

Fearnleys Weekly Report

Week 10 2020

Printer version

Tankers

Comments

VLCC

Failing to break through the ws50 mark MEG/Eastbound it appears the VLCC market has peaked for the time being. We’re well into the second half of the March MEG program, and those charterers with cargoes to move for the second half are sitting on their hands hoping for the market to soften, and with some justification, as the back end of the position list shows signs of more ships on the water. There remains good activity from the USG and North Sea, and a few early April West Africa cargoes have emerged. However, by and large rates continue to move sideways by the speed of light, and with that a downward risk is becoming more evident.

Suezmax






The Suezmax market is still flat all over. With VLCCs putting a lid on the market, there is nowhere to hide. Owners prefer the shorter voyages, and a lot of fixtures is never seen by the market. In the West, Libya is still closed and Black Sea keeps a steady activity, but not enough to move the market. In West Africa, activity remains decent, but the tonnage list is long, and it’s more likely to come off a couple of points than tick up. In the East, there are at least one interesting market. Basrah/West have been busy, and might see someone pay up there, but only for a small, tight window in 3rd decade. Owners are still going to China, despite of the Corona virus, and we do not see them asking for a premium. We do not expect this market to move anywhere, at least until the demand of oil in the East picks up.

Aframax

Ice formation in strategic Baltic ports seems to have stopped, and looking at the latest weather forecast for the next week, further ice melting is expected. This coupled with less cargo activity ex Baltic for the 2nd decade will allow charterers to push for even lower rates ex Baltic. In the North Sea, we expect rates in to hover around current bottom levels. Moving into the 3rd decade fixing window we might see rates firm as the program looking busier. In the Mediterranean and Black Sea, we have seen rates firming steadily over the course of the last week, picking up around 10 points across the board. The activity in the Black Sea have been driving the market. This is due to a few things, such as pilotage services being suspended in the straits due to strong winds causing delays, authorities requesting fever measurement reports due to Corona virus for all crew on ships set for crew change, all resulting in a tighter tonnage list for Black Sea players. In the week to come we expect the market to remain firm.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 31.0	1.0 
MEG/Japan (280 000)	WS 51.0	6.0 
MEG/Singapore (280 000)	WS 50.0	3.5 
WAF/FEAST (260 000)	WS 49.0	1.0 
WAF/USAC (130 000)	WS 72.5	0.0 

Sidi Kerir/W Med (135 000)	WS 67.5	-5.0 ↓
N. Afr/Euromed (80 000)	WS 97.5	15.0 ↑
UK/Cont (80 000)	WS 95.0	-12.5 ↓
Caribs/USG (70 000)	WS 155.0	-25.0 ↓

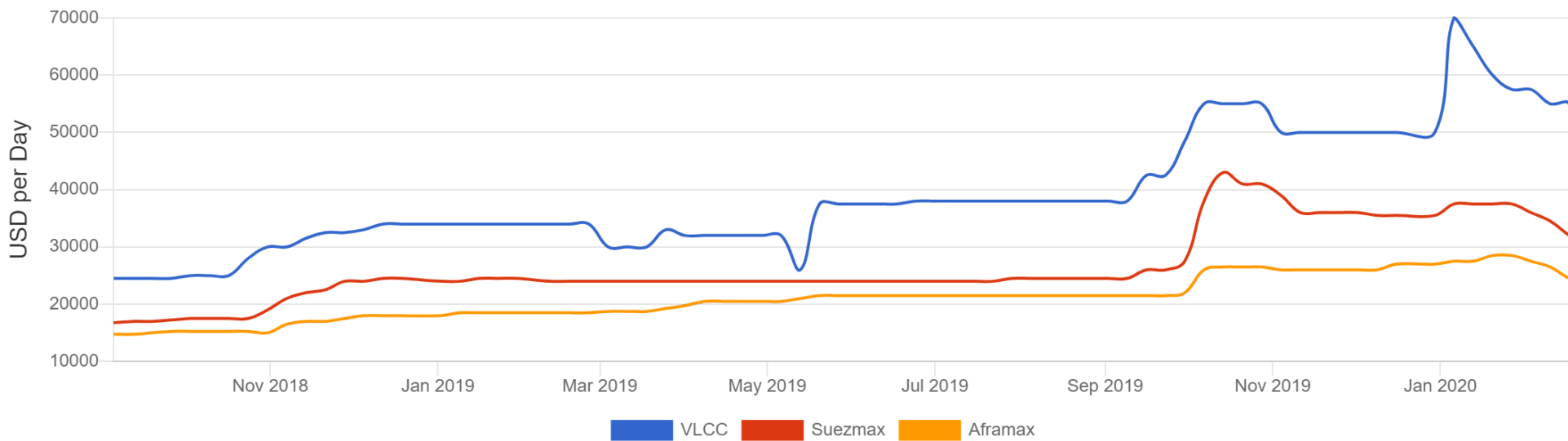
1 Year T/C (USD/Day)

