

# WEBER WEEKLY TANKER REPORT



WEEK 8 – 21 FEBRUARY 2014

ISSUE 08 – 2014

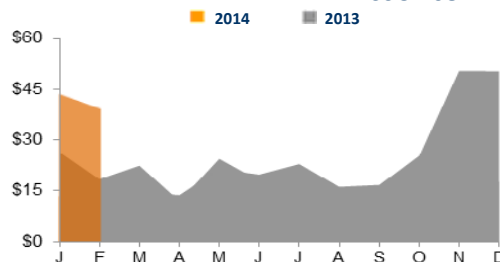
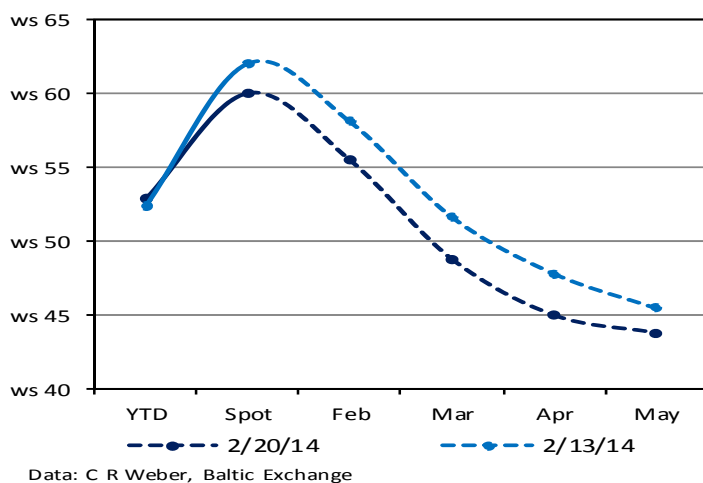
## Cooling VLCC activity breaks recent rally; correction to come?

The VLCC market was markedly slower this week against stronger competition from Suezmaxes in the Middle East market and a slow progression into the early March program. Suezmax fixtures in the Middle East jumped 167% w/w to 16 fresh fixtures – a level which represents an 8-month high. The Suezmax activity was largely led by voyages bound for points in the Far East; 7 such fixtures materialized, marking a record high. Interest in the Suezmax class peaked early during the week when VLCC owners were seeking freights as high as ws70 for voyages to the Far East. Suezmaxes were largely stable at ws62.5 on the same routes, making per-ton freight 7% cheaper on the smaller tankers while also offering a modest reduction of exposure to \$/day demurrage rates (\$22,000/day per Suezmax and \$45,000/day per VLCC).

By mid-week, Suezmax competition and a continued slow pace of activity prevented further VLCC rate gains. Thereafter, rates remained under negative pressure as the limited activity continued to erode owners' confidence. Rates on the AG-FEAST routes commenced at ws62.5 and rallied to the mid/high ws60s before ultimately retreating to the low ws60 by the conclusion of the week.

With some 30 cargoes through the first decade of March now covered, we anticipate a further 12 remain uncovered. Against this, there are 20 units available implying 8 excess units. Accordingly, we believe that availability remains tight which should allow rates hold around present levels for early March cargoes; however, with positions past the first decade appearing more flexible, rates could well experience a fresh round of negative pressure as charterers progress to second-decade dates. This represents a slightly less optimistic outlook from a week ago, when both spot and future rate assessments were improving on an active conclusion to the February program and the fewer excess units carrying over to March dates in tandem.

