

Fearnleys Weekly Report

Week 8 2020

Printer version

Tankers

Comments

VLCC

The February MEG program is all but taken care of, and March is now under way. As if the VLCC market wasn't low enough, the few fixtures concluded for the new month are mostly concluded on older or otherwise restricted vessels at rates in the upper W30's to around W40 MEG/eastbound. The Atlantic market has not fared much better with the last couple of Wafr/China fixtures logged at W46, rather dismal for a lengthy commitment. It's a mixed picture out there income wise. For non-eco units burning compliant fuels TCE's are now barely yielding a positive contribution, let alone covering OPEX, whereas their more modern economical sisters with scrubbers installed still enjoying daily earnings pushing \$30k/day when all boxes are ticked. The effects of the Corona virus are still very evident, with weaker demand, which added to the abundant tonnage availability leaves little hope for improvements any time soon.

Suezmax

The Suezmax market in the Atlantic is still quite active, but ratewise it remains steady. A balanced tonnage-list is one factor, but even with a tight list it would be hard to move this market as the slow activity on the VLCC's is putting a lid on the whole Suezmax market. In the MEG we have much of the same problem, market is at bottom, or at least close to it, but it will take some time for this market to rebuild. All eyes on the VLCC's for now!

Aframax

Although cargo activity has been healthy in the North Sea and Baltic, the market has moved more or less sideways this week much due to weather delays keeping rates at current levels. In the coming week more tonnage is coming into position, and if activity doesn't pick up we could see a downwards correction coming into first decade of March. The remainder of February however, still looks interesting. Also in the Mediterranean and Black Sea the market has moved sideways, except for a slight pick up in rates the last couple of days following a small rush of cargoes coming into the market. TD19 is currently trading at WS 87.5, giving owners a return of approx. USD 10,000 per day on TCE for a cross-Med voyage. We expect the trend to continue sideways in the week to come as there are plenty of ship that need to find employment before we will see rates firming further.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 30.0	0.0 →
MEG/Japan (280 000)	WS 40.0	-2.5 ↓
MEG/Singapore (280 000)	WS 42.0	-2.0 ↓
WAF/FEAST (260 000)	WS 46.0	-1.0 ↓
WAF/USAC (130 000)	WS 72.5	-12.5 ↓
Sidi Kerir/W Med (135 000)	WS 80.0	-2.5 ↓

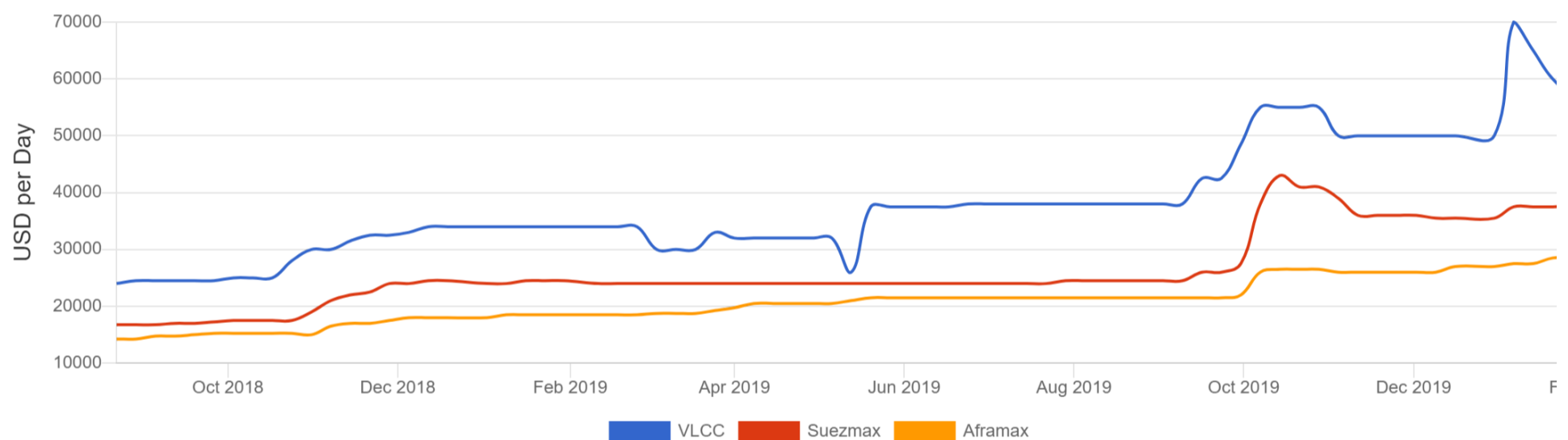
N. Afr/Euromed (80 000)	WS 87.5	7.5 ↑
UK/Cont (80 000)	WS 135.0	5.0 ↑
Caribs/USG (70 000)	WS 190.0	15.0 ↑

