Fearnleys Weekly Report

Week 4 2020

Printer version

Tankers

Comments

VLCC

The VLCC market has bounced back after last week's turmoil. A number of West Africa cargoes coupled with the MEG February program having kicked off in earnest has pushed rates up 7.5-10 WS points, with corresponding daily returns in the mid $70k/day assuming compliant fuel. Despite positive sentiment in all regions, however, rates seem to have hit a ceiling at current levels, although limited downside short term. Steady as she goes.

Suezmax

The market seems to look more balanced now, after the drop last week. Wafr have stabilized at w135, but with VLCC's being very active in the 10-20 window, the Suezmaxes could be in for a quiet month. That, combined with a calmer USG-market and the shut-down in Libya could put some pressure on the Wafr market. The east-market have been stable, but with Chinese New Year coming up by the end of the week, we dont expect too much action there either. Overall, the Suezmaxes market looks stable, with possible downside risk.

Aframax

In the Baltic and North Sea, we have seen a rather uneventful market take a slight turn over the last couple of days with an upward correction in freight levels. We have seen more inquires looking at long haul business with east options. Owners still have the luxury of finding surrounding markets equally attractive, and as such we still see tonnage ballasting to US or the Mediterranean. In the Mediterranean and Black Sea rate levels have bottomed out and the market has stabilized this week. At the time of writing we are even seeing a slight upward trend in rate levels with TD19 currently trading at around WS 155. This firming market is a result of the ships that have ballasted or been fixed away from the area, combined with a steady amount of cargoes coming into the market. One to watch is the duration of the current halt of Libyan crude exports, and at which point this will have an effect on rate levels. Nevertheless we expect a firm market both in the North and in the Mediterranean going forwards into next week.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 52.0	-11.0 ↓
MEG/Japan (280 000)	WS 87.5	-37.5 ↓
MEG/Singapore (280 000)	WS 88.5	-36.5 ↓
WAF/FEAST (260 000)	WS 87.5	-25.0 ↓
WAF/USAC (130 000)	WS 132.5	-2.5 ↓
Sidi Kerir/W Med (135 000)	WS 130.0	-15.0 ↓
N. Afr/Euromed (80 000)	WS 155.0	5.0 ↑

UK/Cont (80 000)	WS 145.0	10.0 ↑
Caribs/USG (70 000)	WS 310.0	-80.0 ↓

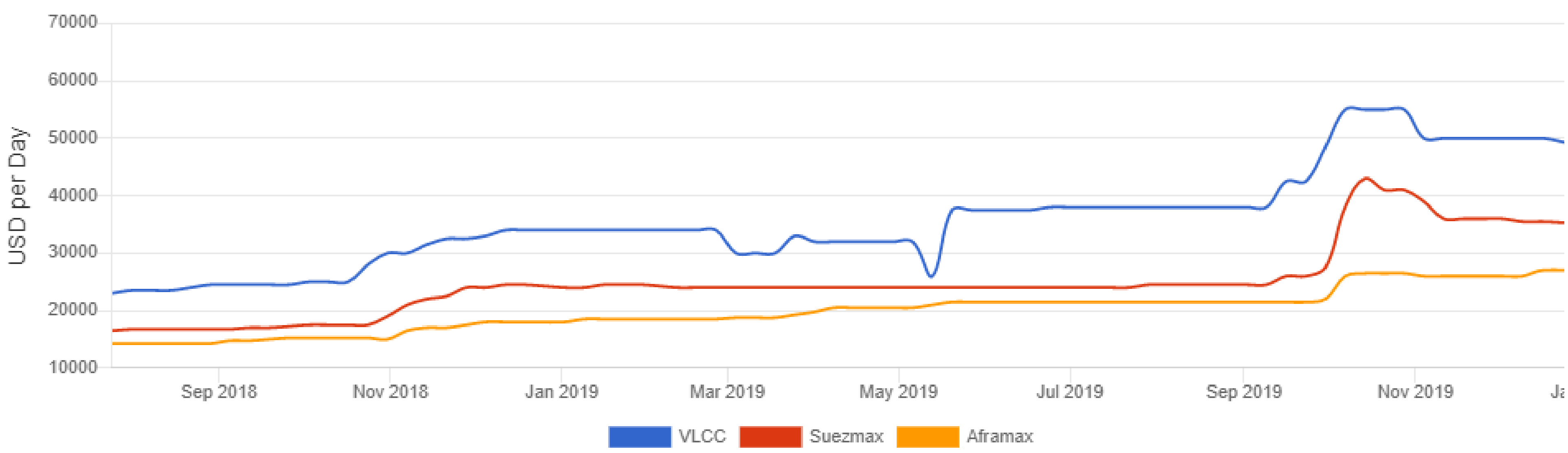
1 Year T/C (USD/Day)

