

Fearnleys Weekly Report

Week 47 2019

Printer version

Tankers

Comments

VLCC

VLCC rates bottomed out in the mid ws70's middle of last week for MEG/eastbound voyages, and have not looked back since. The going rate is currently estimated in the mid ws90's for modern ships, with normal discounts to be had for older/restricted units. The Atlantic basin is following the same pattern, with even ws100 paid for a Wafr/China voyage, albeit including a premium for North China discharge. Tonnage availability in the area is thinning, to an extent a result of IMO 2020 low sulphur requirements coming into play for those longer voyages. Bunker prices for normal 380 cts is on a downward trajectory, thereby sugaring TCE results further for those units having installed scrubber. Further upward potential is evident in all areas, with 3 digits rates more than likely within the not too distant future.

Suezmax

The Suezmax market worldwide is picking up now. USG market getting more active and with not much available, safe tonnage, they would start looking at ballasters from Continent. Above 7 mill has been paid EC Mexico to Japan, which again put pressure on an already busy West Africa market. Then we have delays in the Turkish straits putting pressure on the Black Sea and Med market. In the East, we have seen a boost in activity this week, and at the moment all markets are pushing in the same direction, and we expect the market to keep improving for the rest of the week.

Aframax

Last week rates in the North Sea and Baltic saw a sharp increase in rates from last done levels on a couple of fixtures. This week the market looks more balanced as there is more available tonnage for the next fixing window. Despite a small downward correction in rates, activity is still quite good and TC earnings are about USD 70,000 pd. We could see a further downward correction on rates for the next week until if will firm again. In the Mediterranean and Black Sea, we have seen the recent amount of cargoes coming into the market satisfy the relatively healthy tonnage list. Delays in the Straits combined with activity on the cargo side has given the market a boost and rates have picked up around 80 worldscale points on bench mark routes. TD19 is currently trading above ws200. As a lot of prompt ships have been taken out of play, we expect the remaining owners to take a stand in order to keep an upwards pressure on rates in the week to come, unless Suezmaxes cap the market.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 50.0	4.0
MEG/Japan (280 000)	WS 90.0	15.0
MEG/Singapore (280 000)	WS 91.0	15.0
WAF/FEAST (260 000)	WS 97.0	17.0
WAF/USAC (130 000)	WS 117.5	15.0

Sidi Kerir/W Med (135 000)	WS 115.0	15.0
N. Afr/Euromed (80 000)	WS 210.0	90.0
UK/Cont (80 000)	WS 190.0	80.0
Caribs/USG (70 000)	WS 165.0	32.5

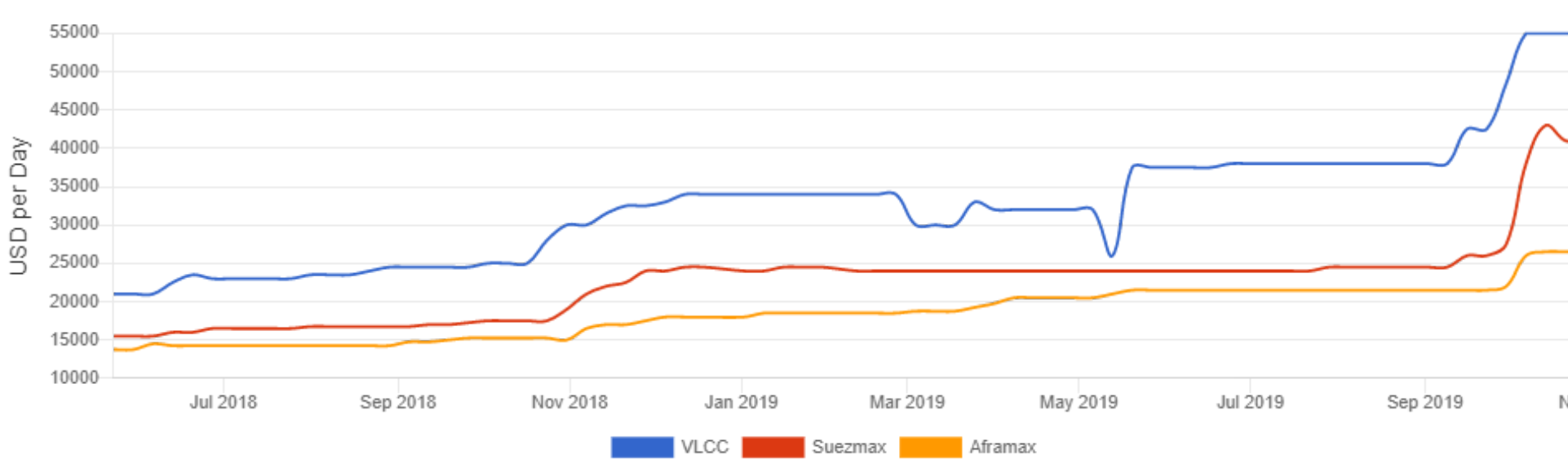
1 Year T/C (USD/Day)

