Fearnleys Weekly Report

Activity level

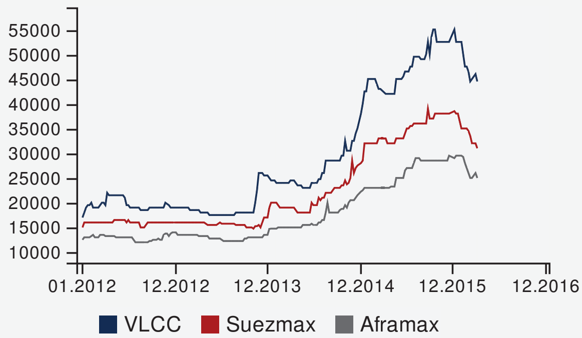
VLCC	Suezmax	Aframax	P.E. of Suez	P.W. of Suez
Weak	Weakening	Mixed	Slower	Mixed

	Last week	Prev.week
VLCCs fixed all areas last week:	50	42
VLCCs avail. in MEG next 30 days:	90	74

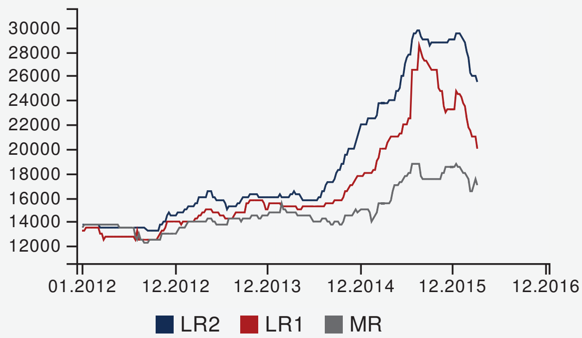
Rates

DIRTY (Spot WS)		This week	Last week	Low 2016	High 2016
MEG / West	VLCC	47.50	47.50	26.00	63.00
MEG / Japan	VLCC	72.50	82.50	49.50	111.5
MEG / Singapore	VLCC	73.50	84.00	50.00	113.5
WAF / FEAST	260,000	70.00	80.00	55.00	113.0
WAF / USAC	130,000	72.50	75.00	67.50	115.0
Sidi Kerir / W Me	135,000	75.00	80.00	72.50	135.0
N. Afr / Euromed	80,000	85.00	115.0	82.50	117.5
UK / Cont	80,000	112.5	125.0	92.50	125.0
Caribs / USG	70,000	90.00	90.00	90.00	142.5
CLEAN (Spot WS)		**This week**	**Last week**	**Low 2016**	**High 2016**
MEG / Japan	75,000	97.50	105.0	87.50	160.0
MEG / Japan	55,000	110.0	122.5	100.0	150.0
MEG / Japan	30,000	122.5	127.5	100.0	135.0
Singapore / Japan	30,000	145.0	150.0	127.5	150.0
Baltic T/A	60,000	95.00	100.0	90.00	155.0
UKC-Med / States	37,000	102.5	92.50	92.50	152.5
USG / UKC-Med	38,000	105.0	115.0	67.50	125.0
1 YEAR T/C (usd/day) (theoretical)		**This week**	**Last week**	**Low 2016**	**High 2016**
VLCC	(modern)	44 500	46 000	44 500	55 000
Suezmax	(modern)	31 000	32 000	31 000	38 500
Aframax	(modern)	25 000	26 000	25 000	29 500
LR2	105,000	25 500	26 000	25 500	29 500
LR1	80,000	20 000	21 000	20 000	24 750
MR	47,000	17 000	17 500	16 500	18 750

1-Year T/C, Crude (USD/Day)



1-Year T/C, Clean (USD/Day)



TANKERS

Crude

The VLCC market took most players with surprise as a massive rise and fall was seen over the last 7 days. Rates rapidly increased during later part of last week to very strong healthy levels of owner reaching ws95 for MEG/ROK voyage. Then it all came to a halt and subsequently eased off in very light trading. Main reason for the increase was the fear for limited supply as several charterers hit the market at the same time. When they all had covered the position list worked out to be fairly balanced and with limited demand hence rates eased off again with no signs of any soon turnaround in trend. Suezmax rates in West Africa has mainly been supported by a strong sentiment in East last week with rates more or less remaining unchanged. But at time of writing activity and rates in the East is on a downfall with the psychology spreading also to the Western hemisphere. In the Med/Bsea rates for Suezmaxes have also remained stable until now. We are also in this area seeing a weaker sentiment arising from the ashes after the dust has settled from a hyped market in the East. The North Sea and Baltic Aframax markets both softened after another short-lived spike. This happened after a few quiet days at the end of last week, in combination of vessels being declared short and coming back into position. The outlook for 3rd decade on the other hand is looking brighter as the Baltic April crude program is the busiest seen in a long time. Med and Bsea took a real hit this week and rates plumped from ws115 x-Med last week, to ws75 this week. The amount of prompt ships is staggering and Turkish straight is down to 2-3 days. Charterers' have seized the window of opportunity and are pushing out cargoes left, right, and centre. Unfortunately, for the Owners, it will take some time and a lot of cargoes to tighten the position list and eventually the rate levels.

