



Fearnleys Weekly Report

Activity level

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

	Last week	Prev. week
VLCCs fixed all areas last week:	36	44
VLCCs avail. in MEG next 30 days:	105	97

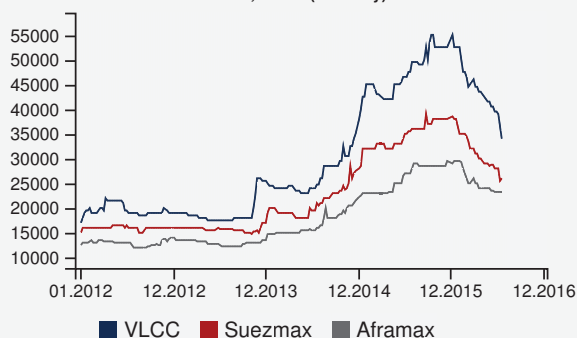
Rates

DIRTY (Spot WS)		This week	Last week	Low 2016	High 2016
MEG / West	VLCC	25.00	27.00	25.00	63.00
MEG / Japan	VLCC	42.50	42.50	40.00	111.5
MEG / Singapore	VLCC	44.00	44.00	42.50	113.5
WAF / FEAST	260,000	48.50	50.00	48.50	113.0
WAF / USAC	130,000	67.50	67.50	60.00	115.0
Sidi Kerir / W Me	135,000	72.50	82.50	67.50	135.0
N. Afr / Euromed	80,000	85.00	92.50	82.50	122.5
UK / Cont	80,000	95.00	100.0	92.50	125.0
Caribs / USG	70,000	75.00	82.50	75.00	145.0

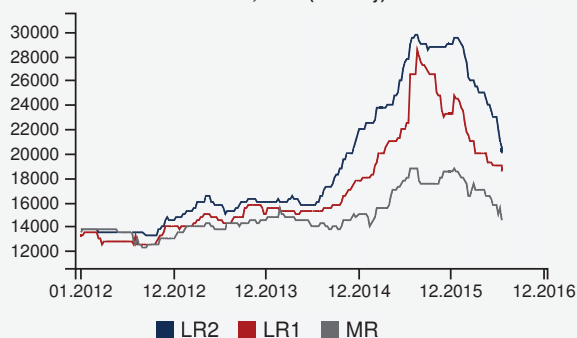
CLEAN (Spot WS)		This week	Last week	Low 2016	High 2016
MEG / Japan	75,000	85.00	85.00	80.00	160.0
MEG / Japan	55,000	100.0	105.0	90.00	150.0
MEG / Japan	30,000	100.0	100.0	100.0	135.0
Singapore / Japan	30,000	120.0	122.5	120.0	150.0
Baltic T/A	60,000	65.00	65.00	65.00	155.0
UK-Med / States	37,000	90.00	97.50	90.00	152.5
USG / UKC-Med	38,000	72.50	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	34 000	34 000	55 000
Suezmax	(modern)	26 000	26 000	25 500	38 500
Aframax	(modern)	23 250	23 250	23 250	29 500
LR2	105,000	20 000	20 500	20 000	29 500
LR1	80,000	18 500	19 000	18 500	24 750
MR	47,000	14 500	14 500	14 500	18 750

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



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



TANKERS

Crude

The VLCC market has seen little activity this summer and the past week has been more of the same. Charterers are cautious when entering the market as they are carefully drip-feeding the market with enquiry. With an ample position list bss MEG, the charterers have plenty of vessels to choose from for the time being as July fixing is coming towards an end. With a lot of roll-over tonnage and a rptd small export program in the Middle East, we expect the rates to move sideways for the nearest future. For suezmaxes the rates peaked last week for wafr/ukcm voyages. As the end month cargoes slowly disappeared the activity level decreased and a softer sentiment was seen. With little help from Med/Bsea and Caribs the rates have softened in the west, and as the market await the August program to kick in. This in combination with less delays gives more tonnage available for the current demand we are seeing in the market East of Suez has more activity but the rates here are moving sideways for the time being. Aframax Owners in the Baltic and North Sea were expecting rates to improve for the last decade of July. Especially with a busier Baltic program. However, as other surrounding markets offered very little support with earnings hovering around bottom level, Owners started to ballast towards a more promising North Sea and Baltic market. Inevitably, as Charterers suddenly had more available tonnage to choose from, rates came under downward pressure. At time of writing rates are at the lowest so far this year, and we don't expect rates to improve in the short term. Med and Bsea rates have continued to drop, and currently we are at ws85-87.5 levels. Cross Med activity is slow and the Bsea cargoes are being fixed very quietly. The gloomy market in the Caribs is making owners ballast over the Atlantic to capitalise on slightly better market. However, the tonnage list shows an abundance of prompt tonnage in the area and consequently this soft sentiment is not looking to change anytime soon.

