

Fearnleys Weekly Report

Week 12 2020

Printer version

Tankers

Comments

VLCC

While the rest of the world is shutting down rapidly, the VLCC market has continued full speed ahead in the week gone by. It’s been a week of frantic activity, with rates shooting up and daily earnings in the USD 100’s of thousands. However, things have calmed down in the last 24 hours, and with that we are seeing some ‘profit taking’, and the arrow is tilting slightly down. That said, more than 2/3’s of the April MEG program remains to be done, and with the well announced production boost it’s likely to be busier than normal still. Although a correction may be in the cards, it’s also important to note that plummeting bunker prices is contributing positively. Steady as she goes.

Suezmax

The Suezmaxes continued this week to ride the wave created by the VLCCs and Saudi flooding the market with oil. Owners have been fixing ships with a return well over 100k per day. But as so many times before, they have pushed too hard and too far, and charterers have now started failing ships as rates do not makes sense anymore. At time of writing, charterers are now sitting on the cargoes they have, taking the time to push levels down to more sensible levels. Going forward we expect the market to come off, but how far is the big question. Everyone is still looking towards the Saudis, and if they will keep exporting the way they have the last week.

Aframax

In the North Sea and Baltic, rates have continued in an upwards direction this week as the availability of tonnage willing to fix intra-NWE voyages tightens. We have seen more owners looking to go long and spend more days at sea due to the current virus situation. How the week to come will look is really unknown territory, but the list looks tight and we could see higher rates get done.

Also in the Mediterranean and Black Sea market has picked up a further 40 points on benchmark routes this week, mainly due to high activity on the cargo side. Owners are now fixing additional 20 points premium for calling Italy due to the outbreak of coronavirus there. Since there are still many cargoes in the market yet to be covered, and on the back of the surrounding markets such as NWE and the US market picking up, we expect the market to remain firm going forwards.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 130.0	40.0
MEG/Japan (280 000)	WS 175.0	25.0
MEG/Singapore (280 000)	WS 180.0	30.0
WAF/FEAST (260 000)	WS 155.0	15.0
WAF/USAC (130 000)	WS 190.0	102.5
Sidi Kerir/W Med (135 000)	WS 200.0	115.0

N. Afr/Euromed (80 000)	WS 170.0	45.0 ↑
UK/Cont (80 000)	WS 190.0	85.0 ↑
Caribs/USG (70 000)	WS 220.0	55.0 ↑

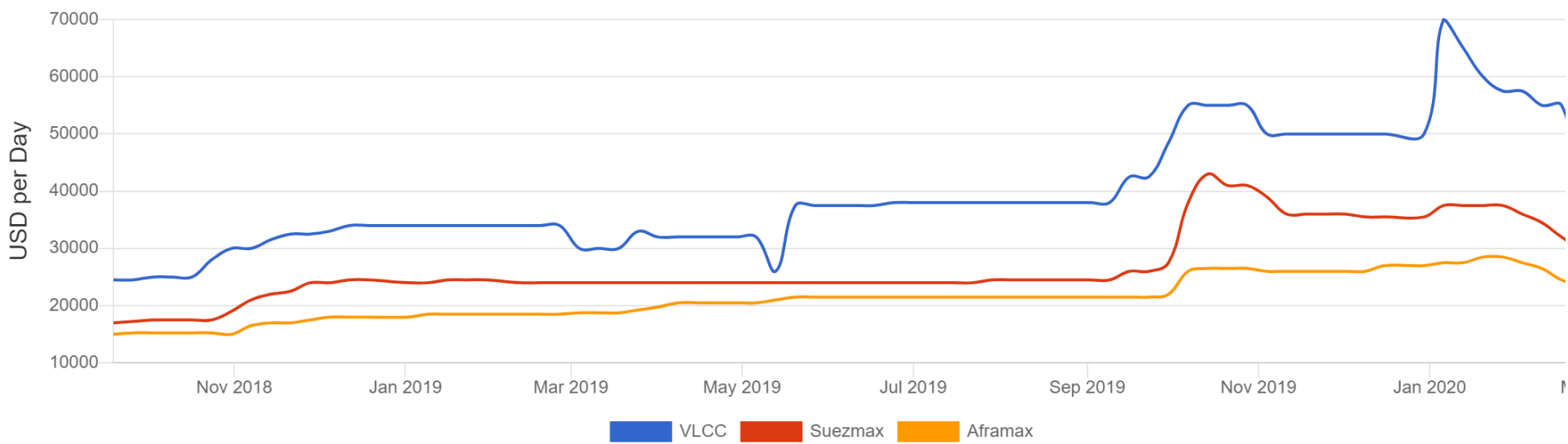
1 Year T/C (USD/Day)

