Fearnleys Weekly Report

Activity level

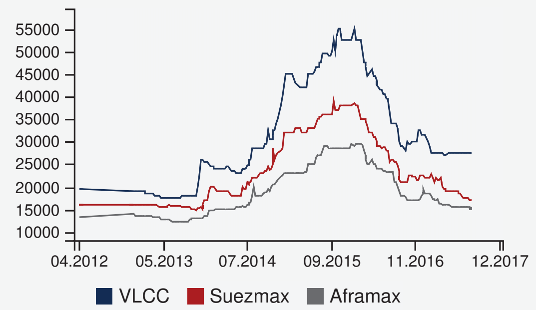
VLCC	Suezmax	Aframax	P.E. of Suez	P.W. of Suez
Stable	Stable	Mixed	Firm	Stable

	Last week	Prev.week
VLCCs fixed all areas last week:	45	38
VLCCs avail. in MEG next 30 days:	129	137

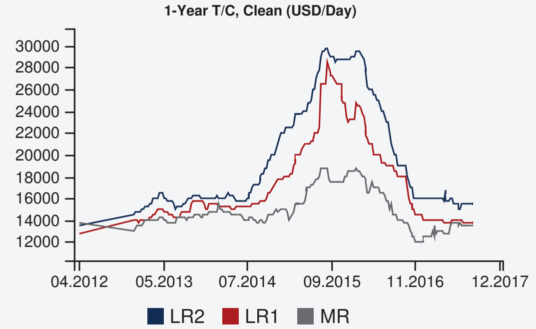
Rates

DIRTY (Spot WS)		This week	Last week	Low 2017	High 2017
MEG / West	VLCC	23.00	23.00	23.00	60.00
MEG / Japan	VLCC	42.00	49.00	42.00	96.50
MEG / Singapore	VLCC	43.00	49.00	43.00	96.00
WAF / FEAST	260,000	50.00	48.00	48.00	97.50
WAF / USAC	130,000	62.50	65.00	52.50	117.5
Sidi Kerir / W Me	135,000	70.00	70.00	62.50	117.5
N. Afr / Euromed	80,000	82.50	87.50	72.50	190.0
UK / Cont	80,000	85.00	85.00	85.00	117.5
Caribs / USG	70,000	90.00	92.50	82.50	215.0
CLEAN (Spot WS)		**This week**	**Last week**	**Low 2017**	**High 2017**
MEG / Japan	75,000	125.0	120.0	80.00	155.0
MEG / Japan	55,000	132.5	120.0	100.0	150.0
MEG / Japan	30,000	142.5	138.5	120.0	167.5
Singapore / Japan	30,000	150.0	147.5	130.0	180.0
Baltic T/A	60,000	105.0	105.0	100.0	155.0
UKC-Med / States	37,000	117.5	115.0	115.0	210.0
USG / UKC-Med	38,000	72.50	75.00	72.50	150.0
1 YEAR T/C (usd/day) (theoretical)		**This week**	**Last week**	**Low 2017**	**High 2017**
VLCC	(modern)	27 500	27 500	27 000	30 000
Suezmax	(modern)	17 000	17 000	17 000	22 800
Aframax	(modern)	15 500	15 000	15 000	18 500
LR2	105,000	15 500	15 500	15 000	16 750
LR1	80,000	13 750	13 750	13 750	14 000
MR	47,000	13 500	13 500	12 500	13 750

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



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



TANKERS

Crude

Some more activity for the VLCCs, but far from sufficient to change the trend with softening rates. The oversupply of tonnage remains which leaves competition among owners fierce for every firm cargo. Wafr/East a slightly different story as owners' resistance stronger as few prefers to lock in the long voyages at present earnings. Few changes on the horizon in the near term. Very thin activity in most geographical areas has been the order of play during the past week, for third decade dates West Africa has only seen a sprinkling of cargoes to wet appetites, rates have softened slightly to ws65 for TD20 and TD6 has maintained at ws75 as weary owners seem reluctant to let their earnings slip any further than this. Barrels moving out of the north and the Bsea programme has allowed lists to tick over but there is really just too much tonnage around to be absorbed for now. Shipowners returns are hovering around Apex and with a firming oil price we are likely to see the cost of bunkers creeping up which will be factored into calculations and may cause a braking effect to any further erosion of rates in the near term. The outlook for the week ahead is steady as players look to tighten their belts to ride out this challenging market. The North Sea and Baltic markets continued at same levels as last week even though one charterer wholeheartedly tried to take Baltic down by another 2.5 points. We are seeing a lot of ships being delayed in Southwold at the moment which could make things a tad more interesting. As promised last week, this weekly would feel like a déjà vu. Rates are still mid to low ws80's, but unfortunately for the owners, the activity has not been as good as last weeks. We have barely seen 3 cargoes worked in the market and fewer ships are also being fixed under the radar. Will be interesting to see how long the owners can hold onto the 80's before they will have to embrace a worldscale number starting with a seven.

