WEBER WEEKLY TANKER REPORT

WEEK 12 – 22 MARCH 2013

ISSUE 12 – 2013

Ex-USG MR rates rally on surge in activity

Chartering activity to service product exports from the US Gulf Coast posted strong gains this week as regional refineries prepare for a progression from their strongest seasonal maintenance period in two years.

A total of 28 MR cargoes were covered for USG liftings, representing a strong rise from last week's tally of 16. Of this week's total, 9 – the majority – were bound for points in Europe while points in Latin America accounted for 8, followed by 5 for destinations in the Caribbean.

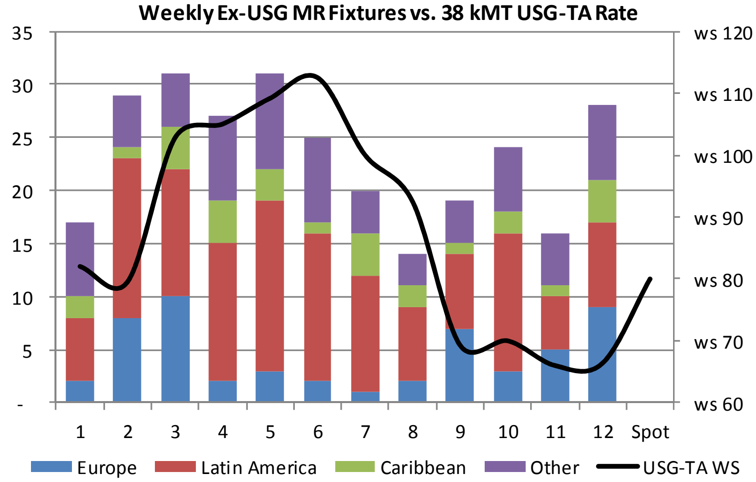
Prior to this week's activity gains, sustained activity in European MR markets had prompted owners trading units coming free off of the US Atlantic Coast to ballast towards Europe in lieu of the shorter ballast towards the US Gulf Coast due to the better earnings round-voyage Cont-USAC voyages offered relative to triangulated trades commencing from the US Gulf Coast area.

The resultantly less flexible list of MR units available to service US Gulf Coast cargoes, combined with the rise in activity, ultimately prompted a late week rallying of rates and the USG-TA route gained 20 points from an earlier low to conclude at ws80.

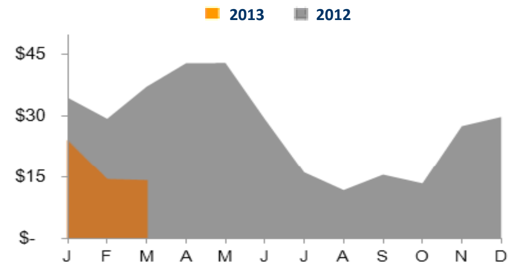
The rate at which rates on the USG-TA route rallied underscores the positive impact of regional activity on rates in Western MR markets. Though this week's activity gain can be partially attributable to charterers covering requirements ahead of the shorter upcoming pre-Easter workweek, sustained activity strength is expected to follow US Gulf Coast refineries' progression from seasonal maintenance over the coming weeks.

Triangulated USG-TA + Cont-USAC trading with a final ballast to the USG area presently offers an effective TCE of ~$15,500/day. This compares with a round-voyage Cont-USAC TCE of ~13,600/day. Accordingly, the extent of further near-term gains could ultimately be tempered by renewed interest by owners in ballasting units coming free off of the US Atlantic Coast towards the US Gulf Coast, before a sustained rise in ex-USG cargoes prompts greater supply/demand balance across Atlantic markets.