VLCC (Modern)	\$48000.0	\$5,500 ↑
Suezmax (Modern)	\$37000.0	\$6,000 ↑
Aframax (Modern)	\$29000.0	\$6,000 ↑

VLCC

VLCCs fixed in all areas last week	86	-2 ↓
VLCCs available in MEG next 30 days	125	10 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Blood is still very much in the streets for the big ships, and further pandemic-related restrictions in major load- and discharge areas do little to help on the situation. That said, heavy industry in major raw materials import countries like China and South Korea on their way back to capacity, and there is a glimpse of light in the present tunnel for coal and ore trading volumes to recover. Reflecting this, average daily spot earnings are up 40 pct w-o-w, but coming in at USD 3,500/day it is still miserable and far below operating expenses. Far East is the only area with activity of significance, the West Australia/China conference trade being steady around USD 4.40-50 pmt and Pacific rounds paying at best USD 3,500-4,000/day. Fronthaul liquidity lacking big time, and no substantial market improvement is expected until same is back on track. Question is again for how long this can go on until prudent owners choose to idle their ships, or in worst case when will the first company casualties occur. Fear is presently eating facts for breakfast amongst operators, and recent period activity has been centered around index-linked agreements.

Panamax

A turbulent week as the Covid-19 virus continues to impact and distract both world trade and financial markets. Less fixtures were concluded than normal, and the sentiment points to a further erosion. For a transatlantic trip, Kamsarmaxes (82,500 dwt) currently earn around USD 7,000 per day, while short fronthauls from the

UK/Continent-region are priced at the low USD 17,000s. From East Coast South America to China, charterers are willing to pay around USD 9,000 DOP Singapore for a roundtrip. A transpacific round voyage in the East pay shipowners around USD 6,500, and the Baltic 4TC-Index is down 75 points since last week, now at 886 points.

Supramax

By midweek, softening rates in the Pacific where Indo/China trips are discussed in the USD 8,000 and with a discount to other SE Asia destinations. Nopac rv fixing around low USD 8,000, and in Indian Ocean vessels are seeing high 12k + 280k gbb. The Atlantic basin is divided in two halves where North Atlantic see strong rates achieved from Continent and USG with vessels fixing high teens and around USD 20,000 respectively to East Mediterranean. Meanwhile South Atlantic/ECSA seems to be dropping hard and quick.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$3,638	\$242
Australia – China	\$4.4	-\$0.0
Pacific RV	\$2,217	-\$1,333

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$7,140	-\$1,505
TCE Cont/Far East	\$17,064	-\$1,222
TCE Far East/Cont	\$1,581	-\$310
TCE Far East RV	\$6,455	-\$1,001

Supramax (USD/Day)

Atlantic RV	\$11,213	\$406
Pacific RV	\$6,714	\$178
TCE Cont/Far East	\$18,343	-\$57