Product

East of Suez: The firm sentiment in the MEG continued well into this week with LR2s and LR1s fetching ws125 and ws130 for MEG/Japan respectively at the time of writing. The sentiment remains bullish in the short term with charterers reaching out on forward dates to cover their requirements and we could see further improvements in rates for the remainder of this week. MRs had a slow end to last week but the sentiment have turned rather bullish this week on the back of their bigger siblings, although we have yet to see any real materialization in rates - but then again, Rome was not build in one day either… West of Suez: While the East keeps charging on, the western markets have traded sideways since last week's newsletter. MRs across the board is keeping busy but with ample tonnage availability we do not expect any immediate surge in rates for the days to come. A few couple of lower than last done fixtures have been concluded, but it should be noted that these are due to less favourable last cargos that commands rebates and are not really market related as such. The Naphtha west-east arbitrage seems closed for now and coupled with a tonnage availability which, at best, can be described as scarce the market is indeed slow for now.

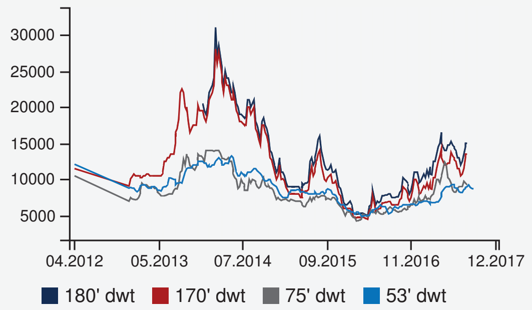
DRY BULK

Activity level

Capesize	Panamax	Supramax
Firmer	Firming	Slower

Rates	This week	Last week	Low 2017	High 2017
CAPESIZE (usd/day, usd/tonne)				
TCT Cont/Far East (180' dwt)	26 200	23 300	12 000	35 000
Tubarao / R.dam (Iron ore)	6.70	5.80	4.00	8.25
Richards Bay/R.dam	5.80	5.20	4.00	7.60
PANAMAX (usd/day, usd/tonne)				
Transatlantic RV	10 500	9 600	5 600	14 800
TCT Cont / F. East	16 500	16 000	11 600	21 000
TCT F. East / Cont	3 200	3 000	2 500	8 600
TCT F. East RV	8 500	7 800	2 500	12 000
Murmansk b.13-ARA 15/25,000 sc	7.00	6.00	5.00	7.45
SUPRAMAX (usd/day)				
Atlantic RV	8 250	9 250	8 250	12 000
Pacific RV	7 600	7 750	3 900	9 200
TCT Cont / F. East	12 800	13 500	12 000	18 000
1 YEAR T/C (usd/day)				
Capesize 180,000 dwt	15 000	15 000	10 250	16 500
Capesize 170,000 dwt	13 500	13 500	8 650	14 250
Panamax 75,000 dwt	9 250	9 500	7 250	12 400
Supramax 53,000 dwt	8 700	8 750	6 600	9 300
Baltic Dry Index (BDI):	**1050**	**993**	**n/a**	**n/a**

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



Capesize

A volatile week where the general sentiment has been somewhat better than the actual market. Despite of this, rates are at decent levels and towards end of this period there was an improvement with c3 reaching 14.5 pmt for September dates. Short period levels are around 15,000 levels.

Panamax

Another active week with increasing rates in both hemispheres for the Panamaxes. The Atlantic market is again the region that keep the momentum up, especially within the north Atlantic where a tight supply of tonnage is pushing TA rates at around mid 10k's, Baltic rounds in the region 12k's and FH rates close to 17k's. The sentiment in Asia remain positive with a transpacific RV at around 9k's and the activity appears to be steady despite a holiday disrupted week in Asia. All in all, the short term outlook for the Panamax market remain positive. There is still a lot of expectations in the FFA market; Sep is priced at low 10k's, while Q4 is now priced at around mid 10k's on the P4TC index.