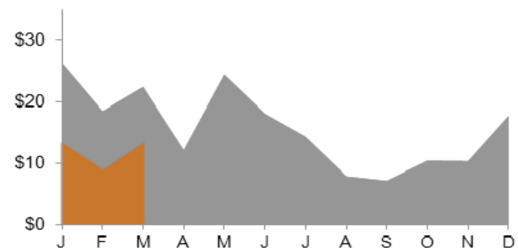
Weekly Ex-USG MR Fixtures vs. 38 kMT USG-TA Rate



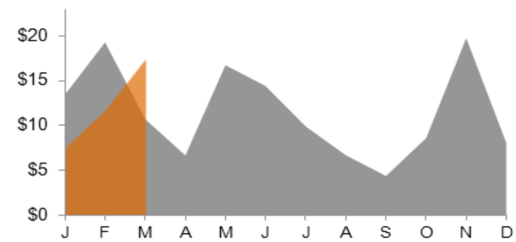
Data: C R Weber



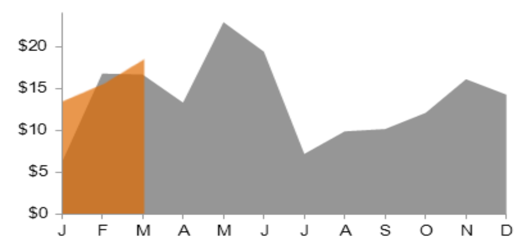
VLCC TCE 280k AG-USG + CBS-SPORE	**MTD Average $14,400/Day**	**Month y/y ▼ -61%**



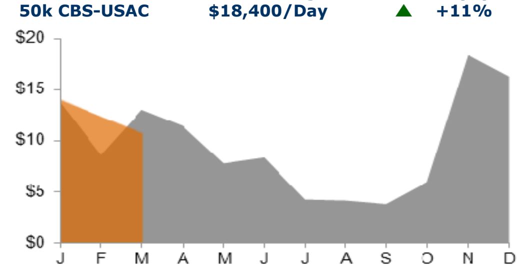
S'MAX TCE 130k WAF-USAC	**MTD Average $13,500/Day**	**Month y/y ▼ -40%**



A'MAX TCE 70k CBS-USG	**MTD Average $17,400/Day**	**Month y/y ▲ +62%**



P'MAX TCE 50k CBS-USAC	**MTD Average $18,400/Day**	**Month y/y ▲ +11%**



MR TCE 38k CBS-USAC	**MTD Average $10,700/Day**	**Month y/y ▼ -18%**

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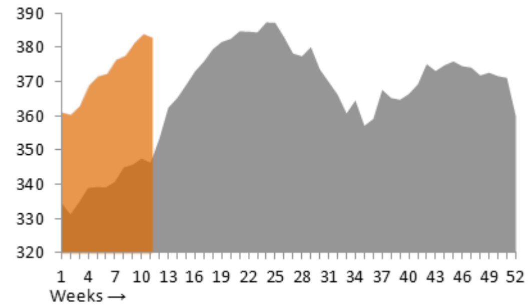
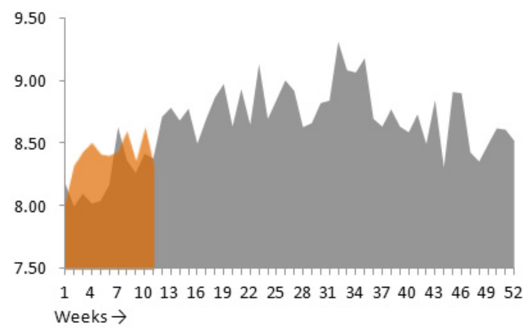


