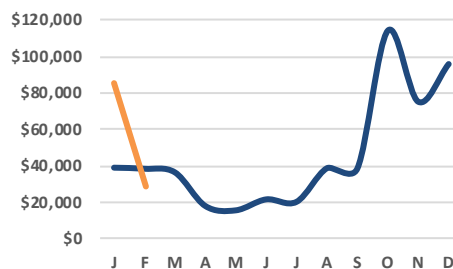




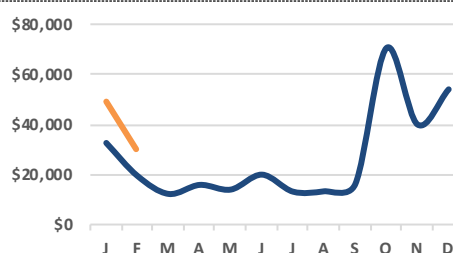
**VLCC:** It was another lackluster week on the VLCC front as downward sentiment continued to weigh on rates. The demand destruction caused by the Coronavirus, coupled with the added supply from the US lifting sanctions on 26 COSCO VLCC's led to eastbound rates on VLCC's falling more than 40% over the last two weeks. Current TCE's on TD3C are below \$18,000 per day. Owners are showing a resistance to the lower levels on offer, but with limited inquiry, charterers are in no rush, putting the market at a standoff for the moment. There were only 9 fresh fixtures reported this week, as charterers progressed through their second decade programs, bringing the February cargo tally to 80. This leaves another 10-15 cargoes to go through the second decade of February, which compares to a position that shows some 26 vessels available over that same period (not including all the COSCO vessels that re-entered the market). Eastbound rates were off another ten points this week, as levels for modern tonnage fell from the low ws50's down to the low ws40's, with the latest fixture at ws43.5 for a short east voyage. Westbound business was largely out of play, but followed a similar trend to eastern business as assessments to the USG fell from ws40 down to ws30. Triangulation still maintaining the highest possible TCE returns, as AG>USG followed by USG>Singapore trade (with a ws30 c/c and \$5.5m basis, respectively) yields about \$47,600 per day over the two voyages.



**VLCC Average Earnings\* MTD 2020 v. CY 2019**

MTD '20 Avg/Day: \$28,468      MTD 20' v. CY '19': -26%

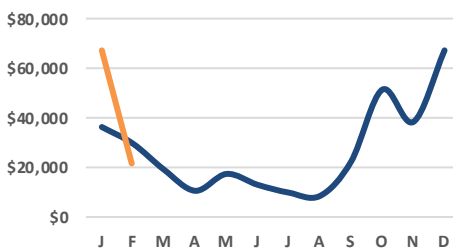
**SUEZMAX:** Demand in the west was stronger this week, enabling a modest rebound in rates after bottoming out on Monday-Tuesday. The much-needed boost in cargo inquiries have helped absorb excess tonnage, which has improved overall market fundamentals and created stability from last month's downward spiral. The TD20 route rallied back to ws87.5 from opening the week at ws77.5 off the back of a more balanced tonnage list and improving rates in alternative load areas. TD20 TCE levels maintained a TCE of around \$41,700/day (IFO 380) / \$30,200/day (0.5%) which is down slightly from week to week. The BSEA>MED route ended the week at ws95 for TD6 yielding a TCE return of around \$41,700/day (IFO 380) / \$37,000/day (0.5%). USG>TA market continues to slide downward as charterers had plenty of soft target to choose from. TA rates were down to the ws90 barrier basis 145,000 metric tons cargo size, which is the first time we have seen similar levels since Mid-November of last year. The USG>SPORE route followed suit to the slumping VLCC's pushing east rates down to around \$5.0m (1:1) lump sum. Expect to see some additional testing on east voyages going into next week as long as VLCC's remain under downward pressure in the Atlantic Basin. BDTI - TD20 ended the week settling at ws88.86 which is down 9.32 pts from this time last week.