Product

EAST OF SUEZ Rolling from last week the Lr2 market in the Middle east gulf is still at ws85 for Far east destinations and lump sum USD 1.8 mill for west Destination. Unfortunately for the Lr1's, without too much activity, charterers have been able to press the rate down to ws100 for east destination, a reduction of 5 points, and USD 1.5 mill for west destination. Activity is slow and we do not expect rates to change much coming week. Mr's, both in the Middle east gulf and in the far east have not had a very exciting week and rates remain unchanged from last week. WEST OF SUEZ The Lr2 market on the Continent and Mediterranean is very quiet and with no charterers looking to secure tonnage the positions list of prompt vessels are growing. Currently we assess the UKC/Jpn at around USD 1.7 mill, but this need to be tested. For the Lr1's trading in the Atlantic the activity is slow but owners have been able to keep the rate stable around ws65 mark for west Africa discharge. Mr's have been a little bit less fortunate and rates have slid towards the ws90 mark during the week but it now seems to have reached a turning point. Handies trading UKC are being paid around ws110 for their services down ws10 points since last week



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Activity level

Capesize	Panamax	Supramax
Stable	Firmer	Active

Rates	This week	Last week	Low 2016	High 2016
CAPESIZE (usd/day, usd/tonne)				
TCT Cont/Far East (180' dwt)	15 000	13 400	6 100	17 000
Tubarao / R.dam (Iron ore)	4.80	4.90	2.00	5.10
Richards Bay/R.dam	3.90	4.00	2.00	4.20
PANAMAX (usd/day, usd/tonne)				
Transatlantic RV	7 500	7 000	1 400	8 500
TCT Cont / F. East	11 500	11 250	5 000	11 500
TCT F. East / Cont	1 100	1 200	250.0	1 200
TCT F. East RV	6 500	6 000	1 925	6 500
Murmansk b.13-ARA 15/25,000 sc	6.00	5.65	3.60	6.00
SUPRAMAX (usd/day)				
Atlantic RV	8 250	8 000	2 510	8 250
Pacific RV	6 200	6 000	2 000	6 200
TCT Cont / F. East	1 100	9 500	1 100	11 000
1 YEAR T/C (usd/day)				
Capesize 180,000 dwt	8 000	7 850	5 000	8 550
Capesize 170,000 dwt	6 950	6 850	4 500	7 800
Panamax 75,000 dwt	6 000	5 750	4 250	6 000
Supramax 53,000 dwt	6 250	6 000	4 900	6 500
Baltic Dry Index (BDI):	711	694	n/a	n/a

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



DRY BULK

Capesize

As seasonally expected the activity level is slowing down. The west Australia to China market has been quiet, with only Rio Tinto of the major iron ore shippers present. The freight rates have been all flat at around USD 4.50 pmt which is equivalent to around USD 7500 on tct. The Brazil to China market also been fairly stable at low USD 9 pmt, but seems firming further with a few recently done tct fixtures at 15-16,000. The iron ore prices have seen a strong increase lately and this has triggered some expectations of higher activity level from the shippers and hence higher freight levels. The rise in iron ore prices being explained by the cut in Chinese domestic iron ore production and a low iron ore stockpile.

Panamax

The positive trend continues with firmer rates in Atlantic and fronthaul. More coal and iron ore orders this week. However the main driver seems to be grain out of USG and S.America. T/A rounds del cont paying mid 8 for good Kamsarmax or considerably more for special trades bss Cont/N Atlantic. Postpanamaxes closer to 8-9 K for short T/A rounds depending delivery. Fronthaul rates being covered in the mid/high 11K range and arnd 8's + 300 gbb from ECSA. Grain will be the main commodity upcoming weeks. Pacific more active. NoPac rounds being fixed in the low/mid 6K. Indo/China rounds in the 6K range. Aussie/India around mid 6K. Medium periods 4-7 months being fixed in the high 6K. One year should be around 5.9/6K.

Supramax

Yet another upturn, this time index rising 13 points up to 679 points. Average daily earnings for Supramax were up by 131 ending up with a value of USD 7099. BFA's seeing only positive changes, to illustrate this: Q3 5TC gains 155, ending up with the value of 6970 USD/day. There is positive sentiment in the Supramax rates within the Far East, especially in Southeast Asia mostly owing to decent coal business. With most of the requirements covered, the coal market could cool down in the following days however there is still positive development seen for the steel in North China. The period rates have risen well into the USD 6000 range.

Activity level

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

LPG Rates

* Excl. waiting time, if any

SPOT MARKET (usd/month)*	This week	Last week	Low 2016	High 2016
VLGC / 84,000	405 000	460 000	405 000	1 765 000
LGC / 60,000	425 000	480 000	425 000	1 500 000
MGC / 38,000	610 000	630 000	610 000	1 075 000
HDY / 22,000	610 000	630 000	610 000	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	165 000	165 000	190 000

LPG/FOB prices (usd/tonne)	Propane	Butane	ISO
FOB North Sea / ANSI	271.0	282.5	
Saudi Arabia / CP	295.0	310.0	
MT Belvieu (US Gulf)	260.5	290.5	317.0
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

There were quite a few VLGC spot fixtures in the East last week, and it was interesting to see that for a few of them the Charterer secured an option to sit the vessels for a few weeks floating. Needless to say, the owners were not difficult to grant such options that potentially extends employment although the daily "storage" rates were only in line with voyage returns, i.e. around USD 14,000/day. The charterers have some expectation that August pricing will strengthen over July, hence there is a profit potential in it with July B/L tons onboard reaching discharge port(s) in the East in August. The BLPG index has been in red for 3 weeks, but we find it hard to believe it will carry on dropping further despite the prevailing miserable trading allowances. By the end of June the VLGC fleet had increased by 32 vessels, and there are "only" 14 more to be delivered from builders in the 2nd half of 2016. The VLGC orderbook (50 confirmed) now stands at 21% of existing fleet, i.e. it is starting to look more healthy with deliveries fairly well distributed from now through 2020.



