

Fearnleys Weekly Report

Week 48 2019

Printer version

Tankers

Comments

VLCC

With VLCC rates having gone from strength to strength as last week went by, things looked rigged for further improvement from the get go on Monday. However, activity was slow as the day progressed, and players were taken by surprise at a ws130 concluded for a MEG/Thailand run late in the day – a good 15-20 point jump on last done levels, with nothing in between. Arguably it was based on a min 14.5 knots laden speed for a shorter type voyage, but nevertheless it immediately added fuel to the fire. However, charterers kept their cool, and come Tuesday managed to convince owners to accept ws115-117.5 deals for MEG/China voyages, yielding daily returns in the USD 90’s/day. With the Thanksgiving tomorrow, and the Christmas party season kicking off in London next week, charterers and owners alike possibly feel a sense of urgency to get things done – and a gradual strengthening is likely more sustainable than the boom/bust scenario we saw not too long ago. Current earnings are not to be sniffed at, and It’s also important to remember that waiting days have become correspondingly expensive.

Suezmax





Owners went in to the weekend with their hopes high after an active last week. So far this week, rates in West Afrika have kept steady with charterers having plenty of early tonnage to choose from. MEG and MED-Black Sea have been busy for several weeks now and continues to be busy which absorbs ship that would elsewhere face a ballast to WAFR. Couple that with increased activity in Americas and little natural supply to choose from and rates could very soon be on the move again. Time will tell if the weekend once again will provide charterers with some breathing space or if next week will set fire to rates in the Atlantic.

Aframax

As expected, we have seen a downward correction in the Baltic and North Sea market the past week. This is mainly due to a light program ex Baltic in the 1st decade fixing window, and re-lets covering a majority of the available cargoes. However, at the time of writing we are seeing an active market in the North Sea, and we expect a firming market in the week to come, especially when the Baltic program picks up. Likewise, in the Mediterranean and Black Sea we have seen a slight downwards correction since last week. However, a healthy cargo program the last few days has turned this trend around and the market has somewhat bounced back. TD19 is trading around 210 on world scale, gaining a return for owners just shy of USD 64,000 pd TCE. At the moment the local market is looking healthy, and so are surrounding markets, so we expect the Mediterranean and Black Sea to remain firm going into next week.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 62.0	12.0 
MEG/Japan (280 000)	WS 117.0	27.0 
MEG/Singapore (280 000)	WS 120.0	29.0 
WAF/FEAST (260 000)	WS 117.0	20.0 

WAF/USAC (130 000)	WS 115.0	-2.5 ↓
Sidi Kerir/W Med (135 000)	WS 130.0	15.0 ↑
N. Afr/Euromed (80 000)	WS 210.0	0.0 →
UK/Cont (80 000)	WS 157.5	-32.5 ↓
Caribs/USG (70 000)	WS 200.0	35.0 ↑

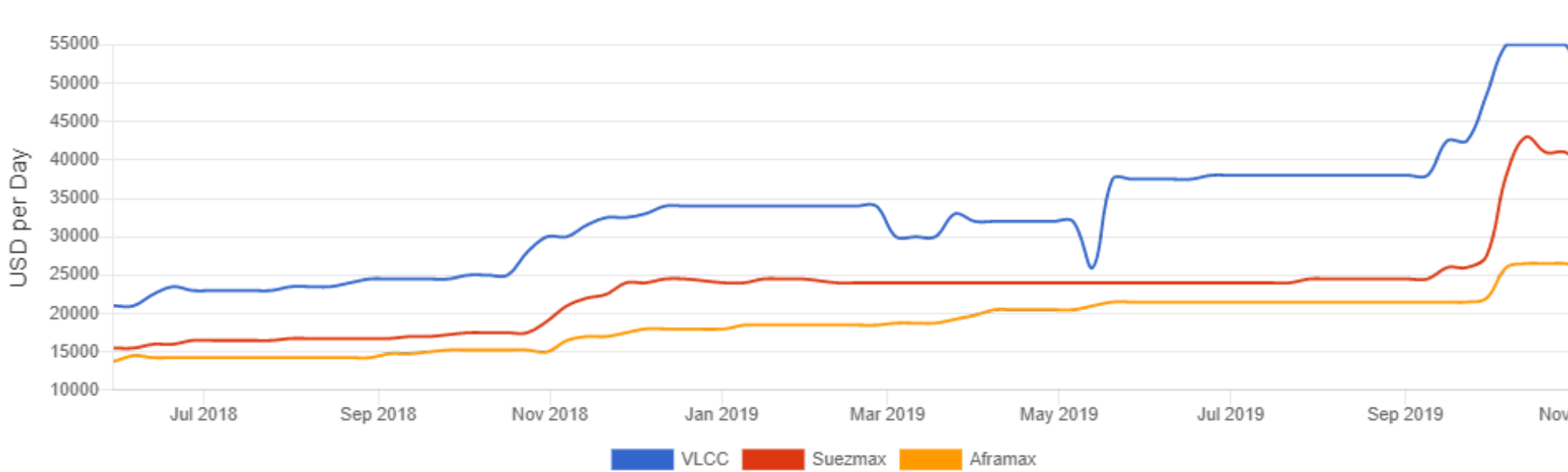
1 Year T/C (USD/Day)

