



Fearnleys Weekly Report

Activity level

| VLCC | Suezmax | Aframax | P.E. of Suez | P.W. of Suez |
|------|---------|---------|--------------|--------------|
| Firm | Soft | Soft | Soft | Soft |

| | Last week | Prev. week |
|-----------------------------------|-----------|------------|
| VLCCs fixed all areas last week: | 72 | 81 |
| VLCCs avail. in MEG next 30 days: | 98 | 112 |

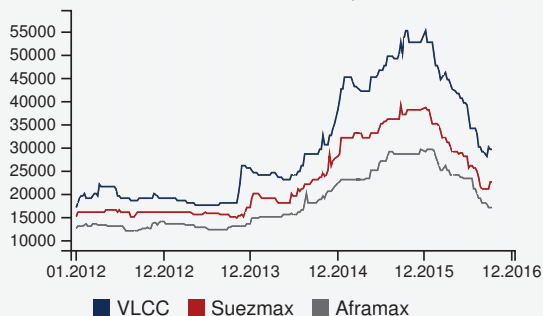
Rates

| DIRTY (Spot WS) | | This week | Last week | Low 2016 | High 2016 |
|-------------------|---------|-----------|-----------|----------|-----------|
| MEG / West | VLCC | 28.50 | 25.00 | 21.00 | 63.00 |
| MEG / Japan | VLCC | 51.00 | 38.00 | 32.00 | 111.5 |
| MEG / Singapore | VLCC | 52.00 | 39.00 | 33.00 | 113.5 |
| WAF / FEAST | 260,000 | 52.00 | 48.50 | 38.00 | 113.0 |
| WAF / USAC | 130,000 | 77.50 | 100.0 | 35.00 | 115.0 |
| Sidi Kerir / W Me | 135,000 | 85.00 | 110.0 | 42.50 | 135.0 |
| N. Afr / Euromed | 80,000 | 75.00 | 92.50 | 55.00 | 122.5 |
| UK / Cont | 80,000 | 100.0 | 115.0 | 75.00 | 125.0 |
| Caribs / USG | 70,000 | 75.00 | 80.00 | 75.00 | 145.0 |

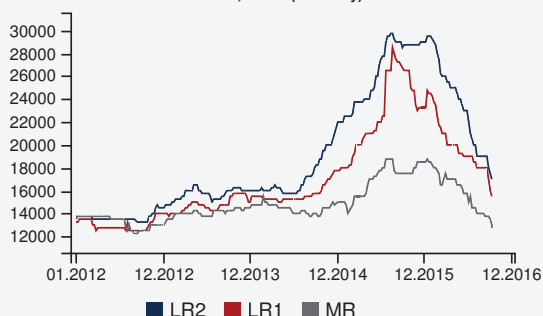
| CLEAN (Spot WS) | | This week | Last week | Low 2016 | High 2016 |
|-------------------|--------|-----------|-----------|----------|-----------|
| MEG / Japan | 75,000 | 55.00 | 55.00 | 55.00 | 160.0 |
| MEG / Japan | 55,000 | 75.00 | 80.00 | 75.00 | 150.0 |
| MEG / Japan | 30,000 | 92.00 | 100.0 | 92.00 | 135.0 |
| Singapore / Japan | 30,000 | 117.0 | 117.0 | 115.0 | 150.0 |
| Baltic T/A | 60,000 | 55.00 | 60.00 | 55.00 | 155.0 |
| UKC-Med / States | 37,000 | 70.00 | 80.00 | 70.00 | 152.5 |
| USG / UKC-Med | 38,000 | 55.00 | 67.00 | 50.00 | 125.0 |

| 1 YEAR T/C (usd/day) (theoretical) | | This week | Last week | Low 2016 | High 2016 |
|------------------------------------|----------|-----------|-----------|----------|-----------|
| VLCC | (modern) | 29 500 | 29 500 | 28 000 | 55 000 |
| Suezmax | (modern) | 22 500 | 22 500 | 21 000 | 38 500 |
| Aframax | (modern) | 17 000 | 17 000 | 17 000 | 29 500 |
| LR2 | 105,000 | 17 000 | 17 000 | 17 000 | 29 500 |
| LR1 | 80,000 | 15 500 | 15 500 | 15 500 | 24 750 |
| MR | 47,000 | 12 750 | 13 000 | 12 750 | 18 750 |

