

Fearnleys Weekly Report

Week 5 2020

Printer version

Tankers

Comments

VLCC

Considering where we have come from the VLCC market is presently a sight for sore eyes. Returns are still north of USD 40k/day, which this time last year would have been more than acceptable. Owners are putting up a fight, at the writing moment drawing the line in the sand at ws65 MEG/East, but we will not be surprised to see someone break ranks and simply wants to get fixed. The market rarely stays static for long, and the arrow is certainly not pointing up for now. There are however an increasing number of ships getting off-spec bunker which has led to replacements. So far not affecting the rate levels as alternative ships remain plentiful, though something to keep an eye on. The ongoing 'Corona-Outbreak' is also weighing on the general sentiment, but hopefully short-lived. On a positive note bunker prices are also seeing a downward tendency.

Suezmax

The Suezmax market have really taken a plunge this week. An increasing amount of ballasters from the East have put some serious pressure on the Atlantic market, and with Libya out of the question and VLCC digging in on the Suezmax bbls in West Africa, charterers had few problems pushing rates down. We do expect there is a couple of more points in this before we hit bottom, but owners are starting to tighten the grip already. In the East, the tonnage count is a lot lower than normal, and market is still coming off, so this will be interesting to see for next week. On the other hand, China's GDP will be affected by the Corona-virus, and trader are already cancelling contracts so we could see a dip in supply.

Aframax

In the Baltic and North Sea, we have seen a few date sensitive cargoes being fixed at higher levels supporting an upward correction in rates. Although we have seen Suezmaxes compete on a few Afra-stems, the cargo program ex Baltic for the month of February is healthy enough to avoid a dramatic downward correction in rates as seen in other regions. Despite having some faith in the Mediterranean and Black Sea last week, we have not seen the necessary cargo activity needed to support a firm trend. On the contrary, benchmark routes have dropped significantly since last week, with TD19 currently trading around ws107.5. Although ships have been ballasting to surrounding markets, the tonnage list of available ships in the Med/Bsea is still long. In the week to come, all eyes will be on Libya, as owners wait for Libyan crude exports to re-enter the market.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 40.0	-12.0 ↓
MEG/Japan (280 000)	WS 65.0	-22.5 ↓
MEG/Singapore (280 000)	WS 66.0	-22.5 ↓
WAF/FEAST (260 000)	WS 67.5	-20.0 ↓
WAF/USAC (130 000)	WS 110.0	-22.5 ↓

Sidi Kerir/W Med (135 000)	WS 100.0	-30.0 ↓
N. Afr/Euromed (80 000)	WS 107.5	-47.5 ↓
UK/Cont (80 000)	WS 165.0	20.0 ↑
Caribs/USG (70 000)	WS 235.0	-75.0 ↓

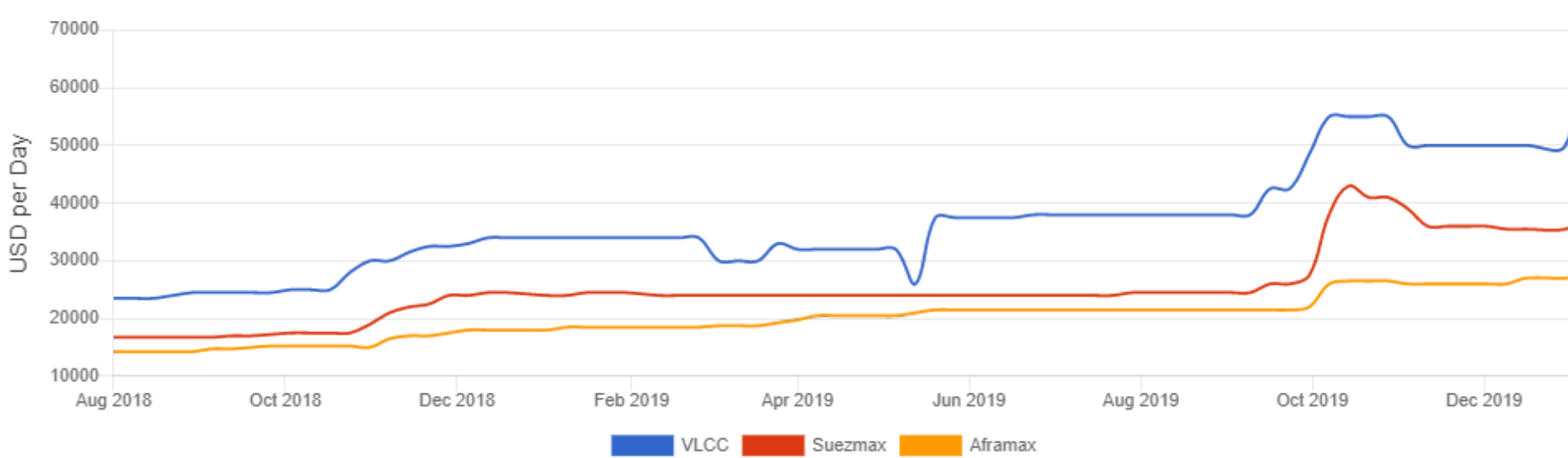
1 Year T/C (USD/Day)

