July 6. 2016

Fearnleys Weekly Report

Activity level

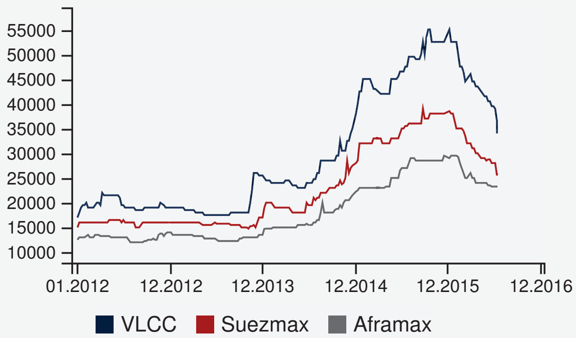
VLCC	Suezmax	Aframax	P.E. of Suez	P.W. of Suez
Soft	Stable	Soft	Stable	Stable

	Last week	Prev.week
VLCCs fixed all areas last week:	44	64
VLCCs avail. in MEG next 30 days:	97	97

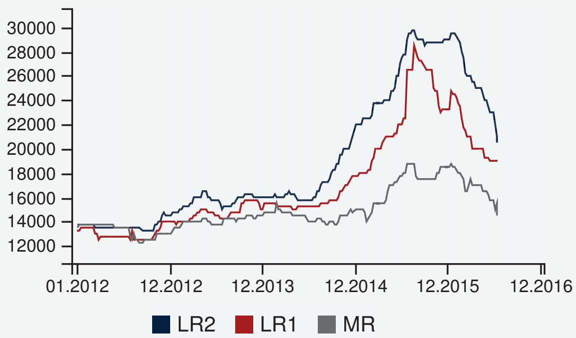
Rates

DIRTY (Spot WS)		This week	Last week	Low 2016	High 2016
MEG / West	VLCC	27.00	27.50	25.00	63.00
MEG / Japan	VLCC	42.50	46.50	40.00	111.5
MEG / Singapore	VLCC	44.00	47.00	42.50	113.5
WAF / FEAST	260,000	50.00	52.50	50.00	113.0
WAF / USAC	130,000	67.50	70.00	60.00	115.0
Sidi Kerir / W Me	135,000	82.50	75.00	67.50	135.0
N. Afr / Euromed	80,000	92.50	112.5	82.50	122.5
UK / Cont	80,000	100.0	110.0	92.50	125.0
Caribs / USG	70,000	82.50	82.50	82.50	145.0
CLEAN (Spot WS)		**This week**	**Last week**	**Low 2016**	**High 2016**
MEG / Japan	75,000	85.00	90.00	80.00	160.0
MEG / Japan	55,000	105.0	107.5	90.00	150.0
MEG / Japan	30,000	100.0	100.0	100.0	135.0
Singapore / Japan	30,000	122.5	122.5	122.5	150.0
Baltic T/A	60,000	65.00	65.00	65.00	155.0
UKC-Med / States	37,000	97.50	107.5	90.00	152.5
USG / UKC-Med	38,000	65.00	65.00	60.00	125.0
1 YEAR T/C (usd/day) (theoretical)		**This week**	**Last week**	**Low 2016**	**High 2016**
VLCC	(modern)	34 000	36 500	34 000	55 000
Suezmax	(modern)	26 000	25 500	25 500	38 500
Aframax	(modern)	23 250	23 250	23 250	29 500
LR2	105,000	20 500	21 000	20 500	29 500
LR1	80,000	19 000	19 000	19 000	24 750
MR	47,000	14 500	15 500	14 500	18 750

