

Fearnleys Weekly Report

Week 9 2020

Printer version

Tankers

Comments

VLCC

The VLCC market has been like shopping milk in the week gone by, more or less the same price wherever you go. However, the market showed signs of picking up a tad yesterday, with quite a bit of under- and over the counter fixing, and a replacement job done at W49 MEG/China. It’s still fragile, however, and although the position list has thinned, it still offers plenty of choice further out on the curve. Lower bunker prices is offering some reprieve for the owning community, a penny saved and all that, but it’s still difficult to get much past OPEX for those ships burning compliant fuels. Those having installed scrubber can add another \$10 grand a day give or take in earnings, albeit having spent a few million in installation cost. We do not see much upside in the short term, but the downside seems more capped now than for a long time.

Suezmax

The Suezmax market remains steady, but there might be a small downside to this. Coronavirus, Libya still closed down all export, and the lack of demand for oil in the east are some of the factors. Wafr-market still trading at w75-80 depending on voyage, which still give Owners above \$20k/day. All the uncertainty makes people hesitant to take any action at all, and the market is in general very quiet. We dont expect to see any major changes going forward, but fundamentals are ok, so positive news could have a big impact on this market.

Aframax

In the Baltic and North Sea market tonnage has been piling up the last week due to a lack of cargo enquiries. Charterers have been making the most of their upper hand and have been drip feeding cargoes into the market, pushing rates down as they take out ships one by one. We are expecting the current trend to continue into next week, and it looks like we need to see 3rd decade March before the market recovers. In the Mediterranean and Black Sea the market has moved more or less sideways the last week with owners taking their stand in order for current market levels not to drop further. Although there is a lot of ships available compared to the numbers of cargoes coming into the market, TD19 has been trading at mid-80 WS throughout the week. Going forwards into next week we expect the market to remain flat, if anything a slight dip in rates.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 30.0	0.0 →
MEG/Japan (280 000)	WS 45.0	5.0 ↑
MEG/Singapore (280 000)	WS 46.5	4.5 ↑
WAF/FEAST (260 000)	WS 48.0	2.0 ↑
WAF/USAC (130 000)	WS 72.5	0.0 →
Sidi Kerir/W Med (135 000)	WS 72.5	-7.5 ↓

N. Afr/Euromed (80 000)	WS 82.5	-5.0 ↓
UK/Cont (80 000)	WS 107.5	-27.5 ↓
Caribs/USG (70 000)	WS 180.0	-10.0 ↓

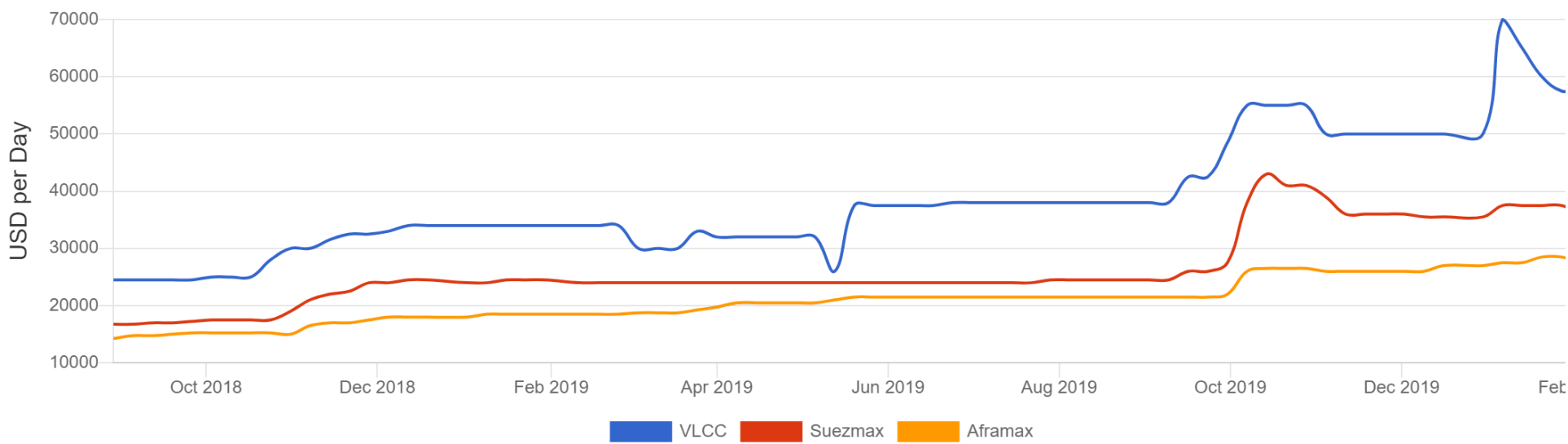
1 Year T/C (USD/Day)

VLCC (Modern)	\$42500.0	-\$12,500 ↓
Suezmax (Modern)	\$30000.0	-\$2,000 ↓
Aframax (Modern)	\$23500.0	-\$1,000 ↓

VLCC

VLCCs fixed in all areas last week	63	-7 ↓
VLCCs available in MEG next 30 days	141	-8 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Last week the market sentiment turned positive with expectations of having reached a bottom. Forward contracts traded up and spot fixtures was concluded above last done, though only marginally. However, this week started negative as every other market. The weighted time charter average is down 11% from last report, with the Atlantic round voyage suffering the most with a decrease of 22%. There are very limited amount of good news around, but the period market has at least remained somewhat active.