US Crude Stocks (EIA)	Last Week	Week y/y
	382.7 Mbbls	▲ +10.5%



US Gasoline Demand (EIA)	Last week	Week y/y
	8.324 Mb/d	▼ -0.7%

2013 2012

Spot Market	WS	TCE (R/V)	WS	TCE (R/V)
VLCC	15-Mar		22-Mar	
AG>USG 280 kMT	18.0	$(13,600)	18.75	$(12,000)
AG>SPORE 270 kMT	34.0	$8,800	36.5	$13,200
AG>JPN 265 kMT	34.0	$8,100	36.5	$12,700
WAFR>USG 260 kMT	35.0	$10,100	37.5	$14,100
WAFR>CHINA 260 kMT	35.0	$9,800	36.5	$12,500
SUEZMAX				
WAFR>USAC 130 kMT	57.5	$12,900	60.0	$15,000
B.SEA>MED 135 kMT	70.0	$17,000	70.0	$17,200
CBS>USG 130 kMT	77.5	$24,900	75.0	$23,200
AFRAMAX				
N.SEA>UKC 80 kMT	90.0	$18,300	100.0	$26,200
AG>SPORE 70 kMT	77.5	$10,500	85.0	$14,500
BALT>UKC 100kMT	90.0	$36,200	100.0	$45,400
CBS>USG 70 kMT	110.0	$19,500	87.5	$9,300
MED>MED 80 kMT	80.0	$11,800	97.5	$23,600
PANAMAX				
CBS>USG 50 kMT	127.5	$16,300	117.5	$13,100
CONT>TA 55 kMT	105.0	$12,900	107.5	$14,000
ECU>USWC 50 kMT	152.5	$24,900	155.0	$26,200
CPP				
CONT>TA 37 kMT	147.5	$15,300	140.0	$13,600
CBS>USAC 38 kMT	117.5	$9,800	130.0	$13,000
USG>TA 38 kMT	65.0	$(2,500)	80.0	$1,500
AG>JPN 35 kMT	136.5	$11,900	140.0	$12,900
SPOR>JPN 30 kMT	147.0	$11,200	180.0	$18,000
AG>JPN 75 kMT	96.0	$19,600	105.0	$24,300
AG>JPN 55 kMT	135.0	$23,800	137.5	$25,000

Time Charter Market *$/day (theoretical)*	1 Year	3 Years
VLCC	$19,000	$23,000
Suezmax	$16,250	$20,250
Aframax	$13,500	$15,250
Panamax	$13,500	$14,500
MR	$13,750	$14,750

WEBER WEEKLY

TANKER REPORT

CHARLES R. WEBER COMPANY, INC.

THE TANKER MARKETS

VLCC

Activity in the Middle East market remained on pace with last week's relatively strong levels. With much of the activity occurring during the early half of the week, Middle East rates saw positive pressure materialize – though after activity levels cooled through the remainder of the week the upward pressure eroded and rates leveled off. The rate gains, combined with easing bunker prices, saw average spot market earnings gain 54% from a week ago to ~$15,400/day at present. The rise to levels marginally in excess of OPEX offers owners some respite from the earlier lows, but units remaining subject to debt servicing continue to grapple with daily losses (units ordered at peak price, for instance, can face breakeven levels in excess of $50,000/day).

A surprise draw on US crude inventories last week underscores rising expectations in the market that a rise in OPEC production rates during 2Q13 may see greater volumes bound for the US once refiners emerge from seasonal maintenance and progress towards high utilization rates to meet growing USG export demand. Additionally, expectations that China's oil demand is rebounding from low point during mid-2012 could see greater Eastbound volumes materialize in the coming quarter. Against ongoing overcapacity levels and slower QTD ton-mile demand growth compared to 1Q12, the orientation of OPEC exports will weigh heavily on the direction VLCC rates will take; growth in Chinese imports will need to be sourced to a greater extent from West Africa, leaving more Middle East crude to go to points in the West to stoke the necessary ton-mile demand gains needed for the sector to improve to healthier levels.

