

# WEBER WEEKLY TANKER REPORT



WEEK 5 – 1 FEBRUARY 2013

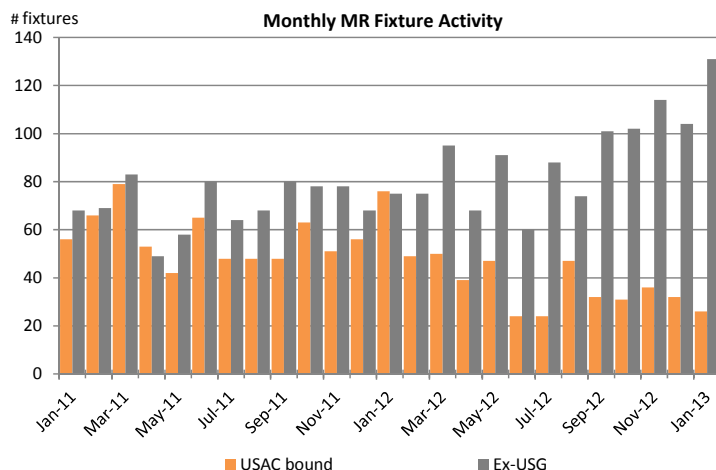
ISSUE 5 – 2013

## Sustained high USG exports continue to support MR rates

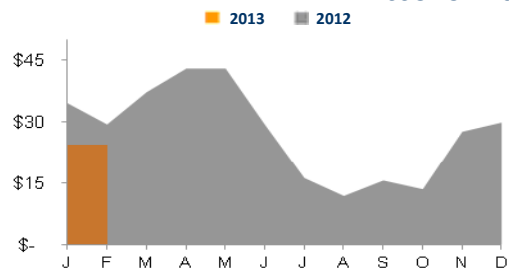
Less certain USG-UKC arbitrage opportunities decreased activity on the route during January, with the UKC range representing just 12% of the discharge profile for the 131 ex-USG January fixtures. Given the shorter-haul nature of voyages to the Caribbean and Latin America relative to those to Europe, the shift might have otherwise implied a less supportive trading environment, but with ex-USG activity having risen sharply since September, total ton-mile demand generated has remained positive. Monthly USG exports serviced by the MR class rose to an average of 107 during 4Q12 and to 131 during January (a record high), from an average of 88 during 3Q12 and 77 during 1H12.

On this basis – and with a demand push materializing late in the week against expectations – rates saw strong late gains. The USG-UKC benchmark route gained 10 points to ws115. Given limited natural positions in the Caribbean area, the ex-USG gains carried to the CBS-USAC route which gained 5 points to ws145.

Importantly for the Cont-USAC route, fewer units coming free off of USG-UKC voyages has allowed for stronger rates in recent weeks, despite a general lull in cargoes to the USAC—from all areas. Lower gasoline inventories and a third consecutive of y/y US gasoline demand gains (as reported by the EIA) saw a widening trans-Atlantic arbitrage window this week, which by Friday was met with a limited list of positions and more bullish ideas by owners. Rates on the Cont-USAC route rose 27.5 points over the course of the week to conclude at ws192.5. Owners are eyeing further gains which remain likely – barring a significant drop in fresh activity.



