Fearnleys Weekly Report

Week 20 - May 15, 2019

Tankers

VLCC

A very active week for the VLCCs, to say the least. The May MEG program was lagging but has caught up with the monthly count creeping towards 130, which is close to a normal month. Optimism did rise among owners when the June cargoes emerged earlier than customary. The result however is hardly what owners were looking for as rates have only strengthened marginally as tonnage remain in abundance. Wafr and USG East remain flat as well, despite fierce attempts from owners. The general optimism for the summer and early autumn remains in force, but the general volumes for all the major VLCC routes have to increase and continue over time to change much from present levels and earnings. The bottom, however, appears to be history and things are more likely to strengthen, though slowly.

Suezmax

The Suezmax market showed some limited signs of life over the past week's 3rd decade. West Africa dates were shown in sparse volumes with Nigerian grades still seemingly out of favour with European refiners, rates are currently scraping along the bottom. There were some signs of date sensitivity towards end month, but that seems to have dissipated. In the Mediterranean, there are still cargoes moving out of Libya even though the current political situation is very fragile. Very little action to report out of the Black Sea, with owners having very little to get their teeth into. The rates have been softening down to ws75 currently for TD6, with earnings now down below 10k per day. The immediate market outlook seems to have a softer trend for the week ahead.

Aframax

Aframax rates in the North Sea and Baltic increased end of last week, with main routes picking up around 15 points. Main driver for this was the large Baltic crude program combined with the disturbance around the Ust-Luga oil being contaminated with organic chlorides. However, the situation is seemingly under control again. However, some of the vessels that have loaded in Ust-Luga will be discharging in the Baltic area. This means that there will be a lot of available tonnage for forward dates in the Baltic. So, we expect to see a significant downward correction in the natural fixing window, despite of a quite decent volume of cargoes. The Mediterranean and Black Sea market has traded sideways the past week, as owners take a stand in order to maintain or improve the current rate levels. At time of writing TD19 stands at ws107.5, giving owners returns around USD 15,000 per day. A positive note is that there has been a bit more traction in the US Gulf area, which may be an attractive market for owners to re-position their ships to.