1 Year T/C (USD/Day)

VLCC (Modern)	\$55000.0	\$0 →
Suezmax (Modern)	\$32000.0	-\$2,500 ↓
Aframax (Modern)	\$24500.0	-\$2,000 ↓

VLCC

VLCCs fixed in all areas last week	70	8 ↑
VLCCs available in MEG next 30 days	149	4 ↑

1 Year T/C Crude**Dry Bulk****Comments****Capesize**

The worst may just about be over for the big ships. Average nominal daily earnings still admittedly unchanged w-o-w at below usd 3k, but sentiment turning to careful optimism and Far East cargo flows in particular increasing somewhat. Question asked for weeks is what merit is there in employing tonnage at earnings closer to zero/day than opex, and with extensive drifting + ultra slow steaming we may now be in for a resultant recoil if ore and coal volumes live up to expectations. Atlantic and fronthaul spot trades still have a long way to go in this respect, making any forecast uncertain. Several players have taken advantage of the recent dramatic downturn to pick quality period tonnage at heavy discounts, most recently exemplified by 206000 dwt built 2012 done for 14-17 months at usd 14500/day - more conclusions expected in days and weeks to come.

Panamax

Another positive week with numbers moving upwards in the Panamax-segment, especially in the ECSA region and in the east. For a Transatlantic trip, Kamsarmaxes (82.500 DWT) earn around the low USD 4000's, while short fronthauls from the UK/Continent-region are priced at high USD 13,000. For grains ECSA/China charterers are paying around USD 8500 DOP Singapore for a roundtrip. A Transpacific roundvoyage in the east pay shipowners around the high USD 5,000's, and the Baltic 4TC-Index is up 140 points since last week, now at 722 points.

Supramax

Sentiment have improved slightly the last weeks with indices starting to turn green for the first time this year. However, levels still are still generally low.

USG fronthaul currently pays low 20s, up from high teens a couple of weeks ago. Aps Indo rounds currently yields mid 7,000s USD pd, up from low 6,000s USD pd earlier this year.

Going forward, further gains hinge on China returning in full from the corona virus related shutdowns.

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	\$4,105	\$837 ↑
TCT Cont/Far East	\$13,764	\$903 ↑
TCT Far East/Cont	\$1,108	\$349 ↑
TCT Far East RV	\$5,797	\$1,227 ↑

Supramax (USD/Day)

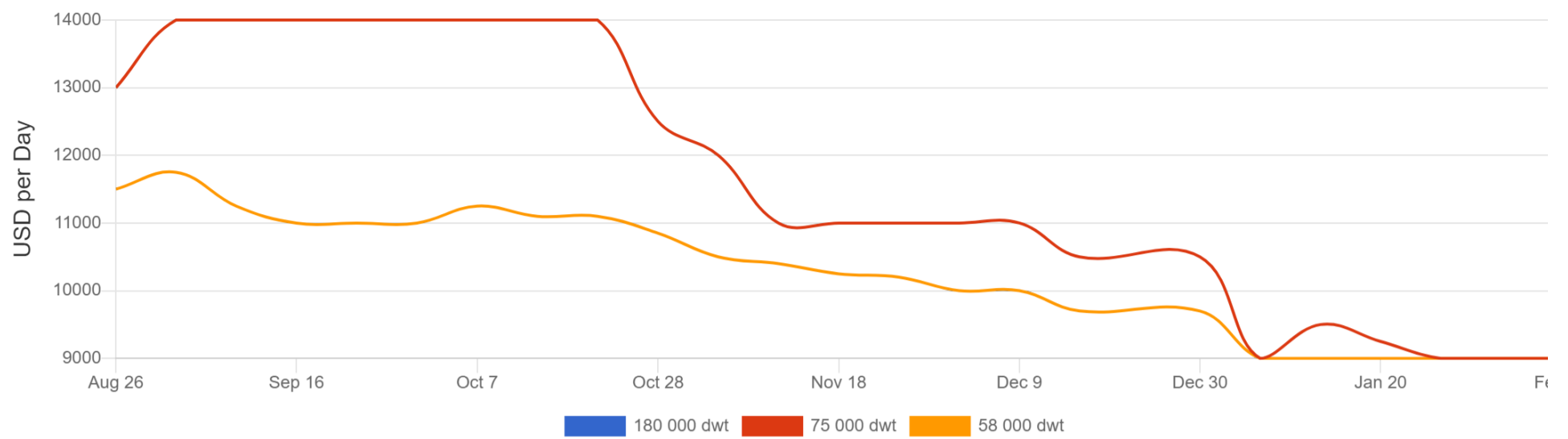
Atlantic RV	\$8,952	\$295 ↑
Pacific RV	\$3,621	\$35 ↑
TCT Cont/Far East	\$17,407	\$546 ↑

1 Year T/C (USD/Day)

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

Baltic Dry Index (BDI)	\$465
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1 Year T/C Dry Bulk



Gas

Chartering

WEST

Market sentiment has generally been bearish this week, with uncertainty about the coronavirus outbreak and lengthy positions lists in both East and West putting pressure on rates. In the West, there were some fixtures around the middle of March, but it now seems the focus has turned towards the end of the month. It would not be unreasonable to expect multiple players to come out to fix ships simultaneously given the length of time the market has been subdued.