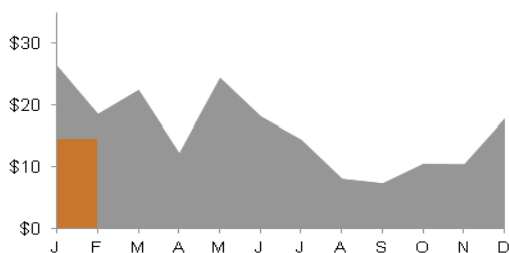
Data: CRW



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

Jan. Average  
\$24,200/Day

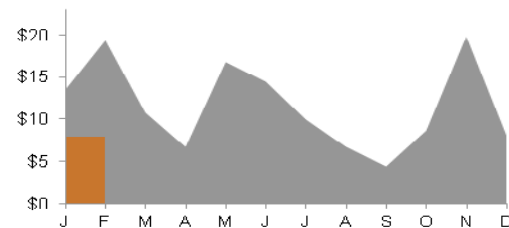
Month y/y  
▼ -30%



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

Jan. Average  
\$13,400/Day

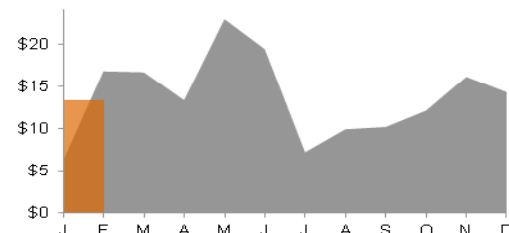
Month y/y  
▼ -49%



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

Jan. Average  
\$7,500/Day

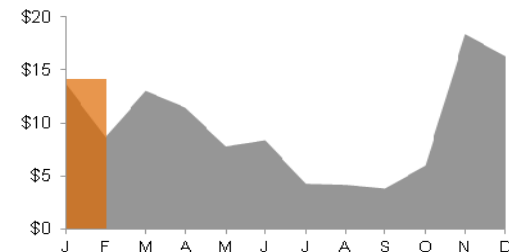
Month y/y  
▼ -44%



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

Jan. Average  
\$13,400/Day

Month y/y  
▲ +119%



**MR TCE**  
38k CBS-USAC

Jan. Average  
\$14,000/Day

Month y/y  
▲ +2%

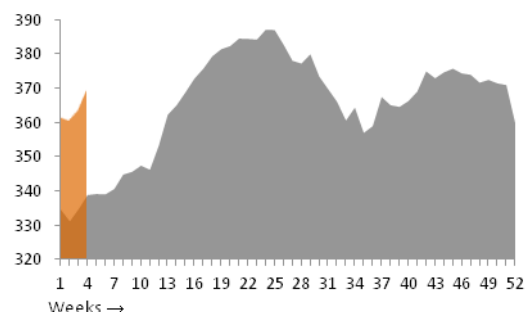
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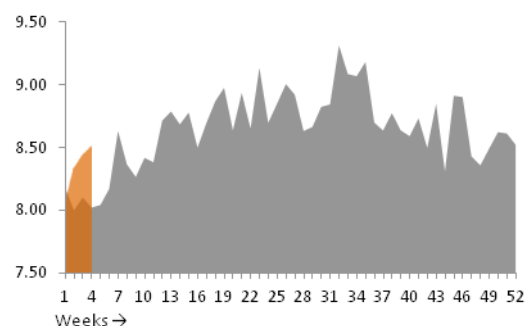
Spot Market	WS	TCE (R/V)	WS	TCE (R/V)
<b>VLCC</b>	<b>25-Jan</b>		<b>2-Feb</b>	
AG>USG 280 kMT	19.5	\$(11,400)	18.75	\$(13,700)
AG>SPORE 270 kMT	30.25	\$3,400	31.0	\$3,300
AG>JPN 265 kMT	30.25	\$2,500	31.0	\$2,400
WAFR>USG 260 kMT	37.5	\$13,500	40.5	\$17,000
WAFR>CHINA 260 kMT	34.75	\$9,200	34.0	\$7,000
<b>SUEZMAX</b>				
WAFR>USAC 130 kMT	52.5	\$8,900	55.0	\$10,125
B.SEA>MED 135 kMT	60.0	\$7,400	62.5	\$9,100
CBS>USG 130 kMT	65.0	\$15,000	62.5	\$12,400
<b>AFRAMAX</b>				
N.SEA>UKC 80 kMT	90.0	\$18,200	85.0	\$13,800
AG>SPORE 70 kMT	85.0	\$14,500	85.0	\$13,700
BALT>UKC 100kMT	100.0	\$45,000	70.0	\$17,500
CBS>USG 70 kMT	82.5	\$6,600	82.5	\$6,100
MED>MED 80 kMT	77.5	\$10,000	100.0	\$24,600
<b>PANAMAX</b>				
CBS>USG 50 kMT	115.0	\$12,000	110.0	\$9,800
CONT>TA 55 kMT	105.0	\$12,700	105.0	\$12,200
ECU>USWC 50 kMT	152.5	\$26,000	152.5	\$24,600
<b>CPP</b>				
CONT>TA 37 kMT	165.0	\$19,400	192.5	\$25,700
CBS>USAC 38 kMT	140.0	\$15,300	145.0	\$16,700
USG>TA 38 kMT	105.0	\$7,600	115.0	\$9,700
AG>JPN 35 kMT	126.5	\$9,800	125.0	\$9,000
SPOR>JPN 30 kMT	133.0	\$8,500	131.0	\$7,600
AG>JPN 75 kMT	81.5	\$12,800	80.0	\$11,300
AG>JPN 55 kMT	99.75	\$11,500	94.0	\$8,800

