

Fearnleys Weekly Report

Week 50 2019

Printer version

Tankers

Comments

VLCC

Mid-end last week the VLCC market was searching for direction with rates all over the place, but finally found a consensus this week, climbing quickly from ws95 to ws110-112.5 for MEG/eastbound cargoes before levelling off. Current levels are yielding earnings in the USD 80k’s per day when burning the more expensive compliant 0.5% VLSFO and upwards to USD 100k per day if scrubber fitted. Waiting days are thus equally expensive, moving the focus more on loading dates than pushing rates further. The West/East trade has picked up again as well with a number of US export cargoes, spreading the fleet and in turn supporting all load areas. Short term we expect the market to move sideways, with smaller discounts possible for good dates or longer voyages. The position list is thigh in the front end, but opens up as we move into January, hence the preference for longer employment.

Suezmax

Following a busy period, rates firmed up end of last week. This week have continued in the much same pace with healthy fixing activity in the Atlantic and in the East with rates creeping up even further - all be it in more healthy increments which bears hope for less rate volatility, which in turn can make this upturn last. Tonnage lists however look ample, so for this to last we need to see continued fixing activity in all areas.

Aframax

It’s been an exciting week in the North, with freight levels taking another leap with a solid upward correction in the Baltic and North Sea basin. The tonnage list remains tight even for next 10 days with cargoes hitting the market 3rd decade. Right now, the only direction is upwards as we expect owners to continue to put further pressure on those freight levels as we are moving into the festive season. In the Mediterranean and Black Sea, a downwards correction has continued this week, except the last couple days where a pickup in cargo activities has resulted in the market flattening out rate-wise. A cross-Med voyage is still gaining owners a return around USD 50,000 pd on TCE, and delays in the straights is maintaining pressure on rates for voyages ex Black Sea. In the week to come we are expecting some ships to look to the North, and if cargo activity keep up we might see the Med/Bsea market bounce back.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 60.0	5.0 
MEG/Japan (280 000)	WS 113.0	18.0 
MEG/Singapore (280 000)	WS 112.0	16.0 
WAF/FEAST (260 000)	WS 107.0	12.0 
WAF/USAC (130 000)	WS 137.5	2.5 
Sidi Kerir/W Med (135 000)	WS 135.0	-5.0 

N. Afr/Euromed (80 000)	WS 180.0	-7.5 ↓
UK/Cont (80 000)	WS 225.0	55.0 ↑
Caribs/USG (70 000)	WS 195.0	7.5 ↑

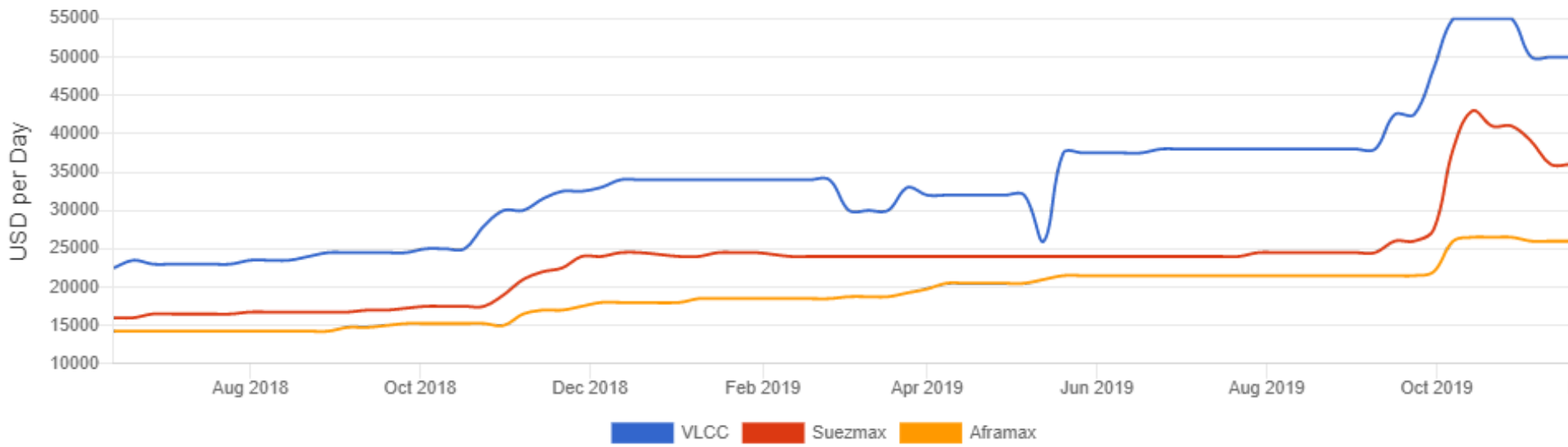
1 Year T/C (USD/Day)