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



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



TANKERS

Crude

After the peak last week, the VLCC market has seen rates drop by a point each day as the softer sentiment continued. Charterers continued to drip feed the market, picking newbuilds and vessels coming out of drydock for their most recent requirements. With now these vessels cleared out of the way, the list still looks ample for the current cargo flow, however with more delays in China and expected Typhoon to hit South China next week, things might turn for owners, but for now the summer months are really taking a toll on the market leaving it soft for the time being. Suezmaxes in West Africa saw activity easing off beginning of last week, with only a few ships getting fixed away. At time of writing on the other hand, we have experienced the last couple of days with steady cargo inquiry for 3rd decade out of WAFR resulting in more tonnage getting absorbed without rates really going anywhere due to the previous quiet and tonnage build-up. In the Med and Black sea last week proved to be busy in a combination of steady fixing and replacement jobs which has pushed rates up in this specific area. North Sea and Baltic experienced another downward correction as the end/early rush came to an end. Both markets seem to have bottomed out, and should be moving sideways at current levels for the week to come. Med and Bsea have also had a steady downward correction with rates now bottoming at ws92.5. For the remaining of the week it is likely that ws92.5 is repeated. However, we expect that the market will firm up again due to the number of cargoes scheduled to come out of CPC from the 20th, the question is just when and who will start the race.

Product

EAST OF SUEZ With firming rates In the Middle east gulf the previous week, it now seems rates for both Lr2's and Lr1's have flattened out at WS85 and WS105 respectively for Far east destinations. For west destination the Lr2's are seeing rates around lump sum USD 1850 and the Lr1's USD 1525. It has been a steady flow of cargoes but with a fairly good supply of tonnage we do not expect any drastic changes coming week. For Mr's in the region rates and activity unchanged from last week and rates for MEG to Japan still around the ws100 mark and Singapore to Japan still pays around ws122.5. WEST OF SUEZ It is Still quiet for lr2's and lr1's on the continent, with limited activity owners of lr2's are more frequently ballasting towards Mediterranean and eventually Red sea instead of waiting for a possible cargo ex Cont. We still assess the lump sum rate for an Lr2 to be around USD 1550/1600 mark, untested, for Japan discharge, for Mediterranean load rate obtained is around USD 1550 mark. lr1's are mostly trading to west Africa and to the States and they are still seeing rates around ws65 mark, which has been the going rate now for last couple of weeks. For the Mr's in the Atlantic there has been a softening tendency and for U.S discharge rates have eased off from ws105 mark to around ws97.5 today, On the other hand the backhaul from the U.S. gulf is unchanged in the region of ws65.Handies trading cross UKC have had a steady week with fixtures still in the 115/120 region.

Activity level

Capesize	Panamax	Supramax
Slower	Firmer	Stable

Rates	This week	Last week	Low 2016	High 2016
CAPESIZE (usd/day, usd/tonne)				
TCT Cont/Far East (180' dwt)	13 400	13 000	6 100	17 000
Tubarao / R.dam (Iron ore)	4.90	4.35	2.00	5.10
Richards Bay/R.dam	4.00	3.80	2.00	4.20
PANAMAX (usd/day, usd/tonne)				
Transatlantic RV	7 000	5 250	1 400	8 500
TCT Cont / F. East	11 250	9 750	5 000	11 500
TCT F. East / Cont	1 200	750.0	250.0	1 200
TCT F. East RV	6 000	5 250	1 925	6 000
Murmansk b.13-ARA 15/25,000 sc	5.65	5.25	3.60	5.75
SUPRAMAX (usd/day)				
Atlantic RV	8 000	7 000	2 510	8 000
Pacific RV	6 000	5 200	2 000	6 000
TCT Cont / F. East	9 500	8 350	5 100	11 000
1 YEAR T/C (usd/day)				
Capesize 180,000 dwt	7 850	7 850	5 000	8 550
Capesize 170,000 dwt	6 850	6 850	4 500	7 800
Panamax 75,000 dwt	5 750	5 400	4 250	5 750
Supramax 53,000 dwt	6 000	5 500	4 900	6 500
Baltic Dry Index (BDI):	**694**	**640**	**n/a**	**n/a**

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

DRY BULK

Capesize

Rates have been holding at steady levels over the last weeks but towards end of this period they are becoming under more pressure as general activity is decreasing. In the Far east the major miners have been relatively quiet, resulting in lower rates day by day this week. The voyage rate for iron ore from Brazil to China on the c3 route has been at sustainable levels in the upper 9's region pmt, now expected to approach lower 9s. A holiday in Singapore Wednesday is creating more uncertainty, and there is some excitement related to the miners' demand for end of this week as it will to a certain extent be pointing at what to expect for the remainder of July.