VLCC (Modern)	\$50000.0	\$0
Suezmax (Modern)	\$36000.0	\$0
Aframax (Modern)	\$26000.0	\$0

VLCC

VLCCs fixed in all areas last week	53	5
VLCCs available in MEG next 30 days	125	0

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Nervous and softening, with average daily earnings down 10 pct w-o-w to come in at USD 18,500 as Brazil iron ore exports again fail to live up to expectations and Atlantic coal is in limbo. Although hardly significant in relative terms, a 25 pct drop in transatlantic earnings has considerable effect on sentiment. Fronthaul volumes however expected to increase, and with a short list of ballasters towards ECSAM there is quite some optimism amongst players. Far East volumes are stable and just enough to withstand further negativity, the Dampier/Qingdao conference trade hovering around USD 8.75 pmt and Pacific rounds for modern 180,000-tonners just a fragment down to pay a present USD 22-22,500. FFA's give little support for considerable period activity, and recent long-term conclusions appear limited to 177,000 dwt, built 2006, done for about 2 years at USD 15k or touch more.

Panamax

Despite a slow start, demand has picked up throughout the week as it seems like the market has reached its floor. This has been especially evident from the volume of fresh requirements from USG as well as from increased demand from Australia and the North Pacific. Currently, a TA round voyage pays owners high USD 7,000 per day. A fronthaul from the Continent yields around the USD 17,000. In the Pacific, a round voyage pays owners around USD 8,000 per day. The BPI 4TC-index is currently at 1,127 points, 43 down since last week.

Supramax

A soft start to the week with soft sentiment and weak rates from the Far East as well as ECSA and USG. Aussie rv's back to SE Asia paying around USD 7,000, while Indo/WCI paying around low USD 6,000 bss del S.China, while to SE Asia paying around USD 7,500. In the Atlantic, more activity on the Continent/Baltic, while USG and ECSA remains slow. TA ex USG to Med paying around USD 14,000, while FH is paying in the high teens. From Bsea vessels are fixing around USD 15,000 for FH.

Rates

Capesize (USD/Day, USD/Tonne)

TCT Cont/Far East (180 DWT)	\$31,850	-\$4,100
Australia – China	\$8.7	-\$0.1
Pacific RV	\$22,321	-\$717

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$7,735	-\$55
TCT Cont/Far East	\$16,700	-\$936
TCT Far East/Cont	\$3,744	-\$204
TCT Far East RV	\$8,025	-\$178

Supramax (USD/Day)

