

# Fearnleys Weekly Report

Week 2 2020

Printer version

Tankers

Comments

VLCC

With the heightened tension in the Middle East Gulf area it's been a turbulent few days in the VLCC market. With the odd exception rates have for the most part remained steady around the same level as previous week, trading around the ws140 give/take for MEG/eastbound cargoes up until a day or two ago. However, the recent flare up in the region has seen rates upwards to ws150 concluded. Some of the gains have been eaten up by increased bunker prices, particularly so for non-scrubber vessel. Supply of VLSFO has also had logistical- and quality issues. At the writing moment players seem to have adopted a "wait and see" attitude, in anticipation of US reaction to last night's rocket assault on US troops in Iraq, and as such the market hangs in a balance. That said, the fundamentals remain strong, so the question is rather how much premium charterers will face depending on further developments in the conflict between Iran and the US.

Suezmax

It has been a busy start to 2020 for Suezmaxes with all areas being active giving owners plenty to choose from. West Africa, Mediterranean-Black Sea and North Sea have absorbed a lot of ships, both natural positions but also ballasters coming from the East. This in turn forces charterers with MEG loading requirements to dig deeper in their pockets for owners' services - especially with the political unrest we are seeing in the region. West Africa and Americas have been busy competing over the same ships coupled with a lot of ships being absorbed for Black Sea loading which stretches far out in the new year with bad weather increasing the Turkish strait delays. All in all, the Suezmax market remains firm across the board.

Aframax

In the Baltic and North Sea market we have seen a downward trend in rate levels at the beginning of the year. The decline is much due to an abundance of vessels for cargoes loading in the first half of January. However, with several vessels ballasting towards healthier markets such as the USG and Caribs, combined with bad weather in the North Sea, we expect a halt in the declining rates as we are coming into the 3rd decade fixing window - we may even see rates firm up again in this window. Also in the Mediterranean and Black Sea market the rates came off a bit at the beginning of the year, mainly due to low activity where the few charterers entering the market still benefited from the very healthy tonnage list. At the beginning of this week however, we have seen activity picking up and we do expect an upward correction in the week to come. This is also due to factors such as delays in the Bosphorus, uncertainties in Libya, and vessels leaving the area and ballasting towards the USG to try their luck there.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 63.0	0.0 →
MEG/Japan (280 000)	WS 125.0	0.0 →
MEG/Singapore (280 000)	WS 125.0	0.0 →
WAF/FEAST (260 000)	WS 112.5	0.0 →

WAF/USAC (130 000)	WS 152.5	10.0 <span>↑</span>
Sidi Kerir/W Med (135 000)	WS 147.5	10.0 <span>↑</span>
N. Afr/Euromed (80 000)	WS 175.0	-30.0 <span>↓</span>
UK/Cont (80 000)	WS 150.0	-85.0 <span>↓</span>
Caribs/USG (70 000)	WS 400.0	150.0 <span>↑</span>

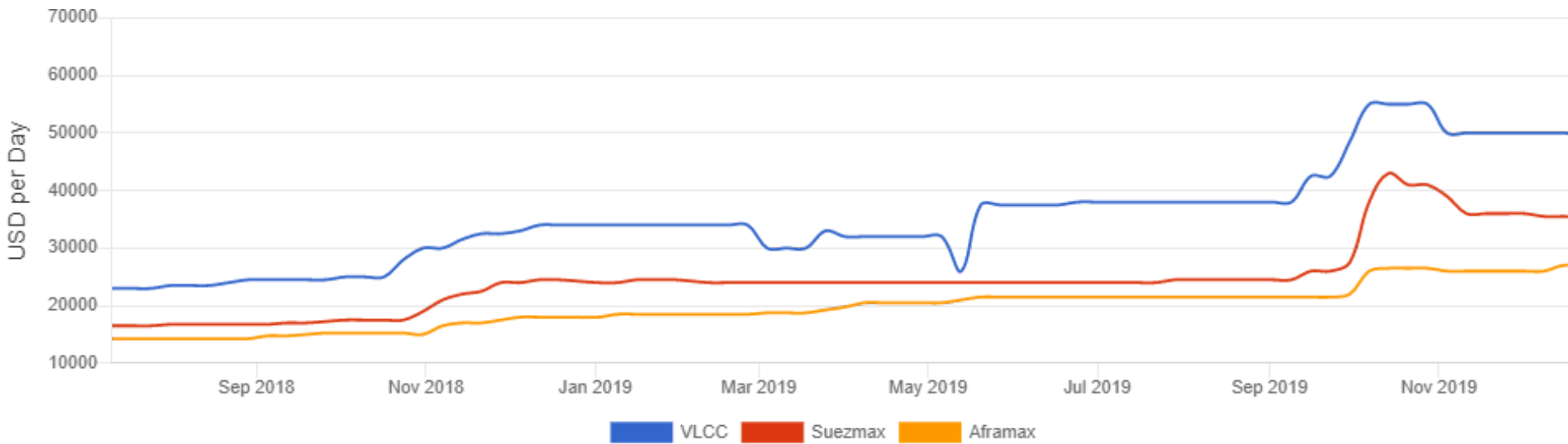
1 Year T/C (USD/Day)