VLCC (Modern)	\$50000.0	\$0 →
Suezmax (Modern)	\$35500.0	-\$500 ↓
Aframax (Modern)	\$26000.0	\$0 →

VLCC

VLCCs fixed in all areas last week	68	13 ↑
VLCCs available in MEG next 30 days	125	0 →

1 Year T/C Crude



- Dry Bulk
- Comments
- Capesize

Rates are under pressure as end of the year is approaching. From last week West Australia to China freight is down 12%, presently marked USD 9.3 pmt and Tubarao to China is down 9%, presently marked USD 20.5 pmt, both still on a negative trend. Period activity remains low, with forward values remaining disappointing.

Panamax

Another week in the green, with especially demand from the USG and Indonesia being drivers. A TA round voyage pays owners around USD 13.00 per day. A fronthaul from the Continent yields around the mid USD 18,000’s. In the Pacific basin, a round voyage pays owners around USD 10,000 per day. The BPI 4TC-index is currently at 1443 points, 117 up since last week.

Supramax

Supramax market not giving big encouragement to owners so far this week. Signs of oversupply in Mediterranean and Continent putting pressure on spot rates. Med to W.Africa runs with clinker reporting around USD 10k level. Grains from Black Sea to Med fixing in USD 7-8k for 15 days trip. Continent seen good flow of fertiliser orders, however long list of tonnage keeping market stable with slightly negative sentiment. Scrap was reporting to fix on Supra USD 12,500 with some waiting days. USG/ECSA with good number of enquiries kept overall stable and

positive expectations. Supra fixing USD 17k APS Sw Pass to Med. FH was achieving USD 22-23k for Singapore-Japan. Rates were improving for Supramax out of ECSA followed by large sizes of Panamaxes. MV Columbia Tess 58 fixed Santos tc trip to Red Sea at USD 13,500 + USD 250 redel Port Said, and mv Astra Perseus Tess 58 dely Recalada redel WMed USD 14,000. Indo coal RV was fixing in region low-mid USD 9k for Supra. We expect market to be stable for the rest of the week.

Rates

Capesize (USD/Day, USD/Tonne)

TCT Cont/Far East (180 DWT)	\$35,320	-\$5,555 ↓
Australia – China	\$9.3	-\$1.3 ↓
Pacific RV	\$23,550	-\$6,225 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$13,055	\$1,370 ↑
TCT Cont/Far East	\$18,589	\$1,334 ↑
TCT Far East/Cont	\$4,288	\$355 ↑
TCT Far East RV	\$10,305	\$670 ↑

Supramax (USD/Day)

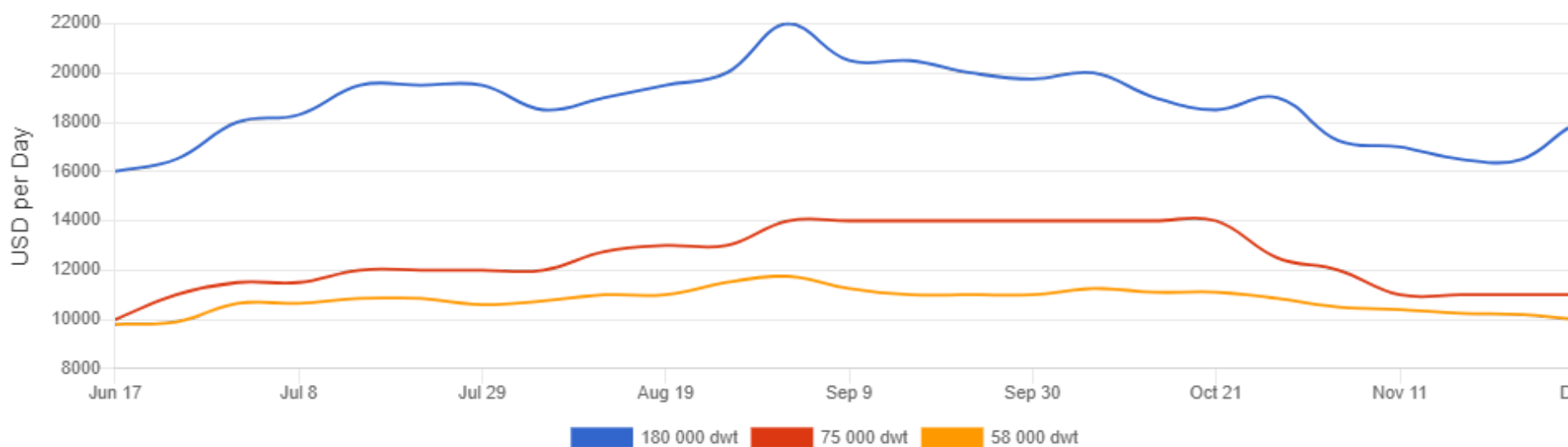
Atlantic RV	\$12,153	\$185 ↑
Pacific RV	\$8,229	-\$35 ↓
TCT Cont/Far East	\$16,507	-\$93 ↓