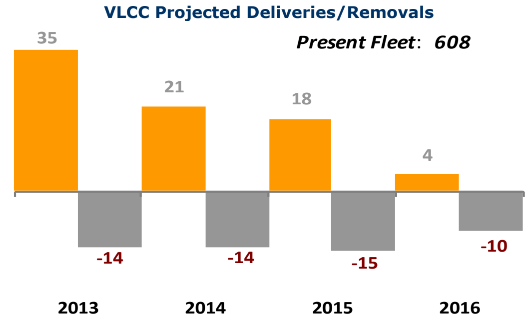
Middle East

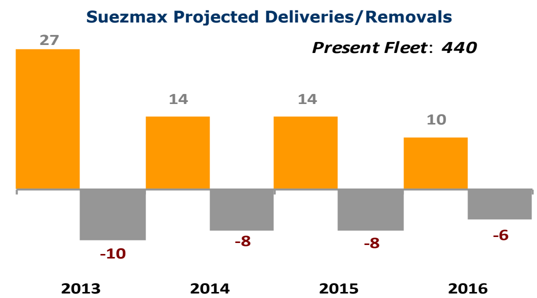
There were 24 fresh fixtures in the Middle East market this week, with all but 2 of these bound for points in the East. Rates to the Far East gained 2.8 points, w/w, to an average of ws36.1. Corresponding TCEs gained ~$4,800/day, w/w, to an average of ~$12,600/day. Rates to the USG gained 0.5 point to ws19.5 basis 13.0 kts (or ws18.5 basis 12.0 kts). Triangulated Westbound trade earnings rose ~$2,100/day, w/w, to an average of ~$15,200/day.

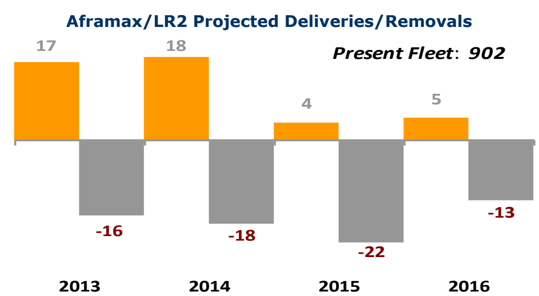
The March program completed with 116 cargoes and 33 April cargoes have been covered to-date. With OPEC Middle East production not expected to trend higher until 2Q13, a fourth consecutive month of sub-120 monthly cargoes could be reasonably expected for April. On this basis, a further 6 cargoes are reasonably expected to materialize through the first decade of the month while some 25 units are projected to be available through the same period of time. Accordingly, the Middle East market is expected to experience a slower pace of fresh cargoes during the upcoming week, leaving the 19 excess units likely to weigh on rates. We expect that rates will shed some of this week's gain on this basis before leveling off once a progression into the second decade of the April program occurs.

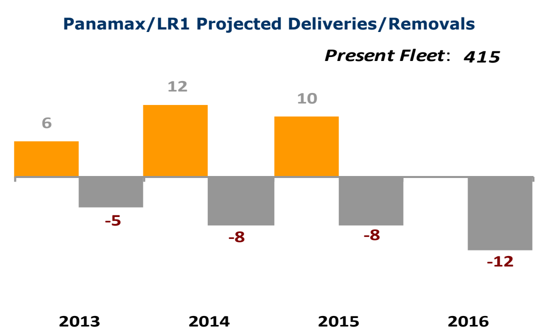
Atlantic Basin

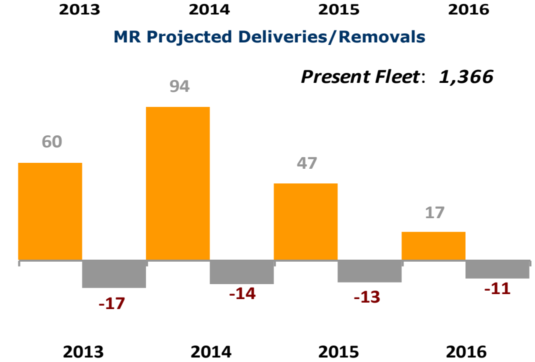
Activity in the Atlantic basin was steady from last week's levels. Stronger Middle East rates saw gains materialize for West Africa liftings; the WAFR-FEAST route gained 4.3 points, w/w, to an average of ws36.75 while the WAFR-USG route was reassessed at ws40, representing a 5 points gain from last week's assessed average. Caribbean activity was slightly lower, with 4 fresh fixtures. Rates to Singapore eased to $3.73m LS on the back of more flexible positions.





