

Fearnleys Weekly Report

Week 14 2020

Printer version

Tankers

Comments

VLCC

The VLCC market continues at full speed ahead. MEG/China now done a couple times at W210, one by a Shell relet named "Advantage Value, which couldn't be more describing in the current climate (W220 also rumoured done, but not confirmed). Red Sea runs have been repeatedly done at W250. The Atlantic has followed suit, with USG exports back in play in earnest, paying upwards toward \$20 mill, in addition to plentiful Wafr- and Brazil east cargoes - and as Suezmax rates are approaching that paid to its large sisters there is nowhere to "hide". The MEG position list is tight as a ducks ass, by and large "cornered" by traders and oil companies having taken ships on period charter, inadvertently propelling rates higher by default. Delays on the discharge end in the far east is thinning the list further. The MEG fixture count has passed 100 for April, but March ended in excess of 150 and with every man to the (oil)pumps still, there is plenty left that needs covering. So onwards and upwards still it seems.

Suezmax

The market is back on the move, fueled by surging VLCC rates and floating storage / TC inquiries, rates have gained territory almost as quick as they lost it. A wide open contango structure have seen charterers scramble for tonnage also for suezmaxes with multiple deals concluded the last couple of days for 6-12 months. MEG is the driving force at the moment and charterers with cargoes to move in the Atlantic have to dig deeper in their pockets in order to attract any interest from owners. We expect rates to hold firm for the balance of the week

Aframax

For Aframaxes in the Baltic and North Sea the spot market rates have come off a tad since last week. However the recent increase in oil supply has led to a number of Charterers focusing on taking in several ships on time charter and for storage deals. Aframax vessels are reported on subs for min 6 months at around \$40,000 per day, as we wait to see how many will be concluded. As for the spot market; although at least 10 Aframaxes have been fixed ex Baltic going to China (and more expected going forward), there are still a few prompt ships that need to be fixed away before we will see the market start moving - thus we expect rates to hover around current levels until it start picking up on entering 3rd decade fixing window.

In the Mediterranean and Black Sea we have seen a steady market through the week with healthy activity both cross-Med and ex Bsea. Also among the Med players TC has been a hot topic, with Charterers also asking for storage option in D/C of spot voyages. In the week to come we expect rates to firm, a lot due to expected activity out of Sidi Kerir combined Bsea driving the market.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 140.0	65.0
MEG/Japan (280 000)	WS 220.0	132.5
MEG/Singapore (280 000)	WS 220.0	130.0
WAF/FEAST (260 000)	WS 200.0	110.0

WAF/USAC (130 000)	WS 175.0	77.5 ↑
Sidi Kerir/W Med (135 000)	WS 175.0	80.0 ↑
N. Afr/Euromed (80 000)	WS 170.0	0.0 →
UK/Cont (80 000)	WS 155.0	-15.0 ↓
Caribs/USG (70 000)	WS 152.5	7.5 ↑