VLCC (Modern)	\$70000.0	\$20,000 <span>↑</span>
Suezmax (Modern)	\$37500.0	\$2,000 <span>↑</span>
Aframax (Modern)	\$27500.0	\$500 <span>↑</span>

VLCC

VLCCs fixed in all areas last week	40	-28 <span>↓</span>
VLCCs available in MEG next 30 days	122	2 <span>↑</span>

1 Year T/C Crude



Dry Bulk

Comments

Capesize

The Capesize market has hit new low's in the first week of the new year, with the West Australia route being fixed at USD 6.6 being the lowest, before improving to USD 7 level towards the second half of the week. TC level is presently sub USD 5,000 for a Pacific round. The weighted average is presently USD 9,000. Period fixing is more or less none-existing at fixed levels, whilst index linked deals are considered interesting.

Panamax

Weak sentiment has put rates in both basins under constant pressure in the last weeks, with no exceptions this week. Please take note that the rates quoted will from now on be basis a Baltic type 82,000 DWT Kamsarmax. A TA round voyage pays owners around the mid USD 8.00 per day. A fronthaul from the Continent yields around the mid USD 15,000's. In the Pacific basin, a round voyage pays owners around USD 4,500 per day. The BPI 4TC-index is currently at 803 points, 618 down since week 50, 2019.

Supramax

First week of the new year started poorly. Oversupply of tonnage in the Pacific and lack of fresh enquiry in the Atlantic add lots of pressure on current market conditions. A number of Indonesian round trips were reported at bellow USD 5,000 pd levels. Ultramax for Nopac grain loading was fixed USD 7,900 pd. USD 11,000 pd plus an USD 100,000 ballast bonus for a South African trip into India-China range. US Gulf petcoke runs into the Continent and the Mediterranean were reported in the USD 14,000/15,000 pd range. MV Xing Shou Hai 61’ dwt fixed at USD 13,500 aps Recalada trip Black Sea. From the Mediterranean, a Supra fixed delivery Iskenderun trip to West Africa at USD 7,750. Scrap runs from Continent to Turkey fixing USD 10,000 pd level.

Rates

Capesize (USD/Day, USD/Tonne)

TCT Cont/Far East (180 DWT)	\$25,405	-\$4,320 ↓
Australia – China	\$7.0	-\$0.7 ↓
Pacific RV	\$4,392	-\$7,133 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$6,991	-\$2,614 ↓
TCT Cont/Far East	\$13,597	-\$3,398 ↓
TCT Far East/Cont	\$21	-\$3,307 ↓
TCT Far East RV	\$3,320	-\$3,280 ↓

Supramax (USD/Day)