Rates

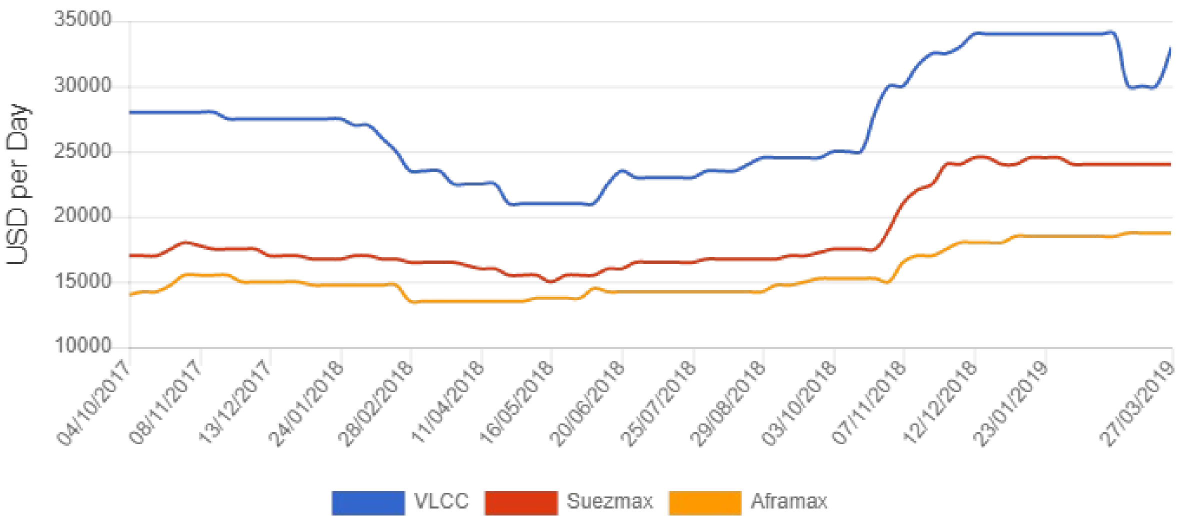
DIRTY (Spot WS)	Size	This week	Change

MEG/WEST	280 000	18.5	0.5 ↑
MEG/Japan	280 000	40.0	2.5 ↑
MEG/Singapore	280 000	41.0	3.0 ↑
WAF/FEAST	260 000	40.0	2.0 ↑
WAF/USAC	130 000	57.5	-7.5 ↓
Sidi Kerir/W Med	135 000	67.5	-2.5 ↓
N. Afr/Euromed	80 000	107.5	7.5 ↑
UK/Cont	80 000	115.0	0.0 →
Caribs/USG	70 000	117.5	40.0 ↑

1 Year T/C (USD/Day)			
VLCC	Modern	$26,000	-$6,000 ↓
Suezmax	Modern	$24,000	$0 →
Aframax	Modern	$21,000	$500 ↑

VLCCs fixed in all areas last week	95	65 ↑
VLCCs available in MEG next 30 days	130	-1 ↓

1 Year T/C Crude



Dry Bulk

Capesize

This volatile segment is trying to find a clear direction from the present USD 12,000/day earnings for standard units. General expectations are for recovery and a stronger development going forward, but underlying trade war tensions combined with uncertain reliability of Brazilian iron ore exports make nervous market players take one day at a time. Increasing fronthaul and transatlantic volumes have so far resulted in a 20 pct w-o-w jump in value for the Continent-Brazil-China trade coming in at Usd 25,400/day. Mixing the signals is the West Australia/China iron ore conference trade at healthy volumes, but status quo moneywise at USD 6.25 pmt or around USD 11,500/day on good units. Period interest amongst major operators is good and growing, last exemplified with very mediocre 180,000 dwt/built 2006 delivering China prompt for about a year at around USD 15,500/day.

Panamax

A positive week in both hemispheres, where especially the grain market from ECSA has shown a solid increase in rates. A transatlantic round voyage currently pays owners about USD 10,500 per day, while a short fronthaul from the Continent yields about USD 18,000. In the East, a Pacific round voyage pays around the mid USD 8,000's. The BPI 4TC-index is currently at 1243 points, up 55 points from last week.

