January 25. 2017

Fearnleys Weekly Report

Activity level

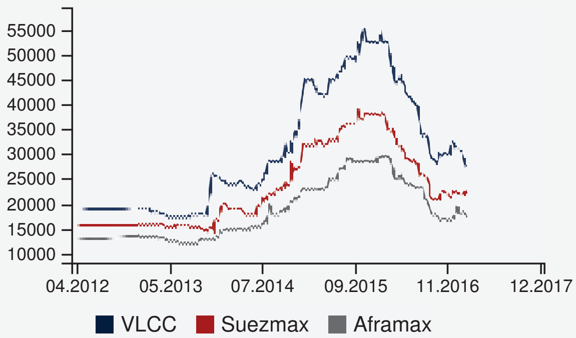
VLCC	Suezmax	Aframax	P.E. of Suez	P.W. of Suez
Slower	Slower	Mixed	Soft	Soft

	Last week	Prev.week
VLCCs fixed all areas last week:	58	57
VLCCs avail. in MEG next 30 days:	115	102

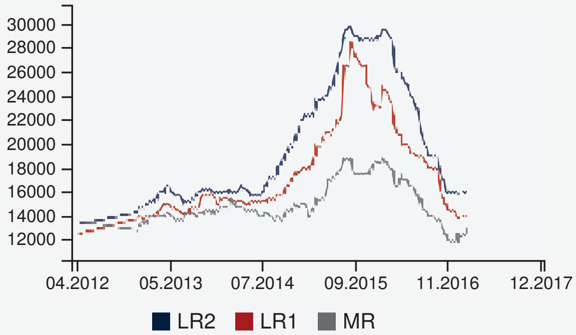
Rates

DIRTY (Spot WS)		**This week**	**Last week**	**Low 2017**	**High 2017**
MEG / West	VLCC	48.00	50.00	48.00	60.00
MEG / Japan	VLCC	82.00	90.00	82.00	96.50
MEG / Singapore	VLCC	83.00	90.00	83.00	96.00
WAF / FEAST	260,000	77.50	83.00	77.50	97.50
WAF / USAC	130,000	85.00	95.00	85.00	117.5
Sidi Kerir / W Me	135,000	92.50	105.0	92.50	117.5
N. Afr / Euromed	80,000	137.5	170.0	117.5	190.0
UK / Cont	80,000	100.0	95.00	95.00	100.0
Caribs / USG	70,000	165.0	160.0	140.0	215.0
CLEAN (Spot WS)		**This week**	**Last week**	**Low 2017**	**High 2017**
MEG / Japan	75,000	85.00	115.0	85.00	155.0
MEG / Japan	55,000	110.0	115.0	110.0	150.0
MEG / Japan	30,000	160.0	165.0	160.0	167.5
Singapore / Japan	30,000	170.0	172.5	170.0	180.0
Baltic T/A	60,000	130.0	145.0	130.0	150.0
UKC-Med / States	37,000	155.0	155.0	155.0	200.0
USG / UKC-Med	38,000	94.00	120.0	94.00	127.5
1 YEAR T/C (usd/day) (theoretical)		**This week**	**Last week**	**Low 2017**	**High 2017**
VLCC	(modern)	27 500	27 500	27 500	30 000
Suezmax	(modern)	22 000	22 800	22 000	22 800
Aframax	(modern)	17 250	18 000	17 250	18 500
LR2	105,000	16 000	16 000	16 000	16 000
LR1	80,000	14 000	14 000	14 000	14 000
MR	47,000	12 500	13 000	12 500	13 000

