

# Fearnleys Weekly Report

Week 6 2020

Printer version

Tankers

Comments

VLCC

The VLCC market has gone from bad to worse, with new lows set every day. Daily earnings are now at/or below OPEX, hurting in particular those ships running on compliant fuel. Every enquiry is receiving upwards to double digit offers, making fixing even at new lows a gamble, because there's a lot of fixing and failing and/or renegotiation going on. Up until lately the Atlantic, especially USG export business, has been a saving grace. However, although activity is still healthy, rates have seen the same downward tendency here, at times paving the way for other load areas. Alas, with the virus lock-down persisting it is difficult to spot any signs of positive improvement any time soon.

Suezmax

For Suezmaxes in the Atlantic it's all about catching the falling knife. Market is coming off in chunks in all areas, and the only thing question asked is how low will this go. Fundamentals are not supporting this massive drop, but at the same time, there are enough ships in position. With VLCCs dropping as they have done, Suezmaxes will follow, and we are not done yet. Some positive news about the possible cure for Corona-virus might help break the fall, but going forward we still expect this segment to soften further, at least for the rest of the week.

Aframax

In the North Sea and Baltic, the market took a hit this week with rates decreasing rapidly. Slow activity and other surrounding markets showing weakness added to this downward pressure on rates. However, rates seem to have bottomed out for now and with renewed activity we can see rates pick up again getting closer to third decade fixing window. Also in the Mediterranean and Black Sea we have seen the rates take a further drop over the course of the week. The lack of cargo activity across the board combined with a build-up of prompt ships has left owners battling to fix the few cargoes entering the market. Cross-Med voyages are currently paying low ws70's now, and since owners are seeing returns barely covering their OPEX there is consensus among them that rates have now bottomed out.

Rates

Dirty (Spot WS)

<b>MEG/WEST (280 000)</b>	WS 32.0	-8.0 ↓
<b>MEG/Japan (280 000)</b>	WS 45.0	-20.0 ↓
<b>MEG/Singapore (280 000)</b>	WS 46.0	-20.0 ↓
<b>WAF/FEAST (260 000)</b>	WS 45.0	-22.5 ↓
<b>WAF/USAC (130 000)</b>	WS 77.5	-32.5 ↓
<b>Sidi Kerir/W Med (135 000)</b>	WS 77.5	-22.5 ↓
<b>N. Afr/Euromed (80 000)</b>	WS 70.0	-37.5 ↓

<b>UK/Cont (80 000)</b>	WS 100.0	-65.0 ↓
<b>Caribs/USG (70 000)</b>	WS 145.0	-90.0 ↓

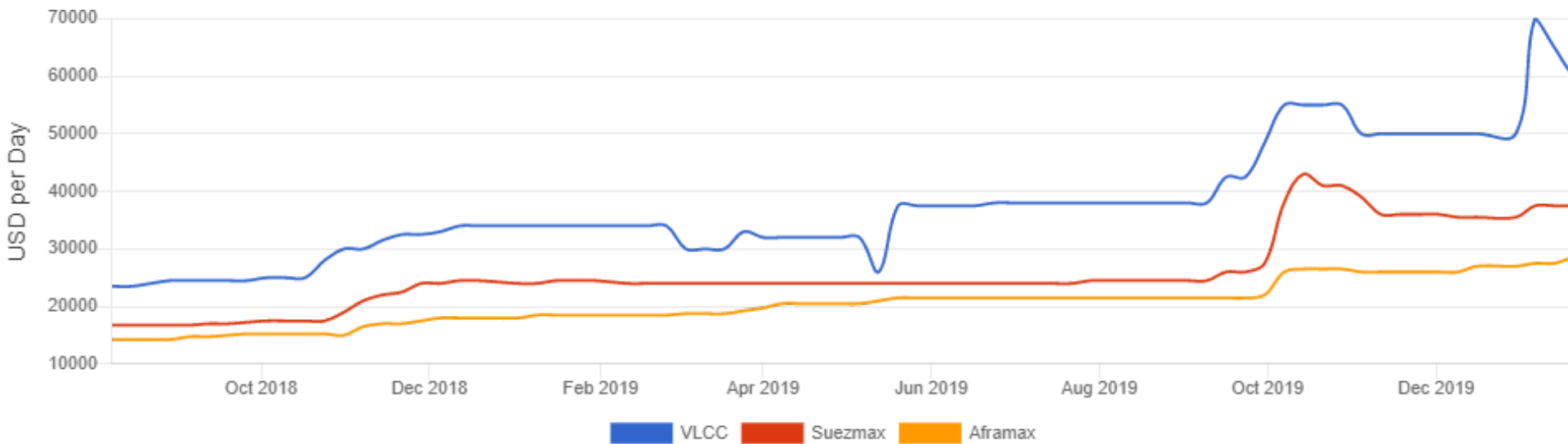
1 Year T/C (USD/Day)