**Suezmax Average Earnings\* MTD 2020 v. CY 2019**

MTD '20 Avg/Day: \$29,904      MTD 20' v. CY '19': +54%

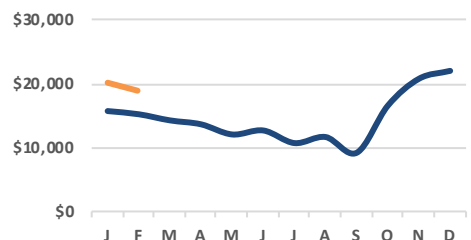
**AFRAMAX:** It was an active week as rates found a floor at the beginning of the week, bounced and then finished strong by week's end. Inquiries remained plentiful and owners were successful at driving rates up with nearly every fixture. TCEs nearly doubled through the week with TD9 finishing around \$35,000/day for round trip voyages and TD25 near \$73,000/day for one way voyages. Owner's confidence remains strong as plenty of inquiries are still floating around the market which should help the momentum push into next week. Across the pond, the market trended in the opposite direction. It was a soft week for Europe's markets with Cross UKC, Balt>Cont, and Cross Med all closing below ws100. The synopsis was the same across the board for each trade lane as enquiry failed to keep up with the growing tonnage list. Some underground activity persisted however not near enough to get rates moving. Unless activity picks up, much of the same can be expected for next week as owners will continue to try to mitigate the decline as much as they can.



**Aframax Average Earnings\* MTD 2020 v. CY 2019**

MTD '20 Avg/Day: \$21,872      MTD 20' v. CY '19': -26%

**MR:** Markets felt the much anticipated correction as rates particularly in the USG plummeted daily. Behind a huge buildup of availability, charterers were able to capitalize by shredding the market of all recent gains on every benchmark route. TC14 and USG>Brazil lost major ground now standing at ws95 and ws140, respectively. Lumpsum rates for Chile are down to levels in the low \$1.2m's and USG>CBS at \$500,000 are well off the recent peaks witnessed just a few weeks ago. Rates in Europe showed early signs of promise, only to be later subdued by the attraction of cheaper LR tonnage and a lack of demand. Unfortunately, until this demand returns, expectations for improvement on the Continent are limited. US Gulf prospects are even worse as the market still appears to be searching for a floor.