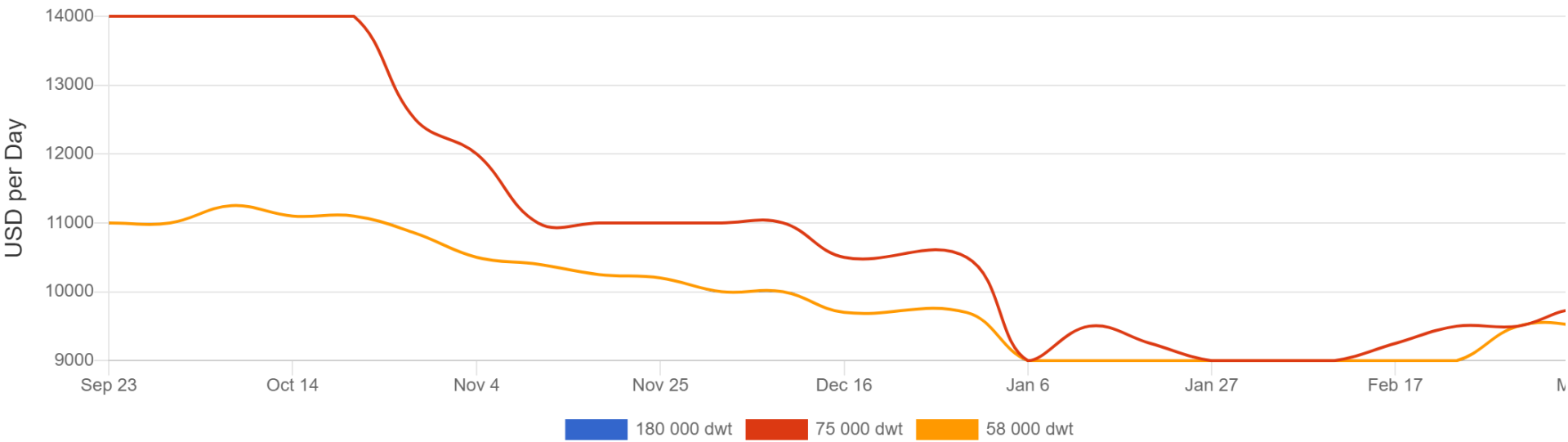
1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$14,500	-\$1,800
Capesize (180 000 dwt)	\$11,500	-\$1,000
Kamsarmax (82 000 dwt)	\$11,150	-\$250
Panamax (75 000 dwt)	\$9,500	-\$250
Ultramax (64 000 dwt)	\$11,000	-\$100
Supramax (58 000 dwt)	\$9,250	-\$250

Baltic Dry Index (BDI)

\$629

1 Year T/C Dry Bulk



Gas

Chartering

WEST

In the West this week, rates have gradually edged higher as we progress further into the April fixing window. At the same time, bunkers have continued their free fall and as a consequence owners’ earnings are now back around the USD 50kpd mark. With this rising market and the fact that there seems to be little value in lifting FOB cargoes, a number of players have been more vocal about potentially reletting their vessels. A consequence of this could be some downwards pressure on rates. However, it is now too late for most players to cancel term liftings, and with a large number of cargoes set to be exported from Marcus Hook from April onwards rates should remain supported for now.

EAST

The momentum in the freight market has continued as we have seen increased volume ex MEG due to the extra output from Saudi Arabia. The sentiment on freight has therefore reversed its bearishness and is looking more bullish, with owners’ latest ideas being around low USD 60s Baltic. It remains to be seen if the flurry of fixtures will continue during the coming days, or if the market will start to slow down, but there is an expectation of Indian majors coming into the market for several 1H April cargoes. Going forward, though there is still a healthy line up of ships for the next fixing window, so we don’t expect the market to shoot up too quickly even if the overall sentiment has changed.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,500,000	\$150,000 ↑
LGC (60 000 cbm)	\$1,050,000	-\$50,000 ↓
MGC (38 000 cbm)	\$875,000	\$0 →
HDY SR (20-22 000 cbm)	\$670,000	\$0 →
HDY ETH (17-22 000 cbm)	\$720,000	\$0 →
ETH (8-12 000 cbm)	\$430,000	\$0 →
SR (6 500 cbm)	\$350,000	\$0 →
COASTER Asia	\$250,000	\$10,000 ↑

