WEBER WEEKLY
TANKER REPORT

WEEK 32 – August 7, 2009 ISSUE 32 - 09

An end in sight?

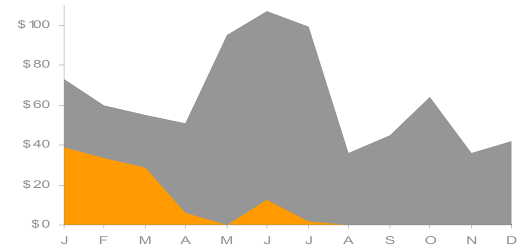
Data released by the EIA shows that US crude inventories rose 0.5% last week for the second consecutive week, occurring during a period when demand typically spikes and crude inventories reach their annual low-point. Despite the negative implications this might otherwise have, oil prices jumped by 4.3% and briefly surpassed the $72-mark in intraday trading on the back of renewed hopes for an economic recovery as well as a falling dollar.

Indeed, with both oil majors feeling the effects of decreased oil demand and owners feeling the squeeze of rates mired in lows not seen in a number of years; nevertheless, a number of indicators reported this week point to the potential for a speedy economic recovery.

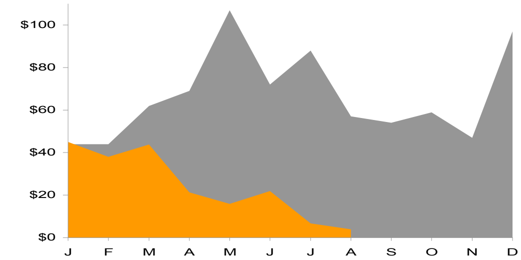
The Standard & Poor's 500 Index reached a 10-month high late this week, after posting healthy gains earlier in the week having well surpassed the 1,000 point whilst the NASDAQ also surpassed its own 2,000 milestone point, a high not seen in a number of months. These followed a number of positive reports: a trade group predicted that manufacturing activity in the US will grow in the coming month, the US government noted that new construction projects rose in June and financial giants JPMorgan and AIG posted strong earnings reports. Most importantly of all, however, was payrolls data showing that job cuts in July were fewer than had been expected.

Though any jobs losses have obvious negative implications and the unemployment number will undoubtedly continue to rise for some time, employment numbers are lagging indicators, meaning that the larger economy could recover well ahead of employment figures – though both are still some ways away.

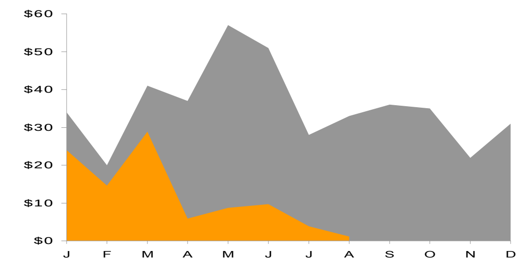
2009 2008



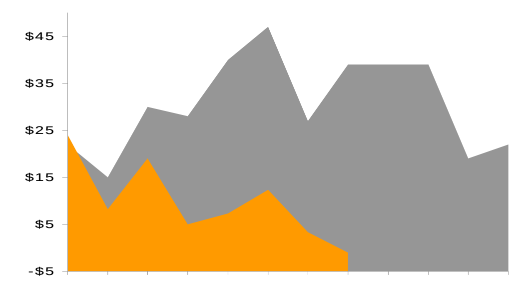
VLCC TD1 TCE '000/day	MTD Average $0	'08-'09 M-o-M ▼ -100%



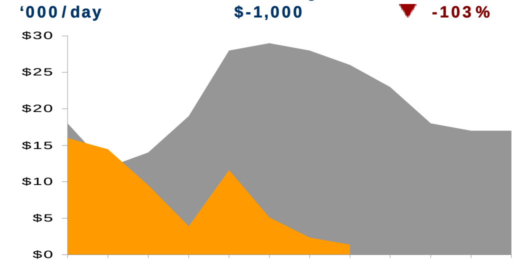
S'MAX TD5 TCE '000/day	MTD Average $3,750	'08-'09 M-o-M ▼ -93%