**MR Average Earnings\* MTD 2020 v. CY 2019**

MTD '20 Avg/Day: \$18,898      MTD 20' v. CY '19': +33%

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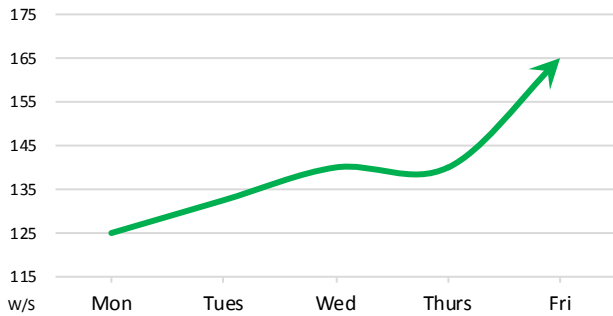
TANKER ROUTES (13kts L B)	Week 5 WS L\$	Week 6 WS L\$	Week 5 TCE*	Week 6 TCE**	*Week 5 Bunkers VLSFO \$563/MT	**Week 6 Bunkers VLSFO \$534/MT
<b>VLCC</b>						
AG>USG • 280,000 (dwt)	43.40	<b>34.00</b>	--	--		
AG>SPORE • 270,000	65.20	<b>45.20</b>	\$47,382	<b>\$24,010</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$40,000   \$34,000	
AG>JPN • 265,000	63.00	<b>43.50</b>	\$47,512	<b>\$23,369</b>		
AG>CHINA • 270,000	65.50	<b>46.30</b>	\$45,252	<b>\$22,884</b>		
WAFR>CHINA • 260,000	69.00	<b>48.60</b>	\$50,832	<b>\$27,775</b>	<b># Ships Trading:</b>	789
USG>SPORE-AG	8.90m	<b>6.15m</b>	\$109,041	<b>\$66,076</b>	<b>% Fleet on Order:</b>	8%
AG>USG/USG>SPORE-AG	--	--	\$93,551	<b>\$60,172</b>	<b>Ships to Breakers:</b>	Low Activity
<b>VLCC Average Earnings<sup>+</sup></b>	--	--	\$62,267	<b>\$28,468</b>		
<b>SUEZMAX</b>						
WAFR>USG • 130,000	107.50	<b>81.50</b>	\$44,027	<b>\$28,858</b>		
WAFR>UKC • 130,000	112.00	<b>86.50</b>	\$40,794	<b>\$26,578</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$30,000   \$28,000	
BSEA>MED • 140,000	121.50	<b>99.50</b>	\$63,473	<b>\$45,520</b>		
CBS>USG • 150,000	124.00	<b>116.50</b>	\$66,872	<b>\$62,277</b>	<b># Ships Trading:</b>	547
USG>UKC • 150,000	102.00	<b>93.00</b>	\$47,276	<b>\$42,047</b>	<b>% Fleet on Order:</b>	8%
CBS>USG/USG>UKC-WAFR	--	--	\$62,180	<b>\$56,208</b>	<b>Ships to Breakers:</b>	No Activity
AG>USG • 140,000	70.50	<b>44.00</b>	\$44,274	<b>\$21,376</b>		
USG>SPORE	6.83m	<b>5.28m</b>	--	--		
AG>USG/USG>SPORE-AG	--	--	\$81,974	<b>\$53,662</b>		
<b>Suezmax Average Earnings<sup>+</sup></b>	--	--	\$39,554	<b>\$29,904</b>		
<b>AFRAMAX</b>						
N.SEA>UKC • 80,000	151.00	<b>104.00</b>	\$54,221	<b>\$20,961</b>		
BALT>UKC • 100,000	127.20	<b>88.10</b>	\$51,539	<b>\$26,834</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$25,000   \$22,000	
CBS>USG • 70,000	212.50	<b>132.50</b>	\$55,700	<b>\$25,139</b>		
USG>UKC • 70,000	157.50	<b>140.50</b>	\$33,784	<b>\$28,767</b>	<b># Ships Trading:</b>	1,024
CBS>USG/USG>UKC-NSEA	--	--	\$72,442	<b>\$52,767</b>	<b>% Fleet on Order:</b>	9%
MED>MED • 80,000	115.00	<b>75.00</b>	\$25,067	<b>\$5,901</b>	<b>Ships to Breakers:</b>	Low Activity
AG>SPORE • 80,000	130.00	<b>103.00</b>	\$26,056	<b>\$17,414</b>		
<b>Aframax Average Earnings<sup>+</sup></b>	--	--	\$44,299	<b>\$21,872</b>		
<b>PANAMAX</b>						