Time Charter Market \$/day (theoretical)	1 Year	3 Years
<b>VLCC</b>	\$19,250	\$23,250
<b>Suezmax</b>	\$16,500	\$20,000
<b>Aframax</b>	\$13,750	\$16,000
<b>Panamax</b>	\$13,500	\$14,500
<b>MR</b>	\$13,500	\$14,750



**Last Week**  
369.1 Mbbls

**Week y/y**  
▲ +8.9%



**Last week**  
8.501 Mb/d

**Week y/y**  
▲ +6.0%

2013 2012

# WEBER WEEKLY TANKER REPORT



## THE TANKER MARKETS

### VLCC

As January comes to an end the VLCC sector continues to set new lows. Average TCE returns for January 2013 compared to 2012 are down about 30% for eastbound voyages and almost 49% down for westbound voyages. Charterers were more active this week but each new cargo received ample offers and failed to lift the softening trend. Eastbound rates traded within a narrow two point range and although ws29 was placed on subjects for a voyage to the Far East, marking the lowest level of the year; it failed and rates actually improved 1 point, resetting to the new "conference level" of ws31 – with one fixture recorded for a voyage to China on tight dates at ws32.

Westbound rates from the Middle East showed a greater decline, voyages via the Suez Canal fell 15% to ws17.25 and voyages via the Cape fell 0.75 pts to just below ws19, like the eastbound numbers, these are the lowest rates seen over the last 12 months. One reason for the greater decline in westbound rates is a much less spot inquiry. Last year we saw 25 westbound fixtures recorded in January, compared to just 6 this year. Owners continue to show a preference for westbound business as they look to lock in triangulated voyages. This has created greater competition and softer rates. Fundamentals clearly favor Charterers but we are at that point where we ask once again; how low can rates go?

### Middle East

There were 18 fresh fixtures reported in the Middle East market this week; three were bound for the US with the remainder destined for points in the East. Rates to the Far East eased 3.9 points, w/w, to an average of ws30.72. TCEs in this direction eased ~\$6,500/day, w/w, to ~\$3,600/day. Rates to the USG eased 0.8 points, w/w, to an average of ws18.75. Triangulated Westbound trade earnings eased to ~\$19,100/day – representing a w/w decline of ~\$2,400/day.

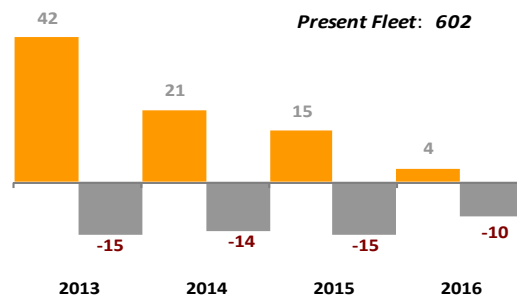
With 54 Middle East cargoes covered to date, leaving a further 5 remaining through the first half of the program. Against this, some 34 units are projected to be available through mid-February, illustrating the severe level of overcapacity which has gripped fundamentals. However, with a further imbalance unlikely during the coming week – the willingness of owners to continue trading at sub-OPEX levels has come back into question. Accordingly, some owners may prefer to have their units remain spot rather than continue to trade, which may halt the prevailing negative trend, particularly with further rate declines implying voyages which fail to cover even bunker expenses.

