

Fearnleys Weekly Report

Week 29 - July 17, 2019

Tankers

VLCC

There's been very little change in the VLCC segment over the last week. MEG rates remain stagnant, ranging in the mid ws40's eastbound for modern unrestricted tonnage, and in the upper ws30's to very low ws40's for the more vintage fraternity, depending on the voyage, terms and conditions. Despite somewhat increased activity for USG export cargoes, rates remain static at USD 4.0/5.0 million for Singapore/Korea, respectively. The same picture is evident for the West Africa/East market, similarly hovering in the mid ws40's. The only glimmer of optimism has been a couple of Brazil/East runs paying up on last done levels, but overall tonnage remains plentiful in all areas so even with the August MEG program coming into the picture, little change is expected short term.

Suezmax

Suezmaxes in the MEG and East are trading fairly steady at mid-low ws70's. The ballasters from East to West Africa have not had too much effect on the MEG market, but on the other hand, created an overhang of tonnage in West Africa. This overhang is shrinking as activity has picked up this week. Rates have remained rather stable around ws60, but we now see a upward pressure, and rates should tick up by the end of the week. The Black Sea-program is done for the month, and first stems has been done for early August. Black Sea and Mediterranean seems rather stable, but could see an uptick on the back of what happening in West Africa.

Aframax

The Aframax market in the North Sea and Baltic has continued to move sideways the past week, with cross North Sea voyages paying around ws90 throughout the week. We foresee a soft/steady market in the North for the rest of the week, with cargo activities and tonnage availability remaining in equilibrium. Unfortunately for owners, the market in the Mediterranean and Black Sea has seen a slow downward correction this week, as benchmark routes have dropped a few points. This is due to the simple fact that there are not many cargoes around to be fixed. Unfortunately for owners, the market is not expected to see a noteworthy pick up in the week to come. It is possible owners will reposition their ships for alternative markets, which as the USG/Caribs market which has increased a few points the last few days.

Rates

| DIRTY (Spot WS) | Size | This week | Change |
|------------------------|-------------|------------------|---------------|
| MEG/WEST | 280 000 | 19.0 | -1.0 ↓ |
| MEG/Japan | 280 000 | 46.0 | -0.5 ↓ |
| MEG/Singapore | 280 000 | 46.0 | -1.0 ↓ |

| | | | |
|------------------|---------|------|--------|
| WAF/FEAST | 260 000 | 46.0 | -1.0 ↓ |
| WAF/USAC | 130 000 | 57.5 | 0.0 → |
| Sidi Kerir/W Med | 135 000 | 67.5 | 0.0 → |
| N. Afr/Euromed | 80 000 | 87.5 | -2.5 ↓ |
| UK/Cont | 80 000 | 87.5 | 0.0 → |
| Caribs/USG | 70 000 | 70.0 | 2.5 ↑ |