<b>VLCC (Modern)</b>	\$57500.0	\$0 →
<b>Suezmax (Modern)</b>	\$36000.0	-\$1,500 ↓
<b>Aframax (Modern)</b>	\$27500.0	-\$1,000 ↓

VLCC

<b>VLCCs fixed in all areas last week</b>	33	-17 ↓
<b>VLCCs available in MEG next 30 days</b>	150	2 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

With still a weak supply/demand ratio the streets remain bloody for the big ships, and actual spot earnings are close to zero on main short-haul trades. Index is in negative territory since days, and values have lost a further 30 pct w-o-w to come in at USD 3k/day - still overrated. Ever more ships idle or anchor up in the Far East, whilst the milk route Waust/China appears to bottom out at just south of USD 6.00/mt, and Pacific rounds at a corresponding touch over USD 1k/day. Question is for how long there will be head-owned tonnage willing to continue trading, and subsequently how strong/fast the awaited recovery. Period activity is high, but for obvious reasons centered around floating rates, exception including 175,000 dwt, built 2011, delivering China 7-10 Feb for about 12 months at USD 13,500/day.

Panamax

The negative sentiment is continuing downwards in the aftermath of Chinese New Year, with the Corona Virus also causing uncertainty going forward. Owners have started putting their vessels at anchor as it is becoming the more sensible option to ballasting. For a transatlantic trip, Kamsarmaxes (82,500 dwt) now earn around the low USD 3,000's, while short fronthauls from the UK/Continent-region are priced at around USD 12,000. From ECSA chrtrs are paying around USD 12,000 + 200,000 gross ballast bonus for a trip to China, or around USD 6,000 DOP Singapore. A transpacific round voyage in the East pay shipowners around USD 3,000 in the current market, and the Baltic 4TC-Index is down 107 points since last week, now at 520 points.

Supramax

Activity has increased the last week as players are slowly returning to work after holidays in China. However, levels remain unchanged with roundtrips in the East calculating below OPEX. However, on an encouraging note this year has started well on the demand side, as shipment volumes the first four weeks of the year are 11.5% higher than the same period last year.

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	\$3,160	-\$825 ↓
TCT Cont/Far East	\$12,045	-\$900 ↓
TCT Far East/Cont	\$349	-\$417 ↓
TCT Far East RV	\$3,289	-\$463 ↓

Supramax (USD/Day)