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



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



TANKERS

Crude

A markedly different last week for the VLCC's. after a couple of previous weeks with escalating rates for all major routes except ex Meg we saw volumes there increasing sharply. This has created a momentum which has been adding speed over the last week. Rates are therefore up sharply as tonnage for October is getting tighter. The general optimism therefore boosted among owners as fresh business continues to flow in. The earnings are however barely \$25k/day for Meg/East voyages. Wafr/East rates also a little up from last done but eyes are now firmly on BOT stem confirmations and increased activity Wafr/East as November dates in play. Suezmaxes saw TD20 peaking at ws 110, there was a sharp correction down as tonnage increased and owners resilience eroded. Charterers sat back for the early 3rd decade allowing rates to slide into the mid ws 80's. The Med and Black Sea started to see some activity with notable enquiry east, rates fell but not at the pace of West Africa due owners insisting east commands decent TCE returns to incentivise repositioning tonnage east for the winter months. The outlook is softer, enquiry has slowed considerably. The Med and Black sea will follow suit as sentiment further erodes and fundamentals dictate. Aframax Owners in the Nsea and Baltic managed to turn the market to their advantage and pushed rates up 30 points. This was mainly due to the Russian loading program ex Baltic being the longest since April. However, rates are again under downward pressure as more ballasters are coming into the area. The CPP market looking even less promising going forward, so LR2's are looking at dirty cargoes. Less activity and as such a longer tonnage list made it easier for Charterers to create competition. Petrogal received 11 offers and fixed W70 ex Sidi Kerir. At this stage, the only two things that can salvage this market would be the ongoing maintenance in Trieste combined with possible increased weather delays in Turkish straits.

Product

EAST OF SUEZ After weeks with a very slow market in the Middle east gulf we had hoped that we at least at some stage would be able to see the light in the end of the tunnel but time being there seems to be no end to the misery. LR2's and LR1's are still trading around ws 55/75 level respectively, which only gives earnings in the region of USD 3000 for LR2 and USD 6.000 for LR2's, this for eastward voyages. For cargoes going west the lumpsum rate has softened even further and is today paying USD 1.4 mill level for LR2's and USD 1,15 mill level for LR1's. also the Mr segment has started to feel the heat this week and rates for Far east discharge is today paying ws 92,5 compared to ws 100 last week. The benchmark voyage in the Far east, Singapore to Japan basis 30.000 is still paying ws 117,5 **WEST OF SUEZ** The downward spiral has unfortunately also continued in the Atlantic and the extra momentum gained after the Colonial pipeline incident is gone. Mr's trading trans-Atlantic have had to reduce the rate to ws70 level today to secure employment. The backhaul cargo from U.S. gulf is not helping either with rate dropping from ws 67,5 to today's ws 55 level. The sluggish market has also prevailed for the LR1's with a further reduction of ws5 points since last week to ws55 for a voyage from Continent to west Africa. No change either for the LR2's, rates are depressed and there are spot vessels both on the Continent and in the Mediterranean which has been spot for weeks and rates are obviously under pressure. Latest assessment from Mediterranean to Japan us USD 1,150 mill, down from USD 1,275 mill last week. Handies trading on the Continent have experienced a slight reduction in rates to ws105 level down from ws115 whilst owners trading in the Mediterranean still Fixing at ws 95 level.



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Activity level

| Capesize | Panamax | | Supramax | |
|--------------------------------------|------------|------------|------------|------------|
| Moderate | Slower | | Slow | |
| Rates | This week | Last week | Low 2016 | High 2016 |
| CAPESIZE (usd/day, usd/tonne) | | | | |
| TCT Cont/Far East (180' dwt) | 20 000 | 20 000 | 6 100 | 21 000 |
| Tubarao / R.dam (Iron ore) | 6.70 | 6.90 | 2.00 | 6.90 |
| Richards Bay/R.dam | 6.45 | 6.60 | 2.00 | 6.60 |
| PANAMAX (usd/day, usd/tonne) | | | | |
| Transatlantic RV | 5 000 | 5 600 | 1 400 | 8 500 |
| TCT Cont / F. East | 10 500 | 11 000 | 5 000 | 11 500 |
| TCT F. East / Cont | 1 000 | 1 150 | 250.0 | 1 200 |
| TCT F. East RV | 5 750 | 6 300 | 1 925 | 6 900 |
| Murmansk b.13-ARA 15/25,000 sc | 5.40 | 5.40 | 3.60 | 6.10 |
| SUPRAMAX (usd/day) | | | | |
| Atlantic RV | 7 000 | 7 000 | 2 510 | 10 000 |
| Pacific RV | 6 200 | 6 500 | 2 000 | 7 000 |
| TCT Cont / F. East | 10 000 | 11 000 | 1 100 | 11 000 |
| 1 YEAR T/C (usd/day) | | | | |
| Capesize 180,000 dwt | 9 800 | 10 000 | 5 000 | 10 250 |
| Capesize 170,000 dwt | 8 500 | 8 750 | 4 500 | 9 000 |
| Panamax 75,000 dwt | 5 800 | 6 000 | 4 250 | 6 200 |
| Supramax 53,000 dwt | 6 600 | 6 500 | 4 900 | 6 600 |
| Baltic Dry Index (BDI): | 869 | 912 | n/a | n/a |