CBS>USAC(USG) • 50,000	297.00	<b>187.00</b>	\$56,811	<b>\$34,451</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$16,000   \$15,000	
CONT>USG • 55,000	153.20	<b>165.00</b>	\$25,982	<b>\$30,632</b>	<b># Ships Trading:</b>	452
MED>USG • 55,000	171.00	<b>151.00</b>	\$30,178	<b>\$26,831</b>	<b>% Fleet on Order:</b>	5%
ECU>USWC • 50,000	240.00	<b>246.00</b>	\$43,131	<b>\$45,366</b>	<b>Ships to Breakers:</b>	No Activity
<b>Panamax Average Earnings<sup>+</sup></b>	--	--	\$38,683	<b>\$32,066</b>		
<b>LR2</b>						
AG>JPN • 75,000	84.50	<b>81.55</b>	\$10,169	<b>\$10,083</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$25,500   \$24,000	
AG>UKC	1.71m	<b>1.80m</b>	\$3,991	<b>\$7,108</b>	<b># Ships Trading:</b>	1,024 <sup>^</sup>
MED>JPN	2.29m	<b>2.45m</b>	\$12,762	<b>\$17,089</b>	<b>% Fleet on Order:</b>	9% <sup>^</sup>
AG>UKC-MED>JPN-AG	--	--	\$14,042	<b>\$18,019</b>	<b>Ships to Breakers:</b>	Low Activity <sup>^</sup>
<b>LR2 Average Earnings<sup>+</sup></b>	--	--	\$11,108	<b>\$12,726</b>		
<b>LR1</b>						
AG>JPN • 55,000	92.40	<b>92.19</b>	\$7,041	<b>\$8,264</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$16,500   \$17,000	
AG>UKC	1.69m	<b>1.62m</b>	\$8,575	<b>\$8,369</b>	<b># Ships Trading:</b>	452 <sup>#</sup>
UKC>WAFR • 60,000	143.70	<b>132.20</b>	\$26,387	<b>\$23,956</b>	<b>% Fleet on Order:</b>	4% <sup>#</sup>
AG>UKC/UKC>WAFR-AG	--	--	\$20,513	<b>\$19,156</b>	<b>Ships to Breakers:</b>	No Activity <sup>#</sup>
<b>LR1 Average Earnings<sup>+</sup></b>	--	--	\$13,777	<b>\$13,710</b>		
<b>MR</b>						
UKC>USAC • 37,000	154.50	<b>144.00</b>	\$14,864	<b>\$13,482</b>		
USG>UKC • 38,000	164.50	<b>114.00</b>	\$18,220	<b>\$8,468</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$17,000   \$16,000	
USG>UKC/UKC>USAC(USG)	--	--	\$35,225	<b>\$24,608</b>		
USG>CBS (Pozos Colorados)	910k	<b>585k</b>	\$39,758	<b>\$19,046</b>	<b># Ships Trading:</b>	1,714
USG>CHILE (Coronel)	1.94m	<b>1.94m</b>	\$32,119	<b>\$33,064</b>	<b>% Fleet on Order:</b>	8%
CBS>USAC(USG) • 38,000	229.00	<b>185.00</b>	\$34,189	<b>\$25,344</b>	<b>Ships to Breakers:</b>	No Activity
WCIND>JPN-ROK>SPORE-WCIND	--	--	\$17,542	<b>\$12,138</b>		
<b>MR Average Earnings<sup>+</sup></b>	--	--	\$22,032	<b>\$18,898</b>		
<b>HANDYSIZE</b>						
MED>EMED • 30,000	163.60	<b>179.00</b>	\$18,959	<b>\$19,678</b>	<b>Time Charter 1 Year v. 3 Years (\$ day):</b> \$15,000   \$14,000	
SPORE>JPN • 30,000	149.00	<b>138.80</b>	\$10,300	<b>\$9,234</b>	<b># Ships Trading:</b>	1,586
<b>Handysize Average Earnings<sup>+</sup></b>	--	--	\$13,218	<b>\$14,062</b>	<b>% Fleet on Order:</b>	6%
					<b>Ships to Breakers:</b>	Low Activity