### Atlantic Basin

The Atlantic basin was quieter this week with chartering interest largely based on ex-West Africa voyages. Four of this week's fixtures were on West Africa-Far East voyages whilst one fixture materialized on a PTP-China run. Rates on the WAFR-China route eased 1.25 points to an average of ws33.5. TCE earnings on the route averaged ~\$7,100/day. Trans-Atlantic voyages remained largely limited, however, with Suezmaxes showing some rate upside presently, co-load opportunities could return. Rates on the Caribbean-Singapore route were untested at ~\$4.30m LS, and whilst the list remains balanced, the overall souring sentiment within the wider VLCC market could the route come under pressure.

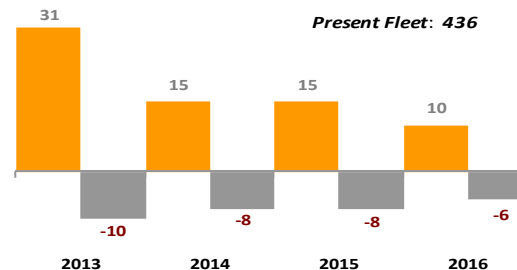
### VLCC Projected Deliveries/Removals

Present Fleet: 602



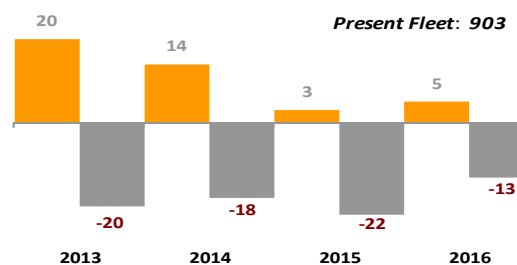
### Suezmax Projected Deliveries/Removals

Present Fleet: 436



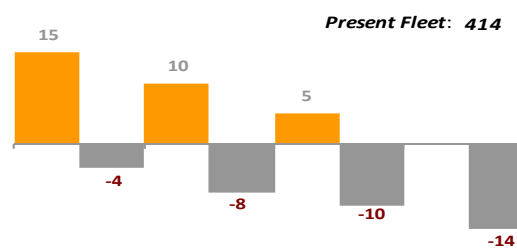
### Aframax Projected Deliveries/Removals

Present Fleet: 903



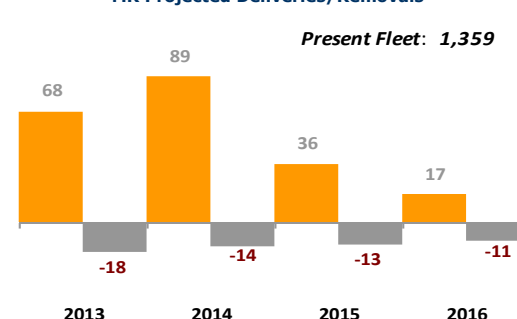
### Panamax Projected Deliveries/Removals

Present Fleet: 414



### MR Projected Deliveries/Removals

Present Fleet: 1,359



# WEBER WEEKLY TANKER REPORT



## Suezmax

Stronger activity in the Atlantic Suezmax market saw rates come under modest positive pressure. A total of 15 ex-West Africa fixtures materialized, representing an improvement from a weekly average of 9 during the preceding 4-weeks. Rates on the WAFR-USAC route gained 2.5 points to ws55, but with some uncertainty as to whether rates will hold at this level during the week ahead. Similar gains were posted on the BSEA-MED route, with rates rising 2.5 points to ws62.5.

## Aframax

The Caribbean Aframax market remained unchanged this week with rates on the CBS-USG route unchanged at ws82.5. Owners continue to face a difficult trading environment in the region, with continued competition from Suezmaxes on the route and a continuing demand lull. Date sensitivity remains, however, and small premiums continue to be observed on an isolated basis.