VLCC (Modern)	$60000.0	-$5,000 ↓
Suezmax (Modern)	$37500.0	$0 →
Aframax (Modern)	$28500.0	$1,000 ↑

VLCC

VLCCs fixed in all areas last week	65	4 ↑
VLCCs available in MEG next 30 days	140	-4 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

From bad to worse for the biggest ships as prices for low-sulphur fuel oil remain high whilst freight rates deteriorate further. Average daily earnings for non-scrubber 180000-tonners are down a further 35 pct w-o-w to come in at a a technical usd 6k, real values being even lower. Scrubber-fitted units do on average usd 8-10k better. Spot demand is generally low as only one of three major Australian miners active on the W.Aust/China run, whilst whatever positive signals may be found in Atlantic is presently not enough to stop a downward spiral on the vital Brazil/China milk run again dominated by another major miner and showing modest volumes. Period interest is fair but much focused on floating structures view huge gap futures vs spot, representative fixtures including 179000 dwt/built 2010 concluded for about 12 months at AVE5TC plus around 5 pct.

Panamax

Another disappointing week in both the Atlantic and the Pacific Basin. There appeared signs of a recovery in the beginning of the week, where some suggesting a floor had been met on the downside, however this was shortly after forgotten when fixtures continued being concluded at rates weaker than the last done. For a Transatlantic trip, Kamsarmaxes (82.500 DWT) now earn around the low USD 5000's, while short fronthauls from the UK/Continent-region are priced at around USD 14,000. From ECSA Chrtrs are paying around USD 13.500 + 350.000 Gross Ballast Bonus for a trip to China, or around USD 9,000 DOP Singapore. A Transpacific roundvoyage in the east pay shipowners approximately USD 5,000 in the current market, and the Baltic 4TC-Index is down 65 points since last week, now at just 760 points.

Supramax

Another disappointing week ahead of Chinese New Year . Weak demand for vessels of all segments put the pressure on rates even further down. The Baltic Exchange index fell to its lowest level since early April last year. Pacific see many spot vessels and rates fall to usd 2,000 pd for trip from North China via Indo back to China. And APS rates we seen for Indonesian trips into China at the level of usd 5,000 pd. Atlantic market was quiet and rates were sliding further down. . Continental trips into Mediterranean with scrap were reported at around usd 10,000 deliver Skaw vi St Petersburg to Turkey. Clinker from Med to West Africa wwas fixing around usd 8,500 pd. South African trips were fixed at the level of usd 10,000 pd plus ballast bonus at the usd 150K. ECSA seen slightly more demand , which made owners overly excited. For ultramax del Santos with grain cargo redly Med we seen In USG we fixture was reported mv Astra N 55k DWT 2010 blt fixed $18,750 for trip Japan petcoke usd 18,750 pd. We expect more resistance from market after Chinese holiday over.

Rates

Capesize (USD/Day, USD/Tonne)

TCT Cont/Far East (180 DWT)	$24,540	-$1,590 ↓
Australia – China	$6.4	-$0.6 ↓
Pacific RV	$2,929	-$1,492 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$5,985	-$1,080 ↓
TCT Cont/Far East	$14,691	-$457 ↓
TCT Far East/Cont	$1,693	$635 ↑
TCT Far East RV	$5,534	$1,214 ↑

Supramax (USD/Day)