COASTER Europe	\$225,000	\$5,000 ↑
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LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$298.50	\$0.00 →
Saudi Arabia/CP	\$430.00	\$0.00 →
MT Belvieu (US Gulf)	\$139.00	-\$25.00 ↓
Sonatrach/Bethioua	\$305.00	\$0.00 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$347.50	\$0.00 →
Saudi Arabia/CP	\$480.00	\$0.00 →
MT Belvieu (US Gulf)	\$137.00	-\$25.00 ↓
Sonatrach/Bethioua	\$405.00	\$0.00 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$39,000	\$4,000 ↑
West of Suez 155-165 000 cbm	\$47,000	\$10,000 ↑
1 Year T/C 155-160 000 cbm	\$51,000	-\$4,000 ↓

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	\$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	107.39	3.64 ⬆
USD/KRW	1243.70	50.55 ⬆

USD/NOK	10.43	0.83 ↑
EUR/USD	1.10	-0.04 ↓

Interest Rates

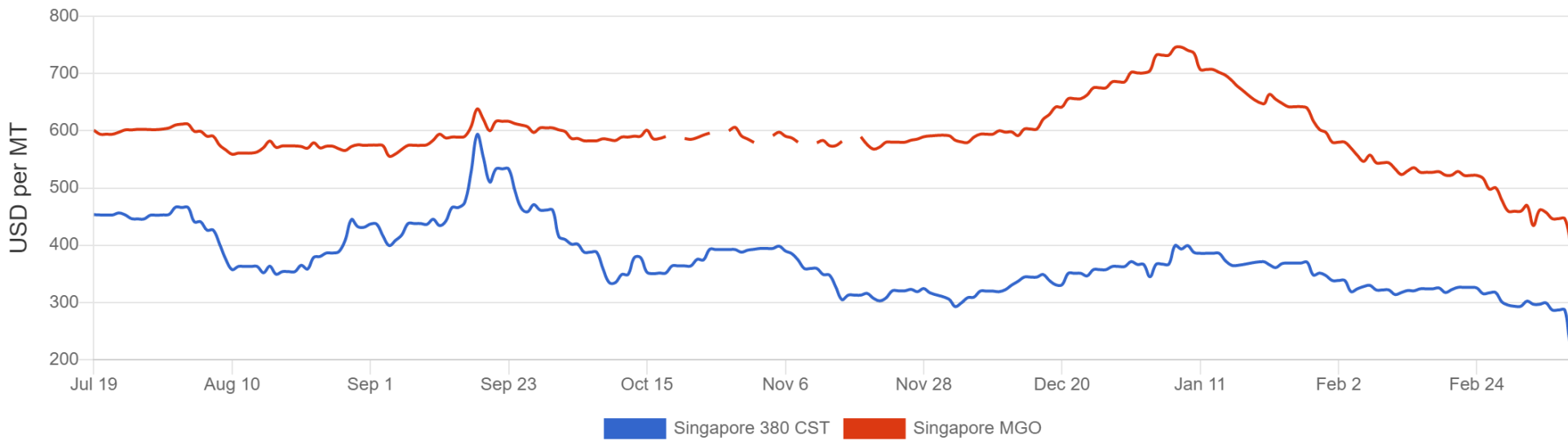
LIBOR USD (6 months)	0.84%	0.10% ↑
NIBOR NOK (6 months)	0.72%	-0.98% ↓

Commodity Prices

Brent Spot	\$28.73	-\$16.54 ↓
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Bunkers Prices

Singapore 380 CST	\$210.5	-\$17.0 ↓
Singapore 180 CST	\$345.0	\$0.0 →
Singapore Gasoil	\$314.5	-\$53.5 ↓
Rotterdam 380 CST	\$184.5	-\$28.5 ↓
Rotterdam 180 CST	\$320.0	\$0.0 →
Rotterdam Gasoil	\$297.5	-\$58.5 ↓



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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