October 11. 2017

Fearnleys Weekly Report

Activity level

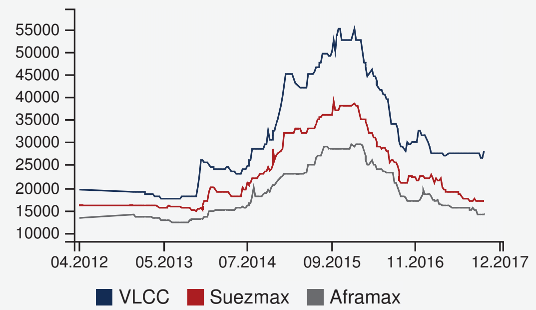
VLCC	Suezmax	Aframax	P.E. of Suez	P.W. of Suez
Stable	Stable	Firm	-	-

	Last week	Prev.week
VLCCs fixed all areas last week:	49	62
VLCCs avail. in MEG next 30 days:	108	119

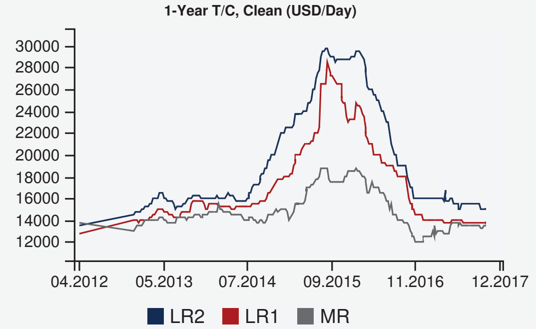
Rates

DIRTY (Spot WS)		This week	Last week	Low 2017	High 2017
MEG / West	VLCC	25.00	26.50	20.00	60.00
MEG / Japan	VLCC	63.50	60.00	39.00	96.50
MEG / Singapore	VLCC	64.50	62.00	40.00	96.00
WAF / FEAST	260,000	64.00	62.00	46.00	97.50
WAF / USAC	130,000	70.00	75.00	52.50	117.5
Sidi Kerir / W Me	135,000	80.00	75.00	62.50	117.5
N. Afr / Euromed	80,000	150.0	102.5	70.00	190.0
UK / Cont	80,000	120.0	97.50	85.00	120.0
Caribs / USG	70,000	150.0	95.00	82.50	215.0
CLEAN (Spot WS)		**This week**	**Last week**	**Low 2017**	**High 2017**
MEG / Japan	75,000	130.0	142.5	80.00	155.0
MEG / Japan	55,000	127.5	140.0	100.0	150.0
MEG / Japan	30,000	162.5	172.5	120.0	175.0
Singapore / Japan	30,000	177.5	200.0	130.0	215.0
Baltic T/A	60,000	97.50	100.0	85.00	155.0
UKC-Med / States	37,000	120.0	120.0	105.0	210.0
USG / UKC-Med	38,000	70.00	77.50	70.00	150.0
1 YEAR T/C (usd/day) (theoretical)		**This week**	**Last week**	**Low 2017**	**High 2017**
VLCC	(modern)	28 000	28 000	26 500	30 000
Suezmax	(modern)	17 000	17 000	17 000	22 800
Aframax	(modern)	14 250	14 000	14 000	18 500
LR2	105,000	15 000	15 000	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

