

Fearnleys Weekly Report

Week 7 2020

Printer version

Tankers

Comments

VLCC

As with much else these days it's all about the Corona virus in the VLCC market. With oil trading reduced for the lack of buying interest, charterers are by and large left with fixed contact liftings, thereby tilting the supply/demand picture further in disfavour of the owning side. However, with increasing oil surplus without a 'home' we have seen a boost in floating storage interest. Although yet to materialize in earnest, this could become a saving grace balancing things to a degree. Bunker prices have also seen a downward pressure contributing to daily earnings, which at the writing moment are lingering at or below OPEX for ships burning compliant fuels.

Suezmax

Rates have bottomed out for the time being following a week of good fixing activity despite force majeure in Libya. Suezmax/VLCC parity would suggest that charterers should combine stems but the current state of world trade and with all the uncertainty that follows it seems it will only be a theoretical exercise for the foreseeable future. But we would expect this potential threat from VLCCs to eventually cap Suezmax earnings should Suezmaxes pick up the pace over that of their bigger siblings. All in all we see limited downside in rates for the week to come

Aframax

Activity has been fairly decent in the North Sea and Baltic this week. Quite a few vessels have pointed their bow towards the Caribs and USG, where the market is offering higher earnings than in Nsea and Med. Bad weather has also had its impact as vessels delay and add more upward pressure on rates for charterers seeking coverage in the 14-20 February window for cross-Nsea and 19-22 February window in the Baltic. Going forward we expect the good activity to continue but with more tonnage in position it is looking a bit more balanced for the next week. Also in the Mediterranean and Black Sea we have seen steady activity levels with fixtures being done off the market, although tonnage supply is still in Charterers favour with a number of ships still spot open. The market has moved sideways most of the week with a slight upward trend the last couple of days. We expect the market in the Med/Bsea to remain stable with a firm sentiment in the coming week.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 30.0	-2.0 ↓
MEG/Japan (280 000)	WS 42.5	-2.5 ↓
MEG/Singapore (280 000)	WS 44.0	-2.0 ↓
WAF/FEAST (260 000)	WS 47.0	2.0 ↑
WAF/USAC (130 000)	WS 85.0	7.5 ↑
Sidi Kerir/W Med (135 000)	WS 82.5	5.0 ↑

N. Afr/Euromed (80 000)	WS 80.0	10.0 ↑
UK/Cont (80 000)	WS 130.0	30.0 ↑
Caribs/USG (70 000)	WS 175.0	30.0 ↑

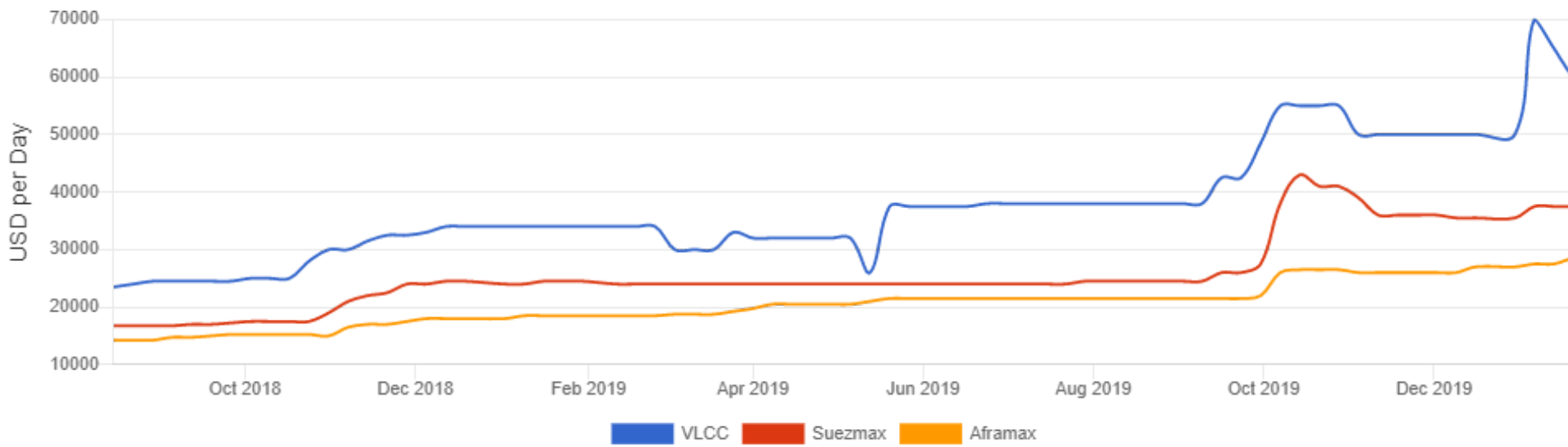
1 Year T/C (USD/Day)

VLCC (Modern)	\$55000.0	-\$2,500 ↓
Suezmax (Modern)	\$34500.0	-\$1,500 ↓
Aframax (Modern)	\$26500.0	-\$1,000 ↓

VLCC

VLCCs fixed in all areas last week	62	29 ↑
VLCCs available in MEG next 30 days	145	-5 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

The market is still sliding with few signs of an imminent turnaround. Preliminary indicators of China’s coal consumption, steel production and iron ore imports shows a complete collapse the last few weeks. On a positive note, Xi Jinping recently urged companies to resume work and the NDRC vowed to step up support to the economy in the wake of the virus impacts.