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

VLCC

VLCCs fixed in all areas last week	55	2 ↑
VLCCs available in MEG next 30 days	125	0 →

1 Year T/C Crude



Dry Bulk

Comments

Capesize

A lack of tonnage in the Atlantic basin coupled with a seasonal increase in shipment volumes has resulted in a significant market upturn the last week. Further market gains depend on how much activity there will be out of Brazil in December. In the very near term at least, things looks promising.

Panamax

Weaker numbers reported overall, but not a major setback from last week. The East Coast South America region takes a hit, with ships having to accept substantial waiting days and reduced levels. Further North in the Atlantic, levels have been more healthy. The Pacific has been relatively steady, with the same numbers being discussed as earlier for vessels in good delivery positions for Nopac and Australia. A TA round voyage pays owners around USD 8,000 per day. A fronthaul from the Continent yields around the USD 16,000's. In the Pacific basin, a round voyage pays owners around USD 8,000 per day. The BPI 4TC-index is currently at 1111 points, 16 down since last week.

Supramax

The market turned green in most areas apart from ECSA, where there is still a lack of inquiries, and Ultras fixing around USD 13,500+350k gbb for fh to ECI/Bangladesh. USG has showed a rapid improvement with vessels fixing around USD 25,000 for fh to India, while TA to Med in the high teens, and from the Continent, scrap cargoes to Emed is paying in the mid-teens. In the Indian Ocean, South Africa RV's paying around USD 115k+115k gbb, while MEG to China paying around USD 12,000. Further East, Indo/China coal is paying around USD 9,500.

Rates

Capesize (USD/Day, USD/Tonne)

TCT Cont/Far East (180 DWT)	\$35,175	\$3,325 ↑
Australia – China	\$9.7	\$1.0 ↑
Pacific RV	\$26,333	\$4,012 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$8,315	\$580 ↑
TCT Cont/Far East	\$15,718	-\$982 ↓
TCT Far East/Cont	\$3,574	-\$170 ↓
TCT Far East RV	\$8,401	\$376 ↑

Supramax (USD/Day)

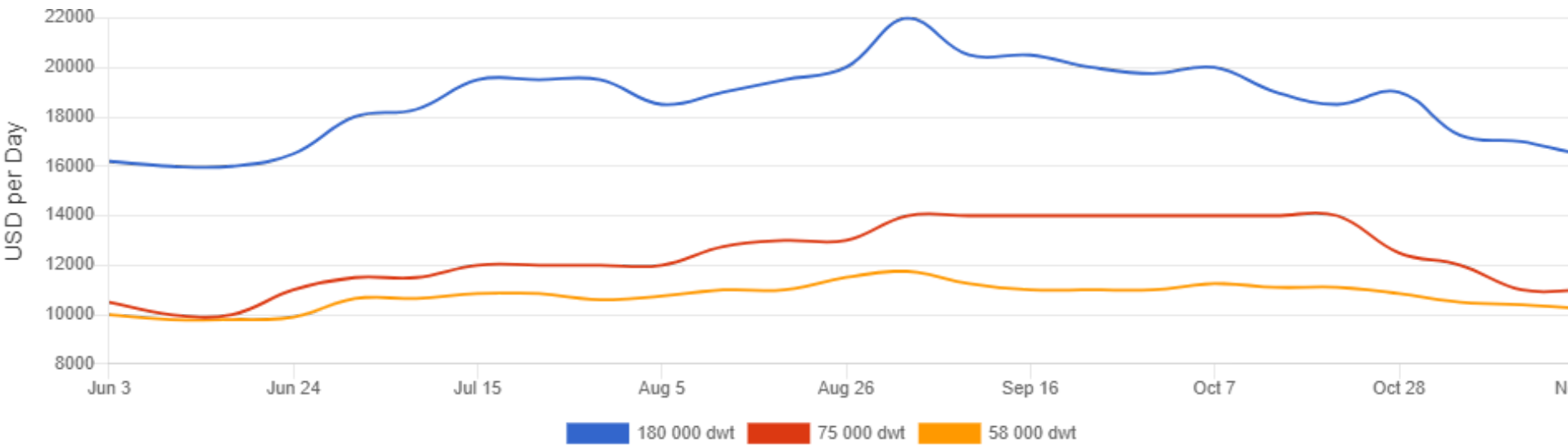
Atlantic RV	\$11,308	\$1,758 ↑
Pacific RV	\$8,114	\$421 ↑
TCT Cont/Far East	\$15,907	\$1,421 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$16,500	\$0 →
Panamax (75 000 dwt)	\$11,000	\$0 →
Supramax (58 000 dwt)	\$10,200	-\$50 ↓