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



Activity level

| COASTER | 15-23,000 cbm | | 82,000 cbm | |
|------------------------------|---------------|-----------|------------|-----------|
| Moderate | Moderate | | Low | |
| LPG Rates | | | | |
| * Excl. waiting time, if any | | | | |
| SPOT MARKET (usd/month)* | This week | Last week | Low 2016 | High 2016 |
| VLGC / 84,000 | 275 000 | 275 000 | 215 000 | 1 765 000 |
| LGC / 60,000 | 250 000 | 250 000 | 215 000 | 1 500 000 |
| MGC / 38,000 | 530 000 | 540 000 | 530 000 | 1 075 000 |
| HDY / 22,000 | 525 000 | 535 000 | 525 000 | 920 000 |
| ETH / 10,000 | 470 000 | 470 000 | 460 000 | 530 000 |
| SR / 6,500 | 400 000 | 400 000 | 400 000 | 460 000 |
| COASTER Asia | 145 000 | 145 000 | 142 500 | 155 000 |
| COASTER Europe | 130 000 | 135 000 | 130 000 | 190 000 |
| LPG/FOB prices (usd/tonne) | | Propane | Butane | ISO |
| FOB North Sea / ANSI | | 288.0 | 346.5 | |
| Saudi Arabia / CP | | 340.0 | 370.0 | |
| MT Belvieu (US Gulf) | | 288.5 | 328.4 | 376.0 |
| Sonatrach : Bethioua | | 305.0 | 360.0 | |
| LNG | | | | |
| SPOT MARKET (usd/day) | This week | Last week | Low 2016 | High 2016 |
| East of Suez 155-165'cbm | 35 000 | 35 000 | 29 000 | 36 000 |
| West of Suez 155-165'cbm | 39 000 | 40 000 | 29 000 | 41 000 |
| 1 yr TC 155-165'cbm | 32 000 | 32 000 | 29 000 | 35 000 |

DRY BULK

Capesize

The majors are in general inactive out of West Australia, but freight rates still improve slightly day by day on the c5 route. Ships in Pacific achieve just above USD 10,000 daily for a Brazil round voyage, and the c3 market is in general on the rise, improving from upper 11's in the start of the week to low/ mid 12's by the end of the week. In the Atlantic a shortage of ships in the short term has resulted in stronger rates. All in all a strong trend despite the holidays in China.

Panamax

Muted and slowly loosing steam in the Pacific with most people in that area on holidays this week. Levels gradually heading south leaving the 6.000 mark mid week in general. Nopac trading has been more active lately and now pays arnd 20 or tick less on voyage alt 6.000 bss del S Korea / Japan range. A bit more activity in the western hemisphere with some fresh requirements early week although less than expected from USG, and with the same tendency; slowly sliding. T/A rounds abt 5.000 on average. Some surprisingly strong fixtures reported from ECSA at 8+300 but volumes are low. Period activity also reduced from last week where LME's got 7.000 for short/medium. Most players waiting for next week for a new direction.

Supramax

Slower week with limited activity due to holidays in the East. Mixed feelings within different markets, with slight downturn in Pac round voyage rates ending up around low usd6k. Fronthaul rates slightly down with average usd10,342. Better rates have been seen from Black sea to Singapore-Japan range that is around low usd11k. Backhaul is encountering with a bit better rates in these days, supras being fixed around usd6,000 from Cont to ECSA. In fareast a 57,836mt was fixed for a trip via CIS to southeast Asia at \$6,500 daily. 55,675-dwt 2004-built saw mid usd8,000s bss delivery Abidjan for a short period redel ww. A 58,018-dwt was fixed basis del South Africa for a trip redelviery east coast India at usd12,500.