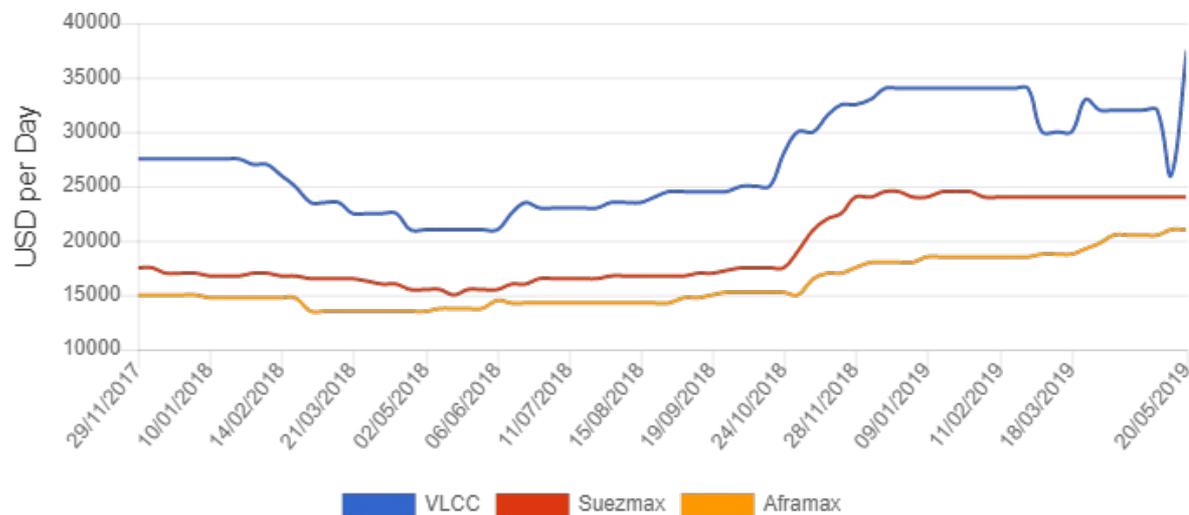
1 Year T/C (USD/Day)

| | | | |
|---------|--------|----------|-------|
| VLCC | Modern | \$38,000 | \$0 → |
| Suezmax | Modern | \$24,000 | \$0 → |
| Aframax | Modern | \$21,500 | \$0 → |

VLCCs fixed in all areas last week 62 2 ↑

VLCCs available in MEG next 30 days 130 3 ↑

1 Year T/C Crude



Dry Bulk

Capesize

Another great week in line with our predictions for the big ships, and no sign of activity to taper off or levels to be at risk for the immediate future. Whilst Pacific activity is steady but moderate, Vale's big-style comeback on the Brazil/China run combined with markedly increasing transatlantic volumes make up the main driver, and there is at moment for all practical purposes a tonnage shortage for early stems ex Brazil. With a high number of Capes, Newcastlemaxes and Valemaxes going out of service for drydock/scrubber fitting, the following weeks/months are expected to see present climate maintained and further strengthened. Average daily earnings for 180,000-tonners up almost 20 pct w-o-w to come in at USD 31k. Any owner securing fixed period levels earlier this year at levels ranging from USD 10k to USD 15k can watch with envy USD 18,500 recently done on mediocre 175,000-tonner for about 12 months, knowing next unit expected to be concluded substantially higher.

Panamax

With the rates continuing upwards, the Panamax index has climbed an additional 294 points since last Wednesday, currently at 2085 points. Vale is back in the market, and a strong iron ore price combined with high Chinese demand is giving rates a solid push. Several strong fixtures have been concluded, with Kamsarmaxes being paid over USD 30,000 for fronthauls to China, and ECSA to Far East are closing in on the USD 18,000 per day + 800,000 GBB mark for similar vessels. A transatlantic round voyage for regular Panamaxes now yields ahead of USD 20,500 per day, and a fronthaul from the Continent pays shipowners in the low USD 27,000's. In the East, a Pacific round voyage currently pays around mid USD 13,000's per day.

Supramax

Like in all other sizes of bulk shipping last week, Supramax tonnage enjoyed the constant improvement of TC/voyage levels. This bullish sentiment was more apparent in the Atlantic, where rates on all routes went up by an average of USD 2,000 in the last 7 days. The lack of tonnage able to load still in July dates has been especially seen in the North Continent and Baltic, and resulted in high rates for any order/cargo out of those zones, regardless the final destination. Pacific rates have also been going up, but not to the same extent like in the Atlantic. The short voyages from Indonesia to China gained the most, paying USD 1,000 a day more compared to the last week fixtures. Stems from Indonesia to India raised by average USD 750, whilst Nopac voyages are now paying more or less USD 500 a day more compared to last Wednesday reports. The overall BSI-index rose from 845 to 928.