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



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



TANKERS

Crude

VLCC The general activity for VLCCs is up. Ships being hovered up under respective Coa's 'en-masse' in the MEG with dates stretching towards the end of Feb. Already some 65 deals concluded in the MEG prior to the upcoming holidays. NB's continue to add pressure on rates MEG/East pulling the older ladies with them. Modern tonnage also have Wafr/East to play with and trying to hold back. Rates though under heavy pressure throughout and softening. Suezmax Last week saw sporadic activity in the Suezmax sector. In West Africa, Charterers looked to cover the balance of the first decade of February and drive rates downwards to sub ws90 for TD20, with second decade cargoes slow to show their hand there were slim pickings for owners. Towards the latter part of the week, vessels were however cherry picked off market and owners began to sense that the list was starting to tighten. A patient stance seems to have been adopted by Charterers who are refusing to accept owners' demands for higher rates. Steady enquiry ex Libya is keeping the med ticking over but the Black Sea action has currently paused. The market has potential to firm this week it's a case of who blinks first in the current stand-off. Aframax Nsea and Baltic rates stayed unchanged at bottom levels throughout last week and at the beginning of this. Owners are putting up some resistance for early February cross Nsea cargoes and trying their best to push levels up from last done. For the time being it looks like there are enough oil-company relets around to maintain the current market balance. If we will see any upswing in rates really depends on how big the February Baltic program will be. In the Med and Bsea there are more available tonnage than in a long time, and all the arrows are pointing in the same direction – downwards. However, the seasonal winter weather and Owners persistence have kept the rates at mid ws100. Going forward, if we do not see anything extraordinary, it is almost inevitable for rates not to drop further as the tonnage list is getting longer due to lack of activity.

Product

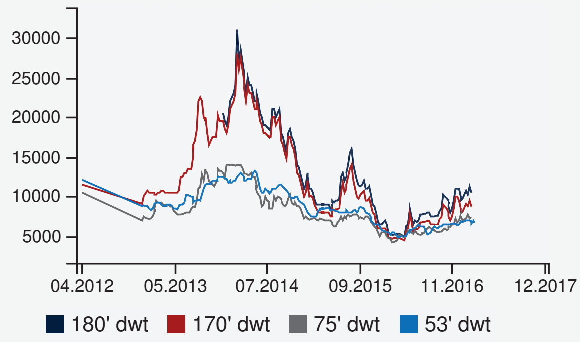
EAST It has been yet another painful week for LR2s trading in the Middle East Gulf. With less cargoes quoted last week the downward spiral have continued and the rate today for east destination is ws85, down from ws115 last week. Fyg, this is close to the lowest rate we have recorded and gives owners a daily earning of about USD 5k per day. The voyage going westwards for LR2 have only dropped by some USD 50k to USD 1,700 mill this week. LR1s have also experienced a decline in rates but have been able to reduce the downturn to about 5 ws points, from ws115 to ws110. MRs fixing from WC India to Japan are today fixing at ws160 level, which is only ws5 point less than last week. Obviously, the downside is limited since rate are low but we do not see much to change current levels coming week. The market in the Far East has also been week this last week with the short haul voyage from South Korea to Japan today paying USD 290k, which is USD 10k less than last week, and the standard voyage from Singapore to Japan basis 38k mtons is more or less unchanged at around ws170 level. WEST It has been difficult for owners in the Atlantic to maintain last week's rates, but rates have not fallen as drastic as in the Far East. The standard MR voyage to the States are more or less unchanged around the ws155 mark, but unfortunately the back haul cargo from US Gulf has dropped to ws95 level, down from ws120. This has reduced the daily earnings for the combination from USD 15k per day to USD 12k per day. LR1 cargoes from the Continent to West Africa did last week pay ws145 but have unfortunately dropped to ws132.5 level today. Slightly more activity for the LR2s, but with ample tonnage around rates have come under pressure and the standard voyage from Mediterranean to Japan is today paying USD 1,930 mill, down from USD 2.0 mill. Handies trading in the Med have had an uneventful week and rates are still in the 155/160 region. On the Continent owners have been a little bit more lucky with rates which have improved from 165 level to ws177.5 level today.