VLCC (Modern)	\$42500.0	\$0 →
Suezmax (Modern)	\$30000.0	\$0 →
Aframax (Modern)	\$23000.0	-\$500 ↓

VLCC

VLCCs fixed in all areas last week	58	-5 ↓
VLCCs available in MEG next 30 days	135	-6 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

There is still limited amount of positive news around, with the effects of Corona virus hurting world economy. However, overall average index value is more or less unchanged from last week, mainly due to a drop in the West Australia and Tubarao routes; West Australia was down from mid 5s to depressing USD 5 pmt, and C3 approaching low 12s. At the same time, the Atlantic market is showing better signs, making the total picture more or less the same from one week ago. Period rates keep stable.

Panamax

Healthier levels have been seen in all regions, especially from East Coast South America grains. Shipowners have mostly been getting higher rates than the last done, although the majority of the improved fixtures in the East have been limited to the better-described ships. For a transatlantic trip, Kamsarmaxes (82,500 dwt) currently earn around USD 7,000, while short fronthauls from the UK/Continent region are priced at the high USD 16,000s. From East Coast South America to China, charterers are willing to pay around USD 11,000 DOP Singapore for a roundtrip. A transpacific round voyage in the East pay shipowners around the low USD 7,000s, and the Baltic 4TC Index is up 239 points since last week, now at 961 points.

Supramax

Supramax together with Panamax have showed positive improvement across the board. Strong demand in ECSA with grain moving Eastbound. Ultramax was able to obtain USD 14,000 plus USD 400,000 GBB for fronthaul. Transatlantic rates have also climbed up, and 61,000 dwt fixed delivery Recalad for TCT to East Mediterranean at USD 15,000. USG was active, but slightly modest upturn for Atlantic direction, though strong fixture was reported for fronthaul on Tess 58 delivery New Orleans tct to Japan at USD 21,000. Continent continued with good cargo demand and shortage of tonnage. Tess 52 was reported fixed delivery Denmark with grains to South Africa at USD 16,000. Indian Ocean, South East Asia, and Far East all showed good signs of recovery. We have seen rates increase by approximately USD 2,000 pd for most Pacific routes.

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	\$6,960	\$970 ↑
TCT Cont/Far East	\$16,741	\$1,164 ↑
TCT Far East/Cont	\$1,678	\$187 ↑
TCT Far East RV	\$7,165	\$503 ↑

Supramax (USD/Day)