Rates

| Capesize (USD/Day, USD/Tonne) | This week | Change |
|--------------------------------------|------------------|--|
| TCT Cont/Far East (180 DWT) | \$54,841 | \$4,409 ↑ |
| Australia - China | \$10.5 | \$1.2 ↑ |
| Pacific RV | \$28,750 | \$5,271 ↑ |

| Panamax (USD/Day, USD/Tonne) | | |
|-------------------------------------|----------|--|
| Transatlantic RV | \$20,525 | \$2,610 ↑ |
| TCT Cont/Far East | \$27,394 | \$3,501 ↑ |
| TCT Far East/Cont | \$5,074 | \$1,303 ↑ |
| TCT Far East RV | \$13,649 | \$2,027 ↑ |

| Supramax (USD/Day) | | |
|---------------------------|----------|--|
| Atlantic RV | \$13,705 | \$1,599 ↑ |
| Pacific RV | \$8,379 | \$572 ↑ |
| TCT Cont/Far East | \$22,439 | \$1,968 ↑ |

| 1 Year T/C (USD/Day) | | |
|-----------------------------|----------|--|
| Capesize (180 000 dwt) | \$19,500 | \$1,200 ↑ |
| Panamax (75 000 dwt) | \$12,000 | \$500 ↑ |
| Supramax (58 000 dwt) | \$10,850 | \$200 ↑ |

| | |
|-------------------------------|--------|
| Baltic Dry Index (BDI) | 2064.0 |
|-------------------------------|--------|

1 Year T/C Dry Bulk



Gas

Chartering

EAST

We saw increased activity on shipping East of Suez end of last week/beginning of this week, and all July positions have now been cleared. This stopped a falling Baltic, for now, and the freight market seems to have stabilized itself again in the East. Aramco acceptance dates for August were announced yesterday, and market players have slowly started to move against August positions. However, we still see few traders with shipping length left for 1 H August, and current fixing ideas are around mid/high USD 70s (excluding cost for awrip).

WEST

A couple of fixtures were concluded towards the end of last week at sub USD 120 Houston/Chiba basis, thus resulting in a slight reduction in the number of available vessels for first half August in USG. It will be interesting to see whether this reduction in vessel availability and drop in freight level are just outliers, or if the West continues to be further discounted relative to the East in the week ahead.

LPG Rates

| Spot Market (USD/Month) | This week | Change |
|-------------------------|-------------|-------------|
| VLGC (84 000 cbm) | \$1,923,125 | -\$96,875 ↓ |
| LGC (60 000 cbm) | \$900,000 | \$0 → |
| MGC (38 000 cbm) | \$710,000 | \$0 → |
| HDY SR (20-22 000 cbm) | \$520,000 | \$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 | \$270,000 | \$0 → |

| LPG/FOB Prices (USD/Tonne) | Propane | Butane |
|----------------------------|----------|----------|
| FOB North Sea/ANSI | \$330.50 | \$324.50 |
| Saudi Arabia/CP | \$375.00 | \$355.00 |
| MT Belvieu (US Gulf) | \$259.20 | \$231.50 |
| Sonatrach/Bethioua | \$335.00 | \$340.00 |

LNG Rates

| Spot Market (USD/Day) | This week | Change |
|------------------------------|-----------|-----------|
| East of Suez 155-165 000 cbm | \$54,000 | \$2,000 ↑ |
| West of Suez 155-165 000 cbm | \$57,000 | \$1,000 ↑ |
| 1 Year T/C 155-160 000 cbm | \$84,000 | \$0 → |

Newbuilding

Activity Levels

Tankers

● Slow

Dry Bulkers

● Slow

Others

● Slow

Prices

| Prices (Million USD) | Size | This week | Change |
|----------------------|---------|-----------|--------|
| VLCC | 300 000 | \$91 | \$0 → |
| Suezmax | 150 000 | \$61 | \$0 → |
| Aframax | 110 000 | \$50 | \$0 → |
| Product | 50 000 | \$37 | \$0 → |
| Capesize | 180 000 | \$50 | \$0 → |
| Kamsarmax | 82 000 | \$28 | \$0 → |
| Ultramax | 64 000 | \$26 | \$0 → |
| LNGC (MEGI) (cbm) | 170 000 | \$189 | \$0 → |