Panamax

For the third consecutive week in a row, rates have been improving for all the major trades. For a Transatlantic trip, Kamsarmaxes (82.500 DWT) earn around the mid USD 6000's, while short fronthauls from the UK/Continent-region are priced at low USD 15,000's. For grains ECSA/China charterers are paying around USD 10,000 DOP Singapore for a roundtrip. A Transpacific roundvoyage in the east pay shipowners around the high USD 6,000's, and the Baltic 4TC-Index is up 137 points since last week, now at 722 points.

Supramax

Definitely a more positive sentiment compared to the previous weeks, and it seems like the market has reached a bottom.

There has been a lack of tonnage supply in the Atlantic basin which has encouraged owners to up the rates. The Asian market has not improved as much as the Atlantic, but there has still been more enquiries which has resulted in owners seeing slightly higher rates.

The period market has been more active lately, with a Ultramax for 1 year delivery in the Pacific fixed \$11,000 and Supra 55,000dwt del China reported fixed one year close to \$ 9,000s. East Coast South America also reported higher rates on a Ultramax delivery River Plate trip to Med at \$ 12,000

US Gulf to Med \$15,000 and Oldendorff fixed Ultra delivery US Gulf for a petcoke run via India, redelivery Port Said \$14,250.

The Continent has also been “hot” lately with a lot of fertilizers stems for February and March loaders.

Ultramax 63,000dwt fixed delivery South Africa trip, redelivery Colombo, at \$11,000 plus \$100,000 ballast bonus.

Indonesian trips into China managed to obtain rates of 7,000/9,000 pd.

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	\$5,653	\$1,113 ↑
TCT Cont/Far East	\$15,257	\$1,234 ↑
TCT Far East/Cont	\$1,428	\$223 ↑
TCT Far East RV	\$6,588	\$507 ↑

Supramax (USD/Day)

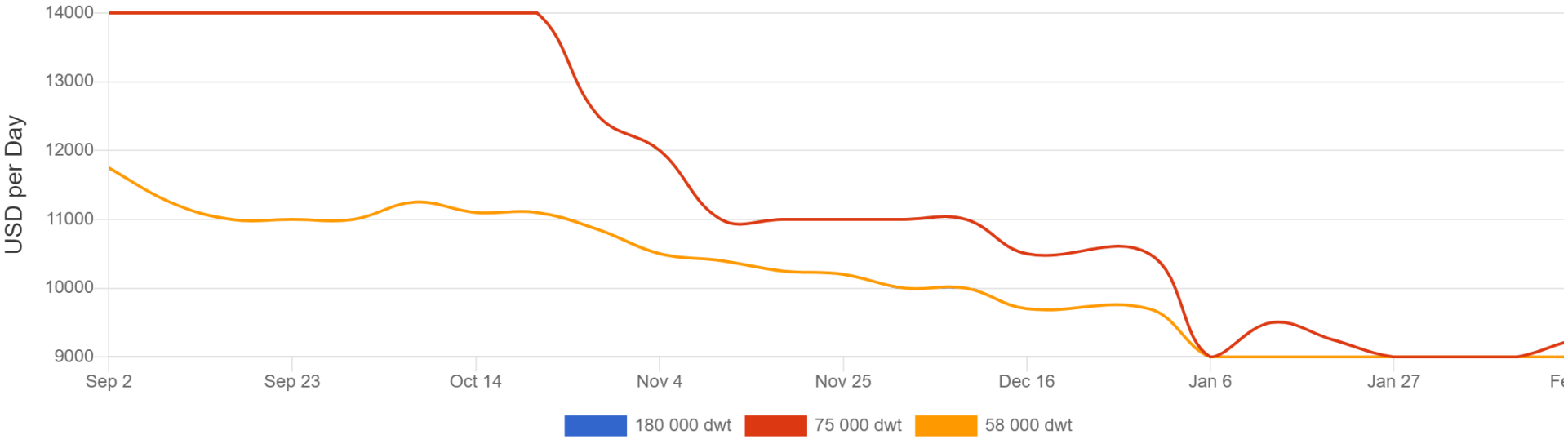
Atlantic RV	\$9,710	\$574 ↑
Pacific RV	\$4,900	\$1,036 ↑
TCT Cont/Far East	\$18,193	\$518 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$13,000	-\$1,000 ↓
Panamax (75 000 dwt)	\$9,500	\$250 ↑
Supramax (58 000 dwt)	\$9,000	\$0 →

Baltic Dry Index (BDI)	\$517
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1 Year T/C Dry Bulk



Gas

Chartering

EAST

It has been a quiet week in the East with not that much activity to report. With continued uncertainty about the Covid-19 outbreak crude prices have weakened, and there are still a lot more available ships compared to shipping requirements. We saw some activity from Indian majors from end of last week who quoted several cargos for 1H March loading in the MEG, but this was not enough to turn the current bearish sentiment, and we expect the Baltic to continue to come off.