Rates in the North Sea and Baltic markets continue to correct from recent highs, led, largely, but a stepping back by charterers from the Baltic market following the earlier rush to fix amidst ice issues. The BALT-UKC route corrected by 30 points to conclude at ws70 whilst the NSEA-UKC route eased 5 points to ws90.

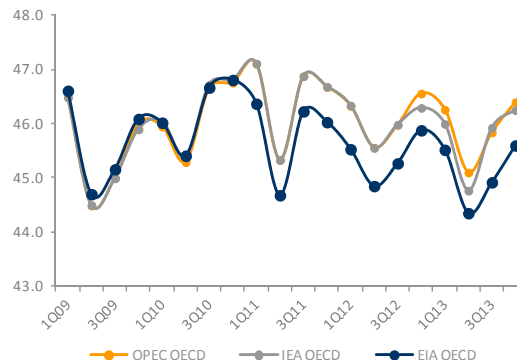
Stronger activity in the Mediterranean market saw rates there post strong gains – aided, in part, by some units having ballasted to the North Sea market in hopes of capturing the stronger returns which had been achievable there. Rates on the MED-MED route ultimately gained 22.5 points to ws100, yielding a TCE return of ~\$24,600/day – an 80% premium to those in the North Sea market. Rates remain firm and sustained activity at the start to the week ahead could see rates extend gains.

## Panamax

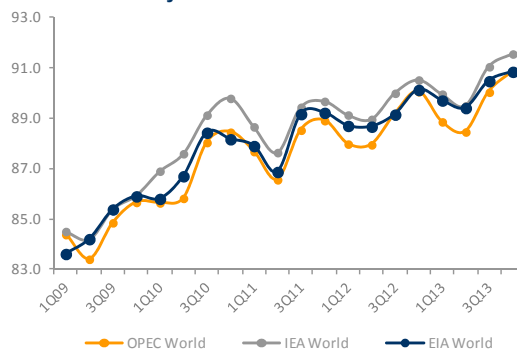
The Caribbean Panamax market saw rates moderate this week despite a generally unchanged supply/demand positioning. The CBS-USAC route eased 5 points to ws110 and appear stable around this level, save for instances of date sensitivity.

The European market was quieter this week but with minimal impact on rates as the supply/demand ratio was largely unchanged throughout. The CONT-TA route was unchanged, accordingly, at ws105. A sustained quiet during the week ahead, however, could see rates ultimately post modest losses.

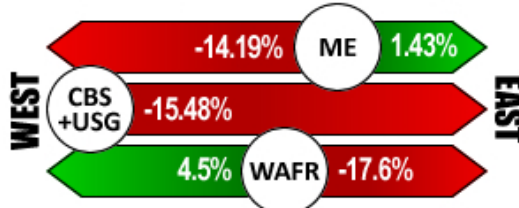
Projected OECD Oil Demand



Projected World Oil Demand

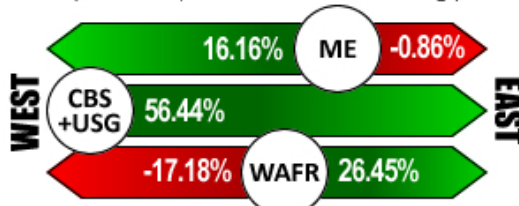


130 + kMT fixtures, Jan '13 y/y Percentage Change  
(Middle East, West Africa & CBS+USG liftings)



Charles R. Weber Company

130 + kMT fixtures, 2012 y/y Percentage Change  
(Middle East, West Africa & CBS+USG liftings)



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# WEBER WEEKLY TANKER REPORT