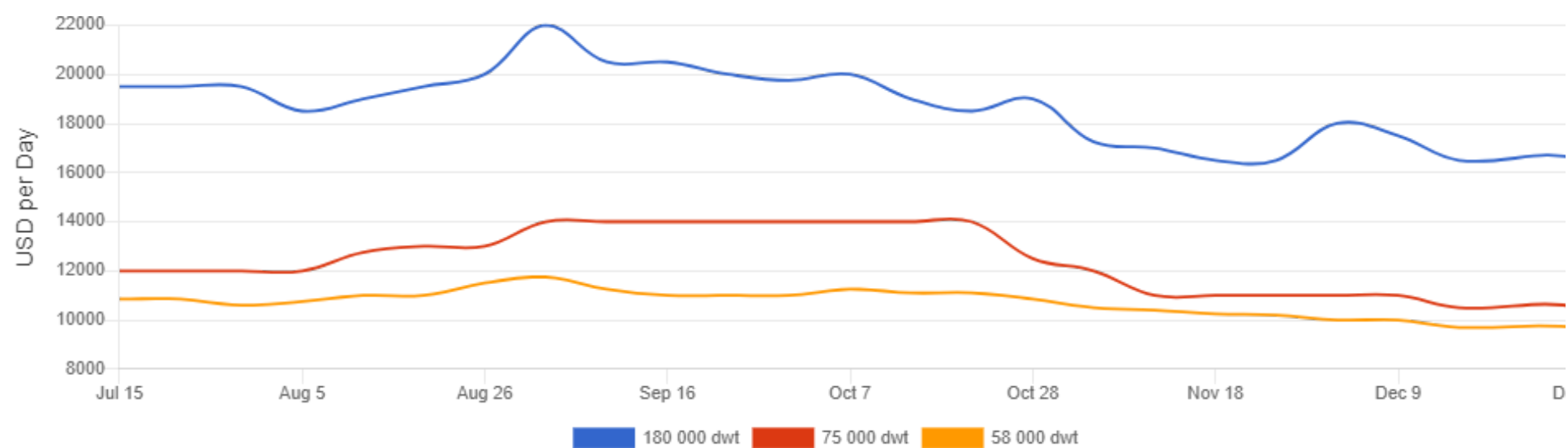
Atlantic RV	\$10,525	-\$709 ↓
Pacific RV	\$4,686	-\$2,402 ↓
TCT Cont/Far East	\$14,168	-\$1,070 ↓

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$14,000	-\$2,500 ↓
Panamax (75 000 dwt)	\$9,000	-\$1,500 ↓
Supramax (58 000 dwt)	\$9,000	-\$700 ↓

Baltic Dry Index (BDI)	\$791
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1 Year T/C Dry Bulk



Gas

Chartering

## WEST

Happy New Year!

It seems market participants have returned following the Christmas break reinvigorated and ready to tie up any loose ends from before the Christmas break. As such, the VLGC market has been much more active in the West this week than it has been over the final few weeks of 2019. Much of the freight length which had been open relatively prompt in Jan has been fixed out, and owners are beginning to feel emboldened to ask for higher rates which they believe to be justified by incredibly strong netbacks and a tightening freight market.

On the other hand, an increasing number of traders are looking to relet their tonnage, and it is possible this could prevent rates from running away too quickly. In addition, some players have already indicated that they will send their vessels west on the back of turbulence in the Middle East. It's worth noting that, although this could put pressure on western rates in the short term, it will ultimately mean a longer tonne-mile and therefore is beneficial to those who own vessels.

## EAST

We have seen a couple of January cargos fixed this week all around latest Baltic, although recent developments in the Middle East has created a lot of uncertainty for the way forward. With that said, some players with tonnage currently positioned in the east are saying it is preferable to head west given the strong premium there and the risk of escalated conflict. The QP acceptances for February were announced end of last week where mostly seeing delays, and we expect dates from Adnoc and Aramco to be out next week. So we probably will not see much fixing activity for February program until next week onwards.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,100,000	-\$800,000 ↓
LGC (60 000 cbm)	\$1,000,000	\$0 →
MGC (38 000 cbm)	\$950,000	\$0 →
HDY SR (20-22 000 cbm)	\$650,000	\$0 →
HDY ETH (17-22 000 cbm)	\$720,000	\$0 →
ETH (8-12 000 cbm)	\$440,000	\$0 →
SR (6 500 cbm)	\$370,000	\$0 →
COASTER Asia	\$250,000	\$0 →

COASTER Europe	\$260,000	\$5,000 <span>↑</span>
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LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$464.50	\$65.00 <span>↑</span>
Saudi Arabia/CP	\$565.00	\$125.00 <span>↑</span>
MT Belvieu (US Gulf)	\$241.50	-\$25.50 <span>↓</span>
Sonatrach/Bethioua	\$467.00	\$62.00 <span>↑</span>

