week. The WAFR-USAC route ultimately shed 15 points to conclude at ws67.5. Further rate downside is likely during the upcoming week failing a strong rise in regional demand.

## Aframax

Overall activity levels in the Caribbean Aframax market were unchanged this week with fixtures totaling 15 for the second consecutive week (7% above 2013's weekly average). As the market continues to normalize from the start of the year's stronger demand and supply issues, rates continued to correct. The CBS-USG route shed 32.5 points to conclude at ws120. Further rate erosion is likely to materialize during the upcoming week.

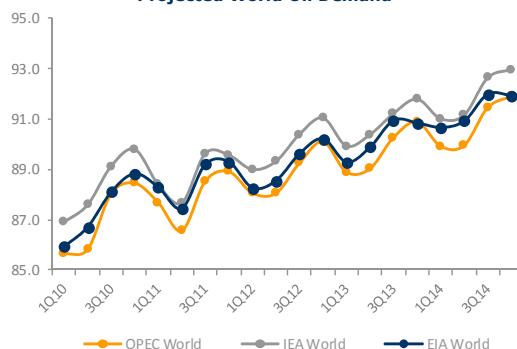
## Panamax

The Caribbean Panamax market remained under negative pressure as position lists loosened while demand was largely unchanged. The CBS-USG route dropped 50 points to conclude at ws175. Further losses are likely during the upcoming week though likely at a moderating pace, as was observed during the latter half of this week.

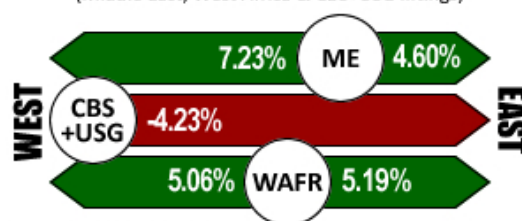
Projected OECD Oil Demand



Projected World Oil Demand

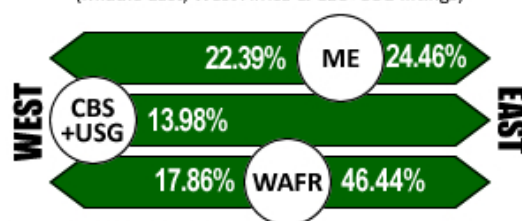


130 + kMT Fixtures, 2013 y/y Percentage Change  
(Middle East, West Africa & CBS+USG liftings)



Charles R. Weber Company

130 + kMT Fixtures, 2014 YTD, y/y Percentage Change  
(Middle East, West Africa & CBS+USG liftings)



Charles R. Weber Company



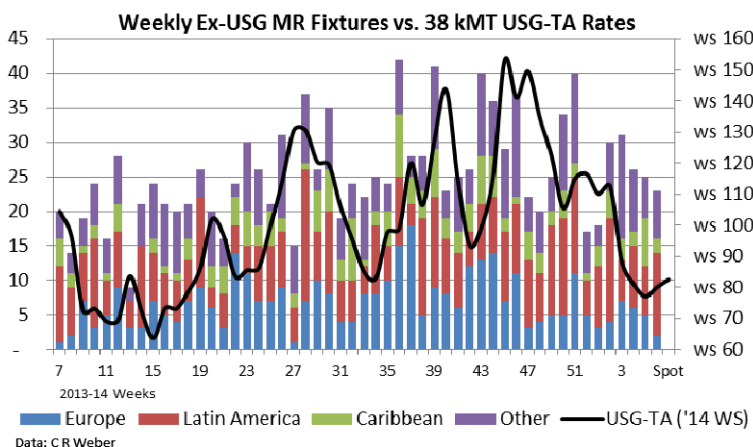
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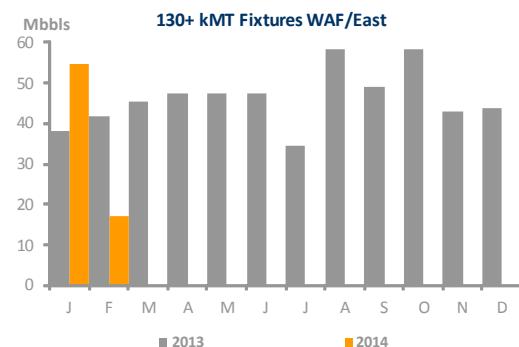
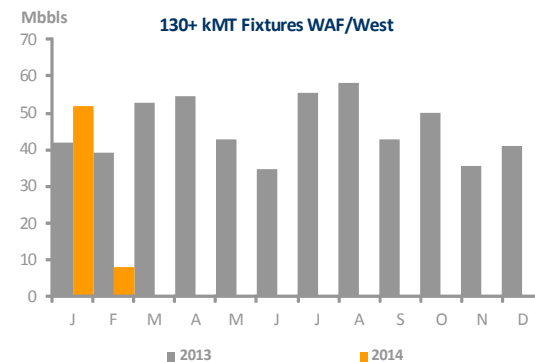
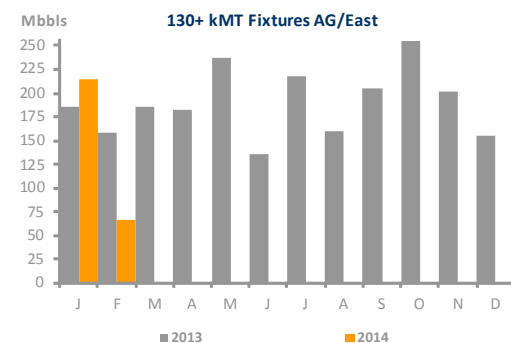
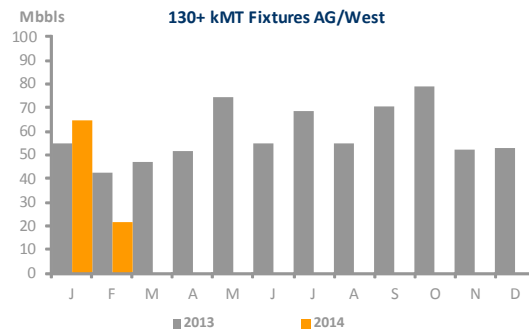
## CPP