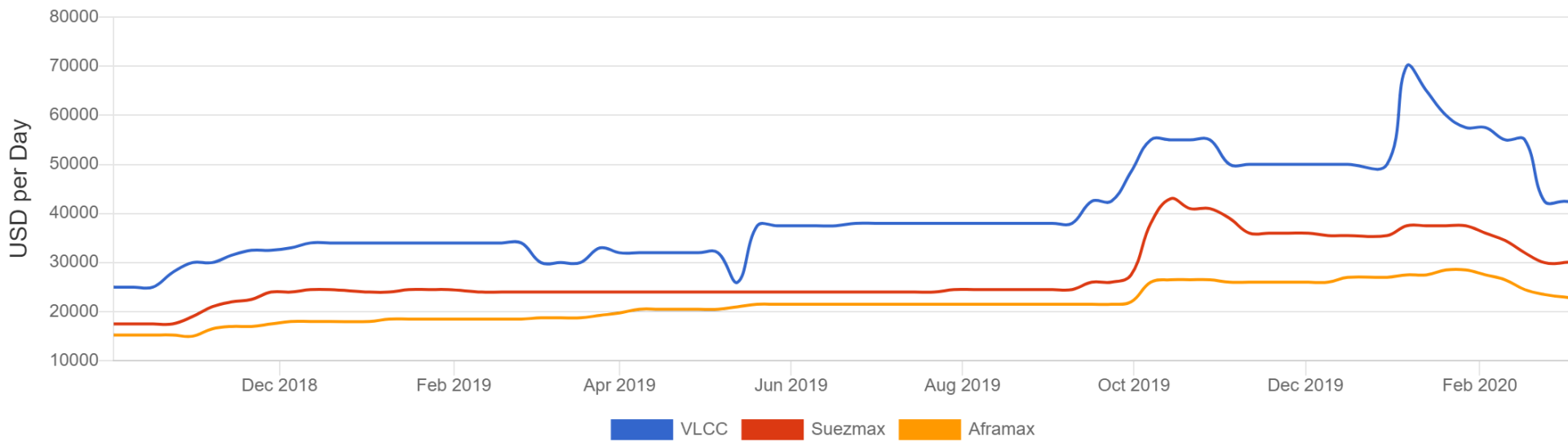
1 Year T/C (USD/Day)

VLCC (Modern)	\$80000.0	\$15,000 ↑
Suezmax (Modern)	\$47500.0	\$11,500 ↑
Aframax (Modern)	\$33000.0	\$4,000 ↑

VLCC

VLCCs fixed in all areas last week	97	51 ↑
VLCCs available in MEG next 30 days	85	-23 ↓

1 Year T/C Crude



- Dry Bulk
- Comments
- Capesize

Rates are improving with the current BCI average presently at 5899, up approximately 50 percent from last week. There has been more activity on c3 this week, with present freight levels around 10,5 USD. The West Australia route is presently relatively active and freight rates have improved to over 5 USD per ton. For earlier positions, some owners have been gaining in the upper 5's. Despite these encouraging signs, uncertainty remains with regards to the durability of an eventual imminent market upturn as estimates are that 1/3 of the global population are under some degree of covid-19 induced lockdown.

Panamax

This week we see some positive signs across both hemispheres. The sentiment is better for Pacific rounds where now Australia seems more active again and the NoPac rounds are keeping somewhat strong. In the Atlantic we see some signs of more activity with rounds being fixed at higher than last done. Although the market is quite tense due to the Covid 19 virus, we see signs of improvement with TA's paying ard 5k while the shorter Baltic rounds yields around 5,5 – 6k. The ECSA market also showing improved numbers with rounds for Pmaxes being paid abt 8k bss dely Spore-India rge. Some period fixtures has been concluded mid week with the Kmaxes getting paid ard USDd 10k for 1 year.

Supramax

Negative week for the supramax market across all regions. Demand and cargo volumes are getting thinner and owners are forced to accept lower rates for firm cargoes. A Tess 58 del Southwest Pass for a trip with petcoke to Med was fixed at \$9,500. An Ultramax vessel open USEC was fixed at \$8,000 redly Continent. Rates in ECSA moved sharply lower Darya Sati (63,523 2018) fixed \$11,150 + \$11,500 dely Santos for trip to South East Asia. Grain house fixed subs Japanese Ultra del Recalada tct to SE Asia at \$12,000 + \$200,000 . Asia market was hit hard and lost about \$ 3-4,000 pd in a week . Indonesia lacked volume, partly due to Force Majeure in Indian ports fixing in region between \$ 3-6,000 depending on delivery and vessels specs.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$15,050	-\$1,009 ↓
Australia – China	\$5.1	\$1.1 ↑
Pacific RV	\$6,636	\$3,395 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$4,855	-\$155 ↓
TCE Cont/Far East	\$14,711	\$493 ↑
TCE Far East/Cont	\$1,250	\$69 ↑
TCE Far East RV	\$5,854	\$779 ↑