Further, Vale maintained their production guidance of 340-355 million tons for the year despite the recent floods, which implies a significant increase in Brazilian shipment volumes once China turns on again. In January, total iron ore exports from Brazil was only 20 million tons...

Panamax

This week the index has ticked up a bit, as many participants feels a bottom have been reached, and several rates fixed for fronthauls and Nopac-runs have been stronger than last done. There are, however, still a lot of uncertainty in the market. For a Transatlantic trip, Kamsarmaxes (82.500 DWT) still earn around the low USD 3000's, while short fronthauls from the UK/Continent-region are priced at around USD 13,000. For grains ECSA/China charterers are paying around USD 7000 DOP Singapore for a roundtrip. A Transpacific roundvoyage in the east pay shipowners around the low USD 4,000’s, and the Baltic 4TC-Index is up 72 points since last week, now at 582 points.

Supramax

It was another horrifying week for owners. Many spot ships in Asia with owners refusing to take negative cost . Oversupply of tonnage in Atlantic and poor cargo supply pushed the market further down. Grain House L Dreyfus covered grain supra stem USD 2,000 pd for 56,000 DWT del Argentina for TCT to Med. USG remains weak but steady. Modern Ultramax rumoured fixed USD 20,000 for TCT to Japan. Trips from USEC to India fixed USD 18,000 pd on 57,000 DWT. South Africa remain under pressure with very week fixtures reported. MV Great Spring (61,438 2017) aps Richards Bay tct Puttalam usd 8,500 + 80,000 BB. The Asian market suffers further loss and tonnage building up. For Pacific round voyages Tess 58 reported in the mid USD 5,000 pd and Ultramax for NOPAC loading delivery Busan redelivery Philippines, usd 6,000s.

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	\$3,155	-\$5 ↓
TCT Cont/Far East	\$625	-\$11,420 ↓
TCT Far East/Cont	\$76	-\$273 ↓
TCT Far East RV	\$233	-\$3,056 ↓

Supramax (USD/Day)

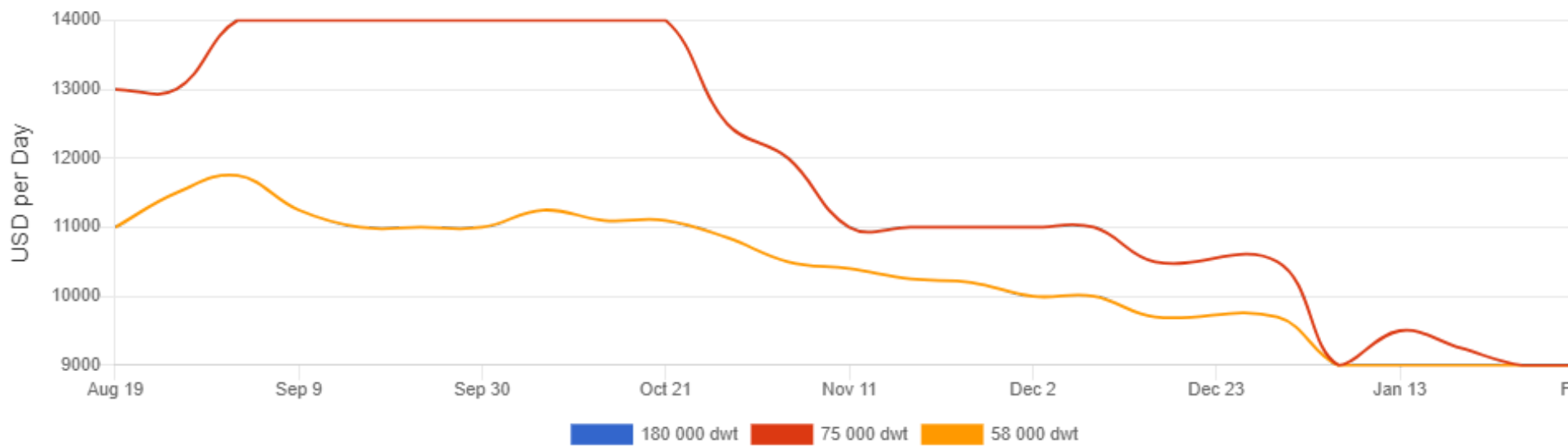
Atlantic RV	\$8,704	-\$542 ↓
Pacific RV	\$3,600	-\$100 ↓
TCT Cont/Far East	\$16,836	\$518 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$13,750	-\$250 ↓
Panamax (75 000 dwt)	\$9,000	\$0 →
Supramax (58 000 dwt)	\$9,000	\$0 →

Baltic Dry Index (BDI)	\$421
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1 Year T/C Dry Bulk



Gas

Chartering

EAST

The week has been quiet and only action on shipping was from an Indian major where the cargo is still trading time of writing. We still see open tonnage for February dates in the MEG, and its expected that these ships will slide into March as February program is coming to a close. This has added some pressure on freight rates. Acceptance dates from QP, KPC, Adgas and Adnoc are all out for March, but as Baltic continues to come off nobody seems to be in a huge rush to do anything on shipping, yet. There are also talk of higher inventory in Saudi, so we should expect to see less cuts and potentially more 1H March cargos once Aramco acceptances are out...