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$429.50	-\$7.00 <span>↓</span>
Saudi Arabia/CP	\$470.00	\$15.00 <span>↑</span>
MT Belvieu (US Gulf)	\$323.50	-\$3.50 <span>↓</span>
Sonatrach/Bethioua	\$470.00	\$20.00 <span>↑</span>

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$85,000	-\$1,000 <span>↓</span>
West of Suez 155-165 000 cbm	\$92,000	-\$3,000 <span>↓</span>
1 Year T/C 155-160 000 cbm	\$75,500	-\$500 <span>↓</span>

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	\$91.0	\$0.0 <span>→</span>
Suezmax	\$61.0	\$0.0 <span>→</span>
Aframax	\$49.5	\$0.0 <span>→</span>

Product	\$36.0	\$0.0 →
Capesize	\$51.0	\$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	\$36.5	\$0.0 →
Kamsarmax	\$23.5	\$0.5 ↑
Ultramax	\$21.5	\$0.0 →

Dry (10 yr)

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

Wet (5 yr)

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

Wet (10 yr)

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

Market Brief

Exchange Rates

USD/JPY	108.62	-0.05 ↓
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USD/KRW	1166.40	9.95 <span>↑</span>
USD/NOK	8.85	0.07 <span>↑</span>
EUR/USD	1.11	-0.01 <span>↓</span>

Interest Rates

LIBOR USD (6 months)	1.89%	-0.02% <span>↓</span>
NIBOR NOK (6 months)	1.84%	0.00% <span>→</span>

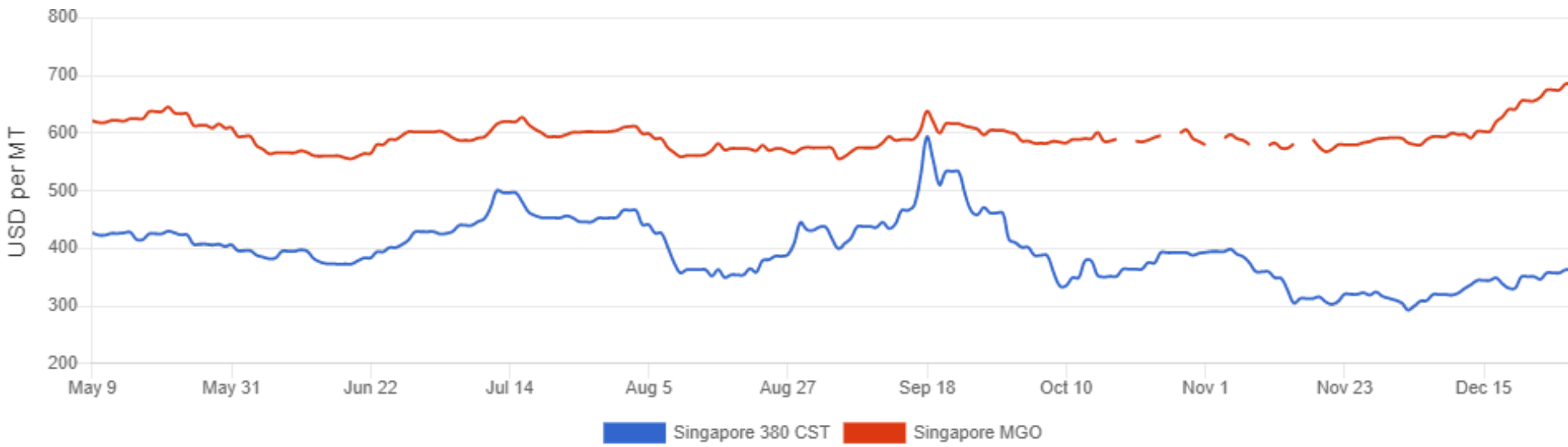
Commodity Prices

Brent Spot	\$68.27	\$1.40 <span>↑</span>
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Bunkers Prices

Singapore 380 CST	\$393.5	\$27.0 <span>↑</span>
Singapore 180 CST	\$409.0	\$26.5 <span>↑</span>
Singapore Gasoil	\$746.0	\$45.0 <span>↑</span>

Rotterdam 380 CST	\$301.5	\$13.0 <span>↑</span>
Rotterdam 180 CST	\$321.5	\$7.5 <span>↑</span>
Rotterdam Gasoil	\$603.0	-\$3.5 <span>↓</span>



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.