Product

EAST OF SUEZ Rolling from last week the LR2 market in the Middle East started off the week on a good note with MEG/UKC and MEG/JPN trading at around USD 2.15 mill and ws105 respectively. What was thought to be a steady market was flipped upside down on Wednesday as a couple of charterers managed to drop rates on the MEG/UKC route down to USD 1.8 mill, leaving MEG/Japan assessed at around ws97.5, to be tested. The LR1 market has so far not been affected and we are seeing a balanced positon list and rates for MEG/Japan steady at ws110. Activity on westbound cargoes has been slow this week with only a couple fixtures reported in the market at around USD 1.45 mill for MEG/UKC. Softening tendency in the MR market this week with rates coming off a few points. WEST OF SUEZ Activity in the LR2 market has picked up during the last couple of weeks as we have seen more Naphtha cargoes entering the market in addition to some inquiry for Gasoline & Reformate for UKC/Singapore. Rates on the other hand has not been in favour of the owners as UKC/Japan has been trading at around USD 1.9 mill. The LR1 market has also picked up after the Easter holiday ended, mostly fuelled by a surge of UKC/West Africa cargoes in addition to good activity on the Diesel arbitrage between US Gulf and Europe. The MR market on the Continent started out the week looking bullish with some owners pushing for rates up to ws110 on UKC/USAC, but with less activity in the market than expected rates have remained steady at around ws100-102.5. UKC/West Africa has been a hot ticket in the MR market also this week, and as a result rates have firmed up towards ws150's.

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DRY BULK

Capesize

With a great volume out of west Australia, rates were finally moving to upper 3's, and stabilizing towards the middle of the week in the mid 3's. Tubarao/Qingdao was approaching upper USD 6's, being a considerable improvement from mid USD 5's only a couple of weeks ago. Period rates are finally improving as well, with present one-year rates for nice ships slowly approaching Opex levels.

Panamax

We have experienced a week with rates firming in both hemispheres. The levels are still low, but the TA market is up about 37.5% in one week. The reason behind the increase is mainly caused by the grain season in ECSA. Ballasters are snapping up the cargoes, but this again leads to pressure on the rates for north Atlantic trades. Baltic Index is mid-week showing USD 9275 for fronthaul basis Continent delivery. We are however in the belief that owners will not sail out for under 10k. In the Pacific, we see Aussie /India cargos being fixed in the mid 4's. Some short period fixtures have been reported in region of USD 5500 delivery Far East.

Supramax

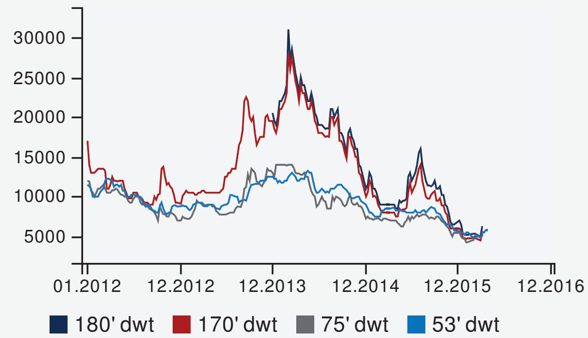
It has been a mixed week. With the exception of the USG, all routes have improved. Despite China being off on Monday, there was a significant push early in the week, but this now seems to be running out of steam. Rate wise we are seeing USD 6000's for Singapore to India, and USD 5000's for Pacific rounds. Short period is trading around USD 5000 for Supras. Volume in both the basins is still healthy but the pressure is off the rates.

