Fearnleys

# Fearnleys Weekly Report

Week 44 - October 30, 2019

## Tankers

## VLCC

Despite things appear a bit quiet, the volumes continue at regular levels for the major VLCC routes. The difference is that most is done quietly, well under the radar. This may indicate that the present levels are ‘acceptable’ to both parties, and hence rates appear steady and flat for now. Some had expected rates to corrected down much sharper than they have but there is still both optimism and resistance among owners. The MEG is however a bit over supplied with ex dry dock and also with some newbuildings which have fewer takers, but if the demand from the Atlantic continues, the ships with ‘needs’ may have found their own support level for MEG/East. For the market to firm from present levels we would need increased volumes for all the major VLCC routes, something many are both hoping and expecting to happen as we embark on the actual winter months.

## Suezmax

The Suezmax market has been in a stand-off for almost two weeks now. Very little activity in all areas, building up the position list and getting some breathing space for the charterers. And as so many times before, charterers came out on top and the market has started to come off in chunks. West Africa/UKCM is now down to ws125, but still have some downside potential even though we are closing in on the bottom. The East market is looking to come off quite a bit for the rest of the week as well. Going forward, we could easily see the activity picking up a bit, on the back of this quiet period. TCE wise market is still good, and if this is the bottom, there is no point for owners to be unhappy.

## Aframax

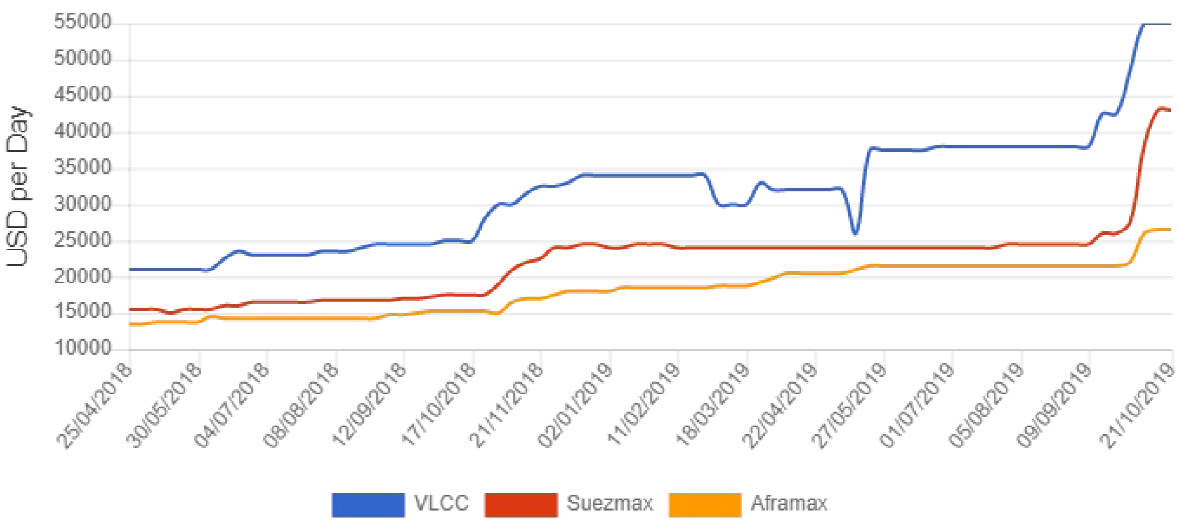
In the Baltic and North Sea market, we have seen a continued downward correction the past week. Although activity has picked up at a slow pace the last few days, the tonnage list in the area is still healthy enough to keep a declining pressure on rates. Going forwards we are still expecting the market to firm as we approach mid-November fixing window. In the Mediterranean and Black Sea, owners have still been fighting over the stems that have come into the market. Voyages cross-Med has continued to drop and is currently trading at low ws100 levels. The tonnage list in the area is also long, and owners can only witness alternative markets seeing similar downward trends. Hence, we expect the market to remain soft in the Mediterranean/Black Sea in the week to come.