Activity level

Capesize	Panamax	Supramax
Slow	Slower	Slow

Rates	This week	Last week	Low 2017	High 2017
CAPESIZE (usd/day, usd/tonne)				
TCT Cont/Far East (180' dwt)	19 200	21 750	17 750	21 750
Tubarao / R.dam (Iron ore)	7.50	8.00	7.10	8.00
Richards Bay/R.dam	6.90	7.25	6.75	7.25
PANAMAX (usd/day, usd/tonne)				
Transatlantic RV	9 500	10 000	7 000	11 000
TCT Cont / F. East	13 000	13 500	13 000	14 500
TCT F. East / Cont	2 500	2 750	2 500	3 000
TCT F. East RV	5 500	5 500	5 000	6 000
Murmansk b.13-ARA 15/25,000 sc	6.72	6.85	6.05	7.00
SUPRAMAX (usd/day)				
Atlantic RV	11 000	11 000	11 000	12 000
Pacific RV	4 000	4 500	4 000	5 500
TCT Cont / F. East	12 500	13 000	12 500	14 000
1 YEAR T/C (usd/day)				
Capesize 180,000 dwt	10 500	11 250	10 250	11 250
Capesize 170,000 dwt	8 750	9 500	8 750	9 500
Panamax 75,000 dwt	7 400	7 250	7 250	7 750
Supramax 53,000 dwt	6 800	6 800	6 600	6 900
Baltic Dry Index (BDI):	**862**	**952**	**n/a**	**n/a**

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



DRY BULK

Capesize

Capesize market have slowed down this week as the Chinese New Year holidays are approaching. Activity been very slow with Rio Tinto being the only west Australian miner with cargoes out of west Aussie this week. The rates have therefore dropped from high USD 5 pmt close to USD 5 pmt mark. Brazil market are also very quiet, and rates dropped to the USD 12 pmt level. However, the period rates remain strong, with vessels being fixed at close to USD 11,500 for a one-year period. Hence, there is more of a cautious optimistic view on this year, though next week is expected to be very slow with China off on holidays.

Panamax

Although the Chinese Lunar New Year only starts this Friday, it has already been quiet in the Far East the whole week. Volumes are low, with Nopac and Australia r/v just holding onto the USD 6k mark. The Atlantic seems fine-tuned with some tight pockets, including breach and ice requirements. Owise, tonnage list is growing and less requirements appear. 10k for a T/A may or may not be there anymore. ECSA grains 1st half Feb is active. However, rates have softened to low USD 9k's plus low USD 400k's GBB basis APS on Kmax. Period interest is mixed, supported by an improving forward curve, where LME secure low USD 7k's for 1-year and ECO Kmax to do 1k more. It could certainly be a silent week coming, before a new push?

Supramax

Forthcoming Chinese holidays have ruled the week with little activity and few fixtures emerged both in the Atlantic and Pacific. All Supra routes have been weakening, although USG have stood out with some fronthaul fixtures around 19-22k daily for trips to China. For trips from USG to Cont rates have seen 16k. Supras bss del Arag redel USG encountered 5-6k. Little has been concluded in the Pacific and believe next week will be even slower due to holidays. However, ECI trips to China is paying around mid/high 5k while same trips from WCI are closer to high 8k. Indo/China coal rounds are getting fixed at around 4k bss Singapore. N. China to MEG is paying owners around 3/mid 3k and N. China to SE Asia around high 2k.

Activity level

COASTER	15-23,000 cbm	82,000 cbm
Stable	Moderate	Slower

LPG Rates

* Excl. waiting time, if any

SPOT MARKET (usd/month)*	This week	Last week	Low 2017	High 2017
VLGC / 84,000	670 000	645 000	435 000	670 000
LGC / 60,000	500 000	450 000	385 000	500 000
MGC / 38,000	540 000	545 000	540 000	550 000
HDY / 22,000	545 000	545 000	545 000	550 000
ETH / 10,000	540 000	540 000	520 000	540 000
SR / 6,500	430 000	430 000	420 000	430 000
COASTER Asia	190 000	190 000	190 000	190 000
COASTER Europe	125 000	125 000	110 000	125 000