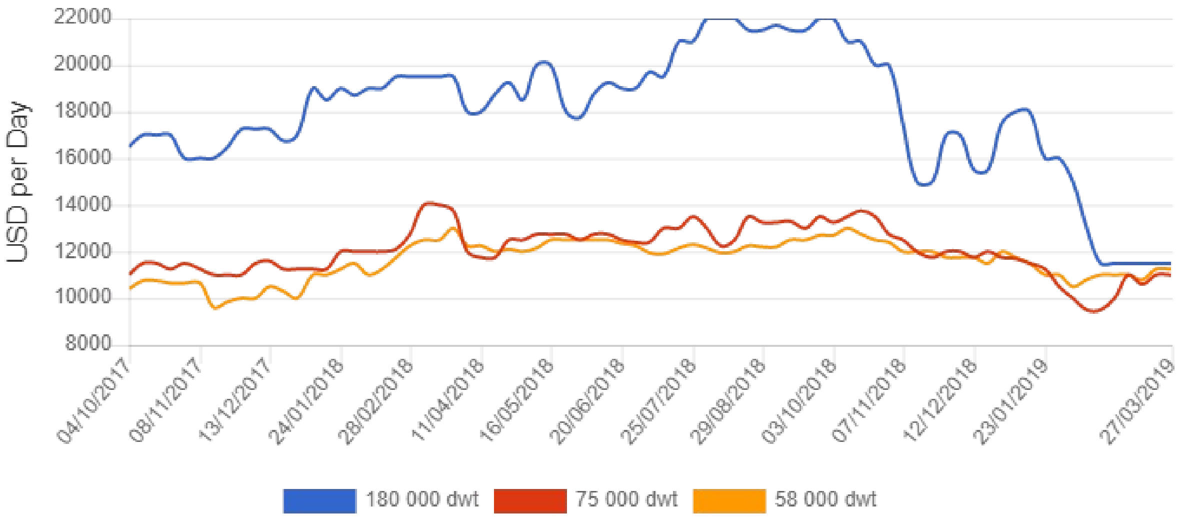
Supramax

We see stronger demand in some areas in Atlantic, with tight supply of tonnage for prompt dates in US. ECSA, the larger sizes have also improved. For TA delivery Brazil chrts indicating USD 14,000, while TCT to Brazil ex Continent fixing around mid USD 5,000. Ultras fixed at around USD 14,000 plus USD 400,000 BB for a front haul. Continent/Baltic see a steady flow of fertilizers to ECSA and India-China destinations, with rates around USD 5,000 for ECSA. In the Mediterranean and Black Sea, we see more fresh grain stems to Far East regions, with rates indicating mid USD 10,000. Ultra open Morocco fixed fh redel Spore-Japan at USD 16,000. In Se Asia, the market was softening. Indo/China coal RV trading around USD 9,000 bss S.China delivery, while Aussie RV to China paying around USD 10,500 bss Singapore delivery.

Rates

Capesize (USD/Day, USD/Tonne)	**This week**	**Change**
TCT Cont/Far East (180 DWT)	$25,000	$4,100 ↑
Tubarao/Rotterdam (Iron Ore)	$6	$0 ↑
Richards Bay/Rotterdam	$6	$1 ↑
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$10,500	$500 ↑
TCT Cont/Far East	$18,000	$1,000 ↑
TCT Far East/Cont	$3,000	$400 ↑
TCT Far East RV	$8,700	$500 ↑
Murmask b.14-ARA 15/25,000 sc	$7	$0 ↑
Supramax (USD/Day)		
Atlantic RV	$8,200	$200 ↑
Pacific RV	$8,900	-$100 ↓
TCT Cont/Far East	$12,900	-$100 ↓
1 Year T/C (USD/Day)		
Capesize (180 000 dwt)	$15,600	$100 ↑
Capesize (170 000 dwt)	$13,500	$0 →
Panamax (75 000 dwt)	$10,500	$0 →
Supramax (58 000 dwt)	$10,400	-$100 ↓
Baltic Dry Index (BDI)	1032.0	

1 Year T/C Dry Bulk



Gas

Chartering

The VLGC market in the East has been in a waiting mode this week. This time waiting for Saudi acceptances. With the exception of some Indian cargo inquiries, not a lot to report, and on the back of this inactivity the market has gradually gone through some downward adjustments on rates. The Baltic VLGC rates have come down around 3 dollars over the week and are at the current moment trading just below 40,000 per day.

The Western market has a number of ships being taken out for June loadings, both out of USG and USEC. Freight is currently around mid USD 90's East and in the low USD 50's West, yielding high earnings for Owners. The Houston ship channel experienced a collision between a VLGC and two barges, resulting in a spillage and consequently closure of both inbound and outbound vessels. Current situation is one day with outbound vessels only and then only inbound vessels the day after until the situation is sorted. However, no major effects from the collision has been observed so far and we expect any delays to be back on time by next week.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	$1,200,000	-$125,000 ↓
LGC (60 000 cbm)	$800,000	$0 →
MGC (38 000 cbm)	$515,000	$0 →
HDY SR (20-22 000 cbm)	$495,000	$0 →
HDY ETH (17-22 000 cbm)	$730,000	$0 →
ETH (8-12 000 cbm)	$450,000	$0 →
SR (6 500 cbm)	$450,000	$0 →
COASTER Asia	$260,000	$0 →
COASTER Europe	$330,000	$0 →

LGP/FOB Prices (USD/Tonne)	Propane	Butane
FOB North Sea/ANSI	$431.50	$461.00
Saudi Arabia/CP	$525.00	$530.00
MT Belvieu (US Gulf)	$325.00	$265.50
Sonatrach/Bethioua	$425.00	$465.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	$33,000	$3,000 ↑
West of Suez 155-165 000 cbm	$65,000	$0 →
1 Year T/C 155-160 000 cbm	$78,000	$7,000 ↑