A'MAX TD9 TCE '000/day	MTD Average $1,000	'08-'09 M-o-M ▼ -97%



P'MAX TD10 TCE '000/day	MTD Average $-1,000	'08-'09 M-o-M ▼ -103%

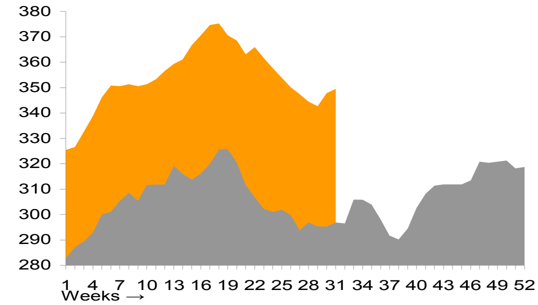


MR TC3 TCE '000/day	MTD Average $1,250	'08-'09 M-o-M ▼ -95%

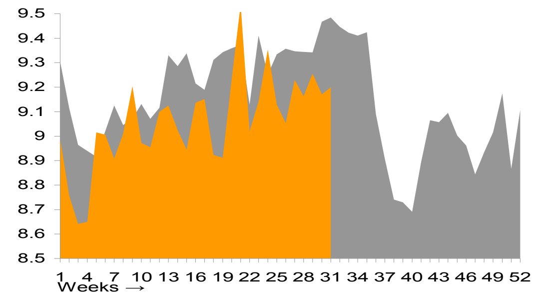
WEBER WEEKLY TANKER REPORT

Trade		Cargo	WS Rate
Where available, click on the trade route for TCE calculations.			
VLCC			
TD1	AG>USG	280,000 MT	27.5
TD2	AG>SPORE	260,000 MT	40
TD3	AG>JPN	260,000 MT	40
TD4	WAFR>USG	260,000 MT	40
SUEZMAX			
TD5	WAFR>USAC	130,000 MT	42.5
TD6	B.SEA>MED	135,000 MT	50
AFRAMAX			
TD7	N.SEA>UKC	80,000 MT	65
TD9	CBS>USG	70,000 MT	65
TD11	NAFR>MED	80,000 MT	60
PANAMAX			
TD10	CBS>USAC-G	50,000 MT	65
TD12	CONT>TA	50,000 MT	70
CPP			
TC3 MR	CBS>USAC	38,000 MT	85
TC2 MR	CONT>TA	37,000 MT	105
TC1 LR2	AG>JPN	75,000 MT	85
TC5 LR1	AG>JPN	55,000 MT	100
TC4 MR	SPOR>JPN	30,000 MT	80

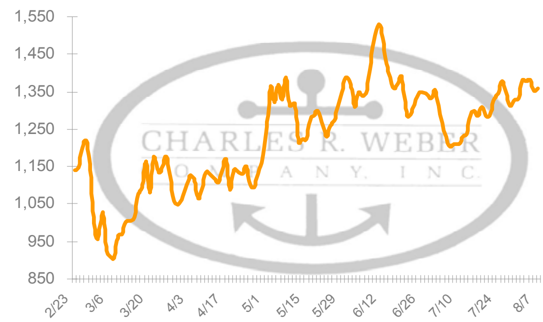
Time Charter Rates	1 Year	3 Years	5 Years
VLCC	$35,000	$37,000	$39,000
Suezmax	$25,000	$26,750	$30,000
Aframax	$16,500	$18,000	$21,500
Panamax	$16,500	$18,000	$21,500
MR	$13,000	$14,750	$16,000