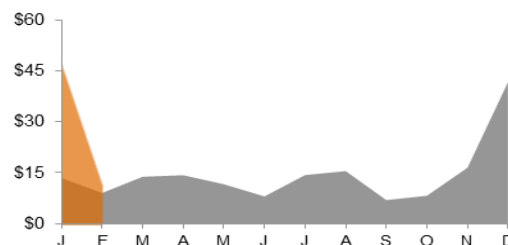
### VLCC AG-JPN (TD3) FFA Indications



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

**MTD Average**  
\$39,000/Day

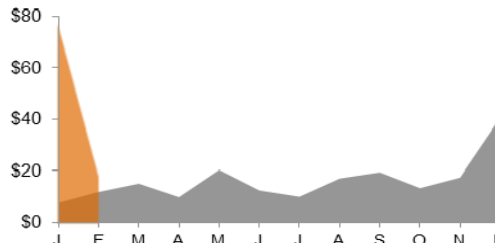
**Month y/y**  
▲ +168%



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

**MTD Average**  
\$11,500/Day

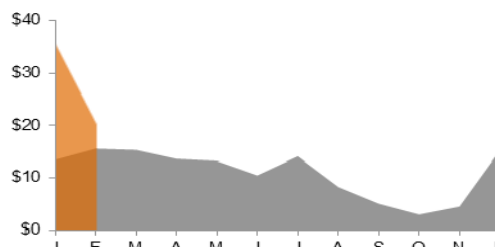
**Month y/y**  
▲ +27%



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

**MTD Average**  
\$17,700/Day

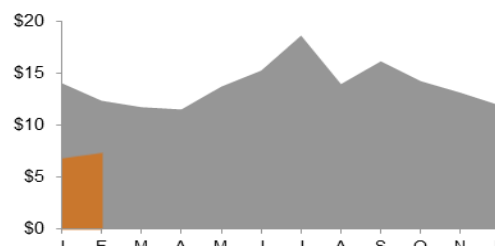
**Month y/y**  
▲ +51%



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

**MTD Average**  
\$20,100/Day

**Month y/y**  
▲ +29%



**MR TCE**  
38k CBS-USAC

**MTD Average**  
\$7,300/Day

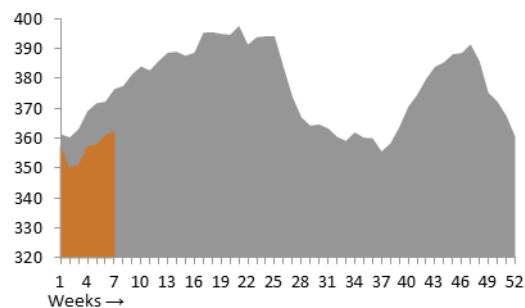
**Month y/y**  
▼ -41%

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Spot Market	WS/LS	TCE \$/day	WS/LS	TCE \$/day
<b>VLCC</b> (12 Kts L/11.5 Kts B)				
	<b>7-Feb</b>		<b>14-Feb</b>	
AG>USG 280k (TD1)	37.5	\$15,318	36.0	\$12,753
AG>USG/CBS>SPORE/AG	--	\$45,566	--	\$42,451
AG>SPORE 270k (TD2)	62.5	\$48,227	60.0	\$44,667
AG>JPN 265k (TD3)	62.5	\$48,480	60.0	\$44,824
WAFR>USG 260k (TD4)	65.0	\$47,297	60.0	\$40,467
WAFR>CHINA 260k (TD15)	62.5	\$45,422	54.0	\$33,457
CBS>SPORE/AG 270k	\$5.20m	\$47,943	\$5.10m	\$45,601
<b>SUEZMAX</b> (12 Kts L/11.5 Kts B)				
WAFR>USAC 130k (TD5)	52.5	\$7,173	52.5	\$6,847
BSEA>MED 135k (TD6)	62.5	\$8,832	57.5	\$4,120
CBS>USG 130k	65.0	\$12,921	50.0	\$1,614
<b>AFRAMAX</b> (12.5 Kts L/B)				
N.SEA>UKC 80k (TD7)	90.0	\$15,316	92.5	\$17,538
AG>SPORE 70k (TD8)	110.0	\$23,002	105.0	\$20,672
BALT>UKC 100k (TD17)	80.0	\$19,890	80.0	\$19,995
CBS>USG 70k (TD9)	100.0	\$12,307	110.0	\$16,525
MED>MED 80k (TD19)	82.5	\$10,795	83.75	\$11,185
<b>PANAMAX</b> (12.5 Kts L/B)				
CBS>USAC 50k	150.0	\$16,027	160.0	\$18,687
CONT>USG 55k (TD12)	140.0	\$16,868	122.5	\$10,946
ECU>USWC 50k	182.5	\$23,827	180.0	\$23,361
<b>CPP</b> (13.5 Kts L/B)				
CONT>USAC 37k (TC2)	117.5	\$7,500	105.0	\$4,540
USG>CONT 38k (TC14)	95.0	\$4,159	107.5	\$7,622
USG>CONT/CONT>USAC/USG	--	\$14,203	--	\$15,419
USG>P.COLORADOS 38k	\$600k	\$20,308	\$675k	\$25,363
CBS>USAC 38k (TC3)	110.0	\$7,851	112.5	\$8,305
AG>JPN 35k	102.0	\$3,841	103.0	\$3,971
SPORE>JPN 30k (TC4)	102.0	\$2,232	105.0	\$2,748
AG>JPN 75k (TC1)	79.5	\$9,992	80.0	\$10,102
AG>JPN 55k (TC5)	102.5	\$7,510	106.0	\$8,558