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$17,500	-\$500 ↓
Panamax (75 000 dwt)	\$11,000	\$0 →
Supramax (58 000 dwt)	\$10,000	\$0 →

Baltic Dry Index (BDI)	\$1,460
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1 Year T/C Dry Bulk



Gas

Chartering

EAST:

There has been more activity on shipping lately in the East as traders have been clearing their December positions ahead of Xmas holidays. Last done deal was done at discount to Baltic for December loading, but going into January we expect the market to slowly turn. We are however still waiting for acceptance dates from Aramco, so one might have to wait until next week before seeing players move for January cargoes. Meanwhile there are also a couple of uncovered WAF cargoes during 1H Jan that will draw some attention.

WEST:

A handful of ships have been fixed so far in the West this week, with the release of a few WAF cargoes and also some activity in the US. Despite this, freight availability generally looks quite long for the second and third decades of Jan, and an increasing number of traders are showing relets as well. These things together should mean rates come under pressure; we would expect fixing to continue at low 120s Houston/Chiba or possibly even dip below 120 depending on waiting time.

On the other hand, the direction of rates will ultimately depend on the intensity with which charterers come out to fix. So far early movers for second decade Jan cargoes have enjoyed quite a large degree of choice, and this has been reflected in lower rates. We anticipate that there should be a substantial number of uncovered cargoes remaining in January, and if requirements all come at once this could lead to some resistance at the lower bound of what owners are willing to fix out at.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,800,000	-\$100,000 ↓
LGC (60 000 cbm)	\$1,000,000	\$0 →
MGC (38 000 cbm)	\$950,000	\$25,000 ↑
HDY SR (20-22 000 cbm)	\$650,000	\$30,000 ↑
HDY ETH (17-22 000 cbm)	\$710,000	\$0 →
ETH (8-12 000 cbm)	\$440,000	\$0 →
SR (6 500 cbm)	\$370,000	-\$20,000 ↓
COASTER Asia	\$250,000	\$0 →
COASTER Europe	\$265,000	-\$10,000 ↓

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$399.50	\$0.00 →
Saudi Arabia/CP	\$440.00	\$0.00 →
MT Belvieu (US Gulf)	\$268.00	-\$6.00 ↓
Sonatrach/Bethioua	\$405.00	\$0.00 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$436.50	\$0.00 →
Saudi Arabia/CP	\$455.00	\$0.00 →
MT Belvieu (US Gulf)	\$261.00	-\$50.00 ↓
Sonatrach/Bethioua	\$450.00	\$0.00 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$87,000	\$0 →
West of Suez 155-165 000 cbm	\$95,000	-\$5,000 ↓
1 Year T/C 155-160 000 cbm	\$77,000	-\$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	\$49.5	-\$0.5 ↓
Product	\$36.0	\$0.0 →
Capesize	\$51.0	\$1.0 ↑
Kamsarmax	\$28.0	\$0.0 →

Ultramax	\$26.0	\$0.0 →
LNGC (MEGI) (cbm)	\$188.5	\$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$36.5	\$0.0 →
Capesize	\$36.5	\$0.0 →
Kamsarmax	\$23.0	\$0.0 →
Kamsarmax	\$23.0	\$0.0 →
Ultramax	\$21.5	\$0.0 →
Ultramax	\$21.5	\$0.0 →

Dry (10 yr)