Extensive holidays in the east but it was hardly noticed as VLCC activity was high to say the least. Continued demand for all the major routes has propelled the already firm momentum further. Charterers reaching out on dates to have more choices of ships and owners optimism rising together with rates. Earnings Meg and Wafr/East upto abt $20k/d with owners aiming to push rates further into the winter. The Suezmax market in Wafr over the past week has softened with third decade dates shown sparsely causing rates to erode gradually and settling at the w72.5 level. Meanwhile the main focus has been on the Blsea and Med where a shortage of vessels on the Aframaxes in the 3rd decade has spilled over onto the s-maxes who have been soaking up the part cargoes at premium rates, TD6 is currently w87.5. This in turn has thinned the list for s-max stems creating a firmer trend. Naturally this has ignited owners bullish sentiment and with early Nov Wafr dates due to show imminently, the owners know there is potential momentum with cargo volume set to increase and they will look to capitalise accordingly. The aframax market in the Nsea and Baltic experienced an uptick in rates on the back of more ships leaving the area and as such not re-appearing in a natural fixing position for the current fixing window. A busier program for the 3rd decade coupled with bad weather in the Nsea is filling owners with more confidence. Moving forward towards end month we expect rates to climb further. The winner of last week's Mexican standoff was everyone with tonnage in the Med and Bsea. The heavy 3rd decade programme out of Bsea combined with less tonnage and determined owners drove rates up ten points at the time. As a consequence the above mentioned s-maxes came into play. We are currently at W150 ex Bsea and waiting to see the outcome of Petrogal's long xMed cargo with both s-maxes and a-maxes in at numbers from w160 and upwards. Going forward we expect more activity ex Libya and the last couple of cargoes out of Bsea for 3rd decade, so this market will not soften anytime soon. ...

Product

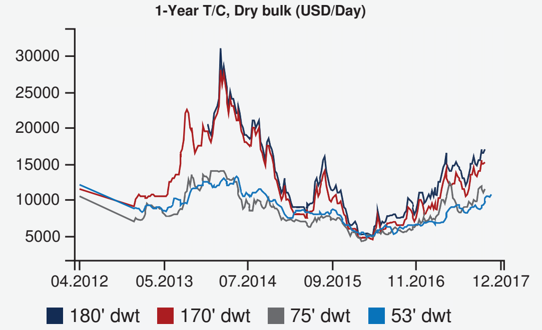
EAST OF SUEZ After last week's various public holidays in the Far East the market this week has been slow and rates have been on a downward trend all week. In the Middle East Gulf the LR2's, for voyage going East, rates have slipped from ws142,5 to ws130 and the rates for LR1's have dropped to ws125 level from ws140 last week. A little bit different story for rates to the Continent where rates for LR2's are almost USD 100.000 higher than last week at USD 1,950 mill today whilst the LR1's have been pushed to accept rates USD 200.000 less than last week and is today at USD 1,5 mill. MR's fixing from west coast India to Japan have also been put under pressure and rates have slided ws10 points to ws160 level today. No different in the Far East where the benchmark voyage from Singapore to Japan is down ws25 point to ws175, And the short haul voyage from south Korea to Japan is down from USD 335' to USD 305' today WEST OF SUEZ The market in the Atlantic has been fairly quiet and uneventful this week. Rates are still at low levels but it seems a floor has more or less been established. The standard MR voyage from the Continent to States is still at ws120 But unfortunately the back haul cargo from U.S. gulf is down about ws5 points to 72,5 level. Daily earnings for the triangulation is today at USD 6.000 per day, compare to USD 6.500 per day last week. The LR1's in the Atlantic is fixing around the ws100 mark. The rate for LR2's loading in the Mediterranean is more or less unchanged from last week at around USD 1,725 mill mark. Handies trading in the Mediterranean and on the Continent have only seen a slight decline in rates and is today at ws137,5 on the Continent and ws180 in the Mediterranean, both segment down about ws5 points last week.

Activity level

Capesize	Panamax	Supramax
Stable	Strong	Firm

Rates	This week	Last week	Low 2017	High 2017
CAPESIZE (usd/day, usd/tonne)				
TCT Cont/Far East (180' dwt)	30 000	28 000	12 000	35 000
Tubarao / R.dam (Iron ore)	9.40	8.80	4.00	9.40
Richards Bay/R.dam	8.70	8.40	4.00	8.80
PANAMAX (usd/day, usd/tonne)				
Transatlantic RV	12 000	9 500	5 600	14 800
TCT Cont / F. East	19 250	17 500	11 600	21 000
TCT F. East / Cont	4 800	4 200	2 500	8 600
TCT F. East RV	13 000	10 500	2 500	13 500
Murmansk b.13-ARA 15/25,000 sc	7.60	6.90	5.00	7.60
SUPRAMAX (usd/day)				
Atlantic RV	11 750	11 250	8 250	12 000
Pacific RV	10 200	9 000	3 900	11 000
TCT Cont / F. East	19 000	18 500	12 000	19 250
1 YEAR T/C (usd/day)				
Capesize 180,000 dwt	17 000	16 500	10 250	17 000
Capesize 170,000 dwt	15 200	15 000	8 650	15 500
Panamax 75,000 dwt	11 500	11 000	7 250	12 400
Supramax 53,000 dwt	10 750	10 400	6 600	10 750
Baltic Dry Index (BDI):	**1433**	**1320**	**n/a**	**n/a**