## Rates

| DIRTY (Spot WS) | Size | This week | Change |
|---|---|---|---|
| MEG/WEST | 280 000 | 56.0 | -9.0 ↓ |
| MEG/Japan | 280 000 | 92.5 | -12.5 ↓ |

| | | | |
|---|---|---|---|
| MEG/Singapore | 280 000 | 92.5 | -12.5 ↓ |
| WAF/FEAST | 260 000 | 94.0 | -11.0 ↓ |
| WAF/USAC | 130 000 | 120.0 | -32.5 ↓ |
| Sidi Kerir/W Med | 135 000 | 150.0 | -10.0 ↓ |
| N. Afr/Euromed | 80 000 | 110.0 | -40.0 ↓ |
| UK/Cont | 80 000 | 100.0 | -45.0 ↓ |
| Caribs/USG | 70 000 | 170.0 | -40.0 ↓ |
| **1 Year T/C (USD/Day)** | | | |
| VLCC | Modern | $55,000 | $0 → |
| Suezmax | Modern | $41,000 | $0 → |
| Aframax | Modern | $26,500 | $0 → |
| **VLCCs fixed in all areas last week** | | 54 | 3 ↑ |
| **VLCCs available in MEG next 30 days** | | 125 | -5 ↓ |

## 1 Year T/C Crude




# Dry Bulk

## Capesize

Over the last week the market has seen an improvement in all basins with the index up 205 points, or 7%. Especially the north Atlantic is showing improving numbers as the segment is very thin on available tonnage. This together with increased activity in the Pacific has changed the sentiment to the better though the lack of Vales presence has dampened the enthusiasm some. We still believe the market is set for another upturn, but don’t necessary believe it will happen over the next week.

## Panamax

A very quiet start to the week with holidays in Singapore, Greece, and India, which put a hold to the market. Softening rates in both hemispheres as the negative sentiment from the end of last week continued into this one. A TA round voyage currently pays owners around USD 11,000 per day on a standard Panamax, while a fronthaul from the Continent now yields around USD 22,000. In the East, a Pacific round voyage pays around USD 11,000. The BPI 4TC-index is currently at 1574 points, 196 down since last week.