Capesize	\$22.5	\$0.0 →
Capesize	\$22.5	\$0.0 →
Kamsarmax	\$15.5	\$0.0 →
Kamsarmax	\$15.5	\$0.0 →
Ultramax	\$12.5	\$0.0 →
Ultramax	\$12.5	\$0.0 →

Wet (5 yr)

VLCC	\$77.0	\$0.0 →
VLCC	\$77.0	\$0.0 →
Suezmax	\$53.0	\$0.0 →
Suezmax	\$53.0	\$0.0 →
Aframax / LR2	\$41.0	\$0.0 →
Aframax / LR2	\$41.0	\$0.0 →
MR	\$29.0	\$0.0 →
MR	\$29.0	\$0.0 →

Wet (10 yr)

VLCC	\$51.5	\$0.0 →
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VLCC	\$51.5	\$0.0 →
Suezmax	\$37.5	\$0.0 →
Suezmax	\$37.5	\$0.0 →
Aframax / LR2	\$29.5	\$0.0 →
Aframax / LR2	\$29.5	\$0.0 →
MR	\$18.0	\$0.0 →
MR	\$18.0	\$0.0 →

Market Brief

Exchange Rates

USD/JPY	108.71	0.16 ↑
USD/KRW	1191.35	4.25 ↑
USD/NOK	9.17	-0.02 ↓
EUR/USD	1.11	0.00 ↑

Interest Rates

LIBOR USD (6 months)	1.88%	-0.01% ↓
NIBOR NOK (6 months)	1.84%	0.02% ↑

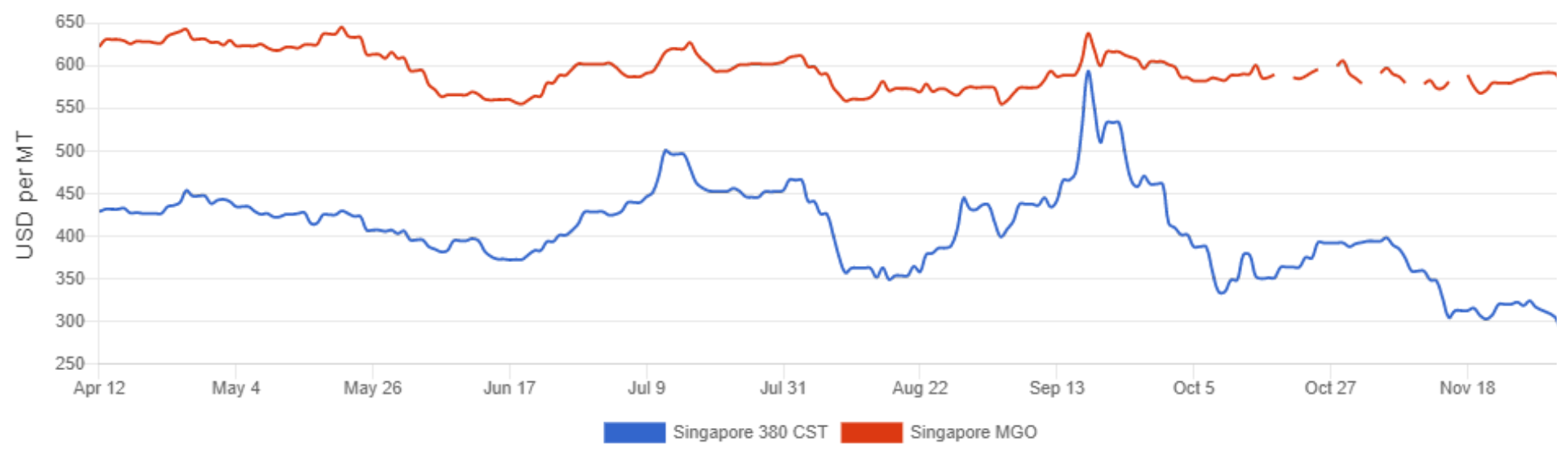
Commodity Prices

Brent Spot	\$64.34	\$1.07 ↑
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Bunkers Prices

Singapore 380 CST	\$322.5	\$23.0 ↑
Singapore 180 CST	\$387.5	\$62.0 ↑
Singapore Gasoil	\$597.5	\$17.0 ↑

Rotterdam 380 CST	\$255.5	\$15.0 ↑
Rotterdam 180 CST	\$287.0	\$11.0 ↑
Rotterdam Gasoil	\$565.0	\$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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