Fearnleys Weekly Report

Activity level

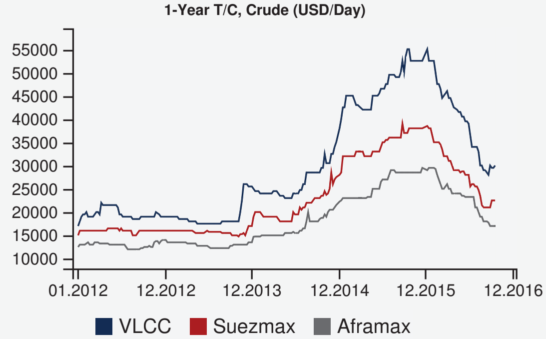
VLCC	Suezmax	Aframax	P.E. of Suez	P.W. of Suez
Firm	Soft	Mixed	-	-

	Last week	Prev.week
VLCCs fixed all areas last week:	62	72
VLCCs avail. in MEG next 30 days:	83	98

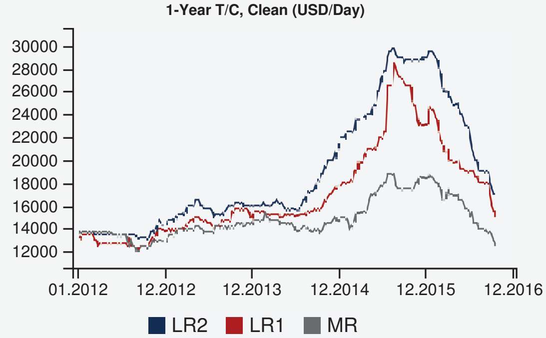
Rates

DIRTY (Spot WS)		This week	Last week	Low 2016	High 2016
MEG / West	VLCC	38.00	28.50	21.00	63.00
MEG / Japan	VLCC	65.00	51.00	32.00	111.5
MEG / Singapore	VLCC	66.00	52.00	33.00	113.5
WAF / FEAST	260,000	67.00	52.00	38.00	113.0
WAF / USAC	130,000	72.00	77.50	35.00	115.0
Sidi Kerir / W Me	135,000	77.00	85.00	42.50	135.0
N. Afr / Euromed	80,000	62.50	75.00	55.00	122.5
UK / Cont	80,000	90.00	100.0	75.00	125.0
Caribs / USG	70,000	95.00	75.00	75.00	145.0
CLEAN (Spot WS)		**This week**	**Last week**	**Low 2016**	**High 2016**
MEG / Japan	75,000	60.00	55.00	55.00	160.0
MEG / Japan	55,000	80.00	75.00	75.00	150.0
MEG / Japan	30,000	92.50	92.00	92.00	135.0
Singapore / Japan	30,000	115.0	117.0	115.0	150.0
Baltic T/A	60,000	62.50	55.00	55.00	155.0
UKC-Med / States	37,000	75.00	70.00	70.00	152.5
USG / UKC-Med	38,000	50.00	55.00	50.00	125.0
1 YEAR T/C (usd/day) (theoretical)		**This week**	**Last week**	**Low 2016**	**High 2016**
VLCC	(modern)	30 000	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	15 000	15 500	15 000	24 750
MR	47,000	12 500	12 750	12 500	18 750

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



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



TANKERS

Crude

A brisk week for the VLCCs with high activity all around and rates shooting up for all the major VLCC routes. This has been the tune now for a couple of weeks with high volumes resulting a sharply thinning tonnage list in all areas. Owners obviously sharpening their pencils and have steadily increased their ideas. Some have, for the lack of modern alternatives, tried to go the ‘older-route’, but owners of those suddenly feel very sought after and pushing rate ideas up. Earnings therefore approaching $40’k/day for Meg and Wafr/East and aspirations remain high as the November program in the Meg about to start in earnest. Suezmaxes held ground with Td20 at ws80/ws 82.5 levels for the latter part of last week partly due to the emergence of injection barrels around mid month dates, while market natural dates had moved onto the 3rd decade. A number of fixtures failed on Friday leaving half a dozen owners with prompt tonnage and no fresh cargoes. The early part of this week saw Charterers sit back and apply pressure causing rates to drop for TD20 to ws75. The Med and Black Sea have seen limited activity which has contributed to a softer trend. Looking forward the market will continue to soften in the short term. North Sea and Baltic was once again set under pressure and dropped to 100 @ Ws70 for Baltic and 80 @ Ws90 for Cross North sea. The third decade program for Primorsk and Ust Luga are extremely packed, and with a bit of activity on Fuel and cross north sea, this market should move upwards for fixing end/early laycans. In the Med and Bsea the market dropped to a new low this week. The tonnage list is very long, and the amount of prompt vessels are making it a bit too easy for the charterers. That being said, we do believe that 80 @ ws62.5 will be the bottom for the rest of the week, as we are closing in on break-even numbers.