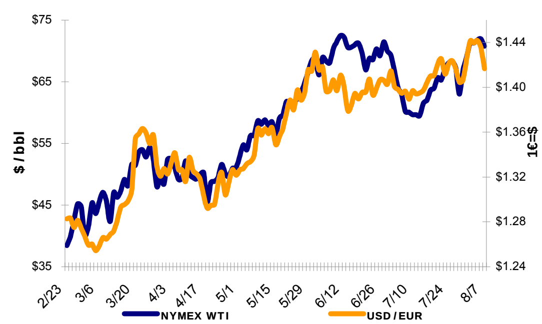
US Crude Stocks (Mbbls)	349.5 Mbbls	'08-'09 WoW ▲ +17.7%



US Gas Demand (Mbpd)	9.199 Mbpd	'08-'09 WoW ▼ -3.0%



Weber Tanker Index*	1,357.90	Weekly Change ▲ +2.6%



		Weekly Change
NYMEX WTI	$70.81 / bbl	▲ $1.79
EUR / USD	€1 = $1.42	▲ 0.6 %

WEBER WEEKLY TANKER REPORT

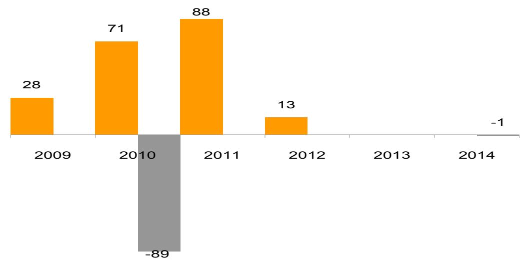
THE TANKER MARKETS

VLCC

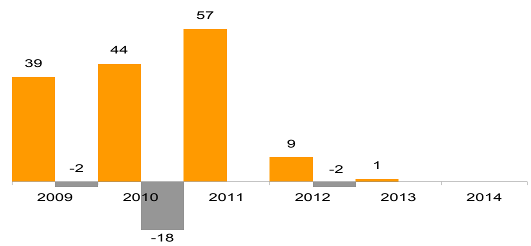
The market pace evident last week ultimately continued into this, with steady inquiry from the MEG, which combined with further increases in bunker prices, caused rates to climb a little further, at least in the more active east-bound trades. In fact, at the time of writing there remains a sort of standoff with Owners demanding rates starting with a "4" for their double hulled units and Charterers resisting, willing no more than the high ws30's. This is proving to be an interesting battle because in certain positions, the availability is somewhat tight; with little relief available should some Charterers be able to fall back to the cheaper single hulls which are even fewer, while in other later positions, tonnage is ample. So the question remains as to which side will crack first. If we continue to see fresh inquiry come to the market, undoubtedly the market will move into the ws40's; however, if after the recent activity, it does go quiet again, the Charterers will ultimately prevail. Time will tell. In the meantime, the west-bound market held steady this week in the mid/high ws20's as those cargoes were fewer and when available, still considered premium business as it get's one "out of Dodge" and allows for some triangulation type voyages thereafter. It should always be remembered that eastern voyages are almost always only round trips with no chance of improving the dire T/C returns.

Numerically there were 34 fixtures reported, almost identical to last week, with Middle Eastern cargoes accounting for 25 of those. Cargoes to China led the way with 9 fixtures followed by Korea, the balance spread throughout the east as evidenced below, with the market moving up, as mentioned above, to around ws40. We have now seen 82 fixtures reported for the month of August, still leaving some 10/15 to come. Against that there are currently some 28 units of varying quality available by the end of the month so the balance would still seem to be in the Charterers favor, although not overly so. Next week will undoubtedly be quieter as we see the remaining cargoes dribbled to the market but we also anticipate some "early bird" activity for September so all in all we expect the market to hold steady. Specifically the eastern market will hold around the high ws30's/ws40 level and whether the above mentioned battle is won or lost generally or individually and by who will be of little consequence as the difference is negligible. The west-bound market will also hold around the ws27.5 level via the cape.