Supramax (USD/Day)

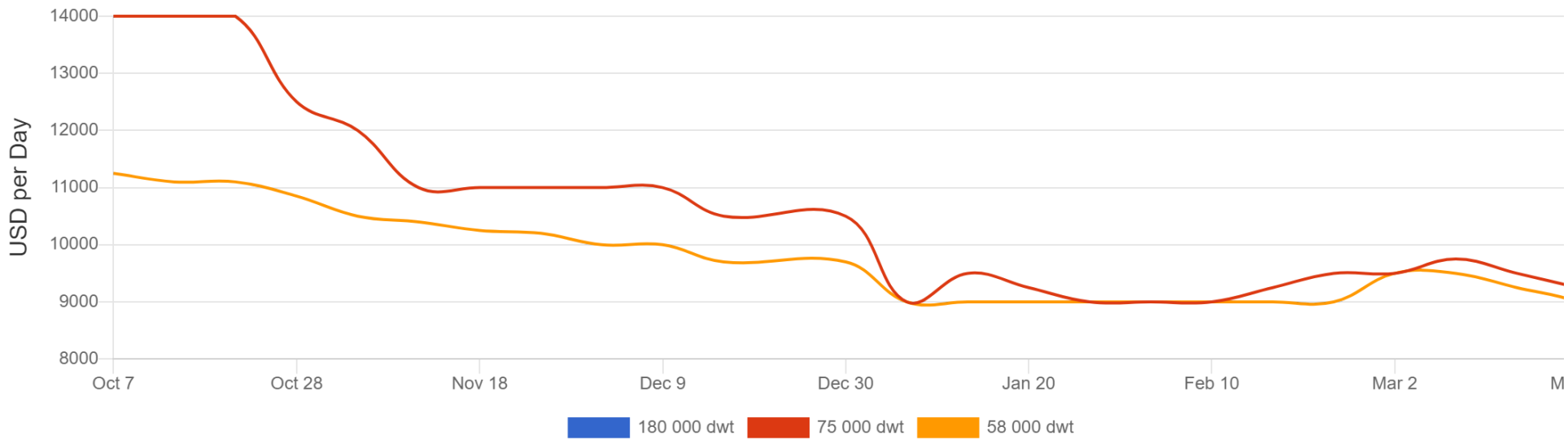
Atlantic RV	\$7,264	-\$3,155 ↓
Pacific RV	\$5,521	-\$936 ↓
TCE Cont/Far East	\$14,554	-\$2,717 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$15,000	\$500 ↑
Capesize (180 000 dwt)	\$12,000	\$500 ↑
Kamsarmax (82 000 dwt)	\$10,000	-\$900 ↓
Panamax (75 000 dwt)	\$9,000	-\$250 ↓

Ultramax (64 000 dwt)	\$10,000	-\$1,000 ↓
Supramax (58 000 dwt)	\$8,500	-\$500 ↓
Baltic Dry Index (BDI)	\$624	

1 Year T/C Dry Bulk



Gas

Chartering

WEST:
Looking at Western positions lists, it becomes clear that different owners have taken different strategies with regards to the short term. Some have fixed out their tonnage quickly, while others have bet that there should be more uncovered cargoes in April which are waiting in the wings. The result is that tonnage is generally controlled by a smaller number of players. There is little in the way of relets. Given limited liquidity in the freight market, this has meant that rates discussions of late have been very volatile, and it is possible some of the next few fixtures could be stronger, subject to cancellations ex USG.

Looking further ahead, strong Indian demand and rumours of supply bottlenecks could mean that some US origin cargoes head towards India. This should be good for the tonne-mile and supportive of freight in the slightly longer term if so.