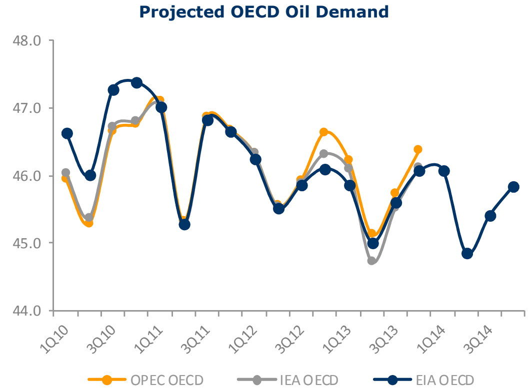






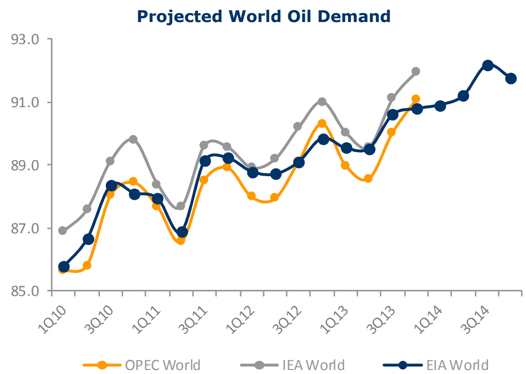
Suezmax

The Atlantic Suezmax market was stronger this week on the back of a rebound in activity from last week's lull. Rates on the WAFR-USAC route gained 2.5 points overall to conclude at ws60. Further gains could be realized during the upcoming week as charterers progress further into April programs. Intermediate term demand could also experience relative strength with Shell's force majeure reportedly lifted following repairs to its 150,000 b/d Nembe Creek pipeline and greater volumes expected during the May program. Corresponding rate gains, however, will likely be limited by a greater orientation of exports to Asian destinations, which favors VLCCs.



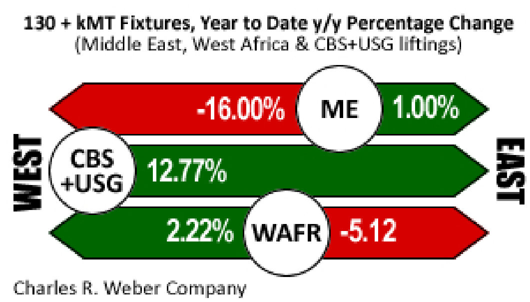
Aframax

Slower activity in the Caribbean Aframax market saw rates continued to correct from highs reached earlier this month, albeit at a stronger rate than that observed last week. The CBS-USG route concluded with a 22.5 points loss at ws87.5. TCEs in the Caribbean market are now just ~$9,300/day – versus returns between $23,600/day and $45,400/day in European markets, where a surge in Baltic activity has led a rallying of rates this week. Although the wide differential will likely see owners trading units in the Caribbean become more averse to lower rates, a large scale repositioning of units from the Caribbean to Europe is not expected due to fears that European market rates will ease from present highs.



Panamax

Rates in the Caribbean market were more volatile this week, with an earlier decline pared towards the end of the week by stronger activity. At the close of the week, however, rates appeared to have returned to negative sentiment on expectations charterers are nearing the conclusion of their March requirements. Rates on the CBS-USG route ultimately concluded with a 10-point loss from last week's closing level. A rush to cover requirements ahead of the Easter holiday could stabilize rates during the upcoming week; otherwise rates should remain modestly soft.



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CHARLES R. WEBER COMPANY, INC.

REPORTED TANKER SALES

“DHT Regal” 309,966/97 – Hitachi – DH
-Sold for $22.3m to Thai buyers (Nathalin) for conversion.

“Almi Sun” 157,430/13 – Daewoo – DH
-Sold for $55.0m to US buyers (Nordic American Tankers).

“Wilana” 149,706/97 – Dalian – DH
-Sold for $12.5m to Greek buyers (Avin International).