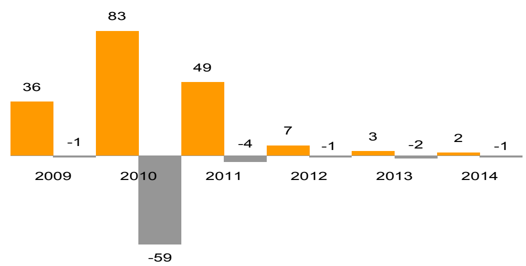
The Atlantic VLCC market remains an interesting story. It continues to be relatively active, with cargoes to the east leading the way, which has allowed rates to hold steady in the high ws30's/ws40 from West Africa and around $3.0 million for USGulf-Caribs to Singapore. With so many ships still tied up on storage, the tonnage list seems to remain continually thin, which has therefore allowed the few Trans-Atlantic cargos to hold at similar levels, despite the alternate Suezmax market remaining bogged down at the ws42.5 level. For a normal run into the US Gulf where lightering is required, the Suezmax class makes for cheaper overall transportation so this VLCC trade is basically restricted to Charterers who do not need to lighter, in ports such as LOOP or in ECCanada or otherwise might require the bigger unit for Storage duties following the voyage. We expect this area to also hold steady next week.



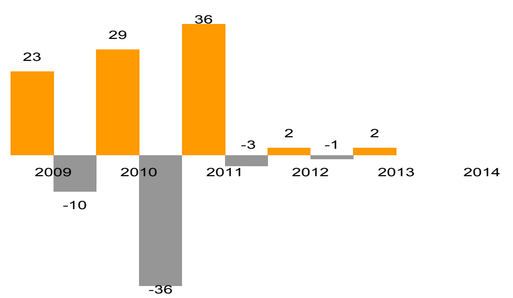
VLCC Orderbook / 13G & H Removals



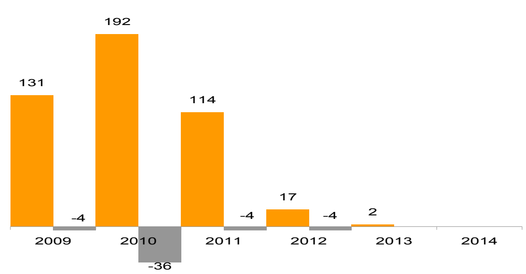
Suezmax Orderbook / 13G & H Removals



Aframax Orderbook / 13G & H Removals



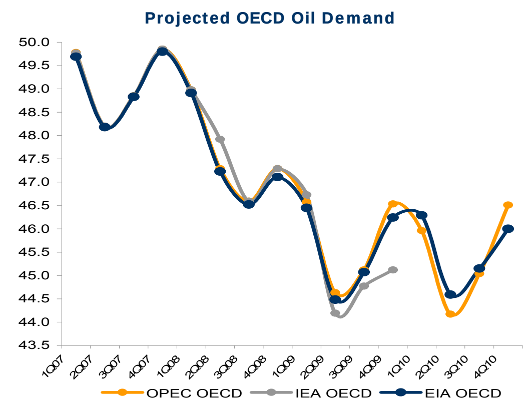
Panamax Orderbook / 13G & H Removals



MR Orderbook / 13G & H Removals

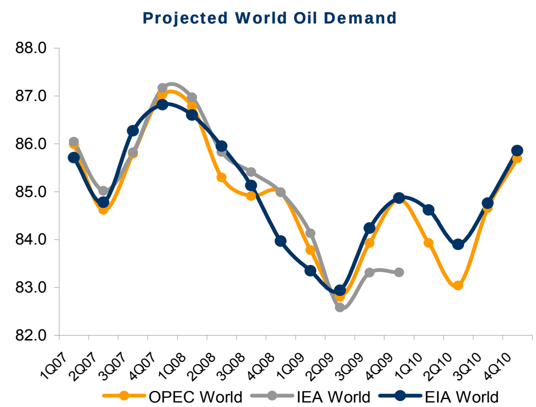
Suezmax

Rates in the Atlantic basin for Suezmaxes remained flat at the ws42.5 level, returning dismal results just shy of having crossed into negative territory, and with rising bunker prices having no upward affect on rates. Save for a slight uptick in rates on the BSEA-MED route, owners have little recourse to push rates up, thus the market remains at its bottom.