EAST:
Short term residential demand for LPG into India remains strong, and hence we have seen more requirements on freight and delivered cargoes into India. The activity level remains on the active side with fixing mainly focused around last decade of April, but despite a healthy number of inquiries, we are still left with significant length on shipping and hence the Baltic is yet to find a floor. We expect the current Baltic premium to the West to narrow or even out and it will be interesting to keep an eye on where Owners choose to send their ships going forward.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,350,000	-\$150,000 ↓
LGC (60 000 cbm)	\$1,050,000	\$0 →
MGC (38 000 cbm)	\$875,000	\$0 →
HDY SR (20-22 000 cbm)	\$650,000	-\$10,000 ↓
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	\$0 →
COASTER Europe	\$230,000	\$0 →

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)	\$150.00	\$36.00 ↑
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)	\$132.00	\$38.00 ↑
Sonatrach/Bethioua	\$405.00	\$0.00 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$41,000	-\$1,000 ↓
West of Suez 155-165 000 cbm	\$50,000	-\$3,000 ↓
1 Year T/C 155-160 000 cbm	\$49,000	-\$2,000 ↓

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	\$91.0	\$0.0 →
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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	107.96	-3.53 ↓
USD/KRW	1217.35	-32.20 ↓
USD/NOK	10.50	-0.59 ↓
EUR/USD	1.10	0.02 ↑

Interest Rates

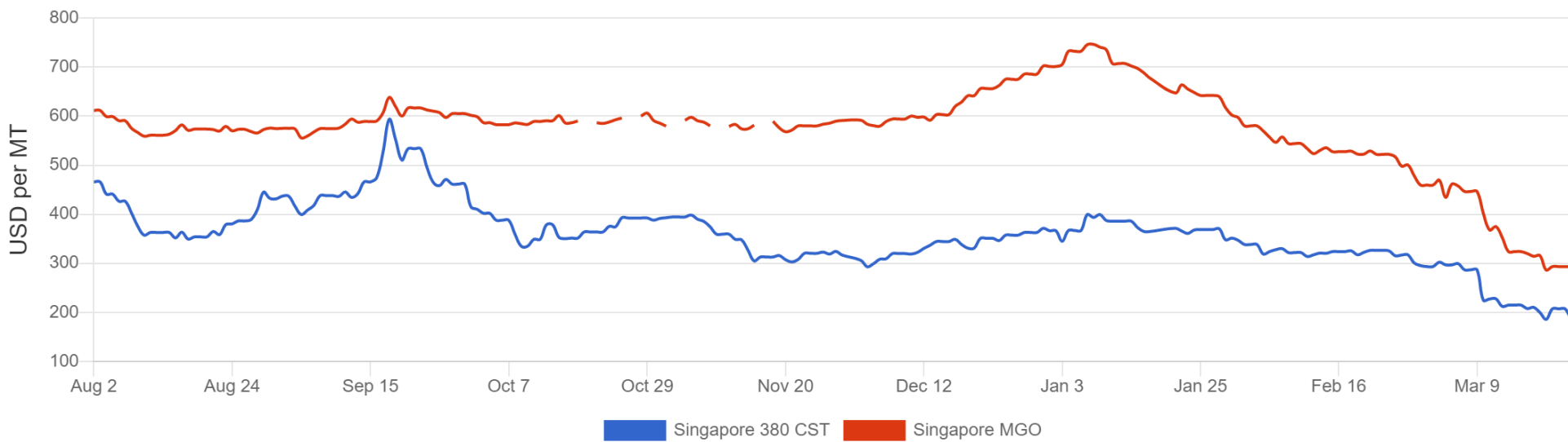
LIBOR USD (6 months)	1.09%	0.02% ↑
NIBOR NOK (6 months)	0.76%	-0.02% ↓

Commodity Prices

Brent Spot	\$26.35	-\$0.63 ↓
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Bunkers Prices

Singapore 380 CST	\$183.5	-\$12.5 ↓
Singapore Gasoil	\$290.0	-\$11.5 ↓
Rotterdam 380 CST	\$152.0	-\$26.0 ↓
Rotterdam Gasoil	\$299.5	-\$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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