+ "Average Earnings" are weighted proportionally to each size class' worldwide market activity (may include routes not necessarily shown in this report).

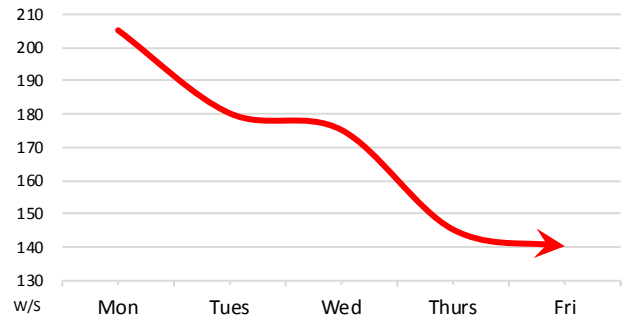
<sup>^</sup> Aframax and LR2 fleet numbers are combined for the purposes of these entries.

<sup>#</sup> Panamax and LR1 fleet numbers are combined for the purposes of these entries.

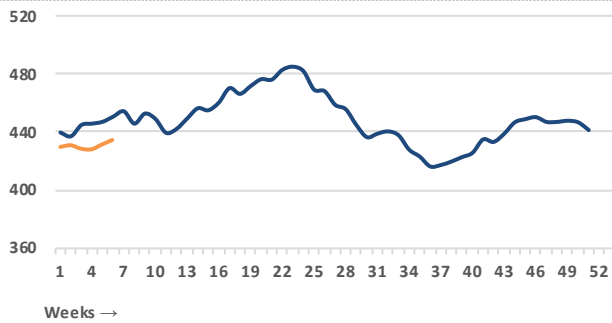
THE WEEK IN CHARTS



Global Climber of the Week: AFRAMAX (USG>UKC 70,000) | +32.0%

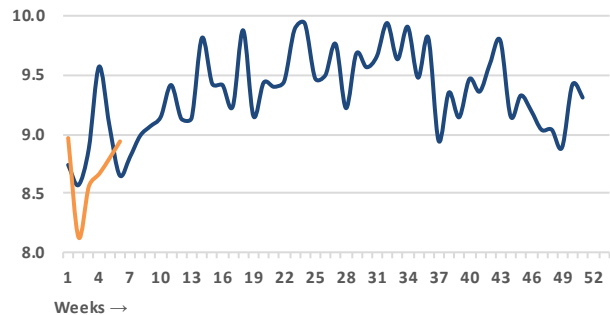


Global Decliner of the Week: MR (USG>Brazil 38,000) | -31.7%



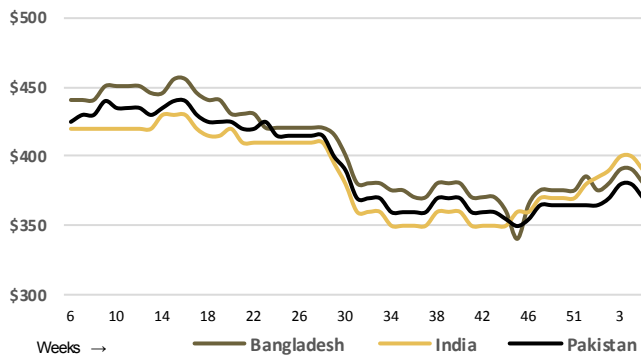
US Crude Oil Stocks (EIA) WTD '20 v. CY '19

This Week: 435.0Mn.Bbls      This Week '20 v. '19: -03.5%

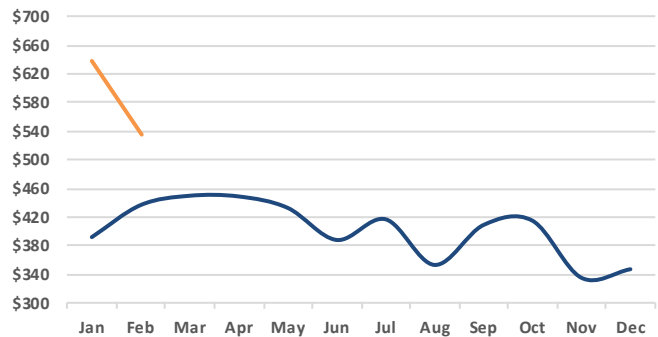


US Gasoline Demand (EIA) WTD '20 v. CY '19

This Week: 8.933Mn.Bbls/Day      This Week '20 v. '19: -03.3%



Tanker Demolition Market, 52-Week Ticker (\$|Ldt)



Charley's Chart of the Week - VLSFO MTD '20 v. HSFO CY '19 (\$|MT)

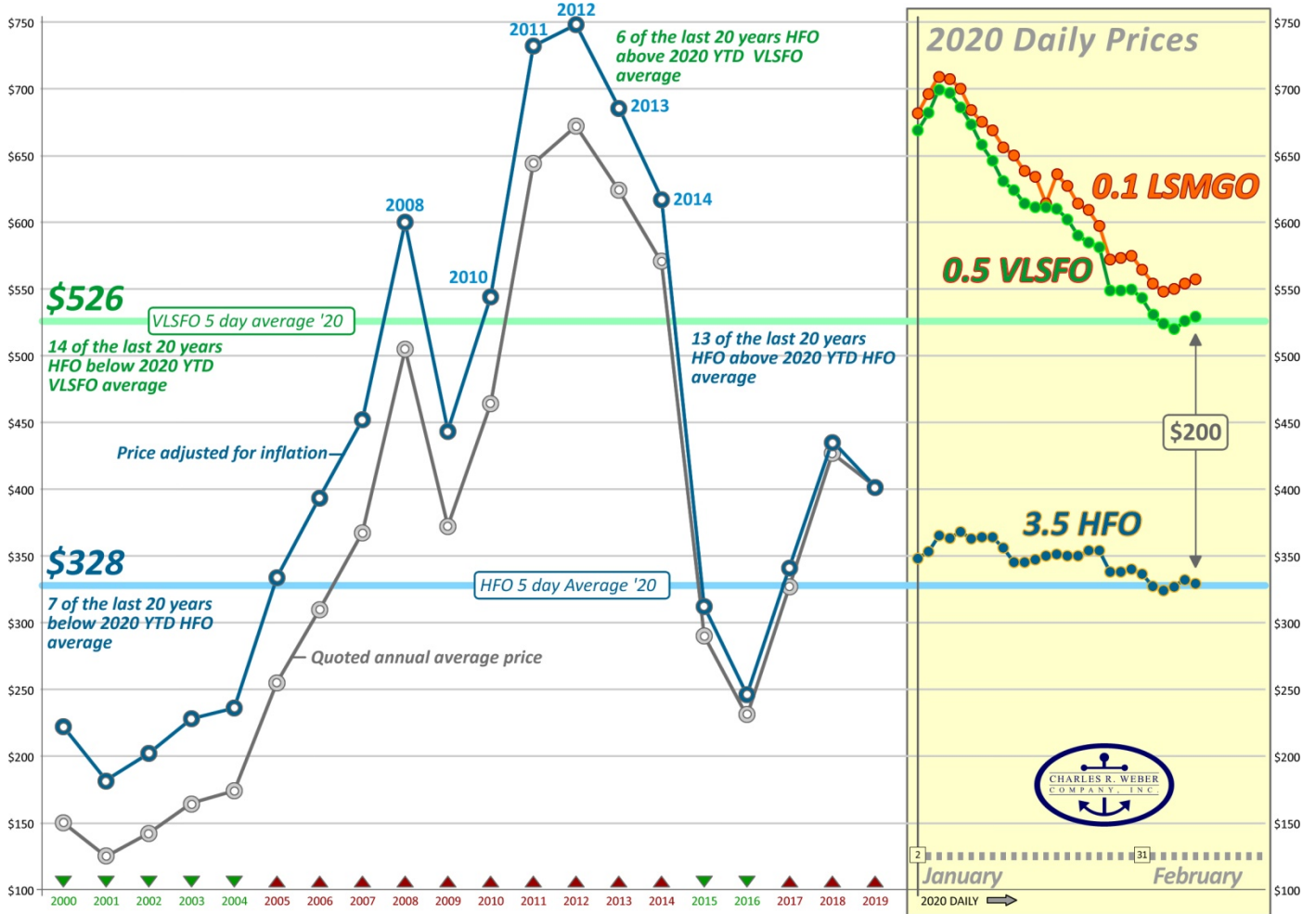
**SEE ALSO:** The "Back Page Special Report" for a more in-depth look at the IMO 2020 Bunker conondrum.