Product

EAST OF SUEZ Finally it seems like rates in the Middle East Gulf are about to reach a turning point, not that there was much further downside, but rates have increased slightly. Both LR2’s and LR1’s have been able to get charterers to pay an extra ws5 points extra for their services. But it must be said that even with this slight increase owners are still only making about USD 4.000 per day for LR2’s and abut USD 6.000 for LR1’s. Westward voyages are more or less unchanged around lumpsum USD 1,450 mill for LR2’s and USD 1,275 mill for LR1’s. The MR market is steady and flat around the ws92,5 mark for Japan discharge. In the Far East the market has also been slow and we have not seen any changes in rates being paid so the benchmark voyage from Singapore to Japan basis 30.000 is still fixed at ws 115 mark. WEST OF SUEZ Not much change in earnings for the MR’s trading trans-Atlantic this week. Owners have fortunately been able to improve the rate from Continent to the States with ws 5 point but unfortunately the backhaul cargo from U.S gulf have dropped ws5 points, so daily earnings still unchanged around USD 6.000 per day. The ws rate is ws75/50 respectively. The LR1’s have had some activity to work with on the Continent and owner have been able to increase the rate to ws62,5 level, up from ws55, this for west Africa discharge. Still very quiet for the LR2’s both on the Continent and in the Mediterranean with spot tonnage waiting for opportunities in both areas. The benchmark voyage from Mediterranean to Japan is still quoted around lumpsum USD 1,2 mill mark. Rates for Handies trading on the Continent and in the Mediterranean are unchanged from last week at around ws105 and ws100 respectively

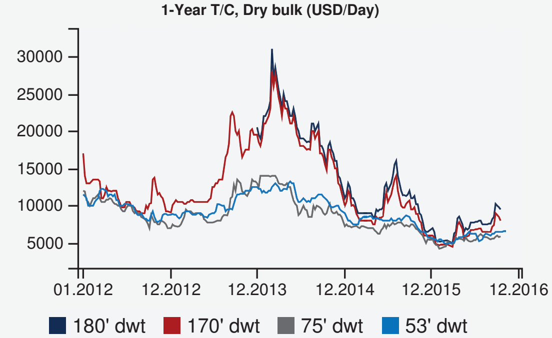
Fearnleys Weekly Report

Activity level

Capesize	Panamax	Supramax
Slower	Increasing	Stable

Rates	This week	Last week	Low 2016	High 2016
CAPESIZE (usd/day, usd/tonne)				
TCT Cont/Far East (180' dwt)	21 000	20 000	6 100	21 000
Tubarao / R.dam (Iron ore)	7.30	6.70	2.00	7.30
Richards Bay/R.dam	6.80	6.45	2.00	6.80
PANAMAX (usd/day, usd/tonne)				
Transatlantic RV	6 000	5 000	1 400	8 500
TCT Cont / F. East	11 000	10 500	5 000	11 500
TCT F. East / Cont	1 200	1 000	250.0	1 200
TCT F. East RV	6 400	5 750	1 925	6 900
Murmansk b.13-ARA 15/25,000 sc	5.55	5.40	3.60	6.10
SUPRAMAX (usd/day)				
Atlantic RV	7 000	7 000	2 510	10 000
Pacific RV	6 100	6 200	2 000	7 000
TCT Cont / F. East	10 000	10 000	1 100	11 000
1 YEAR T/C (usd/day)				
Capesize 180,000 dwt	9 500	9 800	5 000	10 250
Capesize 170,000 dwt	8 000	8 500	4 500	9 000
Panamax 75,000 dwt	5 900	5 800	4 250	6 200
Supramax 53,000 dwt	6 600	6 600	4 900	6 600
Baltic Dry Index (BDI):	**906**	**869**	**n/a**	**n/a**

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



DRY BULK

Capesize

Great expectations for this week as China returning from their 1 week holiday. The week started active with plenty of fixing, however the rates was going down and not up as the market hoped for. It seemed that many Chinese owners had some overhang of tonnage from the holidays which they needed to fix. The rest of the week have continued with low activity and slowly sliding rates. Brazil market have been quiet and west Australia not too active as normal. Fronthaul rates still at a healthy USD 20k level and the pacific round voyage level is at arnd usd 13k level.