WEST

Despite several cancellations, much of the Western VLGC market has been in London for IP week this week and activity has been muted as a result. With the news that Italy and S. Korea are on high alert for coronavirus, there is an even bigger question on the effect this will have on the global economy. Positions lists are on the long side ex USG and this has put downwards pressure on rates. At the same time, bunkers have come off again and this will help lessen the blow to owners earnings.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,500,000	\$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	\$505.00	\$145.00 ↑

MT Belvieu (US Gulf)	\$212.00	\$15.00 ↑
Sonatrach/Bethioua	\$360.00	\$0.00 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$442.00	\$0.00 →
Saudi Arabia/CP	\$545.00	\$65.00 ↑
MT Belvieu (US Gulf)	\$251.00	-\$10.00 ↓
Sonatrach/Bethioua	\$480.00	\$0.00 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$37,000	-\$3,000 ↓
West of Suez 155-165 000 cbm	\$37,000	-\$5,000 ↓
1 Year T/C 155-160 000 cbm	\$66,000	-\$3,000 ↓

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 →
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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	\$37.0	-\$0.5 ↓
Aframax / LR2	\$29.5	\$0.0 →
MR	\$18.0	\$0.0 →

Market Brief

Exchange Rates

USD/JPY	110.14	0.33 ↑
USD/KRW	1210.30	20.90 ↑
USD/NOK	9.38	0.08 ↑
EUR/USD	1.09	0.00 ↑

Interest Rates

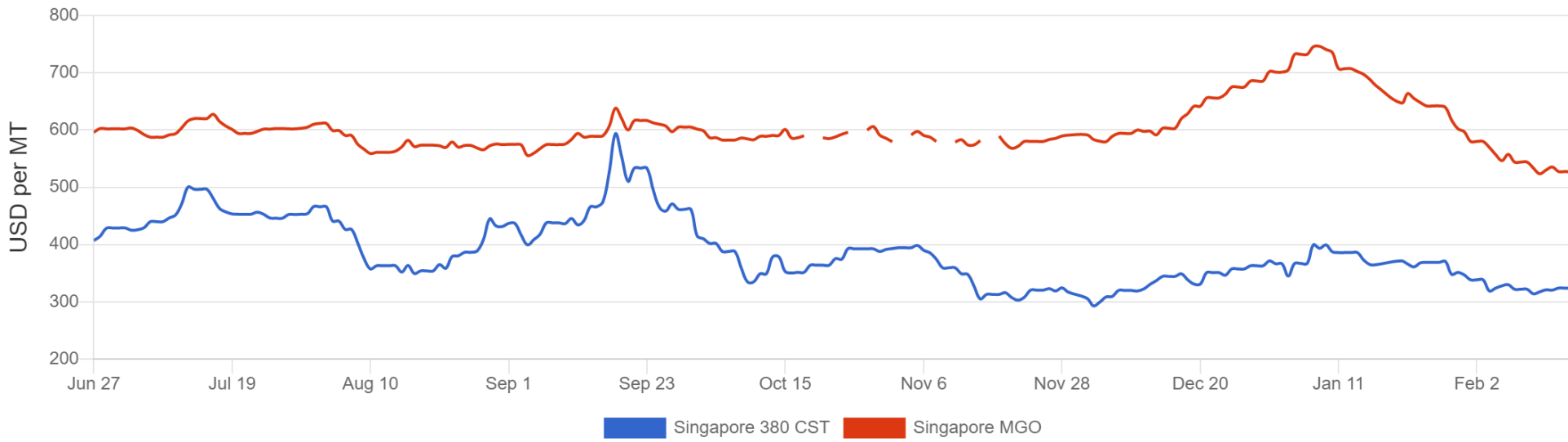
LIBOR USD (6 months)	1.63%	-0.07% ↓
NIBOR NOK (6 months)	1.84%	0.00% →

Commodity Prices

Brent Spot	\$54.26	-\$2.08 ↓
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Bunkers Prices

Singapore 380 CST	\$317.0	-\$0.5 ↓
Singapore 180 CST	\$345.0	\$8.0 ↑
Singapore Gasoil	\$498.0	-\$24.5 ↓
Rotterdam 380 CST	\$293.0	\$0.0 →
Rotterdam 180 CST	\$320.0	\$15.0 ↑
Rotterdam Gasoil	\$470.0	-\$22.5 ↓



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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