Panamax

The tendency from last week continues with a considerably stronger sentiment all across the block, and signs of A market.Tight for tonnage and fine tuned in the north Atlantic where Owners have achieved well above 8 K for T/A rounds. Fronthaul done at 11,500 from Murmansk to China, and USG activity and levels are still heading north. ECSA have rebounced with fixtures above 8250 + 300 on good units for July dates.Firm also in the eastern hemisphere, where NOPAC and Aussie rounds are done in the low/mid 6000 range. Activity was muted by a public holiday in Singapore mid week, causing some profit taking on the paper and a slower end of week overall. Short/medium period done at healthy upper 6's for modern eco Kmax.

Supramax

There has been a modest progress during the last week with the index gaining 2 points ending up with 639 points. The BSI T/C average has been improved by 24 closing this Wednesday at with the value of USD 6682, though little change seen from the end of the last week. A Supramax of 53 000 dwt was fixed around USD 6000/day for a trip from Tokyo Bay to SE Asia. There has been modest period activity and related for a year have pushed in the USD 6000+ / day range. In summary, although there is a positive sentiment, there is some concern as to the health of the ECSA market.

Activity level

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

LPG Rates

* Excl. waiting time, if any

SPOT MARKET (usd/month)*	This week	Last week	Low 2016	High 2016
VLGC / 84,000	460 000	520 000	440 000	1 765 000
LGC / 60,000	480 000	500 000	480 000	1 500 000
MGC / 38,000	630 000	640 000	630 000	1 075 000
HDY / 22,000	630 000	650 000	630 000	920 000
ETH / 10,000	460 000	460 000	460 000	530 000
SR / 6,500	430 000	430 000	430 000	460 000
COASTER Asia	142 500	142 500	142 500	155 000
COASTER Europe	165 000	170 000	165 000	190 000

LPG/FOB prices (usd/tonne)	Propane	Butane	ISO
FOB North Sea / ANSI	288.5	269.0	
Saudi Arabia / CP	295.0	310.0	
MT Belvieu (US Gulf)	253.3	292.2	311.9
Sonatrach : Bethioua	290.0	310.0	

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	35 000	35 000	29 000	35 000
1 yr TC 155-165'cbm	29 000	29 000	29 000	35 000

GAS

Chartering

It has not been particularly busy in the VLGC market lately. For the spot market we are looking at net daily returns to owners just north of the USD 15,000/day mark. The Baltic VLGC index has been boring reading over the last few weeks, minor daily movements have held the index between USD 25-27 pmt Ras Tanura/Chiba level. We still see the large spot VLGC fleet pretty well utilized, however idle time has started to increase. As long as there is no helping hand from the trade margins the market cannot expect that freight rates can increase much and fast in the short term.

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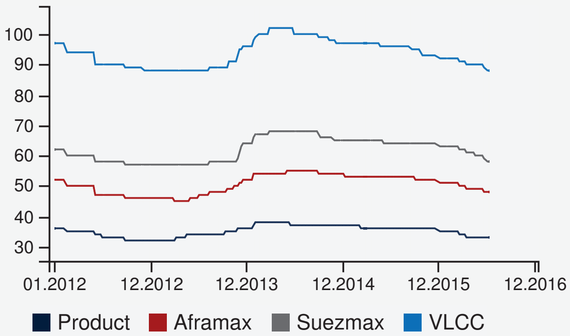
Activity level

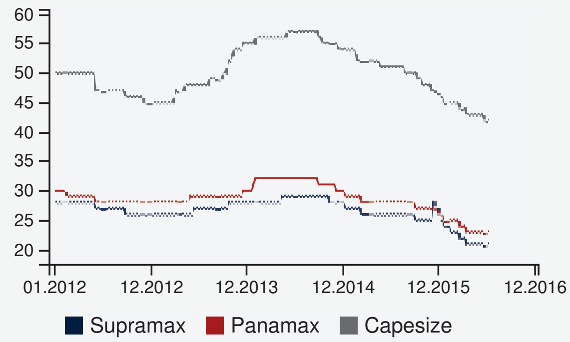
Tankers	Dry Bulkers	Others
Slow	Slow	Slow