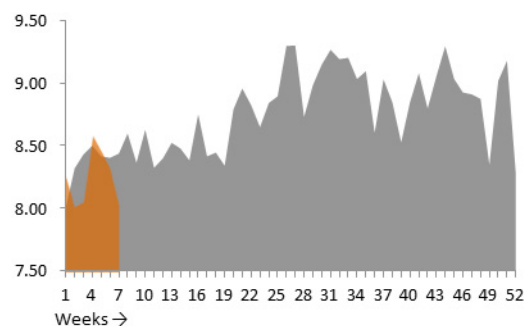
Time Charter Market \$/day (theoretical)	1 Year	3 Years
<b>VLCC</b>	\$24,500	\$23,750
<b>Suezmax</b>	\$20,000	\$19,000
<b>Aframax</b>	\$14,500	\$15,750
<b>Panamax</b>	\$14,250	\$15,500
<b>MR</b>	\$14,500	\$16,000



US Crude  
Stocks (EIA)

Last Week  
362.3 Mbbls

Week y/y  
▼ -3.7%



US Gasoline  
Demand (EIA)

Last week  
8.030 Mb/d

Week y/y  
▼ -4.8%

2014 2013

# WEBER WEEKLY TANKER REPORT



## THE TANKER MARKETS

### VLCC

#### Middle East

Chartering activity in the Middle East market declined 38%, w/w, to 18 fixtures. Rates to the Far East gained 5.8 points, w/w, to an average of ws62.5. Corresponding TCEs gained ~\$8,247/day, w/w, to an average of ~\$48,744/day. On the back of late rate erosion, the route is presently assessed at ws60, which yields a TCE of ~\$44,976/day. Rates to the USG via the Cape averaged ws35, representing a 1 point loss on last week's observed average. Triangulated Westbound trade earnings averaged ~\$42,780/day—a loss of ~\$736/day from last week's average.

#### Atlantic Basin

Activity in the Atlantic basin was unchanged from last week with 5 fixtures reported. The West Africa market saw rates post early gains in-line with the Middle East market before leveling off through the remainder of the week. The WARF-FAEST route averaged ws62, representing a gain of 2 points, w/w. Corresponding TCEs rose by ~\$2,223/day, w/w, to an average of ~\$44,351/day.

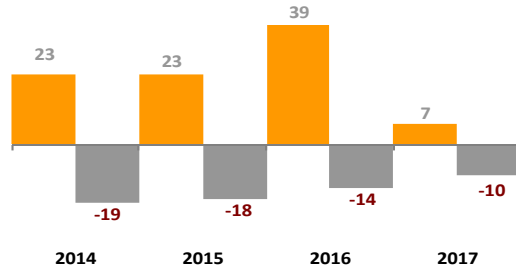
The Caribbean market remained generally inactive this week with just one fixture reported. Rates on the CBS-SPORE route were untested at the \$5.2m level (lumpsum), but are expected to start to retreat once retested as the recent lull has expanded regional positions.

### Suezmax

The West Africa Suezmax market was more active this week with fixture activity rising 40%, w/w, to a total of 14. However, with availabilities remaining well in excess of demand, rates were unchanged with the WAFR-USAC route holding at ws52.5. Corresponding TCEs remain below daily OPEX levels, accordingly. Limited rate support is likely during the upcoming week, particularly as regional rates for VLCCs have shown fresh downside.