VLCC (Modern)	\$57500.0	-\$2,500 ↓
Suezmax (Modern)	\$37500.0	\$0 →
Aframax (Modern)	\$28500.0	\$0 →

VLCC

VLCCs fixed in all areas last week	50	-15 ↓
VLCCs available in MEG next 30 days	148	8 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

With Chinese New Year taking place, the rates are reaching further disappointing levels. Present TC average is below USD 4,500, off 24% from one week ago. West Australia to China round is presently low 6 pmt and c3 route rumoured fixed at USD 15 pmt (sub index). Some positive news emerged this week, with at least 12 confirmed VLOCs being sold for demolition.

Panamax

The market continuing its negative sentiment in both hemispheres. For a transatlantic trip, Kamsarmaxes (82,500 DWT) now earn around the low USD 4,000's, while short fronthauls from the UK/Continent-region are priced at around USD 13,000. From ECSA chrtrs are paying around USD 13,000 + 300,000 gross ballast bonus for a trip to China, or around USD 7,000 DOP Singapore. A transpacific round voyage in the East pay shipowners around USD 4,000 in the current market, and the Baltic 4TC-Index is down 133 points since last week, now at just 627 points.

Supramax

Not surprisingly, the market is completely lacking excitement and activity due to the Chinese Spring Festival. Expecting the conditions to remain the same into next week at least. ECSA TA to Med paying around USD 10,000 and USG FH fix around USD 20,000. From the Med ships looking at mid USD 8,000 for tct to West Africa and around USD 4,000 BH to the Gulf. In the East, very limited activity and all fixed at low levels bss aps. CIS rv, paying around USD 3,000 aps and Indo rv paying aps in the USD 4-5k. Some period fixtures reported from the Indian Ocean where Ultras was fetching low/mid USD 11,000 for 4-6 months.

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	\$4,135	-\$670 ↓
TCT Cont/Far East	\$13,291	-\$604 ↓
TCT Far East/Cont	\$1,024	-\$454 ↓
TCT Far East RV	\$3,951	-\$907 ↓

Supramax (USD/Day)

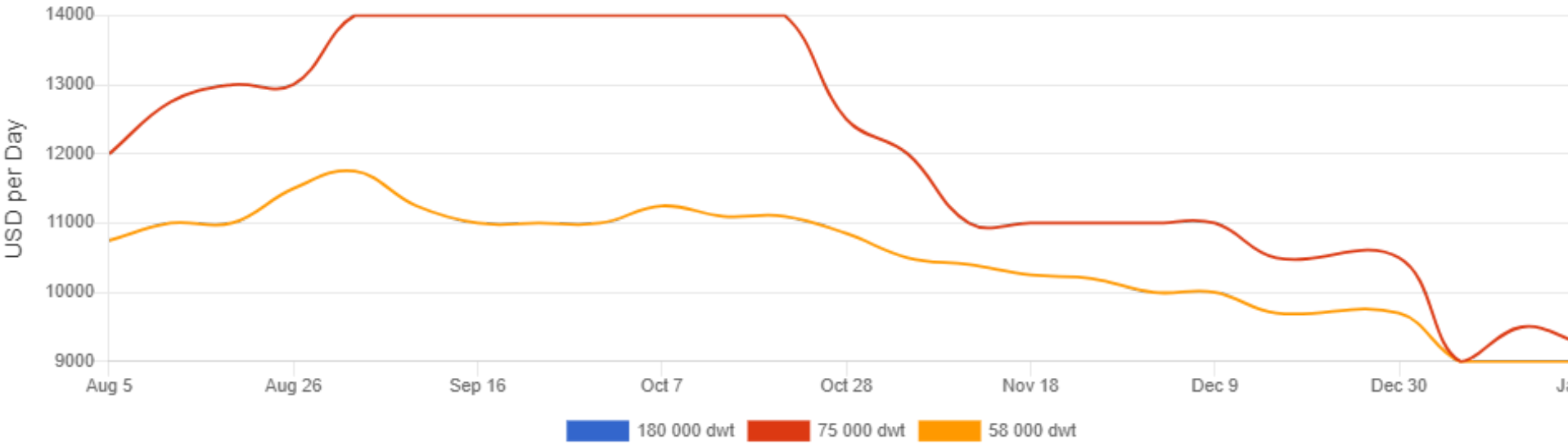
Atlantic RV	\$9,558	-\$141 ↓
Pacific RV	\$4,143	-\$200 ↓
TCT Cont/Far East	\$15,475	\$825 ↑

1 Year T/C (USD/Day)

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

Baltic Dry Index (BDI)	\$525
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1 Year T/C Dry Bulk



Gas

Chartering

EAST

A few more trader relets were pushed out to the market this week which added some pressure to freight rates. Last done deal was concluded in the high USD 70s Baltic equivalent to an Indian major loading MEG end February. We still expect to see a few more uncovered cargos worked for February loading before moving into next month fixing program. In view of the current situation that is unfolding in China, the local government have decided to extend the lunar holiday period until 10th Feb in order to best contain the situation. It remains to see what effect this will have to our market going forward, with many vessels/cargos destined for discharge in China in the coming weeks.