WEST

The market in the West has been quiet again this week, with very little happening in the way of fixtures. However, the general consensus appears to be that freight rates are set to weaken. This comes as a consequence of excess freight in the first decade of March, much of which could roll into later in the month and hence put pressure on rates. On the other hand, it remains to be seen whether cargoes are actually fully covered earlier in the month or whether charterers are feigning so to aid in the weakening of rates.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,800,000	\$0 →
LGC (60 000 cbm)	\$1,300,000	\$0 →
MGC (38 000 cbm)	\$915,000	\$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	\$240,000	\$0 →
COASTER Europe	\$240,000	\$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$344.00	\$0.00 →
Saudi Arabia/CP	\$360.00	\$0.00 →

MT Belvieu (US Gulf)	\$197.00	\$0.00 →
Sonatrach/Bethioua	\$360.00	\$0.00 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$442.00	\$0.00 →
Saudi Arabia/CP	\$480.00	\$0.00 →
MT Belvieu (US Gulf)	\$261.00	\$0.00 →
Sonatrach/Bethioua	\$480.00	\$0.00 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$49,000	-\$6,000 ↓
West of Suez 155-165 000 cbm	\$55,000	-\$10,000 ↓
1 Year T/C 155-160 000 cbm	\$70,500	-\$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 →
Newcastlemax	\$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	\$0.0 →
Kamsarmax	\$22.0	-\$1.0 ↓
Ultramax	\$20.0	\$0.0 →

Dry (10 yr)

Capesize	\$21.0	\$0.0 →
Kamsarmax	\$15.5	\$0.0 →
Ultramax	\$12.0	\$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	109.92	0.58 ↑
USD/KRW	1181.55	-5.90 ↓
USD/NOK	9.25	0.02 ↑
EUR/USD	1.09	-0.01 ↓

Interest Rates

LIBOR USD (6 months)	1.72%	-0.04% ↓
NIBOR NOK (6 months)	1.84%	0.00% →

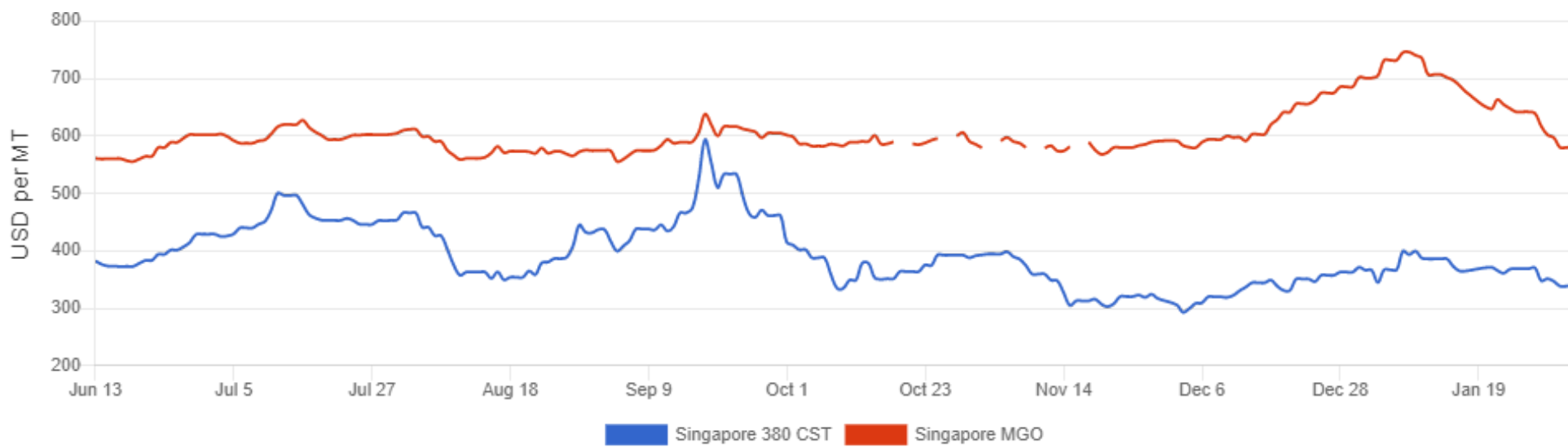
Commodity Prices

Brent Spot	\$54.01	-\$3.32 ↓
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Bunkers Prices

Singapore 380 CST	\$317.5	-\$6.5 ↓
Singapore 180 CST	\$354.0	-\$2.0 ↓
Singapore Gasoil	\$523.5	-\$33.5 ↓

Rotterdam 380 CST	\$285.5	-\$2.0 ↓
Rotterdam 180 CST	\$315.0	-\$35.0 ↓
Rotterdam Gasoil	\$484.5	\$6.5 ↑



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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