Panamax

The return of the Chinese after last week holidays brought the market back to life in both hemispheres. Higher bunker prices also giving a positive contribution to freight levels on voyage. The Atlantic is moving up on a fair flow of fresh requirements with owners now able to secure closer to 6.000 on T/C and about 11.000 on fhaul. Shorter duration pays up and seems more fine tuned on the Cont/ N Atlantic. USG activity is stable with best fixtures reported at 11 +300. Nopac and Pacific activity has also improved with good units able to secure above 6K in general. Despite the improved spot market the forward curve is not moving much, and as we are already well into Q4 period interest is mixed and abit limited.

Supramax

Wait and see attitude prevailing all over the market. There has been several fresh cargoes, which have been efficiently covered by existing tonnage out there. Smaxes with delivery Singapore are settling around high 6k's for coal trips to China via Indo, while same size vessels delivered in N.China is achieving around 6k for trips to Seasia. In the period market Ultras delivered Far East is getting low/mid 7k's for short period and Supras seeing around low/mid 6k's for same. On the continent supras were asking for trips down to ECSA between usd 6250 and 7000 daily depending on delivery. Smxes with del US Gulf are seeing around 8k for trips to Skaw-Passero and close to 9k to East Med.

Activity level

COASTER	15-23,000 cbm	82,000 cbm
Moderate	Increasing	Active

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	530 000	530 000	1 075 000
HDY / 22,000	525 000	525 000	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	130 000	130 000	190 000

LPG/FOB prices (usd/tonne)	Propane	Butane	ISO
FOB North Sea / ANSI	297.0	355.5	
Saudi Arabia / CP	340.0	370.0	
MT Belvieu (US Gulf)	300.9	342.6	431.8
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	34 000	35 000	29 000	36 000
West of Suez 155-165'cbm	39 000	39 000	29 000	41 000
1 yr TC 155-165'cbm	32 000	32 000	29 000	35 000

GAS

Chartering

The activity picked up quite a bit in the VLGC market over the week. And with the increased activity and subsequent reduction of tonnage length the rates started ticking up at a modestly faster pace. It was active both in the East/MEG and in the West/USG and West Africa and the rates improved a little everywhere. However, the bunker prices went up as well tailing the stronger crude oil and at the end of the day net returns to the owners stayed more or less at the same as last week i.e. around USD 9,000 per day. A couple of weeks into October the Baltic average stands just above the USD 21 mark after the index has gained some 5% since the beginning of the month, but we do not expect more than modest adjustments upwards at best over the nearest few weeks. The reason is obviously no shortage of vessels combined with the continued narrow spreads where the USG LPG fob prices seem to increase just as much as the CFR prices in Asia do. One more VLGC has been sold for demolition, this time a 1989 MHI built 78,000 CBM, to Indian breakers for delivery later this months. The steel price quotes an indicative sales value of USD 4.4 million – we consider this 25/30% less than what the seller could have hoped for in the event he had found a willing buyer for onwards trading.

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October 12. 2016

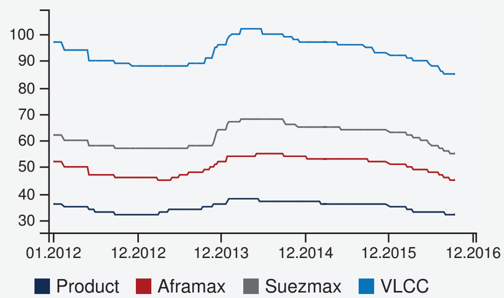
Activity level

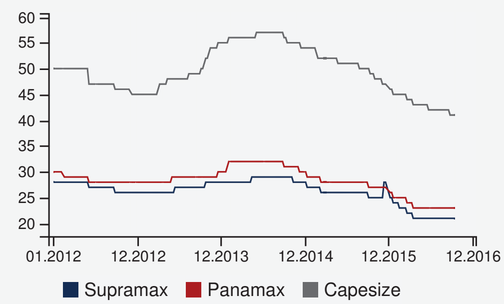
Tankers	Dry Bulkers	Others
Active	Low	Low

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 - MEGI	186.0	186.0	186.0	203.0