Supramax

Both basins have remained fairly flat, could say slightly to the negative. A quiet start of the week in the Pacific with holidays in Singapore. Indo/China coal fixing low USD 9000 delivery Singapore. Nickle ore rounds via Philippines to China fixing mid/high USD 9000.The Bsea has softened a bit from last week, however still a few enquires out, mid USD 16,000 going through. Fronthaul fixing high USD 9000+200k BB, however little fixing taking the enquires into consider.

GAS

Activity level

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

LPG Rates

* Excl. waiting time, if any

SPOT MARKET (usd/month)*	This week	Last week	Low 2017	High 2017
VLGC / 84,000	180 000	210 000	180 000	765 000
LGC / 60,000	380 000	350 000	350 000	500 000
MGC / 38,000	420 000	420 000	420 000	550 000
HDY / 22,000	370 000	370 000	370 000	550 000
ETH / 10,000	445 000	445 000	445 000	540 000
SR / 6,500	400 000	400 000	400 000	450 000
COASTER Asia	195 000	195 000	190 000	195 000
COASTER Europe	170 000	160 000	110 000	195 000

LPG/FOB prices (usd/tonne)	Propane	Butane	ISO
FOB North Sea / ANSI	384.5	378.5	
Saudi Arabia / CP	420.0	460.0	
MT Belvieu (US Gulf)	377.1	389.0	415.4
Sonatrach : Bethioua	400.0	410.0	

LNG

SPOT MARKET (usd/day)	This week	Last week	Low 2017	High 2017
East of Suez 155-165'cbm	40 000	40 000	25 000	40 000
West of Suez 155-165'cbm	43 000	43 000	29 000	52 000
1 yr TC 155-165'cbm	34 000	33 000	31 000	35 000

Chartering

During the course of the last week, the East has not been very busy for the VLGCs. We have said this a few weeks ago (and we were proven wrong), but we claim again that the East market is at the bottom in current cycle. The West shipping market has improved somewhat the last week on the back of scarce August and early September vessel availability. Time being, it seems there will be more cargoes lifted in USG in August compared to July and we believe rates will gradually improve. The VLGC freight market is vulnerable to international LPG prices/demand and has become dependent on inventory levels of LPG in the US Gulf (and subsequent FOB pricing) which is published weekly on Wednesdays. There are more new vessels than new LPG production/exports in 2017 and the current rate misery is more a result of closed arbitrage than fleet (over-) capacity.

Fearnleys Weekly Report

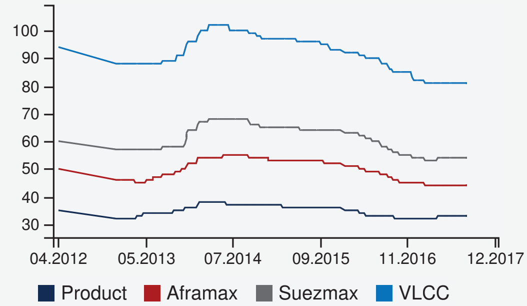
Activity level

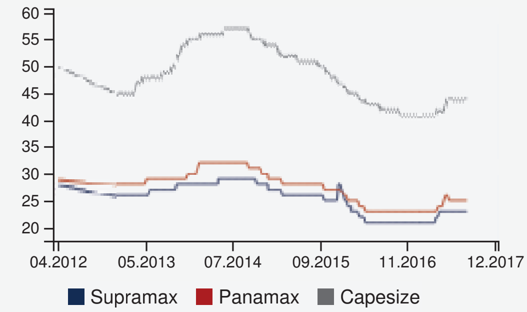
Tankers	Dry Bulkers	Others
Low	Slower	Low

Prices

Average Far Eastern Prices

PRICES (mill usd)		This week	Last week	Low 2017	High 2017
VLCC	300'dwt	81.00	81.00	81.00	82.00
Suezmax	150'dwt	54.00	54.00	53.00	54.00
Aframax	110'dwt	44.00	44.00	44.00	45.00
Product	50'dwt	33.00	33.00	32.00	33.00
Capesize	180'dwt	44.00	44.00	41.00	44.00
Panamax	82'dwt	25.00	25.00	23.00	25.50
Supramax	64'dwt	23.00	23.00	21.00	23.00
LNGC	170'cbm - MEGI	184.5	184.5	184.0	184.5