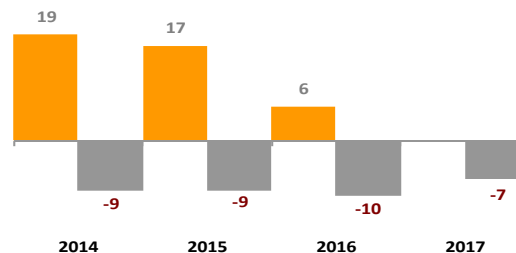
### VLCC Projected Deliveries/Removals

**Present Fleet: 614**



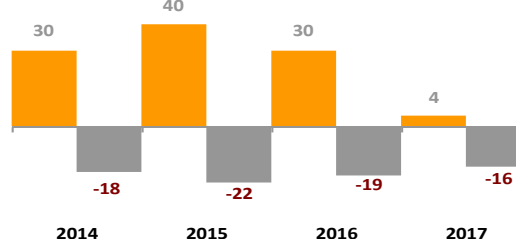
### Suezmax Projected Deliveries/Removals

**Present Fleet: 442**



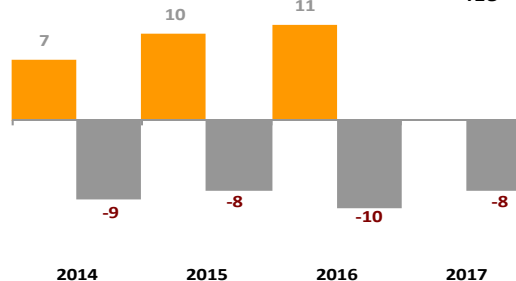
### Aframax/LR2 Projected Deliveries/Removals

**Present Fleet: 881**



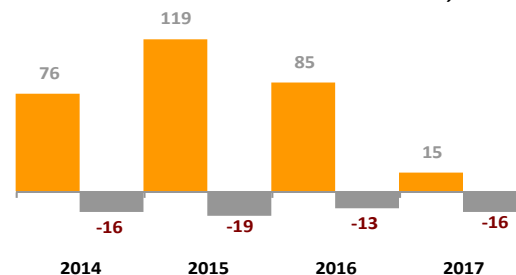
### Panamax/LR1 Projected Deliveries/Removals

**Present Fleet: 418**



### MR Projected Deliveries/Removals

**Present Fleet: 1,194**



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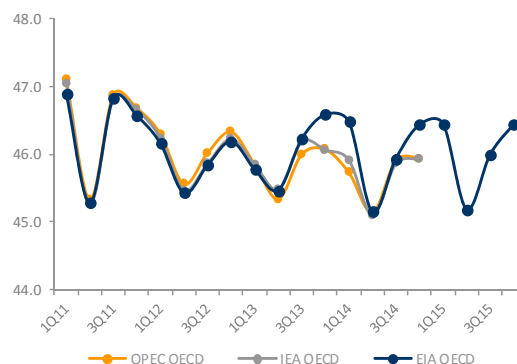
## Aframax

The Caribbean Aframax market experienced fresh rate gains this week as fog delayed a number of units and tightened availabilities while fixture activity rose 15%, w/w, to 15 fixtures. The CBS-USG route added 10 points to conclude at ws110. However, with itineraries opening up at the close of the week after a number of units previously delayed had berthed, the market appears to have peaked and could retest in the high ws100s at the start of the upcoming week.

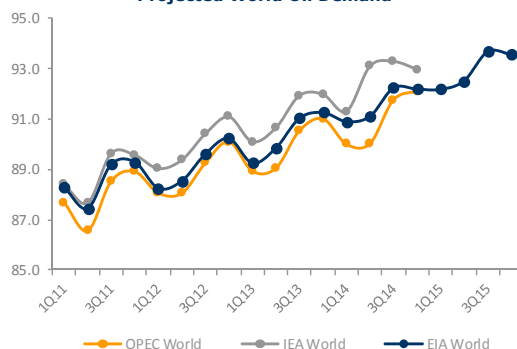
## Panamax

Rates in the Caribbean Panamax market pared earlier losses this week on the back of weather delays and fresh rate strength for competing classes. The CBS-USAC route added 10 points to conclude at ws160. As availability normalizes during the upcoming week, rates are likely to show fresh downside.