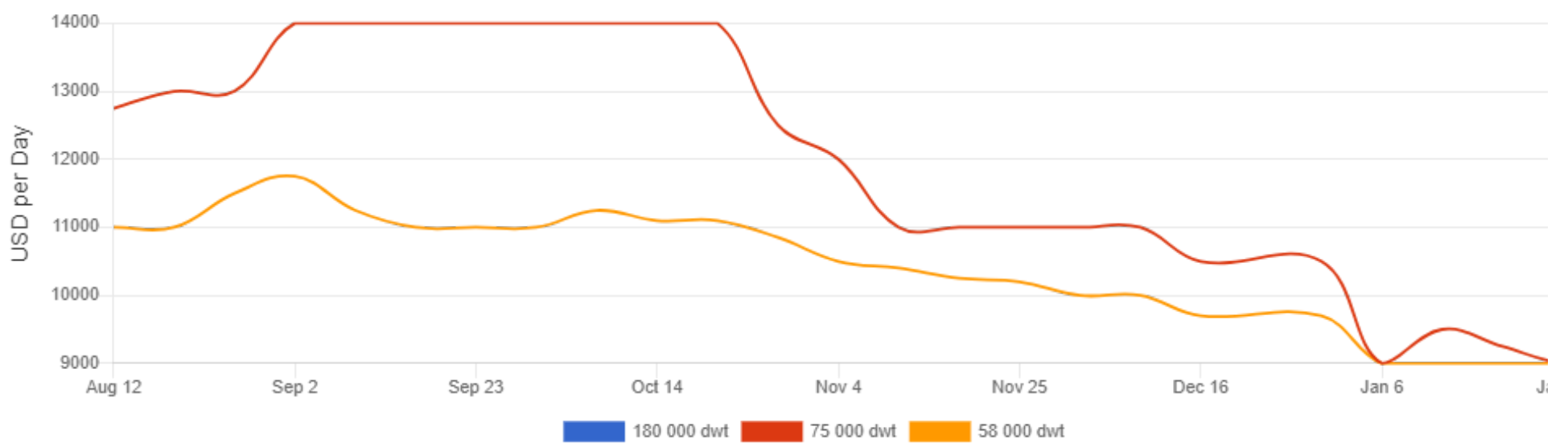
Atlantic RV	\$9,246	-\$286 ↓
Pacific RV	\$3,700	-\$300 ↓
TCT Cont/Far East	\$16,318	\$643 ↑

1 Year T/C (USD/Day)

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

Baltic Dry Index (BDI)	\$430
------------------------	-------

1 Year T/C Dry Bulk



## Gas

### Chartering

#### WEST

‘Volatile’ is maybe the most suitable word to summarise this week, as oil and gas product markets crashed with the global spread of novel Corona Virus and the essential shutdown of the world’s second largest economy. This meant that the cost of freight quickly became a much more significant consideration in trading decisions. At the same time, there were a decent number of possible candidates on position lists and a limited amount of freight inquiries for much of the week. Consequently, it seemed that freight might come off sharply.

However, owners have dug their heels in and are maintaining asking for rates in the mid-high 120s Houston/Chiba range for 1H March laycans. This has been supported by the very recent uptick in product markets and a stronger arb, with Brent crude stronger by nearly 3% on the day at time of writing.

In the near term, the direction of rates moving will ultimately depend on whether the product market recovers further or retreats again. Beyond that, however, there are a number of variables which could bring about bullish movement; between potential fog in the USGC, free pratique requirements in SEA and a possible backlog in Chinese drydocks as a consequence of the Corona Virus, only time will tell which way rates will go.

#### EAST

In the East it has been a relatively quiet week. The Baltic has come off as a result of tonnage (both trader-owned and otherwise) which is still open for the prompt month, as well as subdued activity while some await Saudi and ADNOC acceptances before judging what their position on freight is. There remain a number of possible cheaper trader relets on position lists, and it would not be unreasonable to think that this could maintain pressure on rates over the course of the next few fixtures.

### LPG Rates

#### Spot Market (USD/Month)

<b>VLGC (84 000 cbm)</b>	\$1,800,000	\$0 →
<b>LGC (60 000 cbm)</b>	\$1,300,000	\$100,000 ↑
<b>MGC (38 000 cbm)</b>	\$915,000	-\$35,000 ↓
<b>HDY SR (20-22 000 cbm)</b>	\$670,000	\$0 →
<b>HDY ETH (17-22 000 cbm)</b>	\$720,000	\$0 →
<b>ETH (8-12 000 cbm)</b>	\$440,000	\$0 →
<b>SR (6 500 cbm)</b>	\$350,000	\$0 →
<b>COASTER Asia</b>	\$240,000	-\$10,000 ↓

COASTER Europe	\$240,000	\$15,000 ↑
----------------	-----------	---------------

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$344.00	-\$120.50 ↓
Saudi Arabia/CP	\$360.00	-\$205.00 ↓
MT Belvieu (US Gulf)	\$197.00	-\$5.50 ↓
Sonatrach/Bethioua	\$360.00	-\$107.00 ↓