Prices

Average Far Eastern Prices

PRICES (mill usd)		This week	Last week	Low 2016	High 2016
VLCC	300'dwt	88.00	88.00	88.00	92.00
Suezmax	150'dwt	58.00	58.00	58.00	63.00
Aframax	110'dwt	48.00	48.00	48.00	51.00
Product	50'dwt	33.00	33.00	33.00	35.00
Capesize	180'dwt	42.00	42.00	42.00	46.00
Panamax	82'dwt	23.00	23.00	23.00	26.00
Supramax	64'dwt	21.00	21.00	21.00	24.50
LNGC	170'cbm - MEGI	193.0	193.0	193.0	203.0





Market brief

		This week	Last week	Low 2016	High 2016
Rate of exchange					
USD/JPY		100.7	102.7	100.7	118.6
USD/KRW		1 166	1 156	1 135	1 234
USD/NOK		8.45	8.40	8.08	8.96
EUR/USD		1.11	1.11	1.07	1.15
Interest rate					
LIBOR USD 6 mnths		0.93	0.88	0.85	0.99
NIBOR NOK 6 mnths		1.14	1.16	1.05	1.23
Commodity prices					
Brent spot (USD)		47.32	48.80	28.06	52.40
Bunker prices					
Singapore	380 CST	248.0	252.0	145.0	255.0
	180 CST	254.0	256.0	148.0	258.0
	Gasoil	435.0	460.0	265.0	460.0
Rotterdam	380 HSFO	232.0	228.0	107.0	236.0
	180 CST	262.0	259.0		262.0
	Diesel	410.0	428.0	245.0	452.0

NEWBUILDING

Slow newbuilding activity over last week. It is far between dry bulk orders these days, and therefore interesting to notice that the Norwegian/Isle of Man owner LT Ugland has returned to Tsuneishi and their Chinese Zhoushan yard for another five 63,000 dwt Ultramax carriers. First two vessels are scheduled for 2017 while the other 3 will be delivered in 2018. Price reported at 25 million USD.

NEWBUILDING CONTRACTS

Type	No	Size	Yard	Buyer	Del	Price	Comm
MPP		17500 dwt	Honda	MOL	2017/18		
BC		63000 dwt	Tsuneishi Zhoushan	LT Ugland	2017/18	25	
Chem		19900 dwt	Fukuoka	Stream Tankers	2018/19		

SALE AND PURCHASE TRANSACTIONS

Type	Vessel	Size	Built	Buyer	Price	Comm.
MT	TH Sonata	107 510	2008	Greek	25,80	
MT	Zaliv Amurskiy	104 542	2008	Sovcomflot	En bloc 215	At-auction
MT	Zaliv Amerika	104 535	2008			
MT	Zaliv Baikal	104 532	2009			
MT	Zaliv Vostok	104 527	2009			
MT	Prisco Elena	50 975	2009			
MT	Prisco Alexandra	50 973	2008			
MT	Prisco Ekaterina	50 955	2008			
MT	Prisco Elizaveta	50 923	2009			
MT	Prisco Irina	50 923	2009			
MT	Sriracha Trader	47 629	1995	Middle Eastern	High 3	
BC	Ao Hong Ma	93 291	2011	Greek	8,60	At auction
BC	Nord Pegasus	75 356	2007	Spring Marine	8,50	
BC	JS Rhone	63 500	2012	Undisclosed	12,50	
BC	Atlantic Altamira	51 024	2001	Undisclosed	3,60	
BC	Jin An	50 786	2000	Middle Eastern	3,40	
BC	Trading Fabrizia	35 000	2011	Undisclosed	8,50	
BC	Hanze Goslar	34 719	2012	Canbaz Shipping	7,60	At auction
BC	Blue Fury	16 371	2011	Undisclosed	3,90	
BC	Eggella	9 000	2016	Neptune Pacific Line		

DEMOLITIONS

Sold for demolition

Vessel name	Size	Ldt	Built	Buyer	Price
CONT DS Patriot	80 551	27 200	2001	Indian	259
CONT DS National	80 494	27 200	2001	Indian	259
M/V Great Ambition	73 725	9 521	1999	Chinese	Undisclosed
M/V An Fu Star	69 111	9 743	1994	Undisclosed	252