LPG/FOB prices (usd/tonne)	Propane	Butane	ISO
FOB North Sea / ANSI	386.5	404.5	
Saudi Arabia / CP	435.0	495.0	
MT Belvieu (US Gulf)	393.4	496.0	500.6
Sonatrach : Bethioua	400.0	430.0	

LNG

SPOT MARKET (usd/day)	This week	Last week	Low 2017	High 2017
East of Suez 155-165'cbm	35 000	36 000	35 000	38 000
West of Suez 155-165'cbm	52 000	52 000	52 000	52 000
1 yr TC 155-165'cbm	35 000	35 000	34 000	35 000

GAS

Chartering

The activity in the VLGC market has gradually come off over the week, and the last few days it has been rather quiet as far as fresh freight inquiries are concerned. But, the cargo market still allows for current spot rates to carry on, the question is for how long with the expected month on month backwardation lying ahead. The MEG to East route reached nearly USD 35 or USD 23,000 per day while a recent fixture USG/Far East via Panama was concluded in the mid/high USD 60's – that equals roughly USD 28,000 per day. Is there room for higher spot rates in the short term? Probably not, but on the other hand we do not see many signs of weakness/hurdles at current, except that leading spot buyer China will be gradually "closing down" towards Chinese New Year celebrations this coming weekend. It is worth noting that the eastbound neo-Panama has turned into a bottleneck whereby liftings in the USG before 5th March has been proven difficult for vessels ballasting in from Far East unless slots were prebooked some time ago. The bunker prices have come off over the week as well and the impact is equal to USD 1 pmt MEG/Far East or just over 1000 USD/day improvement in net voyage results. We expect the spot market to remain fairly calm for the next week or so, and in the meantime LPG paper spreads will be studied carefully by most players.

Fearnleys Weekly Report

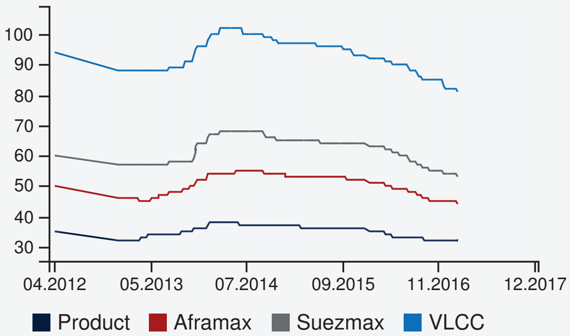
Activity level

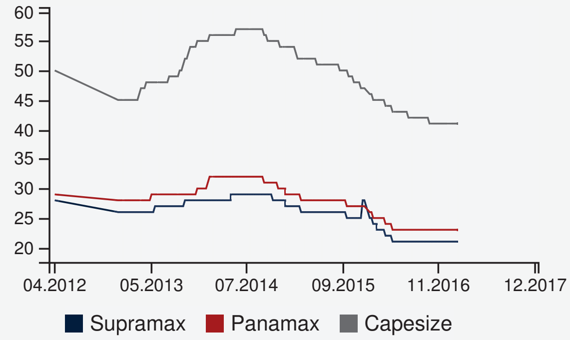
Tankers	Dry Bulkers	Others
Low	Low	Slow

Prices

Average Far Eastern Prices

PRICES (mill usd)		This week	Last week	Low 2017	High 2017
VLCC	300'dwt	81.00	82.00	81.00	82.00
Suezmax	150'dwt	53.00	54.00	53.00	54.00
Aframax	110'dwt	44.00	45.00	44.00	45.00
Product	50'dwt	32.00	32.00	32.00	32.00
Capesize	180'dwt	41.00	41.00	41.00	41.00
Panamax	82'dwt	23.00	23.00	23.00	23.00
Supramax	64'dwt	21.00	21.00	21.00	21.00
LNGC	170'cbm - MEGI	184.0	184.0	184.0	184.5