Aframax

The Aframax market remains at its bottom with activity limited and supply sufficient. Rising bunker prices have kept returns sufficiently dampened that owners have resisted lower rates although market factors would normally dictate otherwise. Failing a major rise in inquiry levels, there is little to indicate that rates will change in the coming week.

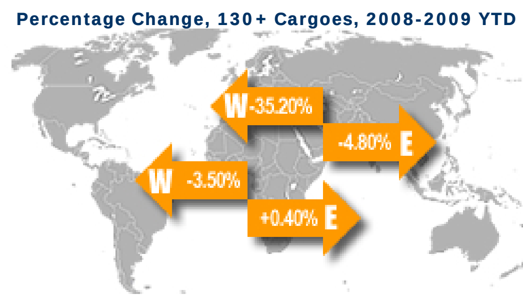


Panamax

The Ecuador market remained flat at the 50x120 level on the back of very light inquiry.

In the Caribbean market, ample tonnage remains available whilst inquiry remained light this week, keeping rates flat at the ws65 level. Due to the rise in bunker prices, the result is a negative return for owners who for their part are hoping to see other alternative voyages capable of providing a positive result. Nonetheless, sufficient inquiry to allow owners to pressurize rates to higher levels is presently absent and ballasting to Europe does not necessarily guarantee better results there. Thus, owners are sitting spot, and patiently.

The European market remained flat as well, with rates hovering around 50x72.5 with a handful of cargoes. Rumors, however, of Litasco breaking the 55x70 on Friday could result in softer rates at the start of next week.



Products

We wrap up yet another week of the market moving sideways. The big conversation of the week centered around West Africa, and the large number of delivery tenders they recently awarded. It was reported that 37 tenders had been awarded into Wafr for the balance of August, and already 31 for September. There was hope in the market that this would be the spark to begin to move the Atlantic markets up somewhat. While Cont/TA saw a ship placed on subs mid-week at 37x115, she was failed, and by then it seemed the view had changed, and it was felt that the market was generally hyped. With this in mind, it seems that while the West Africa cargoes may support the market and help prevent it from softening further, it is unlikely to provide the demand needed to firm the market.

In the Western Atlantic, activity varied throughout the week, although the arb towards Europe was tight, and little business was concluded in that direction. Indeed, due to the unfavorable economics into Europe, other options, both southbound as well as east of Suez we being looked at by Charterers.

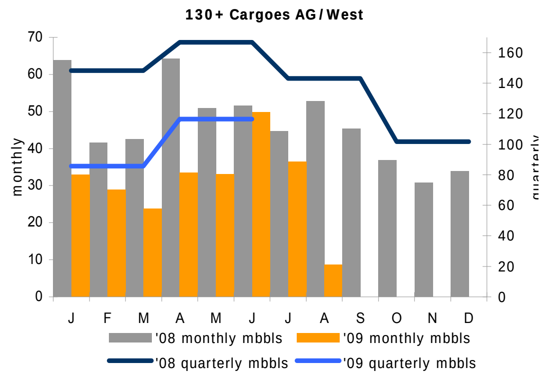
With the summer holiday season in full swing, it's safe to say we expect more of the same going forward.