WEST

Houston/Chiba shipping rates have trailed off marginally for early March laycans, and there is a moderate amount of freight length for 1H March on western position lists. However, it is by and large owner-controlled, and as such rates should remain supported at around low USD 130's Houston/Chiba in the short term, all else being equal. On the demand side, freight inquiries have been fairly steady for the period, albeit with a much lower intensity than in the first few weeks of the year.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,800,000	\$0 →
LGC (60 000 cbm)	\$1,200,000	\$150,000 ↑
MGC (38 000 cbm)	\$950,000	\$0 →
HDY SR (20-22 000 cbm)	\$670,000	\$0 →
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	\$225,000	-\$5,000 ↓

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)	\$202.50	-\$17.50 ↓
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	\$0.00 →
MT Belvieu (US Gulf)	\$369.00	\$46.00 ↑
Sonatrach/Bethioua	\$470.00	\$0.00 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$70,000	-\$3,000 ↓
West of Suez 155-165 000 cbm	\$70,000	-\$9,000 ↓
1 Year T/C 155-160 000 cbm	\$72,500	-\$1,500 ↓

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	109.14	-0.77 ↓
USD/KRW	1176.40	9.35 ↑
USD/NOK	9.15	0.18 ↑
EUR/USD	1.10	-0.01 ↓

Interest Rates

LIBOR USD (6 months)	1.78%	-0.04% ↓
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NIBOR NOK (6 months)	1.84%	0.00% ➡
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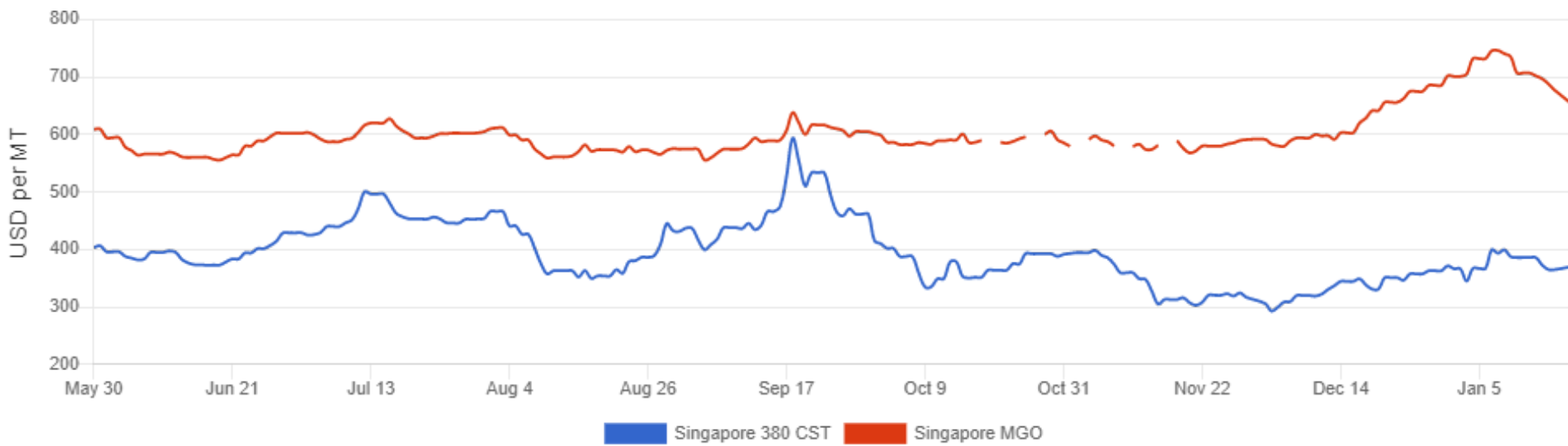
Commodity Prices

Brent Spot	\$58.81	-\$6.04 ⬇
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Bunkers Prices

Singapore 380 CST	\$348.0	-\$18.0 ⬇
Singapore 180 CST	\$369.0	-\$20.0 ⬇
Singapore Gasoil	\$617.0	-\$46.5 ⬇

Rotterdam 380 CST	\$295.0	-\$9.0 ⬇
Rotterdam 180 CST	\$320.0	-\$12.0 ⬇
Rotterdam Gasoil	\$491.0	-\$66.0 ⬇



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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