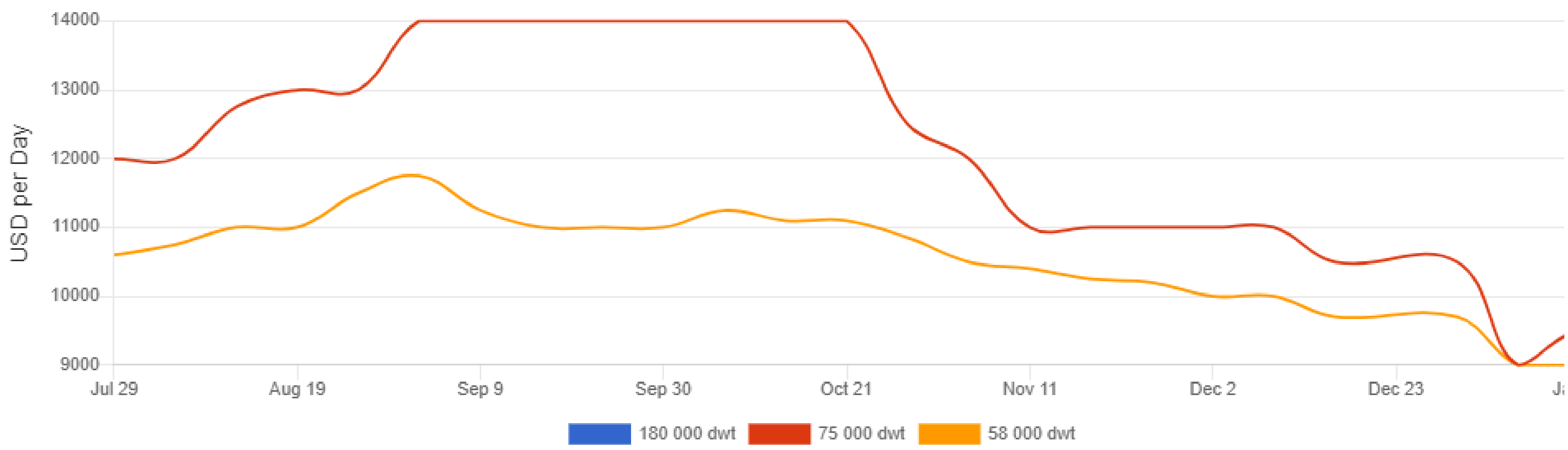
Atlantic RV	$9,794	-$470 ↓
Pacific RV	$4,407	$0 →
TCT Cont/Far East	$14,482	$818 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	$14,250	-$250 ↓
Panamax (75 000 dwt)	$9,250	-$250 ↓
Supramax (58 000 dwt)	$9,000	$0 →

Baltic Dry Index (BDI)	$623

1 Year T/C Dry Bulk



Gas

Chartering

EAST
In the East this week, a few players were faced with ratio changes and cargo delays when receiving Saudi acceptances. However, this has not prevented freight rates from rising quickly; already the Baltic has strengthened some $7pmt relative to the end of last week and there have been multiple fixtures around $80pmt Ras Tanura/Chiba. There may still be some way to go, as the lag between ships heading West and the resultant impact on freight becomes apparent in the East. Perhaps one possible brake on rates could be the re-entry of ships which have been drydocked back into the market. Otherwise, positions lists generally look on the short side and we would expect rates to remain strong in the short term.

WEST
This week saw some continuation of the velocity seen in the last two weeks, with rates strengthening in the West. Fixing has tended to take place at around USD 130 -135 Houston/Chiba via Panama, and with such strong levels some traders have begun to angle their ships West in order to relet and take advantage of these rates. With that said, the East has strengthened rapidly and this has eroded some of the western premium we have been seeing recently. At time of writing, it sits at approximately $15pmt.

There are a decent number of reasons to believe the strength of the Western market will endure. It is rumoured that there has already been a fixture in early second decade March - some 50 days in advance. If true, this would imply that players are already keen on not getting caught out in the event of another fixture frenzy. On the product side, netbacks remain substantial and far above cancellation levels. Consequently, freight rates at these levels are still not a substantial enough part of the equation to kill deals and disincentivise lifting. Finally, some terminals are reporting fairly minor delays due to fog, but this could quickly escalate - one to keep an eye on!