Market brief

		This week	Last week	Low 2017	High 2017
Rate of exchange					
USD/JPY		109.7	110.4	109.0	117.6
USD/KRW		1 135	1 121	140.9	1 206
USD/NOK		7.96	7.89	7.89	8.66
EUR/USD		1.17	1.19	1.04	1.19
Interest rate					
LIBOR USD 6 mnths		1.45	1.45	1.32	1.46
NIBOR NOK 6 mnths		0.93	0.93	0.93	1.29
Commodity prices					
Brent spot (USD)		52.54	51.40	46.15	56.77
Bunker prices					
Singapore	380 CST	316.0	310.0		345.0
	180 CST	322.0	352.0		360.0
	Gasoil	480.0	480.0		505.0
Rotterdam	380 HSFO	299.0	296.0		310.0
	180 CST	331.0	325.0		339.0
	Diesel	462.0	468.0		475.0

NEWBUILDING

Some bulker activity this week with Bulgarian owner, Navibulgar, placing 4+2 Handysize bulker orders at Chengxi shipyard, no price reported. In addition, Greek owner Pleiades returns to Namura for a pair of Kamsarmax bulkers. The 84kdwt vessels have been reported with USD 27.5 million price tag.

NEWBUILDING CONTRACTS

Type	No	Size	Yard	Buyer	Del	Price	Comm
BC	2	45,000dwt	Chengxi	Navibulgar	2019		+2 options
BC	2	84,000dwt	Namura	Pleiades	2019	27.5	
CONT	2	2700 TEU	Zheijiang Ouhua	Cape Shipping	2019		

SALE AND PURCHASE TRANSACTIONS

Type	Vessel	Size	Built	Buyer	Price	Comm.
MT	Jinhai J0282	299 500	2018	Gulf Marine Management (Greek)	73	
MT	Jinhai J0283	299 500	2018	Gulf Marine Management (Greek)	73	
MT	Phoenix Light	105 600	2009	Great Eastern Shipping	23,25	
MT	Spica	46 168	1999	Undisclosed	5,50	
MT	Betelgeuse	45 513	1999	Undisclosed	5,50	
MT	Admore Sealifter	47 472	2008	Japanese	Undisclosed	
MT	Admore Sealeder	47 472	2008	Japanese	Undisclosed	
MT	Mare Atlantic	68 467	2001	Undisclosed	6,50	
MT	Mare Pacific 6	68 467	2001	Undisclosed	6,50	
MT	Atlantic Falcon	50 000	2017	Torm	32,50	
MT	Atlantic Guard	50 000	2017	Torm	32,50	
MT	High Discovery	50 000	2014	Undisclosed	28,00	
MT	Sichem Dubai	12 900	2007	Vietnamese	9,30	
MT	Amuleth	5 459	2016	Polish	13,00	
BC	Cape Liberty	185 900	2005	Goodbulk/CTM	19,00	
BC	Asterix	179 400	2010	Navios	29,50	
BC	United World	82 000	2013	JP Morgan Global Maritime	21,50	
BC	Midland Sky	81 500	2010	Songa Bulk	18,00	
BC	Smooth Velocity	81 684	2014	Chinese	17,00	
BC	Star of Sawara	76 600	2008	Undisclosed	13,50	
BC	ABY Diva	76 600	2007	Undisclosed	12,70	
BC	Fortune East	75 615	2000	Chinese	Undisclosed	
BC	Levantes	76 000	2001	Chinese	8,20	
BC	U Lucky	57 000	2011	Undisclosed	11,00	
BC	Desert Serenity	54 300	2008	Undisclosed	9,25	
BC	Chrina	52 800	2001	Chinese	7,50	
BC	Capetan Vassilis	51 200	2003	Chinese	6,90	
BC	In Iwagi	61 411	2014	German (Oldendorff)	18,60	
BC	Privsea	55 000	2007	Undisclosed	9,50	
BC	ATA M	53 098	2003	Undisclosed	8,00	
BC	Liberty Prrudencia	52 191	2003	Undisclosed	3,50	
BC	Voula Seas	28 500	2002	Chinese	5,30	