

Fearnleys Weekly Report

Week 43 - October 23, 2019

Tankers

VLCC

A quiet end to last week and the same this week. The recent frenzy made charterers look well forward on dates, simply to secure tonnage. As it all turned out, it really was not necessary and now we have quiet days virtually all over to catch up to 'normal volumes'. Some charterers are however out there and rates have inevitably softened, though to levels yielding earnings abt \$80k/day. Levels only some weeks ago appeared we could only dream about. We do expect volumes both in Meg, Wafr and the Atlantic to come in to play in earnest and owners have far from forgotten what levels we saw at the 'super peak' we saw recently. Those levels may not be easily reached but hopes and expectations for the winter remains in full force in the shipowning community.

Suezmax

After a slow week last week where charterers built momentum for the downward push, rates started to slide this week with oil company relets making the first move. Rates in the Atlantic are experiencing a hefty re-pricing bearing in mind the last couple of week's bonanza. We expect rates to establish a floor in the mid W150s, implying that we are near the bottom for now with fundamentals still looking good for the owners. Although this means a solid 120+ WS point drop from the top, these levels still yields solid returns to owners...

Aframax

We have seen a downward correction in the Baltic and North Sea markets this week. Reduced activity on the cargo side combined with a healthy tonnage list has resulted in some charterers receiving up to 10 offers on the few cargoes that have entered the market. Although we expect the dip in rates to continue in the week to come, we do however believe activity, and in turn rates, will pick up again once we move closer to mid-November fixing window. Likewise in the Mediterranean and Black Sea cargo activity has not been sufficient to satisfy tonnage piling up in the region, with TD19 dropping around 70 worldscale points over the last week. In the week to come we expect the market to remain soft on the back of the long tonnage list in the natural fixing window.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	65.0	-55.0 ↓
MEG/Japan	280 000	105.0	-75.0 ↓
MEG/Singapore	280 000	105.0	-75.0 ↓
WAF/FEAST	260 000	105.0	-75.0 ↓

WAF/USAC	130 000	152.5	-92.5 ↓
Sidi Kerir/W Med	135 000	160.0	-90.0 ↓
N. Afr/Euromed	80 000	150.0	-75.0 ↓
UK/Cont	80 000	145.0	-50.0 ↓
Caribs/USG	70 000	210.0	0.0 →

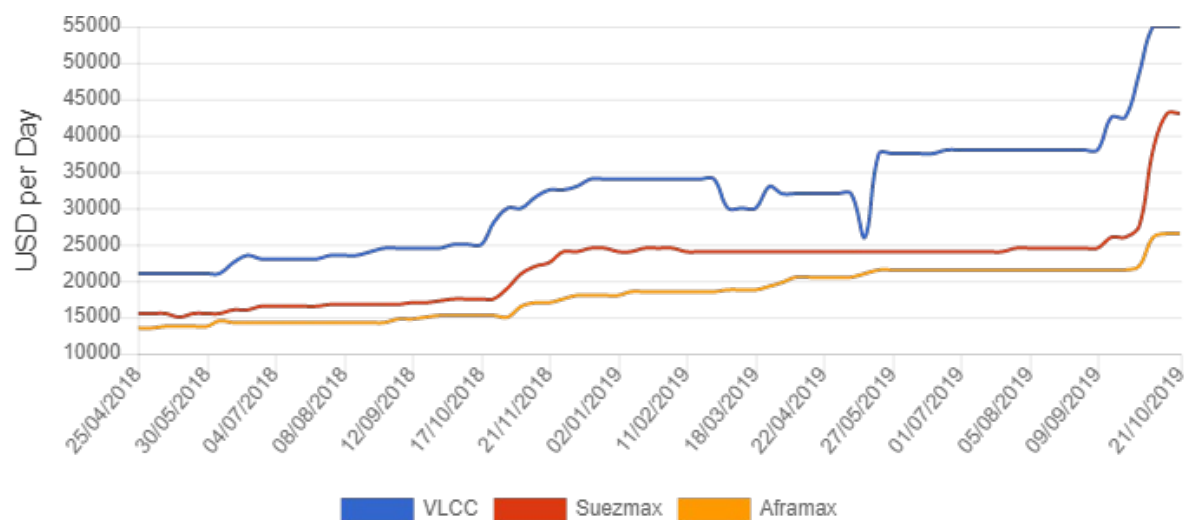
1 Year T/C (USD/Day)

VLCC	Modern	\$55,000	\$0 →
Suezmax	Modern	\$41,000	-\$2,000 ↓
Aframax	Modern	\$26,500	\$0 →

VLCCs fixed in all areas last week 51 -18 ↓

VLCCs available in MEG next 30 days 130 20 ↑

1 Year T/C Crude



Dry Bulk

Capesize

The market has continued to slide the last week, as lack of fresh requirements and a slight oversupply of tonnage heading towards South America keeps pressuring rates downward. However, there was some optimism today on the FFA market with both November and December closing up around 900 USD p/d. This probably due to the seasonal increase in shipment volumes that often occurs after the final weeks of October. Still, we might have to wait until the end of November before another upwards push upwards materialize.