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



DRY BULK

Capesize

Continued positive spot sentiment for the big ships and average earnings up 8 pct to come in at USD 20k, mainly due to a mix of weather delays in important discharging areas and healthy prompt iron ore flows. Waust/China activity steady in particular, Brazil/Far East volumes modest but fronthaul levels supported by Atlantic coal exports and limited regional fresh tonnage supply. Limited period fixing as FFA levels not justifying long period, being far from matching physical 2018-expectations - notable exceptions being 179000 dwt/built 2016 delivering China prompt to mining major for about 12 months at USD 17k, whilst for shorter duration mediocre 169000 dwt/built 2008 done for 4-6 months at USD 16600 to operator ...

Panamax

A relatively active week for the Panamax market with increasing rates in both hemispheres. The Atlantic market keeps its momentum with the north Atlantic being especially firm. We also see a steady pace of cargoes out of USEC, US Gulf and ECSA pushing TA rates at ard 12k's. Fronthaul's are being fixed in the 19 to 21k's depending on duration. The sentiment in Asia also remain very positive with transpacific RVs being fixed at ard 13k's and the expectations going forward is still positive. The short-term outlook for the Panamax market remain positive all in all and period interest is increasing. As for FFA's; Nov is priced at high 12k's, while Q4 is now priced at mid 12k's on the P4TC index.

Supramax

The market has picked up strongly since last week with the Chinese holidays. In the Pacific rates are increasing with some strong number seen especially for the Indo/China coal rounds which by mid week are paying ows around USD 15k del Spore and Ultras around mid-high USD 16k bss Indo delivery. In N.China vessels are achieving over USD 10k on dop bss for nickle ore runs via Philippines back to China. The Atlantic has enjoyed more activity and rates pushing as well although a bit slow start. Seeing more activity an fixtures in USG with vessels getting fixed in the very high teens for trips to Emed while front hauls paying around owners USD 23k. From ECSA vessels are achieving around USD 16k for trips to Cont/Med.

Activity level

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

LPG Rates

* Excl. waiting time, if any

SPOT MARKET (usd/month)*	This week	Last week	Low 2017	High 2017
VLGC / 84,000	447 500	380 000	180 000	765 000
LGC / 60,000	470 000	470 000	350 000	500 000
MGC / 38,000	420 000	420 000	420 000	550 000
HDY / 22,000	350 000	350 000	350 000	550 000
ETH / 10,000	410 000	420 000	410 000	540 000
SR / 6,500	360 000	370 000	360 000	450 000
COASTER Asia	240 000	200 000	190 000	240 000
COASTER Europe	220 000	210 000	110 000	220 000

LPG/FOB prices (usd/tonne)	Propane	Butane	ISO
FOB North Sea / ANSI	514.5	505.5	
Saudi Arabia / CP	575.0	580.0	
MT Belvieu (US Gulf)	500.2	481.9	500.6
Sonatrach : Bethioua	525.0	520.0	

LNG

SPOT MARKET (usd/day)	This week	Last week	Low 2017	High 2017
East of Suez 155-165'cbm	42 000	40 000	25 000	42 000
West of Suez 155-165'cbm	49 000	47 000	29 000	52 000
1 yr TC 155-165'cbm	40 000	39 000	31 000	40 000

GAS

Chartering

We have seen some activity both East and West this week. Most MEG fixtures have been done under the radar and the Baltic LPG Index has continue to rise on the back of it. Going forward owners aim to secure rates at arnd the USD 30 pmt mark bss Ras Tanura / Chiba. Market remain tight in the West and ships keeps disappearing in to COA system and a few fixtures has been reported. Rate level is in the High 50s for Houston / Chiba via Panama and looking ahead rates above USD 60 pmt might be in reach. One Trans-Atlantic voyage has been reported fixed in the high USD 20s bss Houston / Flushing.