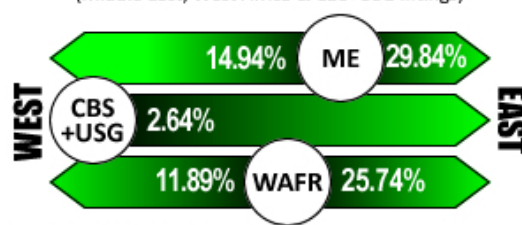
Projected OECD Oil Demand



Projected World Oil Demand



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



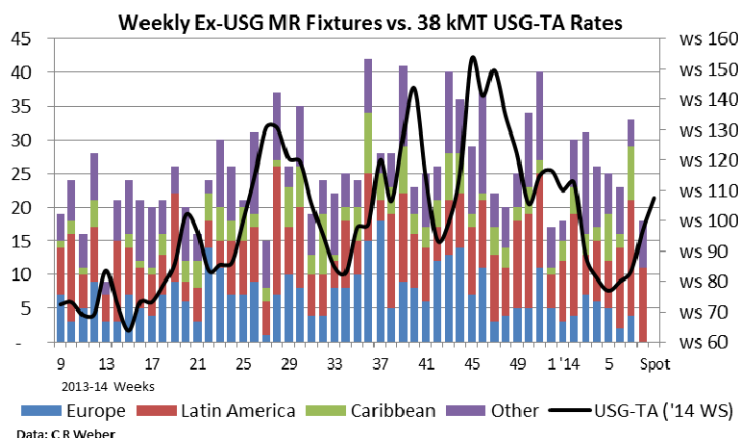
Charles R. Weber Company

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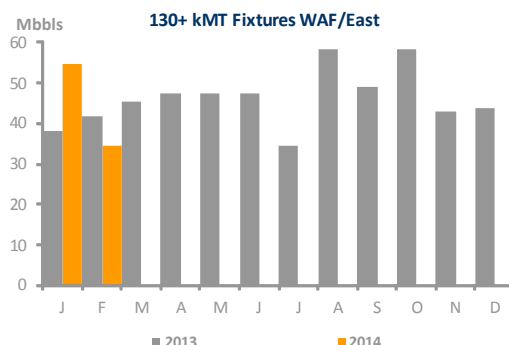
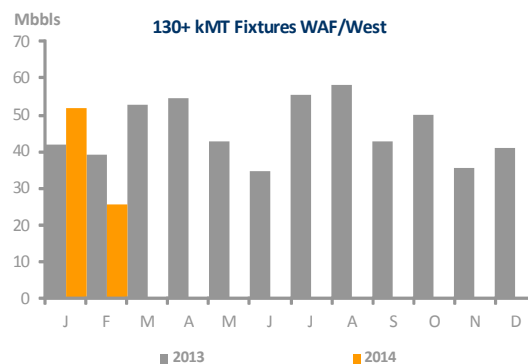
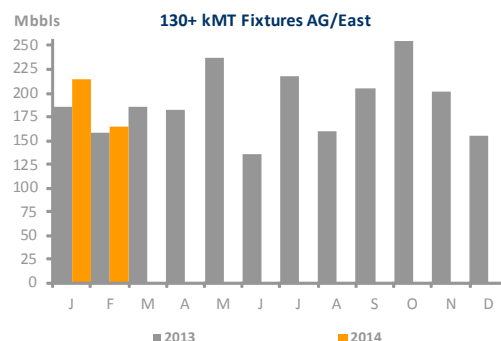
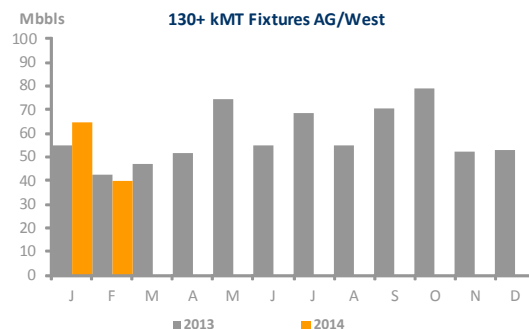