Market brief

		This week	Last week	Low 2017	High 2017
Rate of exchange					
USD/JPY		113.6	113.2	113.2	117.6
USD/KRW		1 166	1 168	1 166	1 206
USD/NOK		8.33	8.45	8.33	8.65
EUR/USD		1.07	1.07	1.04	1.07
Interest rate					
LIBOR USD 6 mnths		1.35	1.33	1.32	1.35
NIBOR NOK 6 mnths		1.20	1.21	1.20	1.29
Commodity prices					
Brent spot (USD)		55.13	54.30	54.30	55.64
Bunker prices					
Singapore	380 CST	322.0	345.0	322.0	345.0
	180 CST	327.0	360.0	327.0	360.0
	Gasoil	485.0	495.0	479.0	495.0
Rotterdam	380 HSFO	298.0	308.0	296.0	308.0
	180 CST	320.0	339.0	320.0	339.0
	Diesel	459.0	461.0	427.0	461.0

NEWBUILDING

A couple of orders in China came through just before the start of Spring Festival. Wilmar Int. placed orders for IMO 2 Chemical tankers at Jinhai Heavy. This will be the shipyard's debut to the chemical tanker market. Icelandic container line, Eimskip, place three orders for ice classed box ships at Huangpu Wenchong. The 2200 TEU vessels are rumoured to be priced at about USD 32 mill.

NEWBUILDING CONTRACTS

Type	No	Size	Yard	Buyer	Del	Price	Comm
CONT		2,200 TEU	Huangpu Wenchong	Eimskip		2018	3 options delivery 2019
Chem		19,700 DWT	Jinhai Heavy	Wilmar Int		2019	4 options delivery 2019

SALE AND PURCHASE TRANSACTIONS

Type	Vessel	Size	Built	Buyer	Price	Comm.
MT	Ratna Shailini	105 849	2010	Enterprises Shipping & Trading	xc 90	en bloc & on subs
MT	Ratna Namrata	105 830	2008			
MT	Ratna Shruti	105 746	2008			
MT	Ratna Shradha	105 746	2008			
MT	Eagle Stealth	105 322	2001	Winson	11,70	On subs
MT	Faichem Charger	21 206	2009	Tufton Oceanic	21,50	
MT	Fairchem Friesan	21 206	2009	Tufton Oceanic	21,50	
MT	Balim	10 945	2008	Undisclosed	undisclosed	
BC	Super Star	205 855	2014	Hunter maritime	115,50	En bloc
BC	Wish Star	205 797	2015			
BC	Moritz Oldendorf	205 170	2013			
BC	Valley Star	205 123	2013			
BC	Cape Rich	180 133	2011	Winning Shipping	17,50	
BC	N Fos	179 147	2010	Chartworld	21,80	
BC	Bulk Prosperity	172 964	2001	Undisclosed	7,90	
BC	Oshima 10814	81 800	2018	Greek	24,00	
BC	Maverick Genesis	80 705	2010	Arne Blystad	13,20	
BC	Federal Franklin	55 303	2008	Greek	10,90	1c
BC	Pacific Sea	53 589	2004	Greek	4,90	
BC	Omicron Pride	50 913	2001	Far Eastern	5,30	
BC	Seawing II	45 279	1999	Chinese	Undisclosed	
BC	Ocean belle	28 418	2009	Greek	7,20	
BC	Clipper ISE	28 227	2012	Star marine	8,50	
BC	Touzhan 2	22 271	1989	Chinese	1,90	
BC	Touzhan 1	17 832	1986	Chinese	1,20	

DEMOLITIONS

Sold for demolition

Vessel name	Size	Ldt	Built	Buyer	Price
MV Berge Fjord	310 698	46 250	1986	Bangladeshi	345
MV Atout	72 873	10 654	1994	Undisclosed	338
GC Chenan	25 554	9 300	1992	Uindian	310