Activity level

Capesize	Panamax	Supramax
Increasing	Firmer	Active

Rates	This week	Last week	Low 2016	High 2016
CAPESIZE (usd/day, usd/tonne)				
TCT Cont/Far East (180' dwt)	8 700	6 300	6 100	12 200
Tubarao / R.dam (Iron ore)	3.70	3.30	2.00	3.70
Richards Bay/R.dam	2.90	2.40	2.00	3.20
PANAMAX (usd/day, usd/tonne)				
Transatlantic RV	5 500	4 000	1 400	5 500
TCT Cont / F. East	9 500	7 000	5 000	9 500
TCT F. East / Cont	600.0	450.0	250.0	600.0
TCT F. East RV	4 400	4 100	1 925	4 700
Murmansk b.13-ARA 15/25,000 sc	4.90	4.60	3.60	4.90
SUPRAMAX (usd/day)				
Atlantic RV	5 000	4 200	2 510	5 000
Pacific RV	5 000	4 800	2 000	5 250
TCT Cont / F. East	9 750	8 500	5 100	9 750
1 YEAR T/C (usd/day)				
Capesize 180,000 dwt	6 300	5 000	5 000	7 000
Capesize 170,000 dwt	5 700	4 500	4 500	6 000
Panamax 75,000 dwt	5 000	4 850	4 250	5 500
Supramax 53,000 dwt	5 800	5 800	4 900	5 800
Baltic Dry Index (BDI):	**500**	**414**	**n/a**	**n/a**

1-Year T/C, Dry bulk (USD/Day)



GAS

Chartering

There were a few fixtures over the week, but nothing to be excited about. It seems the fashion of late to fix with a floating monthly average rate linked to the Baltic is still the way owners and charterers want to do it. If the daily Baltic rates ahead are posted similar or near to what the BFA panellists (Baltic Forward Assessment), the risk is minimal for the charterers as well as the owners as the next few months' BFA assessment is a flatliner marginally above the latest postings. It is probably fair to say that nobody in the industry believes that the Baltic curve will be flat around the USD 30 mark for the rest of the year, to the contrary 2016 was predicted to be rather volatile with significant variations. Just over three months into the year, we have seen the Baltic dailies in stable decline down to the current level that returns just over USD 20,000 per day at the current bunker prices. We struggle to see any immediate upside in the VLGC freight market in the current trading environment, however, we will be surprised if the downward pressure on rates carries on further into April i.e. our take is that spot rates as well as the Baltic VLGC index have plateaued around current levels. A fresh timecharter inquiry for 2 years employment in India came out today, and it will be interesting to see what owners will offer for this.

Activity level

COASTER	15-23,000 cbm	82,000 cbm
Moderate	Low	Moderate

LPG Rates

* Excl. waiting time, if any

SPOT MARKET (usd/month)*	This week	Last week	Low 2016	High 2016
VLGC / 84,000	635 000	770 000	635 000	1 765 000
LGC / 60,000	815 000	835 000	815 000	1 500 000
MGC / 38,000	915 000	945 000	915 000	1 075 000
HDY / 22,000	880 000	890 000	880 000	920 000
ETH / 10,000	510 000	520 000	510 000	530 000
SR / 6,500	440 000	440 000	440 000	460 000
COASTER Asia	142 500	142 500	142 500	155 000
COASTER Europe	175 000	175 000	175 000	190 000

LPG/FOB prices (usd/tonne)	Propane	Butane	ISO
FOB North Sea / ANSI	252.5	256.0	
Saudi Arabia / CP	320.0	350.0	
MT Belvieu (US Gulf)	222.1	237.3	248.5
Sonatrach : Bethioua	260.0	295.0	

LNG

SPOT MARKET (usd/day)	This week	Last week	Low 2016	High 2016
East of Suez 155-165'cbm	30 000	30 000	29 000	30 000
West of Suez 155-165'cbm	32 000	32 000	29 000	32 000
1 yr TC 155-165'cbm	30 000	30 000	30 000	35 000

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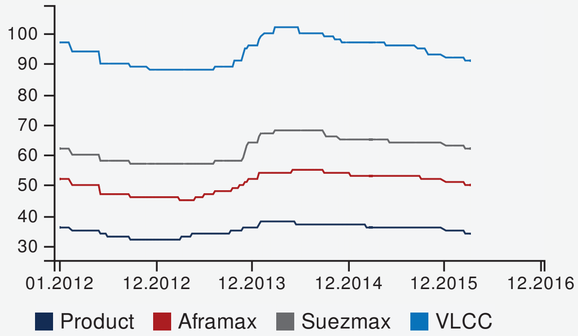
Activity level

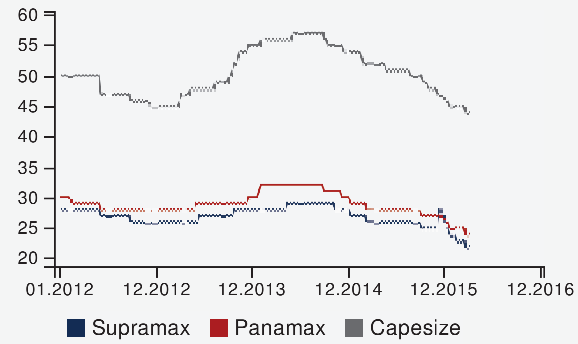
Tankers	Dry Bulkers	Others
Slow	Slow	Moderate