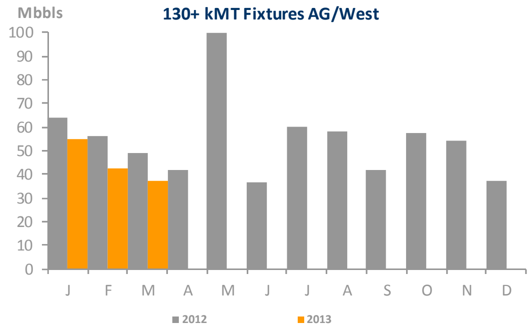
“Kornati” 103,368/99 – Gdynia – DH
-Sold for $10.0m to undisclosed Greek buyers.

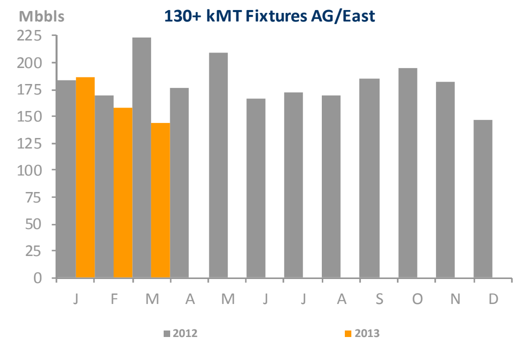
“St. Pauli” 47,149/03 – Onomichi – DH
-Sold for $13.5m to undisclosed Greek buyers.

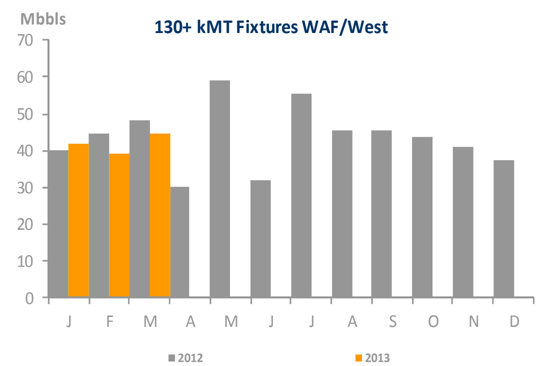
“Bolero” 44,999/96 – Halla Incheon – DH
-Sold for $10.0m to undisclosed Chinese buyers.

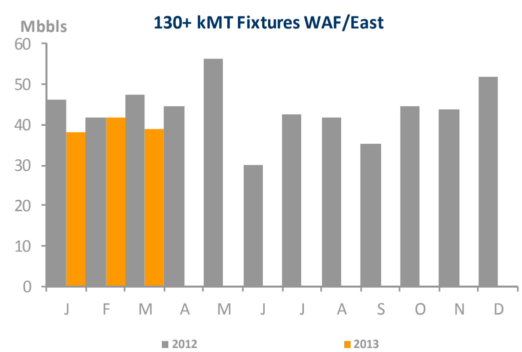
“Duta Bangsa” 6,118/90 – Sanuki – DB
-Sold for $2.4m to undisclosed buyers.

“Tugrul S” 3,510/04 – Tuzla – DH
-Sold for $6.0m to Polish buyers (Unibaltic).









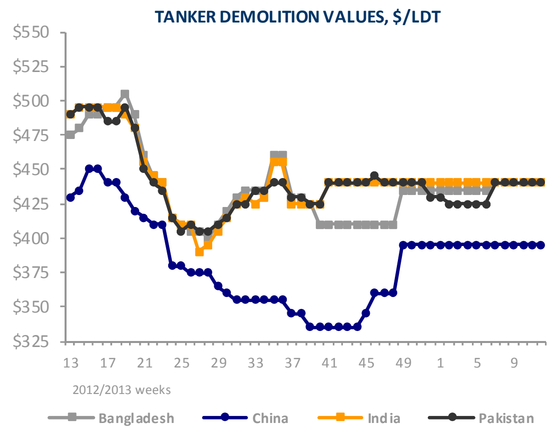
REPORTED TANKER DEMOLITION SALES

Pakistan:

“Mayfair” 298,405/95 – 42,703 LDT – DH
-Sold for $445/ldt.

India:

“Jag Parwar” 29,998/88 – 7,320 LDT – DH
-Sold for $433/ldt.



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