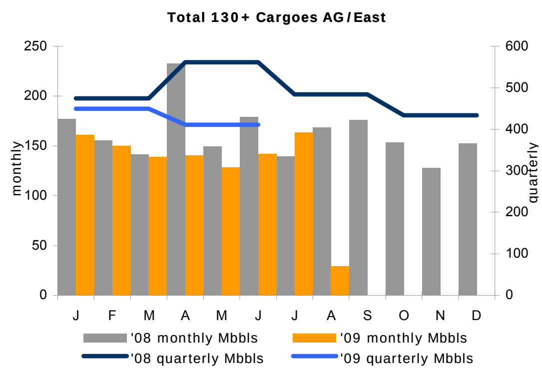
Sale and Purchase

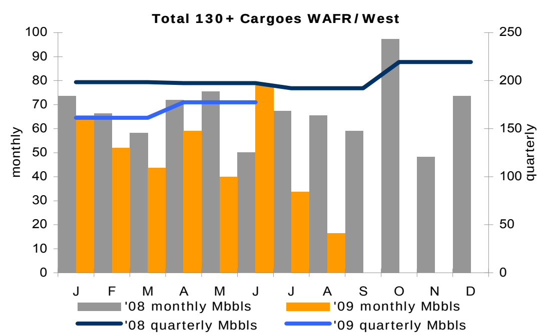
It was a week in the "red" for the dry bulk indices with the BDI retreating 578 points (or 17,25%) week-on-week. The Capesize index lost 941 points (or 17,45%), while the Panamax and Supramax indices lost 584 points (or 18,35%) and 241 (or 11,58%), week-on-week, respectively.

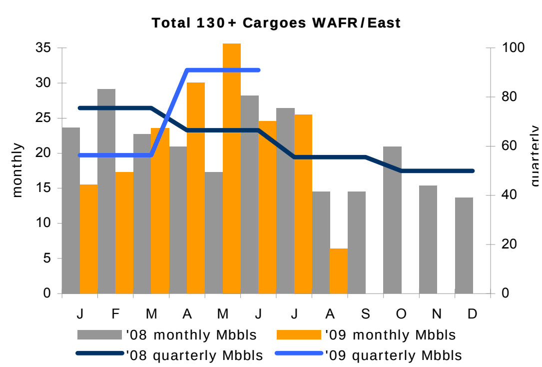
Nevertheless, the activity in the Sale & Purchase market remains high with no immediate signs of easing. Although concern remains regarding the prospects of the dry market in the post-summer period, current values seem to be constantly gaining support with more buyers appearing in the market each week. Evidently, since this past February values have been constantly increasing whilst during the last couple of months we have witnessed stabilization with a fading upward tendency. Taking into consideration that the dry market is traditionally quieter during the summer and that the financial system – as well as the world economies – is constantly recovering, granting the required support to the world trade, it is not peculiar that optimism is gaining supporters as we head into the 4th quarter.

On that note, we report this week that there were a healthy number of sales this week across all size and age bands, though these sales are mostly confined to the dry sector. On the tanker front, activity remains low – which accurately reflects the prevailing weakness of oil demand and the steadily increasing supply of tonnage.









TANKER SALES

"LIVIA" - 105,869/03 - HYUNDAI - B&W 15,423 - COILED - IGS - SBT - COW - DH - SS 07/2013 DD 08/2011

-Sold for $40.5 mill. to undisclosed interests

TANKER DEMOLITIONS

"KOLOSSI" – 248,049/88 – 32,972 LDT

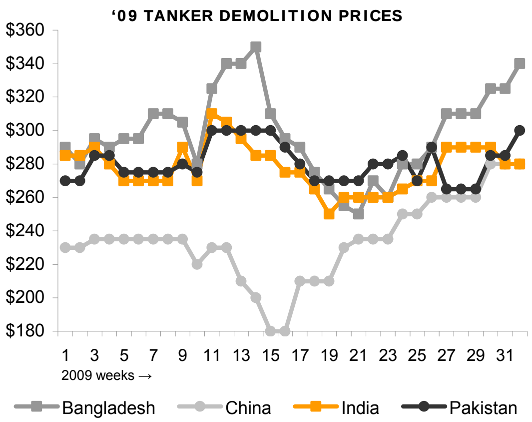
-Sold for $370/ldt (Bangladesh)

"NEPTUN" – 27954/76 – 23,400 LDT

-Sold for $365/ldt, including 837 tons of stainless steel (India)

"PALENQUE" – 37,574/87 – 8,379 LDT

-Sold for $310/ldt (Pakistan)



*The Weber Tanker Index commenced on March 1st at the 1,000-mark, and has been back-dated to February 23rd. It is a market-capitalization weighted average of US-listed tanker stocks and is updated daily, basis market closing prices. It is intended to be used for reference purposes only.

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