Panamax

Negative sentiment in the market as it continues to weaken. A TA RV currently pays owners around the mid 14,500 usdpd on a standard Panamax, while a fronthaul from the continent now yields around 24,000 usdpd. In the east, a Pac RV pays around the 12,500 usdpd mark. The BPI4TC index is currently at 1770 points, 118 down since last week.

Supramax

By mid week rates in the Atlantic basin had softened a bit, while some routes in Pacific made gains. TA from USG to Cont/Med are fixing in the high teens, while FH ex USG paying owners around USD 25000 to Feast. Trip from Cont/Med to Wafr paying owners around USD 15000, while scrap from Cont to Emed pyaing around USD 14000. In the Indian Ocean vessels fixing around mid 13k + 350k gbb via Safr redel India range. Further in the East, Aussie rv's paying around USD 14500, while Indo/China trading around USD 14000.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$48,520	-\$2,580 ↓
Australia - China	\$8.8	-\$0.3 ↓
Pacific RV	\$21,654	-\$1,784 ↓

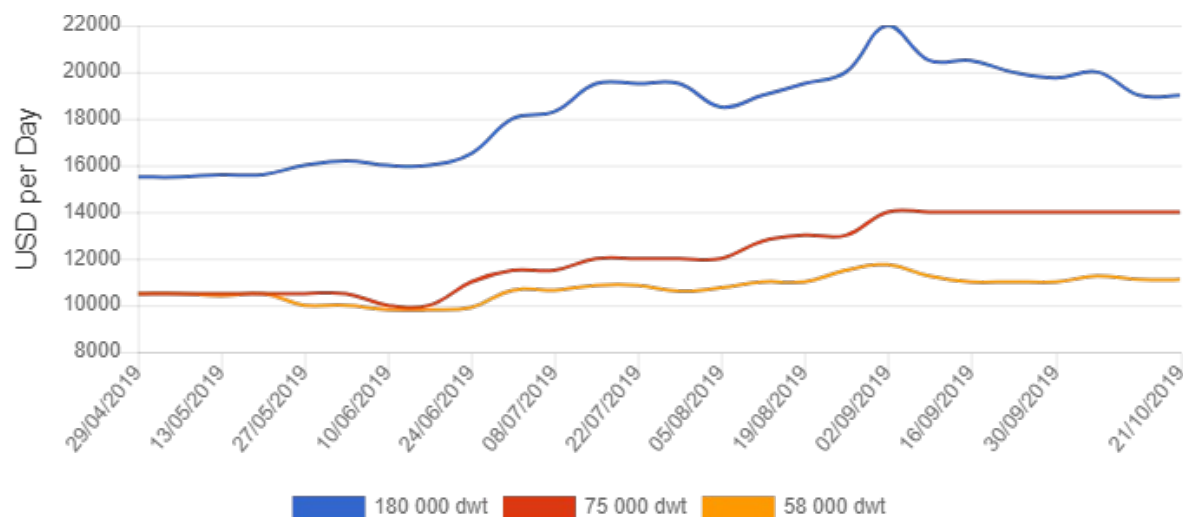
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	\$14,475	-\$1,205 ↓
TCT Cont/Far East	\$24,182	-\$1,157 ↓
TCT Far East/Cont	\$5,672	-\$183 ↓
TCT Far East RV	\$12,448	-\$1,206 ↓

Supramax (USD/Day)		
Atlantic RV	\$13,958	-\$930 ↓
Pacific RV	\$12,179	-\$128 ↓
TCT Cont/Far East	\$26,068	-\$264 ↓

1 Year T/C (USD/Day)		
Capesize (180 000 dwt)	\$18,500	-\$500 ↓
Panamax (75 000 dwt)	\$14,000	\$0 →
Supramax (58 000 dwt)	\$11,100	\$0 →

Baltic Dry Index (BDI)	1779.0
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1 Year T/C Dry Bulk



Gas

Chartering

EAST:

We have seen increased activity on shipping in the East after the Nov Aramco acceptances were finally posted end of last week.

As freight in the East has been generally long recently, all deals this week has been done at discount to last Baltic and rates have been under pressure.

Going forward into next fixing window though (2H Nov) one could argue that freight could turn, especially if more ships are sent back West on the back of higher freight premiums there. We also expect to see more cargoes in the market for 2H Nov, as we were still in a contango situation when lifters were submitting their dates to the Middle Eastern suppliers earlier.