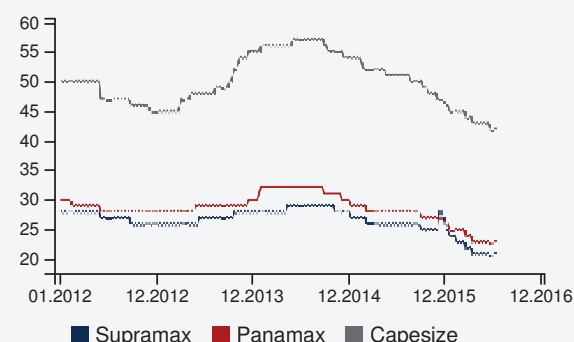
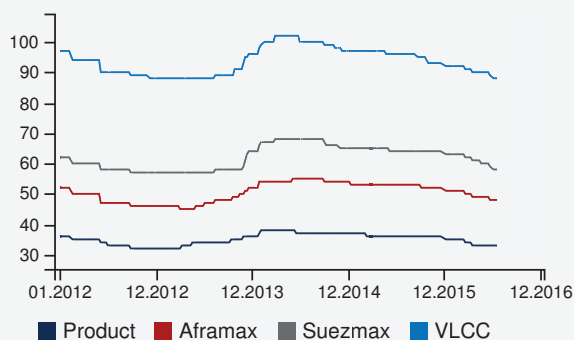
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Activity level

Tankers	Dry Bulk	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	104.8	100.7	100.7	118.6
USD/KRW	1 146	1 166	1 135	1 234
USD/NOK	8.40	8.45	8.08	8.96
EUR/USD	1.11	1.11	1.07	1.15

Interest rate

LIBOR USD 6 mnths	0.95	0.93	0.85	0.99
NIBOR NOK 6 mnths	1.16	1.14	1.05	1.23

Commodity prices

Brent spot (USD)	47.64	47.32	28.06	52.40
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Bunker prices

Singapore	380 CST	249.0	248.0	145.0	255.0
	180 CST	255.0	254.0	148.0	258.0
	Gasoil	420.0	435.0	265.0	460.0
Rotterdam	380 HSFO	234.0	232.0	107.0	236.0
	180 CST	263.0	262.0		263.0
	Diesel	410.0	410.0	245.0	452.0

NEWBUILDING

Tanker extravaganza this week with 9 vessels reported at Chinese and Japanese yards. Although no prices were reported, it was without a doubt at softening price levels. HNAs 4+4 VLCC order is rumored to be below 80 mill per vessel. Jinhai Heavy will deliver the ships in 2018.

NEWBUILDING CONTRACTS

Type	No	Size	Yard	Buyer	Del	Price	Comm
MT		113000 dwt	K-Line	Sasebo	2018-2019		
MT		310000 dwt	K-Line	Namura	2018		
MT		311000 dwt	K-Line	NACKS	2017-2018		
MT		300000 dwt	HNA	Jinhai	2018		

SALE AND PURCHASE TRANSACTIONS

Type	Vessel	Size	Built	Buyer	Price	Comm.
MT	MTM Westport	20 895	2000	Undisclosed	13,00	StSt
MT	Harbour Legend	10 048	2004	Undisclosed	5,50	
BC	Sea Pull	177 533	2006	Singaporean	13,80	
BC	Ocean Lord	82 134	2014	Anosis	18,00	
BC	Kaiyo	81 800	2003	Chinese	5,00	
BC	AMS Pegasus I	81 598	2012	Transmed	13,00	
BC	Nordweser	75 321	2001	Russian	4,30	
BC	Alpha Effort	72 844	1999	Chinese	3,50	
BC	Medi Zhoushan	63 800	2016	Danish	16,50	
BC	Alam Murni	53 553	2003	Bangladeshi	4,90	
BC	Ocean Crystal	37 156	2012	Japanese	13,00	
BC	CS Salina	32 355	2004	Greek	4,80	
BC	SH Grace	29 828	2006	Far Eastern	5,70	
BC	Shin Chuetsu	25 331	1998	Taiwanese	1,90	
BC	Arrow	9 370	1996	Egyptian	1,60	

DEMOLITIONS

Sold for demolition

Vessel name	Size	Ldt	Built	Buyer	Price
M/V Qinfu 10	69 416	12 335	1992	Chinese	Undisclosed
M/T Siteam Anja	44 640	11 018	1997	Turkish	Undisclosed
CONT Northern Endurance	33 838	10 882	2001	Indian	286
M/V Chalothorn Naree	27 079	6 040	1996	Indian	253