Sale & Purchase

Prices

| Dry | 2014 | 2009 |
|-----------|--------|--------|
| Capesize | \$37.0 | \$23.0 |
| Kamsarmax | \$24.0 | \$16.0 |
| Ultramax | \$22.0 | \$13.3 |

Wet

| | | |
|---------------|--------|--------|
| VLCC | \$71.5 | \$46.5 |
| Suezmax | \$51.5 | \$36.5 |
| Aframax / LR2 | \$37.5 | \$25.0 |
| MR | \$28.0 | \$18.0 |

Market Brief

Exchange Rates

USD/JPY

108.27 ↓ -0.50

USD/KRW

1177.55 ↓ -3.00

USD/NOK

8.54 ↓ -0.11

EUR/USD

1.12 ↑ 0.00

Interest Rates

LIBOR USD (6 months)

2.22% ↓ -0.05%

NIBOR NOK (6 months)

1.56% ↑ 0.04%

Commodity Prices

Brent Spot

\$64.35 ↑ \$0.19

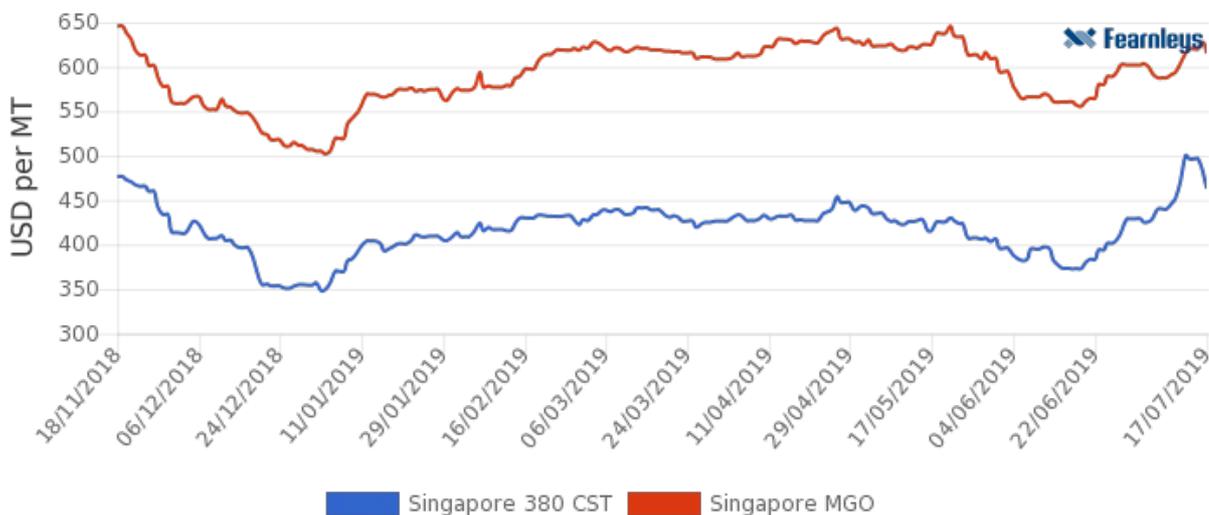
Bunker Prices

Singapore

| 380 CST | 180 CST | MGO |
|---------|---------|--------|
| \$463 | \$497 | \$615 |
| ↑ \$12 | ↑ \$17 | ↑ \$22 |

Rotterdam

| 380 CST | 180 CST | MGO |
|---------|---------|--------|
| \$394 | \$431 | \$586 |
| ↑ \$2 | ↑ \$10 | ↑ \$19 |



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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