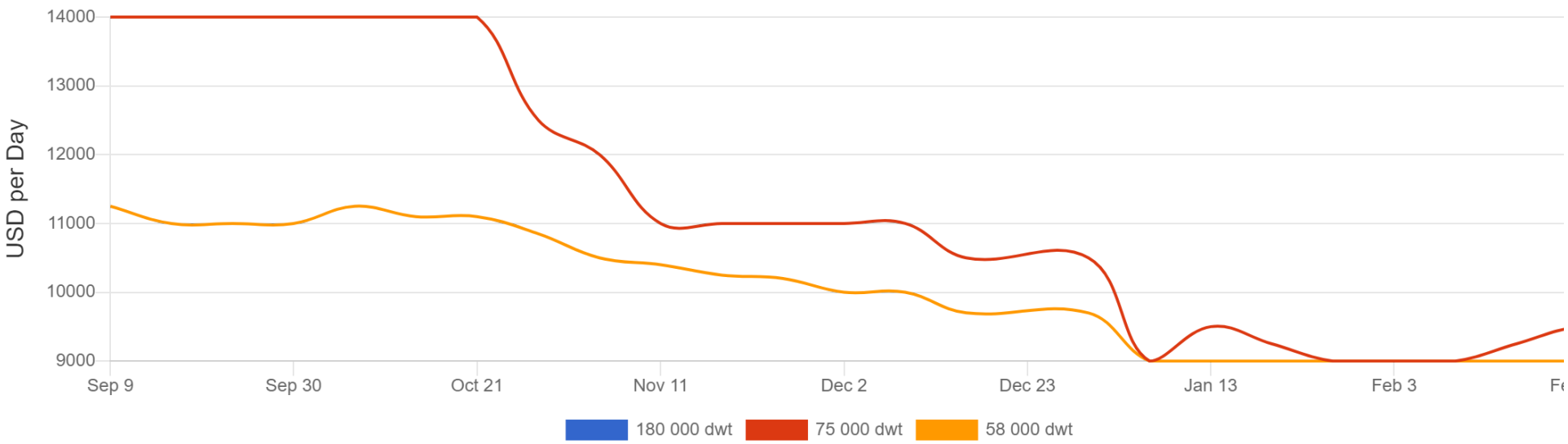
Atlantic RV	\$10,111	\$332 ↑
Pacific RV	\$5,771	\$671 ↑
TCT Cont/Far East	\$18,225	\$21 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$17,000	\$17,000 ↑
Capesize (180 000 dwt)	\$13,000	\$0 →
Kamsarmax (82 000 dwt)	\$11,250	\$11,250 ↑
Panamax (75 000 dwt)	\$9,500	\$0 →
Ultramax (64 000 dwt)	\$11,100	\$11,100 ↑
Supramax (58 000 dwt)	\$9,500	\$500 ↑

Baltic Dry Index (BDI)	\$562
------------------------	-------

1 Year T/C Dry Bulk



Gas

Chartering

WEST

This week saw the VLGC market in the West continue to weaken, with Houston/Chiba premiums coming off to a discount to the Baltic. Owners generally feel there should be a few more uncovered inquiries remaining in March in the USG, but with roughly 10 ships open in the rest of the month, it remains to be seen whether there will be as many cargoes to cull freight length before the April fixing window. Indeed, a few players have already begun tentative talks for April, so it seems there could be some continued pressure on rates moving forward.

On the other hand, there has reportedly been rapid progress this week with Chinese companies being granted waivers for importing US-origin product from as early as April. Provided the Chinese workforce returns to work sometime soon, this could be the impetus needed to clear out some of those open positions. At the same time, US East Coast output is expected to increase by a decent number of cargoes per month, and this could also be a factor in the potential firming of the market.

EAST

We have started to see more activity in the East after some dull weeks, and a few ships were taken out for voyages into India, and some also disappearing under COAs. At the time of writing, there are also two outstanding cargoes from Indian majors being worked today. This extra demand from the Indians has been helpful to owners, but nevertheless we are still in a situation where each deal has been done at a discount to the other as shipping availability remains long. The market has struggled to find a floor, and we expect this trend to continue in the short term unless we see a significant change to vessel demand.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,400,000	-\$100,000 ↓
LGC (60 000 cbm)	\$1,200,000	-\$100,000 ↓
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	\$298.50	-\$45.50 ↓
Saudi Arabia/CP	\$430.00	-\$75.00 ↓
MT Belvieu (US Gulf)	\$211.00	-\$1.00 ↓
Sonatrach/Bethioua	\$305.00	-\$55.00 ↓