Fearnleys Weekly Report

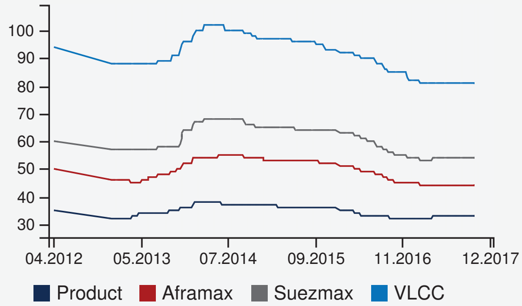
Activity level

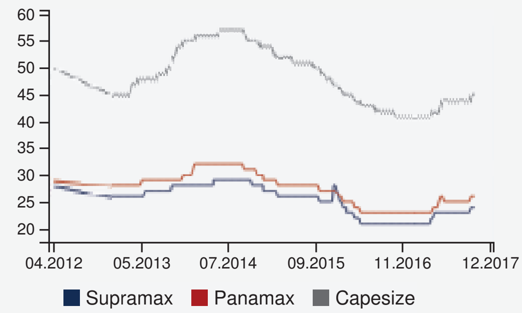
Tankers	Dry Bulkers	Others
Low	Moderate	Low

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	45.00	45.00	41.00	45.00
Panamax	82'dwt	25.50	25.50	23.00	25.50
Supramax	64'dwt	23.50	23.50	21.00	23.50
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					
USD/KRW					
USD/NOK					
EUR/USD					
Interest rate					
LIBOR USD 6 mnths					
NIBOR NOK 6 mnths					
Commodity prices					
Brent spot (USD)					
Bunker prices					
Singapore	380 CST				
	180 CST				
	Gasoil				
Rotterdam	380 HSFO				
	180 CST				
	Diesel				

NEWBUILDING

This week we see few new orders with national holidays in both China and Korea. Interocean made a debut for newbuildings with an order of one Kamsarmax at Yangzijiang, with one option.

NEWBUILDING CONTRACTS

Type	No	Size	Yard	Buyer	Del	Price	Comm
BC	4	45,000 dwt	Yangzijiang	Navibulgar	2019/2020		+ 2 options, Ice Class 1C
BC	1	82,000 dwt	Yangzijiang	Interocean	2019		+ 1 option
Pax	1	230 Pax	Brodrene Aa	Chinese owner	2019		
Pax	2	300 Pax	Brodrene Aa	Chinese owner	2019		
RoPax	2	1,100 Pax / 276 Cars	Austal	Fred Olsen SA	2020/2021	$74m	

SALE AND PURCHASE TRANSACTIONS

Type	Vessel	Size	Built	Buyer	Price	Comm.
MT	BLS Advance	84 999	2002	Avin	7,80	
MT	Maersk Ellen	36 962	2002	Nigerian	9,50	
MT	Rita	13 843	1996	Taihua Ship Management	5,20	
MT	Oriental Wisteria	12 499	2001	Sunwoo Tanker	7,80	
MT	Zeynep A	11 276	2007	Undisclosed	8,00	
BC	Orient Fortune	81 628	2013	Anglo International Shipping	33,00	
BC	Orient Hope	81 628	2013			
BC	Hephaestus	74 297	2001	Undisclosed	8,30	
BC	Nord Angel	55 696	2010	Undisclosed	15,00	
BC	Sea Master	48 500	2001	Chinese	7,50	
BC	Minas	27 865	1997	Chinese	3,30	

DEMOLITIONS

Sold for demolition

Vessel name	Size	Ldt	Built	Buyer	Price
CONT Woolamai	66 686	19 910	2002	Pakistani	427
MT Kriti Amethyst	45 614	12 450	1996	Bangladeshi	425
MV Panormitis Av	41 455	9 675	1996	Bangladeshi	398