## REPORTED TANKER SALES

**"Noble Express"** 53,500/08 – STX – DH  
-Sold for \$24.5m to Chilean buyers (Ultragas).

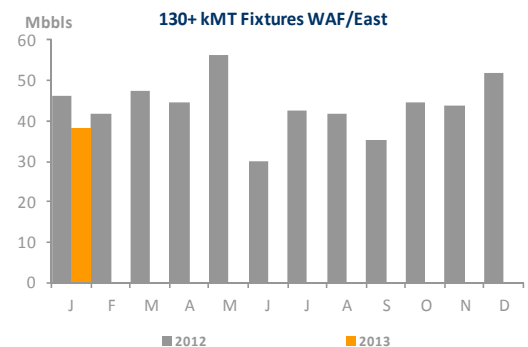
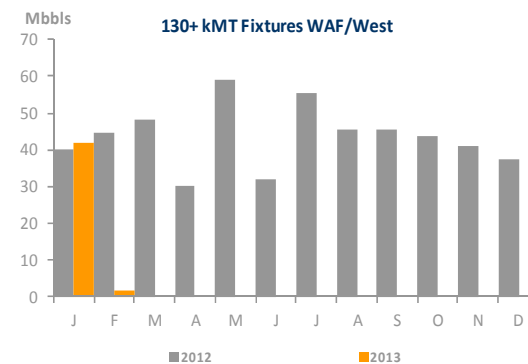
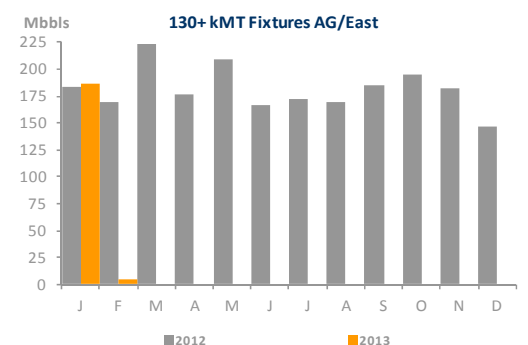
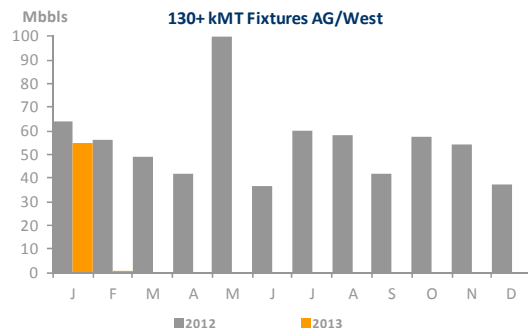
**"Ursula"** 16,927/08 – Jiujiang Yinxing – DH  
-Sold for \$6.5m to undisclosed buyers.

**"Valor"** 12,300/94 – Fincantieri – DH  
-Sold on private terms to undisclosed buyers.

**"Emre-T"** 4,804/04 – Tuzla – DH  
-Sold for \$4.5m to undisclosed Middle East buyers.

**"Flegra"** 4,586/93 – Santierul – DH  
-Sold for \$3.0m to Emirati buyers (Prime Tankers).

**"Jet 1"** 1,432/87 – Daedong  
-Sold on private terms to Turkish buyers (Canakkale Liman Isletmesi).





# WEBER WEEKLY TANKER REPORT



## REPORTED TANKER DEMOLITION SALES

### Bangladesh

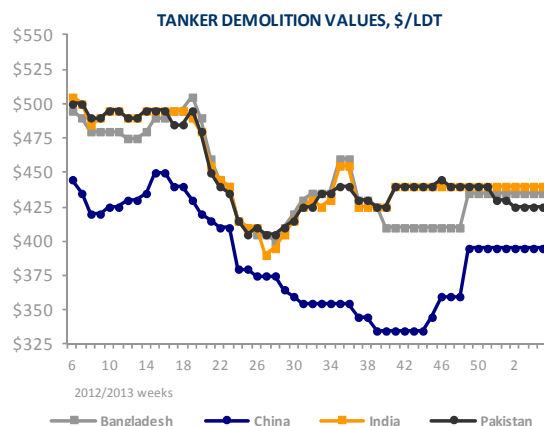
"Piri" 98,622/94 16,841 LDT – DH  
-Sold on private terms.

### Pakistan

"Bicas" 91,671/85 – 16,722 LDT – SH  
-Sold for \$345/ltd.

### India

"Arioca" 18,997/86 – 6,767 LDT – SH  
-Sold for \$345/ltd.



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