Chartering activity in the USG MR market declined 8%, w/w, to a total of 23 fixtures. Trans-Atlantic trades remained unattractive, prompting a further cooling of demand on the USG-UKC route while voyages to points in Latin America were up 71% on last week. The 4-week moving average of total regional fixtures stands at 26 – on par with the 2013 weekly average. The steady but subdued activity, together with softening rates in the UKC market – which interestingly did little to displace Europe as the ballast destination of choice for vessels finishing on the USAC and ECC – did not prove to be enough to support rates on the USG-UKC route. Rates bottomed at mid-week but have since followed with a modest rebound of 7.5 points to close out the week at ws82.5.

Triangulated USG-UKC/UKC-USAC/USG trade continues to offer better TCE returns than the trade to Latin America (~\$14,585/day vs. ~\$12,064/day). The softening of rates for voyages commencing in UKC and growing optimism surrounding a rebound of USG rates incentivizes owners to prefer shorter regional voyages and hasten their return to the USG market. Rates on the USG-UKC route are likely to post further gains during the upcoming week and counter the presently waning interest in the route. However the overall near-term upside for rates in the USG market will be limited by the recent expansion in the number of fixtures to Latin America as the units will reappear on position list at an equally rapid and sufficient pace so as to prevent a tightening of supply. Robust and sustained gains will remain elusive until there is an increase in voyages to Europe and or the Far East.



The UKC market remained active this week. Sustained demand for voyages to the US was supported by distillate cargoes to replenishing US PADD 1 heating oil inventories. Rates, however, were being undermined by a wave of fresh tonnage appearing on position lists as owners continue to prefer return ballasts from the USAC and ECC, rather than the conventional, in recent years, ballast to the USG. The CONT-USAC route shed 10 points over the course of the week to ws135 and appears likely to correct further at the start of the upcoming week.



# WEBER WEEKLY TANKER REPORT



## REPORTED TANKER SALES

**"BW Nysa"** 299,543/00 – Daewoo – DH

-Sold for \$32.0m to Japanese buyers (Modec) for conversion.

**"Neptune Glory"** 299,127/98 – Daewoo – DH

-Sold for \$23.15m to undisclosed buyers.

**"Overseas Kilimanjaro"** 296,999/11 – Dalian – DH

**"Overseas McKinley"** 296,971/11 – Dalian – DH

**"Overseas Everest"** 296,901/10 – Jiangnan Changxing – DH

**"Overseas Yellowstone"** 112,990/09 – New Times – DH

**"Overseas Yosemite"** 112,905/09 – New Times – DH

-To be sold en bloc to Belgian buyers (GSO/Euronav JV), subject to affirmation of \$255.0m stalking horse bid.

**SPP Goseong Hull S1177** – 50,100/15 – SPP Goseong – DH

**SPP Goseong Hull S1178** – 50,100/15 – SPP Goseong – DH

**SPP Goseong Hull S1183** – 50,100/15 – SPP Goseong – DH

**SPP Goseong Hull S1184** – 50,100/15 – SPP Goseong – DH

**SPP Goseong Hull S5130** – 50,100/15 – SPP Goseong – DH

**SPP Goseong Hull S5131** – 50,100/15 – SPP Goseong – DH

**SPP Goseong Hull S5132** – 50,100/15 – SPP Goseong – DH

**SPP Goseong Hull S5134** – 50,100/15 – SPP Goseong – DH

**SPP Goseong Hull S5135** – 50,100/15 – SPP Goseong – DH

-Sold en bloc for \$385.0m to US buyers (Diamond S. Shipping).

**"Crystal Topaz"** 11,340/06 –INP Heavy Ind. – DH

**"Crystal Diamond"** 11,340/06 –INP Heavy Ind. – DH

**"Crystal Amaranto"** 9,887/99 –INP Heavy Ind. – DH

**"Crystal Skye"** 9,554/98 –INP Heavy Ind. – DH

-Sold en bloc on private terms to undisclosed UK buyers.

**"Metlai 3"** 31,983/99 – Hyundai Ulsan – DH

**"Metlai 4"** 31,967/99 – Hyundai Ulsan – DH

-Sold en bloc on private terms to Singaporean buyers (Wilmar International).

**"Ayse-S"** 5,850/08 – Tuzla – DH

**"Deniz-S"** 5,850/08 – Tuzla – DH

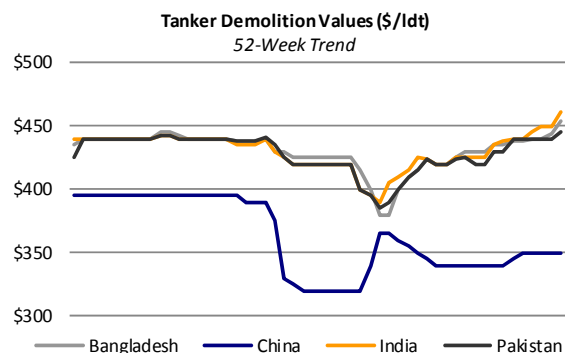
-Sold en bloc for \$6.8m to Danish buyers (Nordic Tankers A/S).

## REPORTED TANKER DEMOLITION SALES

### China

**"New Vitality"** 284,569/93 – 40,059 LDT – DH

-Sold on private terms (unit converted to DH 08/2009).



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