Baltic Dry Index (BDI)	\$1,440
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1 Year T/C Dry Bulk



Gas

Chartering

WEST:
The past week has been muted in the West, presumably as a consequence of players having fixed far in advance previously. With that said, some players have started to think about January fixing and could be keen to clear their requirements as the holiday season approaches. Looking ahead, some vessels are scheduled to go into dry-docking for retrofitting of scrubbers and special surveys, and this could have an influence on rates in the months to come.

EAST:
It has been another uneventful week for shipping in the East so far. We are generally seeing more open ships for next fixing window i.e. December, also from traders with extra length, and this continue to add pressure to freight rates. Last done deal in the market was done at USD 72 Baltic, and time of writing there is only one other cargo from an Indian major being worked.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$2,050,000	-\$100,000 ↓
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)	\$440,000	-\$10,000 ↓
SR (6 500 cbm)	\$390,000	\$0 →
COASTER Asia	\$245,000	\$0 →
COASTER Europe	\$285,000	\$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)	\$286.00	\$14.00 ↑
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)	\$340.50	\$10.50 ↑
Sonatrach/Bethioua	\$440.00	\$0.00 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$105,000	-\$2,500 ↓
West of Suez 155-165 000 cbm	\$112,000	-\$500 ↓
1 Year T/C 155-160 000 cbm	\$78,000	-\$1,000 ↓

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	109.09	0.59 ↑
USD/KRW	1176.75	9.20 ↑
USD/NOK	9.17	0.04 ↑
EUR/USD	1.10	-0.01 ↓

Interest Rates

LIBOR USD (6 months)	1.92%	0.03% ↑
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NIBOR NOK (6 months)	1.85%	-0.03% ↓
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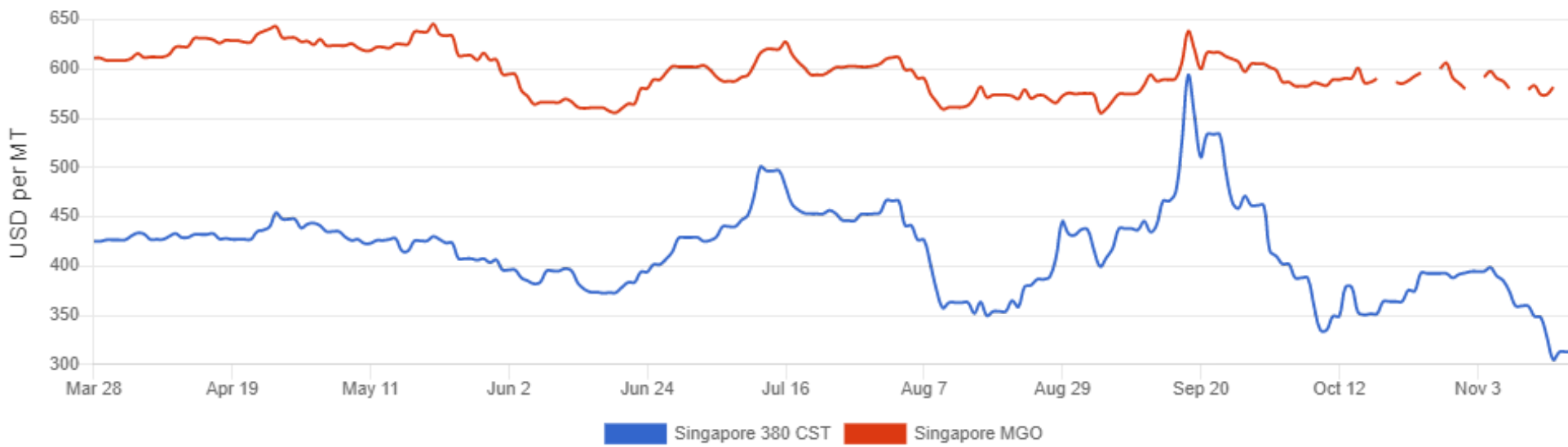
Commodity Prices

Brent Spot	\$63.21	-\$0.09 ↓
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Bunkers Prices

Singapore 380 CST	\$319.0	\$11.5 ↑
Singapore 180 CST	\$346.0	\$12.5 ↑
Singapore Gasoil	\$585.5	-\$10.5 ↓

Rotterdam 380 CST	\$256.5	\$4.0 ↑
Rotterdam 180 CST	\$289.5	\$7.5 ↑
Rotterdam Gasoil	\$567.0	-\$7.0 ↓



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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