Prices

Average Far Eastern Prices

PRICES (mill usd)		This week	Last week	Low 2016	High 2016
VLCC	300'dwt	90.50	90.50	90.50	92.00
Suezmax	150'dwt	61.50	61.50	61.50	63.00
Aframax	110'dwt	49.50	49.50	49.50	51.00
Product	50'dwt	33.50	33.50	33.50	35.00
Capesize	180'dwt	43.50	43.50	43.50	46.00
Panamax	82'dwt	23.50	23.50	23.50	26.00
Supramax	64'dwt	21.50	21.50	21.50	24.50
LNGC	160'cbm - DFDE	190.0	190.0	190.0	193.0
LNGC	170'cbm - DFDE	196.0	200.0	196.0	203.0





Market brief

		This week	Last week	Low 2016	High 2016
Rate of exchange					
USD/JPY		110.4	112.6	110.4	118.6
USD/KRW		1 156	1 151	1 151	1 234
USD/NOK		8.35	8.33	8.32	8.96
EUR/USD		1.13	1.13	1.07	1.13
Interest rate					
LIBOR USD 6 mnths		0.89	0.91	0.85	0.91
NIBOR NOK 6 mnths		1.05	1.05	1.05	1.23
Commodity prices					
Brent spot (USD)		38.84	39.68	28.06	40.42
Bunker prices					
Singapore	380 CST	172.0	184.0	145.0	187.0
	180 CST	177.0	190.0	148.0	200.0
	Gasoil	315.0	360.0	265.0	365.0
Rotterdam	380 HSFO	142.0	159.0	107.0	165.0
	180 CST	159.0	185.0	127.0	185.0
	Diesel	298.0	330.0	245.0	345.0

NEWBUILDING

The cruise industry seems hungry for more larger units. This week, Italian Ficantieri took five more cruise orders from Carnival and NCL. The order backlog for the few shipyards involved in this business stretches until 2023 with 63 ships on order, which is admiring considering the current crisis in the newbuilding market for cargo vessels.

NEWBUILDING CONTRACTS

Type	No	Size	Yard	Buyer	Del	Price	Comm
ROPAX	4	3000lm	Avic Weihai	Stena	2019-2020		
Cruise	2	143700 GT	Fincantieri	Princess Cruises	2020		
Cruise	2	135500 GT	Fincantieri	Costa Crociere	2019-2020		
Cruise	1	54000 GT	Fincantieri	Regent Seven Seas	2020		

SALE AND PURCHASE TRANSACTIONS

Type	Vessel	Size	Built	Buyer	Price	Comm.
MT	Dong-A Sirius	12 000	2002	S. Korean	12,00	StSt
BC	Cape Grace	176 269	2005	Japan based	11,90	
BC	Cape Sophia	99 047	2005	Undisclosed	6,50	
BC	Ocean Wind	76 619	2005	indian	5,80	
BC	Kalpana Prem	73 652	2000	Undisclosed	2,90	at auction
BC	Peregrine	50 895	2001	Undisclosed	2,70	
BC	Voc Rose	47 183	1998	European	2,50	
BC	Brodiaea	32 301	2010	Italian	6,80	En bloc
BC	Gloriosa I	32 283	2009		5,80	
BC	Infinity River	28 455	2008	Greek	5,10	

DEMOLITIONS

Sold for demolition

Vessel name	Size	Ldt	Built	Buyer	Price
MV C. Triumph	169 883	22 145	1999	Undisclosed	288
MV Cape Mercury	165 819	22 333	1997	Indian	275
MV C. Oasis	165 693	22 480	1996	Undisclosed	286
MV China Steel Trader	154 556	22 746	1997	Bangladeshi	270
MV Sunny Ocean	149 512	18 451	1990	Pakistani	295
MV Dia Yuan	73 503	10 489	1993	Bangladeshi	276
MV Maroni	72 493	10 165	1998	Bangladeshi	282
MV Jimei Jinhao	70 259	10 078	1993	Pakistani	280
MV New Emerald	45 554	8 836	1996	Undisclosed	290
MV Master Nicos	40 908	10 139	1989	Pakistani	296
GC King Pride	33 660	10 024	1986	Indian	275
GC King Spirit	33 611	9 813	1986	Indian	275
LPG Gas Master	26 820	9 240	1985	Undisclosed	285
CONT Madison	14 140	6 648	1990	Indian	285
REEF Electra	11 464	5 247	1985	Indian	301
REEF Frio Pacific	6 413	3 833	1984	Indian	280