GAS

Chartering

Most likely East Asian holidays this week influenced/slowed down the VLGC market, but there are probably other factors as well making the week rather dull. The LPG price sentiment was rather volatile on the back of the strengthening of crude oil the last few days, but CFR prices may have stabilized now. The much hoped for arb improvement from the West to the East has not happened yet as the US Gulf FOB pricing has followed crude oil up and hence the room for freight did not improve at all. There were a couple of promptish MEG/East fixtures at USD 20/21 pmt, and there was a USG opts NEW or East fixture (November loading) all in all evidencing the rather static freight level. The Baltic VLGC index took a break from the slow, daily gains and actually ticked down for the first time in weeks yesterday. Nonetheless, we repeat what we said in previous weeks; the spot VLGC rates will remain hovering around the USD 20 mark in coming weeks. The saga of BW LPG's offer to purchase Aurora LPG continues and with the latest shareprice adjustments the transaction looks to be coming nearer to a conclusion within a few weeks. The 38th VLGC newbuilding of 2016 was delivered from builder last week which means there are "only" 7 left to join the fleet before the year end.



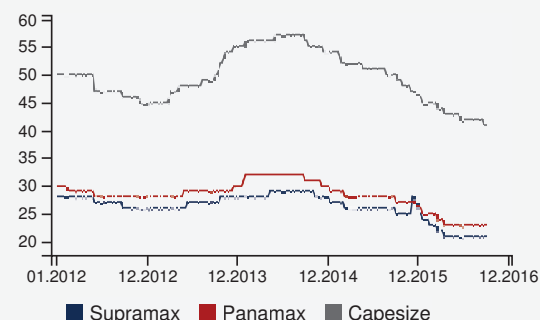
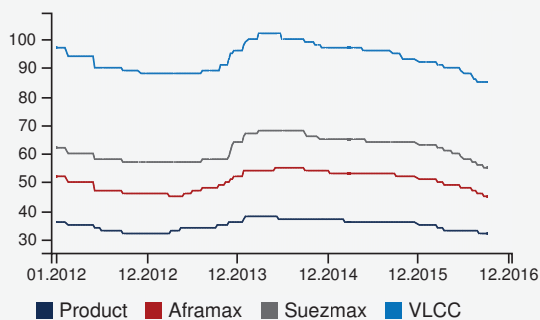
Fearnleys Weekly Report

Activity level

| Tankers | Dry Bulk | Others |
|---------|----------|--------|
| Low | Low | Low |

Prices

| Average Far Eastern Prices | | | | | |
|----------------------------|---------------|-----------|-----------|----------|-----------|
| PRICES (mill usd) | | This week | Last week | Low 2016 | High 2016 |
| VLCC | 300'dwt | 85.00 | 85.00 | 85.00 | 92.00 |
| Suezmax | 150'dwt | 55.00 | 55.00 | 55.00 | 63.00 |
| Aframax | 110'dwt | 45.00 | 45.00 | 45.00 | 51.00 |
| Product | 50'dwt | 32.00 | 32.00 | 32.00 | 35.00 |
| Capesize | 180'dwt | 41.00 | 41.00 | 41.00 | 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 - MEG | 186.0 | 186.0 | 186.0 | 203.0 |



Market brief

| | This week | Last week | Low 2016 | High 2016 |
|-------------------------|-----------|-----------|----------|-----------|
| Rate of exchange | | | | |
| USD/JPY | 103.4 | 100.6 | 100.4 | 118.6 |
| USD/KRW | 1 113 | 1 096 | 1 090 | 1 234 |
| USD/NOK | 8.03 | 8.10 | 8.03 | 8.96 |
| EUR/USD | 1.12 | 1.12 | 1.07 | 1.15 |

Interest rate

| | | | | |
|------------------|------|------|------|------|
| LIBOR USD 6 mths | 1.25 | 1.24 | 0.85 | 1.26 |
| NIBOR NOK 6 mths | 1.30 | 1.32 | 1.05 | 1.32 |

Commodity prices

| | | | | |
|------------------|-------|-------|-------|-------|
| Brent spot (USD) | 52.00 | 46.60 | 28.06 | 52.40 |
|------------------|-------|-------|-------|-------|

Bunker prices

| | | | | | |
|-----------|----------|-------|-------|-------|-------|
| Singapore | 380 CST | 269.0 | 257.0 | 145.0 | 269.0 |
| | 180 CST | 283.0 | 268.0 | 148.0 | 283.0 |
| | Gasoil | 446.0 | 420.0 | 265.0 | 460.0 |
| Rotterdam | 380 HSFO | 258.0 | 247.0 | 107.0 | 258.0 |
| | 180 CST | 285.0 | 273.0 | 107.0 | 285.0 |
| | Diesel | 448.0 | 408.0 | 245.0 | 452.0 |

NEWBUILDING

Two LNGCs reported over the last week at Samsung Heavy. The buyer is believed to be GasLog, however, not confirmed. The reported price at KRW 420bn is equivalent to USD 188-189mill per vessel, which is fully in line with our expectations for Korean LNGCs.