Newbuilding

Activity Levels

Tankers	Dry Bulkers	Others
Slow	Slow	Slow

Prices

Prices (Million USD)	Size	This week	Change
VLCC	300 000	$91	$0 →
Suezmax	150 000	$61	$0 →
Aframax	110 000	$51	$0 →
Product	50 000	$37	$0 →
Capesize	180 000	$50	$0 →
Kamsarmax	82 000	$29	$0 →
Ultramax	64 000	$27	$0 →
LNGC (MEGI) (cbm)	170 000	$189	$0 →

Sale & Purchase

Prices

Dry	2014	2009
Capesize	$37.5	$23.0
Kamsarmax	$24.0	$16.0
Ultramax	$22.0	$13.5

Wet		
VLCC	$67.0	$45.0
Suezmax	$49.0	$34.0
Aframax / LR2	$35.0	$24.0
MR	$29.0	$17.0

Market Brief

Exchange Rates

USD/JPY

109.58 ↓ -0.81

USD/KRW

1189.30 ↑ 23.00

USD/NOK

8.74 ↓ 0.00

EUR/USD

1.12 ↑ 0.00

Interest Rates

LIBOR USD (6 months)

2.59% ↑ 0.01%

NIBOR NOK (6 months)

1.47% ↑ 0.07%

Commodity Prices

Brent Spot

$70.23 ↑ $0.35

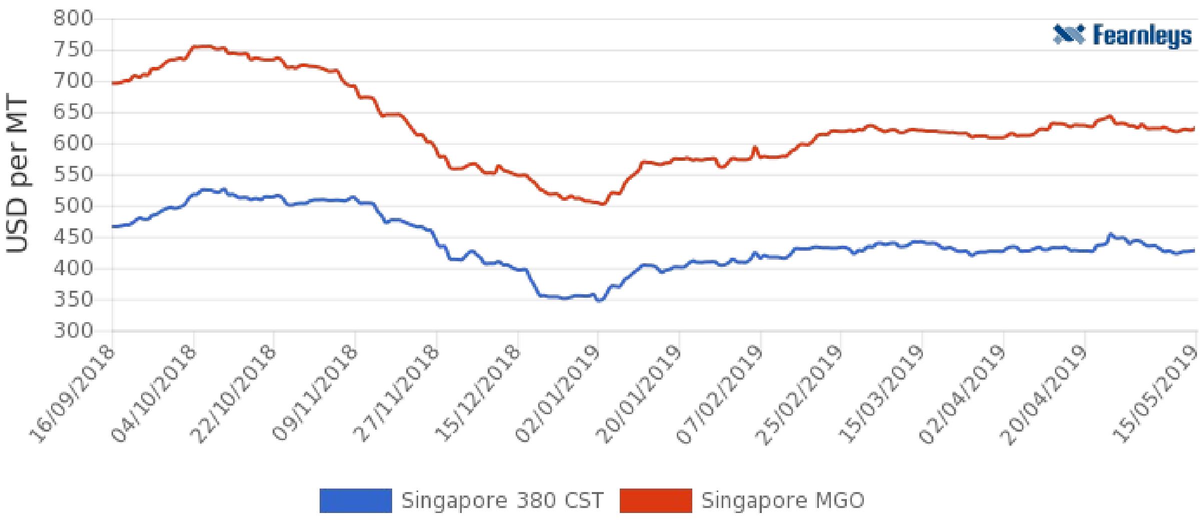
Bunker Prices

Singapore

380 CST	180 CST	MGO
$428	$465	$625
↑ $2	↑ $6	↓ -$1

Rotterdam

380 CST	180 CST	MGO
$411	$449	$611
↑ $1	↓ -$1	↓ -$4



All rates published in this report do not necessarily reflect actual transactions occurring in the market. Certain estimates may be based on prevailing market conditions. In some circumstances, rates for certain vessel types are based on theoretical assumptions of premium or discount for particular vessel versus other vessel types.

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