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$442.00	\$12.50 ↑
Saudi Arabia/CP	\$480.00	-\$110.00 ↓
MT Belvieu (US Gulf)	\$261.00	-\$108.00 ↓
Sonatrach/Bethioua	\$480.00	\$10.00 ↑

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$65,000	-\$12,000 ↓
West of Suez 155-165 000 cbm	\$65,000	-\$5,000 ↓
1 Year T/C 155-160 000 cbm	\$71,500	-\$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	\$36.0	-\$0.5 ↓
Kamsarmax	\$23.0	-\$0.5 ↓
Ultramax	\$20.0	-\$1.5 ↓

Dry (10 yr)

Capesize	\$21.0	-\$1.5 ↓
Kamsarmax	\$15.5	\$0.0 →
Ultramax	\$12.0	-\$0.5 ↓

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	109.34	0.19 <span>↑</span>
USD/KRW	1187.45	11.05 <span>↑</span>
USD/NOK	9.23	0.08 <span>↑</span>
EUR/USD	1.10	0.00 <span>↑</span>

Interest Rates

LIBOR USD (6 months)	1.72%	-0.06% <span>↓</span>
NIBOR NOK (6 months)	1.84%	0.00% <span>→</span>

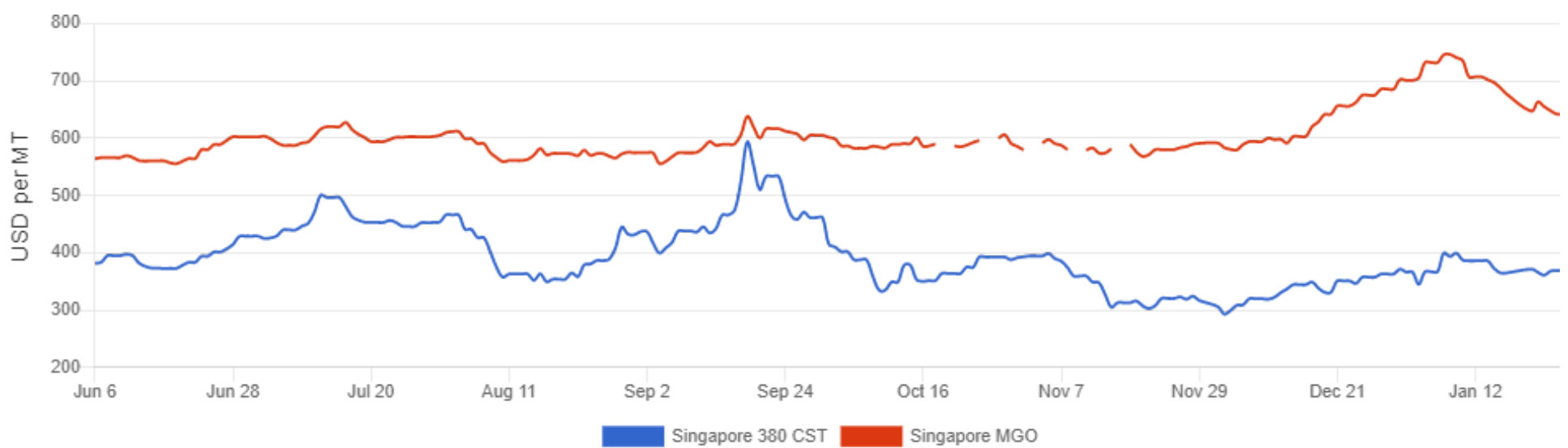
Commodity Prices

Brent Spot	\$53.96	-\$8.08 <span>↓</span>
------------	---------	------------------------

Bunkers Prices

Singapore 380 CST	\$324.0	-\$24.0 <span>↓</span>
Singapore 180 CST	\$356.0	-\$13.0 <span>↓</span>
Singapore Gasoil	\$557.0	-\$60.0 <span>↓</span>

Rotterdam 380 CST	\$287.5	-\$7.5 <span>↓</span>
Rotterdam 180 CST	\$350.0	\$30.0 <span>↑</span>
Rotterdam Gasoil	\$478.0	-\$13.0 <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.

[Disclaimer](#)