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**BACK PAGE SPECIAL REPORT: CROSSING THE RUBICON<sup>^</sup>**



**2000 – 2019 Global Average HFO Bunker Price – 2020 Daily Global Six Port Average - US\$ / MT (Adjusted to 2019 price equivalents)**

**BUNKERS:** A delay in the availability of barges cleaned to deliver 0.5% VLSFO contributed to the price spike – there was no shortage of VLSFO, just units to deliver it. We saw one supplier in the U.S. Gulf offering to deliver VLSFO bunkers for ships by truck!

The CEO of the Cockett Group, Cem Saral, speaking at a conference in Dubai likened the task of meeting the IMO 2020 regulation as being as “tough as ‘crossing the Rubicon<sup>^</sup>’, but while the switch to 0.50% sulfur fuels may have come later in 2019 than had been expected, he noted that ‘as an industry we have done well’ in making the transition.” He added that “while the shift to IMO 2020-compliant fuels had been expected to kick in last October/November, in the event the change came later, impacting the market in December.”

In terms of product split, he stated that Cockett had seen VLSFO account for 57.2% of their December volumes, and LSMGO 19.7%, leaving HFO at 23.1%. By January 2020 VLSFO volumes had moved to 70% of the total, with LSMGO accounting for 20.8%, leaving HFO at 9.2% of their total delivered volume. While he added that VLSFO specifications are showing variations across all regions, with the majority of blends being seen as ‘too close’ to the 0.50% sulfur limit and understanding the behavior of the new VLSFOs entering the market is proving to be a ‘steep learning curve’.

According to Cockett the number of scrubber-equipped ships is *expected* to climb from 1,800 in 2018 to 3,800 in 2020, stating that some ‘40% of scrubbers orders are pending retrofit or waiting to go into the fleet.’ Demand for HFO is **expected to double between January-December 2020 and the market can expect to see a significant bunker premium on this product.** The shipping and bunker markets can expect to take some comfort from marine fuel prices, as the severe volatility seen at the start of 2020 calms down. However, Cockett cautioned, market stability in pricing may not really play out until mid-year.

*^Julius Caesar's crossing the Rubicon river in January 49 BC precipitated the Roman Civil War, which ultimately led to Caesar becoming dictator and the rise of the imperial era of Rome. As his term of governorship of the region from southern Gaul to Illyricum (but not Italy) ended, the Roman Senate ordered Caesar to disband his army and return to Rome. He was explicitly ordered not to bring his army across the Rubicon River, which was at that time a northern boundary of Italy. In January of 49 BC, Caesar brought the 13th legion across the river, which the Roman government considered insurrection, treason, and a declaration of war on the Roman Senate. Caesar is said to have uttered the phrase "alea iacta est"—the die is cast—as his army marched through the shallow river.*