With that said, Charterers seem relaxed about taking their time with inquiries given that there are many vessels in a prolific lineup that has a unique blend of newbuilds, ships coming from drydock and trader-owned relets. Meanwhile, Owners have been buoyed by the fall in the cost of bunkers which has offset the damage of falling nominal rates. Other Owners have counted the number of fixtures so far for March and are equally relaxed after deciding that much uncovered product must be waiting in the wings. The result seems to be a Mexican standoff in which neither side is willing to give concessions to the other.

EAST

Although there have been some fixtures 1-15 March in the MEG, there are still more available ships than there are cargoes at the moment, partly because of Aramco cutbacks and deferrals. Consequently, freight remains under pressure, with every deal done this week being done at a discount to the last printed Baltic figure.

In the longer term, Aramco deferrals are expected to have some impact on the Indian market, with a lot of the term lifters from the Saudi terminal being Indian majors. As a result, it is possible we will see more cargoes from regions West of Suez being sent to India. This should mean a longer tonne mile and be a bull factor for freight going forward.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,640,000	\$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	\$40,000	-\$5,000 ↓
West of Suez 155-165 000 cbm	\$42,000	-\$13,000 ↓
1 Year T/C 155-160 000 cbm	\$69,000	-\$1,500 ↓

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulk	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 →
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Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$36.0	\$0.0 →
Kamsarmax	\$22.0	\$0.0 →
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	109.81	-0.11 ↓
USD/KRW	1189.40	7.85 ↑
USD/NOK	9.31	0.06 ↑
EUR/USD	1.08	-0.01 ↓

Interest Rates

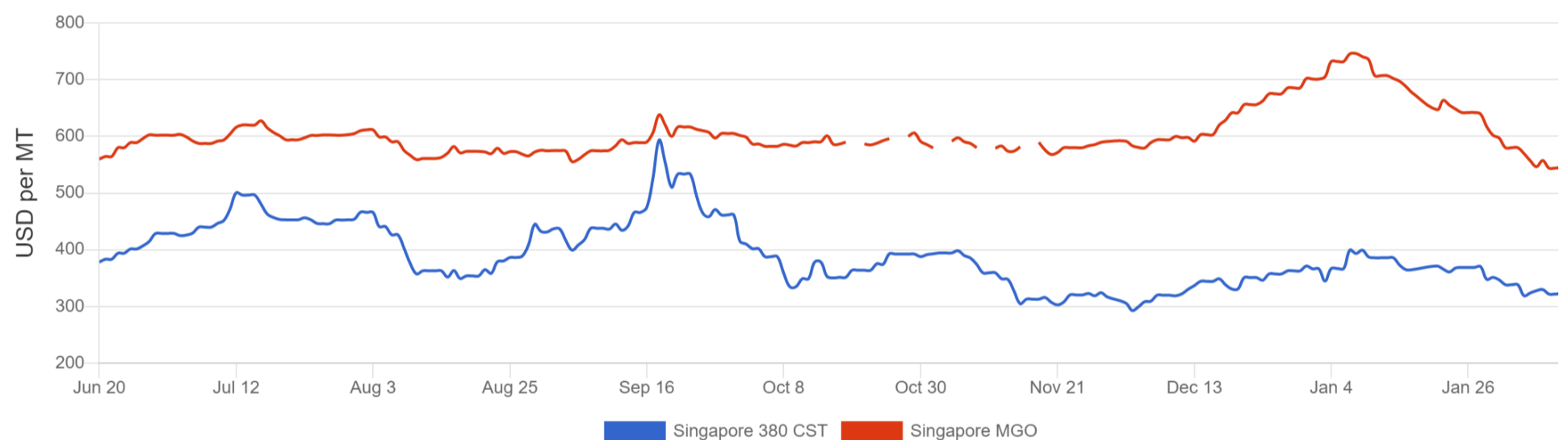
LIBOR USD (6 months)	1.71%	-0.02% ↓
NIBOR NOK (6 months)	1.84%	0.00% →

Commodity Prices

Brent Spot	\$57.75	\$3.28 ↑
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Bunkers Prices

Singapore 380 CST	\$317.5	\$0.0 →
Singapore 180 CST	\$337.0	-\$17.0 ↓
Singapore Gasoil	\$522.5	-\$1.0 ↓
Rotterdam 380 CST	\$293.0	\$7.5 ↑
Rotterdam 180 CST	\$305.0	-\$10.0 ↓
Rotterdam Gasoil	\$492.5	\$8.0 ↑



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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