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$347.50	-\$94.50 ↓
Saudi Arabia/CP	\$480.00	-\$65.00 ↓
MT Belvieu (US Gulf)	\$225.00	-\$26.00 ↓
Sonatrach/Bethioua	\$405.00	-\$75.00 ↓

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$35,000	-\$2,000 ↓
West of Suez 155-165 000 cbm	\$36,000	-\$1,000 ↓
1 Year T/C 155-160 000 cbm	\$61,500	-\$4,500 ↓

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 →
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	\$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	\$0.0 →
Aframax / LR2	\$29.5	\$0.0 →
MR	\$18.0	\$0.0 →

Market Brief

Exchange Rates

USD/JPY	107.56	-2.58 ↓
USD/KRW	1195.30	-15.00 ↓
USD/NOK	9.22	-0.16 ↓
EUR/USD	1.12	0.03 ↑

Interest Rates

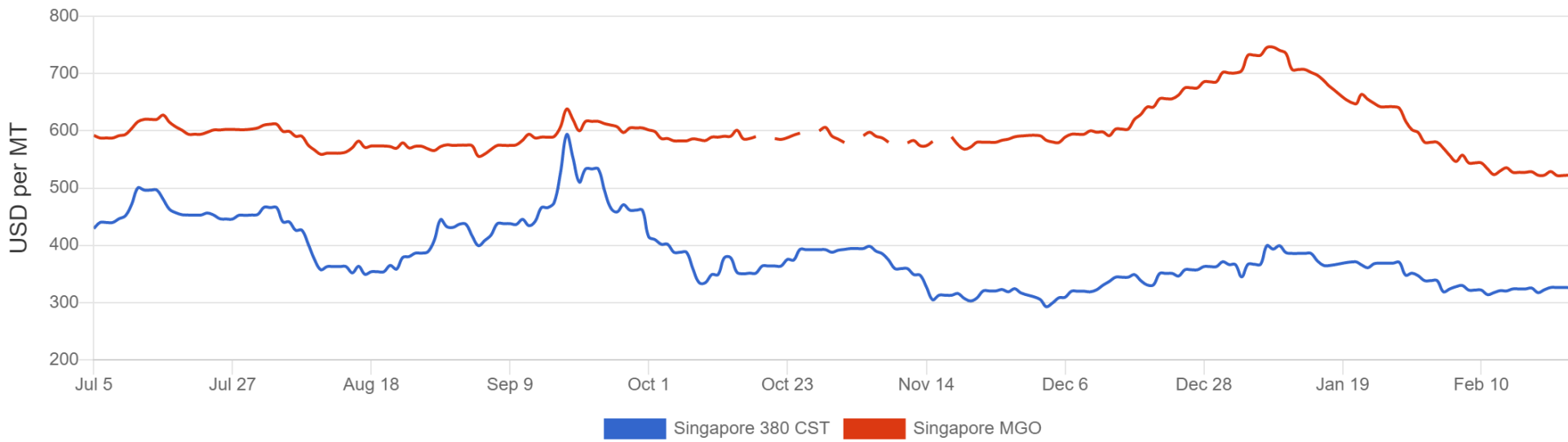
LIBOR USD (6 months)	1.20%	-0.39% ↓
NIBOR NOK (6 months)	1.71%	-0.07% ↓

Commodity Prices

Brent Spot	\$63.32	\$1.20 ↑
------------	---------	----------

Bunkers Prices

Singapore 380 CST	\$297.0	-\$20.0 ↓
Singapore 180 CST	\$345.0	\$0.0 →
Singapore Gasoil	\$434.5	-\$63.5 ↓
Rotterdam 380 CST	\$288.0	-\$5.0 ↓
Rotterdam 180 CST	\$320.0	\$0.0 →
Rotterdam Gasoil	\$458.0	-\$12.0 ↓



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.

[Disclaimer](#)