## CPP

Disadvantageous arbitrage and pricing economics for PADD 3 exports this week placed a damper on ex-USG MR fixture activity. No fixtures for trans-Atlantic voyages were concluded after a sole provisional fixture ultimately failed on subjects. This marked the first week in a number of years during which no Europe bound fixtures were concluded (though one LR1 and one LR2 were fixed on the route). In total, 45% fewer regional fixtures were reported than last week and the 18 which did materialize represented a 7-week low. Despite the softer activity, following last week's relatively robust pace of activity and with weather issues prompting some replacement fixtures, regional rates experienced further gains this week. Voyages to Latin America saw TCE earnings gain 25% to ~\$25,363/day as freight on the USG-POZOS benchmark adding \$75,000 to \$675,000 on a lump sum basis. Earnings gains for short-haul voyages against declining onward trading prospects in the European MR market saw rates on the USG-UKC route rally strongly, adding 12.5 points to an assessed level of ws107.5. The stronger assessment allows owners to achieve triangulated USG-UKC/UKC-USAC/USG earnings of ~\$15,419/day. With demand likely to rebound during the upcoming week and voyages to Latin America expected to hold around present levels while ex-UKC rates could slide further, USG-UKC rates could experience further upside as owners look for earnings closer to those possible for shorter haul trades.



Total activity in the UKC MR market improved slightly on last week's levels with despite a decline in trans-Atlantic activity. Rates on the UKC-USG route, however, continued to correct on the back of a strengthening ex-USG market. The route shed 12.5 points over the course of the week and concluded at was105.





# WEBER WEEKLY TANKER REPORT



## REPORTED TANKER SALES

**"Aldawha"** 153,044/97 – Hyundai Ulsan – DH  
-Sold for \$12.5m to Emirati buyers (ITM Holding).

**"Elisewin"** 149,991/02 – NKK – DH  
-Sold for \$24.0m to US buyers (Ridgebury Tankers).

**"Maersk Prime"** 109,579/99 – Namura – DH  
-Sold for \$12.5m to Korean buyers (Sinokor).

**"Phoenix Ambition"** 107,529/09 – Tsuneishi – DH  
-Sold for \$36.0m to Canadian buyers (Teekay).

**"Garden City River"** 106,468/99 – Universal – DH  
-Sold for \$25.3m to Greek buyers (Thenamaris).

**"Elise Schulte"** 106,122/99 – Namura – DH  
-Sold for \$12.0m to undisclosed buyers.

**"Belaia"** 48,673/07 – Iwagi Zosen – DH  
-Sold for \$21.5m to Greek buyers (Thenamaris).

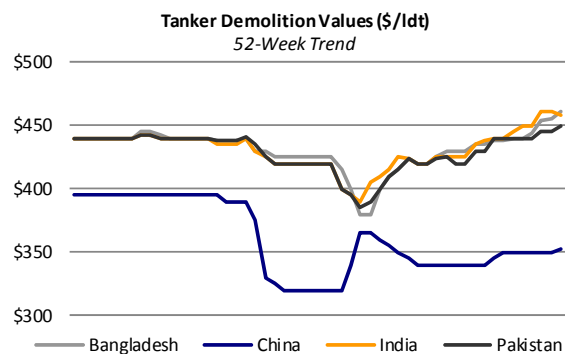
**"Hippo"** 46,092/97 – Szczecin, PL – DH  
-Sold for \$6.7m to undisclosed buyers.

**"Bow Americas"** 19,707/04 – Usuki – DH  
-Sold for \$21.5m to undisclosed US buyers including BBB through September 2014.

## REPORTED TANKER DEMOLITION SALES

### China

**"New Venture"** 291,640/92 – 33,348 LDT – DH  
-Sold for \$404/ltd (Guangdong Shipbreaking); unit was converted to DH 10/2009.



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