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,300,000	$0 →
LGC (60 000 cbm)	$1,050,000	$0 →
MGC (38 000 cbm)	$950,000	$0 →
HDY SR (20-22 000 cbm)	$670,000	$20,000 ↑
HDY ETH (17-22 000 cbm)	$720,000	$0 →
ETH (8-12 000 cbm)	$440,000	$0 →
SR (6 500 cbm)	$350,000	$0 →
COASTER Asia	$250,000	$0 →
COASTER Europe	$230,000	-$20,000 ↓

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$464.50	$0.00 →
Saudi Arabia/CP	$565.00	$0.00 →
MT Belvieu (US Gulf)	$220.00	-$12.50 ↓
Sonatrach/Bethioua	$467.00	$0.00 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$429.50	$0.00 →
Saudi Arabia/CP	$590.00	$120.00 ↑
MT Belvieu (US Gulf)	$323.00	-$4.00 ↓
Sonatrach/Bethioua	$470.00	$0.00 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$74,000	-$5,000 ↓
West of Suez 155-165 000 cbm	$79,000	-$12,000 ↓
1 Year T/C 155-160 000 cbm	$74,000	-$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	$0.0 →
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	$0.0 →
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	109.91	-0.13 ↓
USD/KRW	1167.05	10.95 ↑
USD/NOK	8.96	0.09 ↑

EUR/USD	1.11	0.00 ↓

Interest Rates

LIBOR USD (6 months)	1.84%	-0.02% ↓
NIBOR NOK (6 months)	1.84%	0.00% →

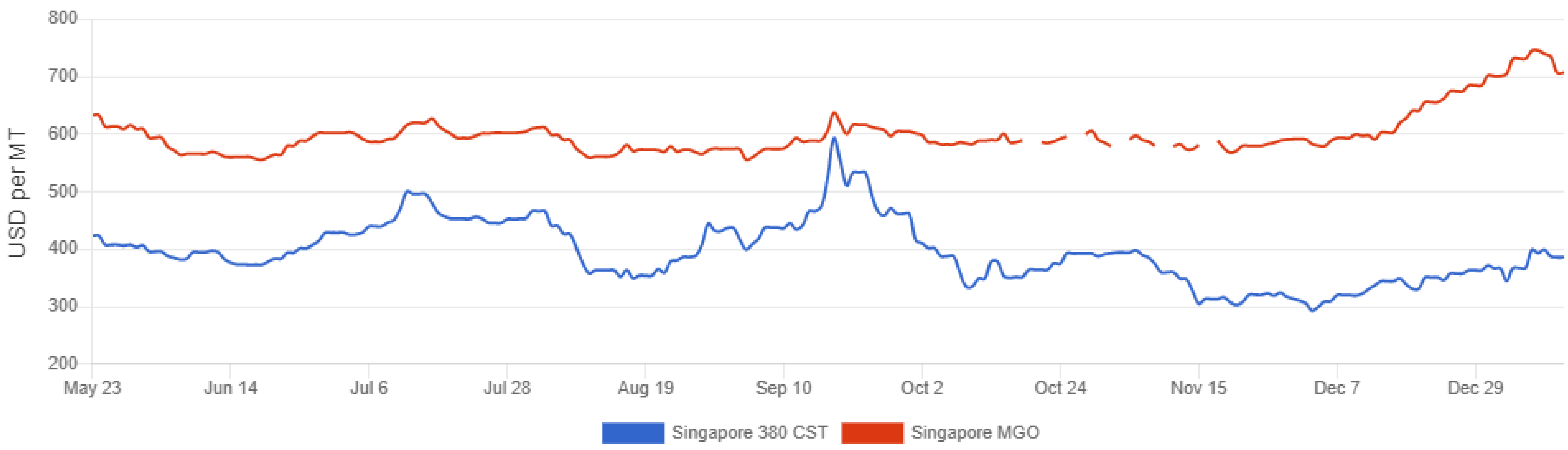
Commodity Prices

Brent Spot	$64.59	-$0.78 ↓

Bunkers Prices

Singapore 380 CST	$366.0	-$20.0 ↓
Singapore 180 CST	$389.0	-$10.0 ↓
Singapore Gasoil	$663.5	-$43.5 ↓

Rotterdam 380 CST	$304.0	$0.5 ↑
Rotterdam 180 CST	$332.0	$4.5 ↑
Rotterdam Gasoil	$557.0	-$14.0 ↓



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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