Market brief

		This week	Last week	Low 2016	High 2016
Rate of exchange					
USD/JPY		104.4	103.4	100.4	118.6
USD/KRW		1 123	1 113	1 090	1 234
USD/NOK		8.23	8.03	8.03	8.96
EUR/USD		1.10	1.12	1.07	1.15
Interest rate					
LIBOR USD 6 mnths		1.26	1.25	0.85	1.26
NIBOR NOK 6 mnths		1.28	1.30	1.05	1.32
Commodity prices					
Brent spot (USD)		52.00	52.00	28.06	52.40
Bunker prices					
Singapore	380 CST	284.0	269.0	145.0	284.0
	180 CST	293.0	283.0	148.0	293.0
	Gasoil	467.0	446.0	265.0	467.0
Rotterdam	380 HSFO	269.0	258.0	107.0	269.0
	180 CST	297.0	285.0		297.0
	Diesel	452.0	448.0	245.0	452.0

NEWBUILDING

Samsung took four tanker newbuilding orders from Norwegian owner Viken Shipping at a reported en bloc price of USD 214 mill, 2 of which are Suezmaz and two Aframax. This came just after Euronav placed an order of two Suezmax tankers at HHI with delivery in 2018. The 1C ice classed vessels are believed to be priced at abt USD 58-59 mill a piece.

NEWBUILDING CONTRACTS

Type	No	Size	Yard	Buyer	Del	Price	Comm
MT	2	160000dwt	HHI	Euronav	2018		
MT	2	160000dwt	SHI	Viken	2018		
MT	2	115000dwt	SHI	Viken	2018		

SALE AND PURCHASE TRANSACTIONS

Type	Vessel	Size	Built	Buyer	Price	Comm.
MT	Classy Victoria	74 993	2007	Undisclosed	18,00	Purchase option
MT	Marlin Azurite	49 999	2016	Chinese Bank of communications	undisclosed	Sale leaseback
MT	Marlin Ammolite	49 999	2016			
MT	Marlin Aquamarine	49 999	2016			
MT	Marlin Aventurine	49 999	2016			
MT	Marlin Apaptite	49 999	2016			
MT	Stena Image	49 719	2015	Japanese	37,50	Incl. 8 yrs BBB plus purchase
MT	Challenge Prelude	48 555	2006	Island Navigation	Undisclosed	incl. Charter back to sellers
MT	Hugli Spirit	46 889	2005	Champion	13,20	
MT	Thames	7 000	2011	Undisclosed	4,00	At auction
BC	Sampaguita	179 778	2013	Chellaram Shipping	28,00	
BC	UBC Onsan	118 000	2011	Oldendorff	Undiclosed	
BC	UBC Ohio	118 000	2011			
BC	Ten Maru	82 687	2008	Songa	11,30	
BC	United Serenity	82 533	2009	EBE NV	12,00	
BC	Pedhoulas Cedrus	81 600	2016	Alassia	24,50	
BC	Kypros Victory	77 024	2016		21,50	
BC	Cemtex Sincerity	80 531	1999	Taiwanese	3,80	
BC	Godavari	74 456	2007	Greek	6,30	
BC	Ultra Omega	63 118	2015	Norwegian	18,00	On subs
BC	Fantasy Star	56 029	2005	SR Shipping	8,00	
BC	New Spirit	48 183	2002	Far Eastern	4,90	Basis survey passed
BC	Dubai faith	45 681	1996	Indonesian	2,10	
BC	C. Friend	45 675	1996	Undisclosed	2,60	
BC	Quingshan QS43500-10	43 500	2017	Sucden	Undisclosed	
BC	Boreas Venture	43 500	2016			
BC	Eurus Venture	43 500	2016			
BC	Quingshan QS43500-9	43 500	2016			
BC	Apellis	33 261	2010	Greek	Undisclosed	At Auction

DEMOLITIONS

Sold for demolition

Vessel name	Size	Ldt	Built	Buyer	Price
CONT APL Cyprine	64 157	22 614	1997	Indian	281
CONT Bonny	35 976	12 655	2001	Indian	306
MV Gaspar	73 390	10 673	1997	Indian	308
MV NPS Orana	44 849	9 094	1991	Indian	299
GC King Fortune	22 800	8 779	1987	Undisclosed	296
MT Prudent	47 076	8 768	1991	Pakistani	307
MV New Horizon	38 468		1992	Bangladeshi	289