WEST:

Freight rates for November liftings out of the US Gulf continues to hover around \$122-123 East and \$67-68 West. We anticipate more than a handful spot deals left to be concluded for 3rd decade November, with rather slim availability of ships we could see a small rise in freight towards the end of month. There is currently less weather delays in the Eastern ports than we have seen last weeks, this should increase availability of ships once December fixing starts in the weeks ahead.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$1,900,000	-\$300,000 ↓
LGC (60 000 cbm)	\$975,000	\$25,000 ↑
MGC (38 000 cbm)	\$870,000	\$0 →
HDY SR (20-22 000 cbm)	\$570,000	\$20,000 ↑
HDY ETH (17-22 000 cbm)	\$720,000	\$0 →
ETH (8-12 000 cbm)	\$450,000	\$0 →
SR (6 500 cbm)	\$430,000	\$0 →
COASTER Asia	\$240,000	\$0 →
COASTER Europe	\$250,000	\$10,000 ↑

LGP/FOB Prices (USD/Tonne)	Propane	Butane
FOB North Sea/ANSI	\$315.50	\$369.50
Saudi Arabia/CP	\$420.00	\$435.00
MT Belvieu (US Gulf)	\$244.00	\$287.00
Sonatrach/Bethioua	\$325.00	\$400.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$130,000	\$0 →
West of Suez 155-165 000 cbm	\$120,000	\$0 →
1 Year T/C 155-160 000 cbm	\$83,000	\$0 →

Newbuilding

Activity Levels

<div>Tankers</div> <div><div></div>Slow</div>	<div>Dry Bulkers</div> <div><div></div>Slow</div>	<div>Others</div> <div><div></div>Slow</div>
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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	\$36	-\$1 ↓
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

	2014	2009
Dry		
Capesize	\$37.0	\$23.0
Kamsarmax	\$24.0	\$16.0
Ultramax	\$22.0	\$13.0
Wet		
VLCC	\$74.0	\$50.0
Suezmax	\$52.5	\$37.5
Aframax / LR2	\$40.0	\$28.0
MR	\$29.0	\$18.0

Market Brief

Exchange Rates

<div>USD/JPY</div> <div>108.56 ↓ -0.25</div>	<div>USD/KRW</div> <div>1169.95 ↓ -15.20</div>
<div>USD/NOK</div> <div>9.15 ↑ 0.02</div>	<div>EUR/USD</div> <div>1.11 ↑ 0.01</div>

Interest Rates

LIBOR USD (6 months)

1.93% ↓ -0.05%

NIBOR NOK (6 months)

1.80% ↑ 0.01%

Commodity Prices

Brent Spot

\$642.50 ↑ \$583.76

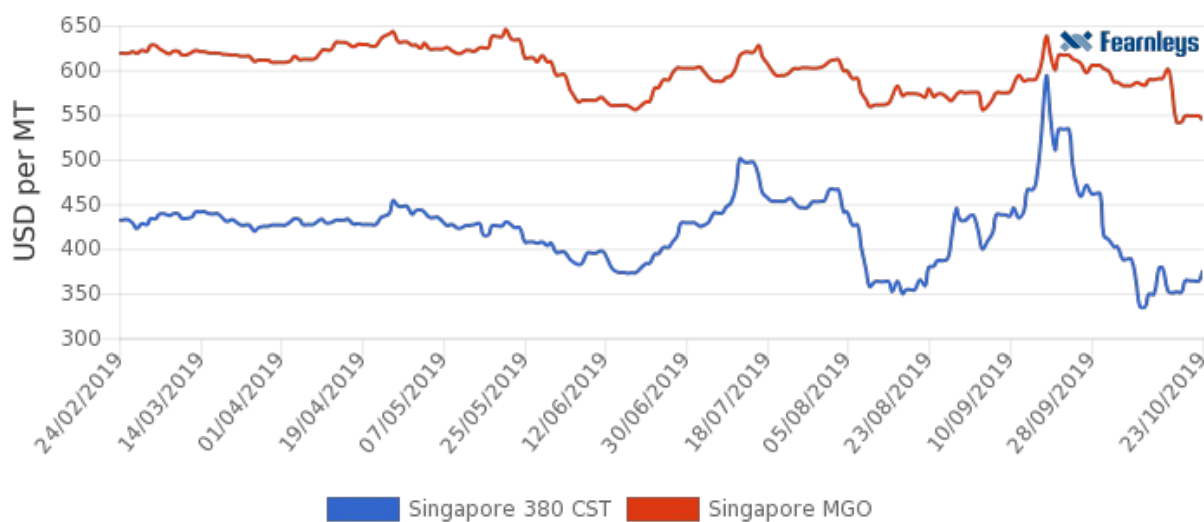
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$376	\$397	\$544
↑ \$25	↑ \$20	↓ -\$42

Rotterdam

380 CST	180 CST	MGO
\$247	\$285	\$503
↓ -\$20	↓ -\$17	↓ -\$51



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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