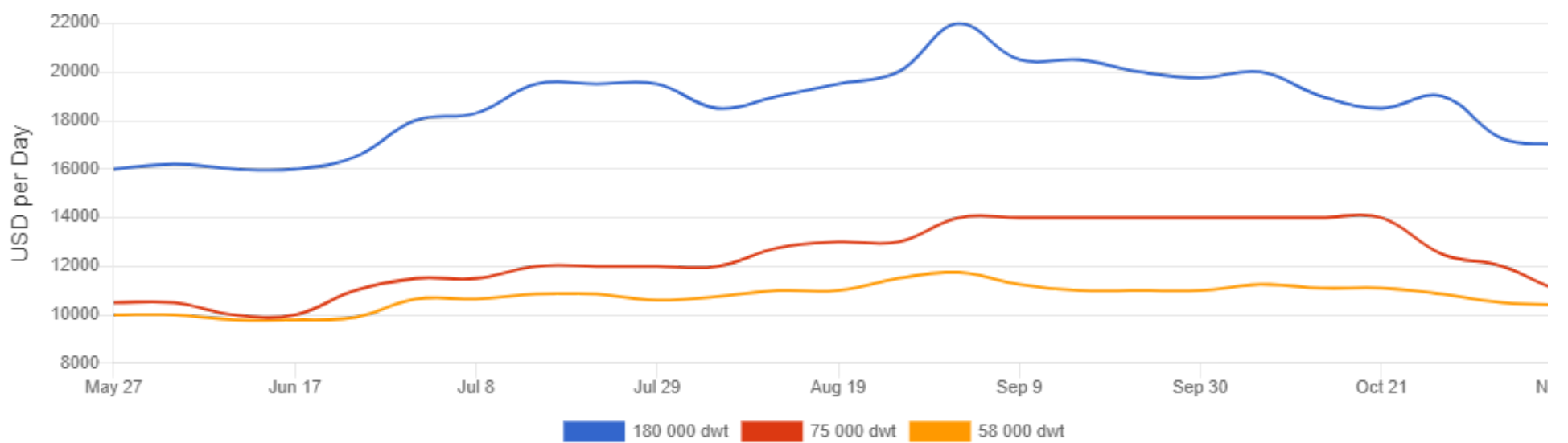
Atlantic RV	\$9,550	-\$140
Pacific RV	\$7,693	-\$557
TCT Cont/Far East	\$14,486	-\$1,285

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$16,500	-\$500
Panamax (75 000 dwt)	\$11,000	\$0
Supramax (58 000 dwt)	\$10,250	-\$150

Baltic Dry Index (BDI)	\$1,260
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1 Year T/C Dry Bulk



Gas

Chartering

WEST:

The West has been fairly quiet this week. Some ships are beginning to run late for early Dec laycans. Going forward, it would not be unreasonable to expect further slippage given how ahead of time fixing has been happening so far. A likely consequence of this is an increased probability that players will look to optimise by way of vessel swaps where possible.

With regards to freight rates, the recent flow of ships from US to East via the Cape of Good Hope has left vessel availability relatively shorter in the West. Combined with the fact that there are a number of ships which will be retrofitting scrubbers in the next few months, rates should remain strong into the early 2020 fixing period.

EAST:

In the East there were a few fixtures this week following Saudi Acceptances. Rates have come off slightly, and a few additional trader relets remain. With that said, more players are looking to swap vessels with others in order to minimise expensive waiting time. In terms of delays in Eastern disports, things seem to be generally running on time at time of writing.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$2,150,000	\$0
LGC (60 000 cbm)	\$1,000,000	\$0
MGC (38 000 cbm)	\$925,000	\$0
HDY SR (20-22 000 cbm)	\$600,000	\$0
HDY ETH (17-22 000 cbm)	\$700,000	\$0
ETH (8-12 000 cbm)	\$450,000	\$0
SR (6 500 cbm)	\$390,000	-\$40,000
COASTER Asia	\$245,000	\$0
COASTER Europe	\$280,000	\$5,000

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$358.00	\$0.00
Saudi Arabia/CP	\$430.00	\$0.00

MT Belvieu (US Gulf)	\$272.00	-\$3.00
Sonatrach/Bethioua	\$360.00	\$0.00

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$422.50	\$0.00
Saudi Arabia/CP	\$445.00	\$0.00
MT Belvieu (US Gulf)	\$330.00	-\$6.00
Sonatrach/Bethioua	\$440.00	\$0.00

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$112,500	-\$10,000
West of Suez 155-165 000 cbm	\$112,500	\$0
1 Year T/C 155-160 000 cbm	\$79,000	-\$2,000