NEWBUILDING CONTRACTS

| Type | No | Size | Yard | Buyer | Del | Price | Comm |
|------|----|-----------|------|--------|------|-------|------|
| LNG | 2 | 180000cbm | SHI | Gaslog | 2019 | 188.9 | |

SALE AND PURCHASE TRANSACTIONS

| Type | Vessel | Size | Built | Buyer | Price | Comm. |
|------|--------------------|---------|-------|------------------|-------------|--|
| MT | Nassau Energy | 107 181 | 1998 | Karadeniz | 11,80 | |
| MT | Lion City River | 105 865 | 2007 | Zodiac Maritime | 21,00 | |
| MT | Skazochnyj Most | 47 314 | 1998 | Undisclosed | 5,50 | Survey Overdue |
| MT | Navig8 Turmaline | 49 000 | 2016 | Ocean Yield | Undisclosed | BB to Navig8 |
| MT | Nave Constellation | 45 000 | 2012 | | 35,00 | 12-yr BB to Navig8 incl. Purchase option |
| MT | Nave Universe | 45 000 | 2012 | | 35,00 | 12-yr BB to Navig8 incl. Purchase option |
| MT | British Explorer | 37 321 | 2003 | Soechi Lines | 10,80 | Sub inspection |
| MT | British Esteem | 37 220 | 2003 | | 10,80 | Sub inspection |
| BC | Aquarius Dream | 181 387 | 2014 | Winning Shipping | 28,00 | |
| BC | Coral Dream | 180 200 | 2013 | Sinokor | 28,00 | |
| BC | Voge Master | 174 093 | 2006 | Kassian | 11,70 | |
| BC | Nord Navigator | 82 672 | 2008 | BW Maritime | 10,80 | |
| BC | Jin Rui | 76 583 | 2009 | European | 10,60 | |
| BC | Jin Chao | 75 000 | 2011 | Fundador Naviera | 12,80 | |
| BC | Ocean Crystal | 73 688 | 1999 | Undisclosed | 3,80 | |
| BC | Kavita Naree | 64 000 | 2016 | Celsius Shipping | 16,50 | |
| BC | Karuna Naree | 64 000 | 2016 | | 16,50 | |
| BC | Bao Fortune | 63 800 | 2016 | Eagle Bulk | 18,20 | |
| BC | Sainty Victory | 63 326 | 2014 | Celsius Shipping | 12,50 | |
| BC | Sainty Valiant | 63 308 | 2014 | | 12,50 | |
| BC | Ocean paradise | 58 701 | 2007 | SR Shipping | 9,30 | |
| BC | Sunbay | 57 000 | 2008 | Singaporean | 5,80 | |
| BC | Nordic Stade | 56 808 | 2011 | Undisclosed | 7,80 | |
| BC | Nordic Buxtehude | 56 755 | 2010 | | 7,20 | |
| BC | Rachel | 52 481 | 2006 | Maghna Group | 8,20 | |
| BC | Karsiyaka | 45 759 | 1999 | Gulf of Aden | 3,10 | |
| BC | Genco Pioneer | 29 952 | 1999 | Undisclosed | xs 5 | |
| BC | Genco Sugar | 29 952 | 1998 | | | |
| BC | Marbioko | 29 720 | 2010 | Navibulgar | Undisclosed | |
| BC | Marbacan | 29 618 | 2010 | | | |

DEMOLITIONS

Sold for demolition

| Vessel name | Size | Ldt | Built | Buyer | Price |
|----------------------|--------|--------|-------|-----------|-------|
| CONT Mare Atlanticum | 52 248 | 16 108 | 2000 | Indian | 301 |
| CONT Apulia | 35 741 | 12 850 | 2005 | Indian | 315 |
| CONT Michaela S | 33 976 | 10 550 | 1997 | Indian | 308 |
| MT Zeta | 45 550 | 8 230 | 1988 | Pakistani | 292 |
| MV Power Ranger | 45 946 | 8 300 | 1996 | Indian | 302 |
| MV Sea Amore | 19 505 | 4 375 | 1984 | Indian | 277 |