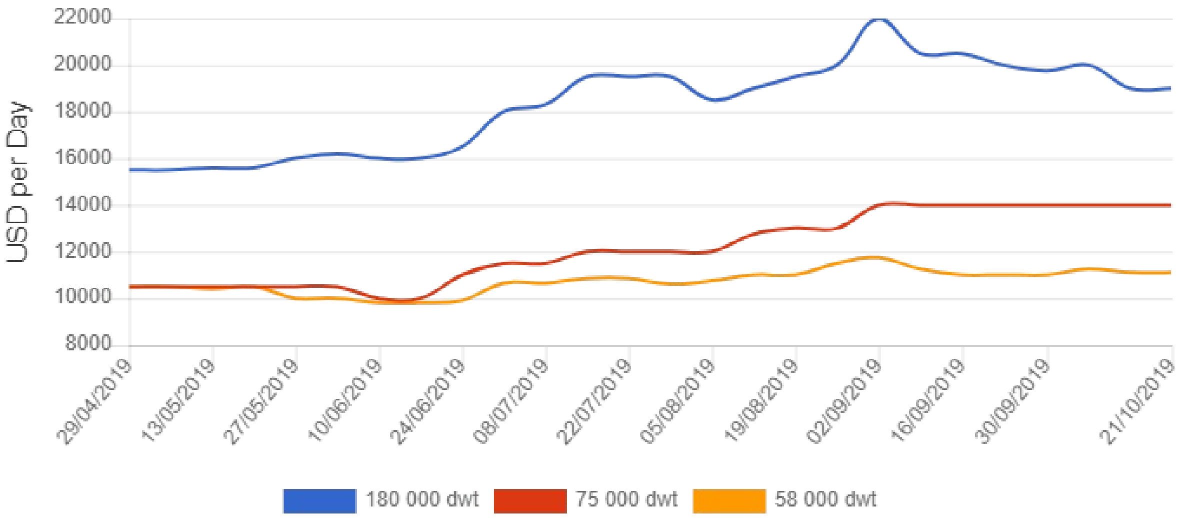
## Supramax

Supramax rates dropped across all borders. Atlantic market with surplus of tonnage available and lack of cargoes, resulted in a sharp drop in USG rates. The fixtures were reported about USD 14/15k for USG-Med trips, and USD 20/21k to Spore/Japan. There was a rumour that Tess 58 obtained close to USD 30k loading BHI from Atlantic Colombia to China. ECSA market also followed the downwards direction, and rates have dropped from USD 15k + 500k bb to USD 14k + 400k bb for loaders in Brazil to Spore/Japan. Med/BSea rates dropped for all segments due to the reduced grain export and again number of ships increasing steadily, putting more pressure on rates. Med- W.Africa clinkers fixing USD 13/14k per day, which is about USD 3k less from previous week. The limited cargoes from EC India resulted in a drop in the rates, as well as WC India and S.Africa rates experienced a further drop with Supramax, getting around USD 13k/d + 300k bb, compared to much healthier rates earlier this month. SE Asia has seen steady activity, though rates were under pressure. Ultramax reported fixing USD 14,500/day for a trip via Indonesia to China. Tess 52 delivery North China for Indo coal back to China obtaining USD 9k. We expect the market and indexes to drop further.

## Rates

| **Capesize (USD/Day, USD/Tonne)** | **This week** | **Change** |
|---|---|---|
| TCT Cont/Far East (180 DWT) | $50,185 | $1,665 ↑ |
| Australia – China | $9.1 | $0.3 ↑ |
| Pacific RV | $23,167 | $1,513 ↑ |
| **Panamax (USD/Day, USD/Tonne)** | | |
| Transatlantic RV | $11,780 | -$2,695 ↓ |
| TCT Cont/Far East | $22,168 | -$2,014 ↓ |
| TCT Far East/Cont | $5,389 | -$283 ↓ |
| TCT Far East RV | $11,197 | -$1,251 ↓ |
| **Supramax (USD/Day)** | | |
| Atlantic RV | $12,801 | -$1,433 ↓ |
| Pacific RV | $11,936 | -$331 ↓ |
| TCT Cont/Far East | $25,107 | -$1,050 ↓ |
| **1 Year T/C (USD/Day)** | | |
| Capesize (180 000 dwt) | $19,000 | $500 ↑ |
| Panamax (75 000 dwt) | $12,500 | -$1,500 ↓ |
| Supramax (58 000 dwt) | $10,850 | -$250 ↓ |
| **Baltic Dry Index (BDI)** | 1802.0 | |

## 1 Year T/C Dry Bulk




## Gas

## Chartering

EAST
This week got off to a quiet start with Deepavali holidays on Monday. Last done deal in the MEG was done at around USD 72 Baltic, but we expect rates to go up further as more ships are being sent back to the US on the back of higher freight premiums there. Time of writing there are a couple of uncovered Indian requirements for November loading in the market, and we expect to see one more cargo for loading around the 25th November from another Indian major before the week is over.

WEST
This week was busy in the West, with several fixtures absorbing the remaining freight length at the end of Nov and some of that in 1H Dec. Aside from the change in the supply versus demand balance of ships, logistical issues such as limited Panama Canal slots have also arisen. Consequently, rates have begun to climb to higher levels after being stable for a number of weeks, while netbacks have generally been supportive of this increase. The fact that ships are being fixed increasingly far in advance suggests that we could see similarly high levels for the remainder of 2019, but this will ultimately depend on the arb remaining open.