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	\$91.0	\$0.0
Suezmax	\$61.0	\$0.0
Aframax	\$50.0	\$0.0
Product	\$36.0	\$0.0
Capesize	\$50.0	\$0.0
Kamsarmax	\$28.0	\$0.0
Ultramax	\$26.0	\$0.0
LNGC (MEGI) (cbm)	\$188.5	\$0.0

Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$37.0	\$0.0
Kamsarmax	\$23.5	\$0.0
Ultramax	\$22.0	\$0.0

Dry (10 yr)

Capesize	\$23.0	\$0.0
Kamsarmax	\$16.0	\$0.0
Ultramax	\$13.0	\$0.0

Wet (5 yr)

VLCC	\$74.0	\$0.0
Suezmax	\$52.5	\$0.0
Aframax / LR2	\$40.0	\$0.0
MR	\$29.0	\$0.0

Wet (10 yr)

VLCC	\$50.0	\$0.0
Suezmax	\$37.5	\$0.0
Aframax / LR2	\$28.0	\$0.0
MR	\$18.0	\$0.0

Market Brief

Exchange Rates

USD/JPY	108.50	-0.66
USD/KRW	1167.55	6.40
USD/NOK	9.12	-0.02
EUR/USD	1.11	0.01

Interest Rates

LIBOR USD (6 months)	1.92%	0.00%
NIBOR NOK (6 months)	1.86%	-0.01%

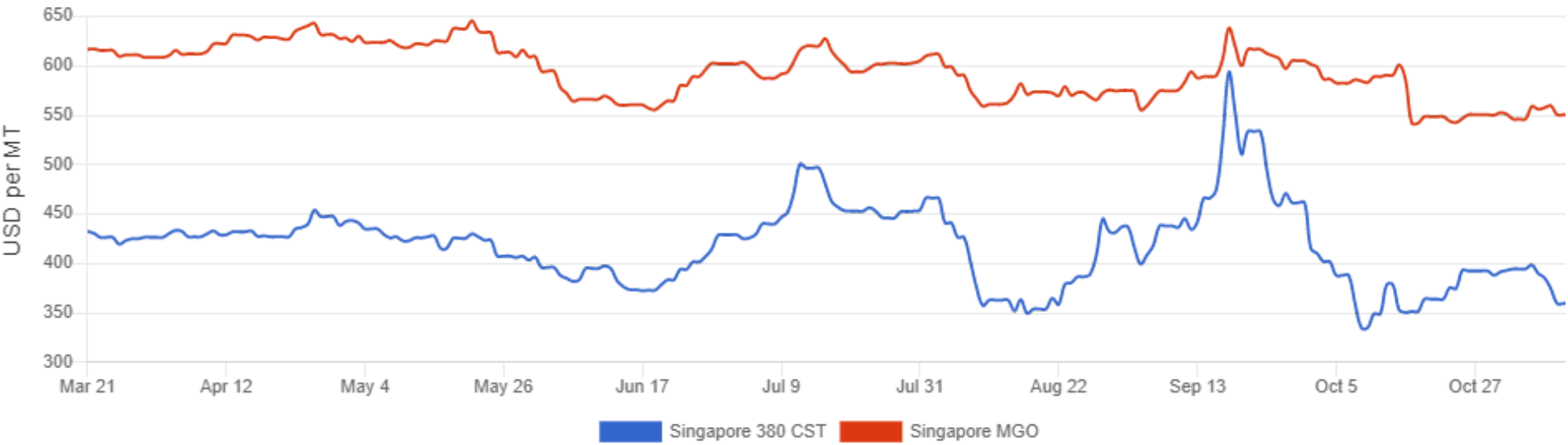
Commodity Prices

Brent Spot	\$60.91	-\$1.15
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Bunkers Prices

Singapore 380 CST	\$307.5	-\$40.5
Singapore 180 CST	\$333.5	-\$7.5
Singapore Gasoil	\$541.0	-\$10.0

Rotterdam 380 CST	\$252.5	-\$0.5
Rotterdam 180 CST	\$282.0	-\$1.0
Rotterdam Gasoil	\$490.5	-\$8.5



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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