## LPG Rates

| Spot Market (USD/Month) | This week | Change |
|---|---|---|
| VLGC (84 000 cbm) | $1,950,000 | $50,000 ↑ |
| LGC (60 000 cbm) | $975,000 | $0 → |
| MGC (38 000 cbm) | $870,000 | $0 → |
| HDY SR (20-22 000 cbm) | $570,000 | $0 → |
| 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 | $260,000 | $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) | $255.00 | $286.00 |

| | | |
|---|---|---|
| Sonatrach/Bethioua | $325.00 | $400.00 |

## LNG Rates

| Spot Market (USD/Day) | This week | Change |
|---|---|---|
| East of Suez 155-165 000 cbm | $130,000 | -$5,000 ↓ |
| West of Suez 155-165 000 cbm | $120,000 | $0 → |
| 1 Year T/C 155-160 000 cbm | $82,000 | -$1,000 ↓ |

# 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 | $50 | $0 → |
| Product | 50 000 | $36 | $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 | $13.0 |

| 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

**USD/JPY**

108.58 ↑ 0.02

**USD/KRW**

1173.00 ↑ 3.05

**USD/NOK**

9.19 ↑ 0.04

**EUR/USD**

1.11 ↓ 0.00

### Interest Rates

**LIBOR USD (6 months)**

1.93% ↑ 0.02%

**NIBOR NOK (6 months)**

1.83% ↑ 0.03%

### Commodity Prices

**Brent Spot**

$61.23 ↑ $1.81

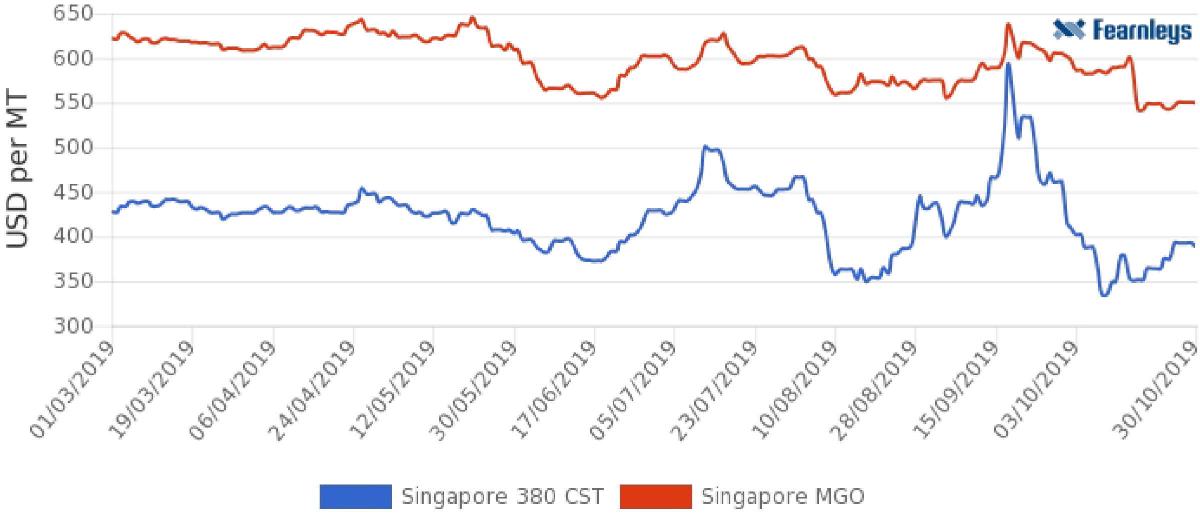
### Bunker Prices

**Singapore**

| 380 CST | 180 CST | MGO |
|---|---|---|
| $388 | $418 | $550 |
| ↑ $13 | ↑ $21 | ↑ $6 |

**Rotterdam**

| 380 CST | 180 CST | MGO |
|---|---|---|
| $267 | $300 | $510 |
| ↑ $20 | ↑ $15 | ↑ $7 |



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.

Disclaimer



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