Market insight

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SnP Broker

As everyone anticipated the results of the OPEC + G20 meeting last week, it was very interesting to watch the reaction of tanker rates that were in a bull run lately. Amidst an oversupplied oil market and expectations of production cuts and consequent oil price hikes, the large contango effect has made profitable several storage plays during the past couple of months, occupying a lot of ships as a result, while in addition to that, several countries decided (amid bottoming oil prices and the Coronavirus pandemic emergency) to increase to the maximum their strategic petroleum reserves (e.g. the US SPR already has 634 million barrels in storage vs. a total capacity of 713 million barrels).

Key stakeholders in the industry created an additional hype by characterizing this meeting as one of the most important and historic events in the last two decades, creating expectations that any deal would lead to a further spike in short-term activity. There were of course also some less optimistic voices in the industry insisting that deal or no-deal the tanker market remained fundamentally weak in the long term, with the pandemic restrictive measures around the world already leading to a 25-35 million b/d or 30% decrease in demand. Following the end of the meeting, OPEC+ announced output cuts of 9.7m b/d for May and June, 8m b/d for the remainder of 2020 and 6 million b/d for the period January 2021-April 2022. The record cuts we are about to witness in the next couple of months are almost equal to 10% of global supply, while together with non-OPEC+ member cuts the figure could even reach the equivalent of 1/5 of global supply.

This means that May onwards cargo loadings will definitely see significant declines and this will most likely have a negative impact on the tanker freight market. Because of this expectation, we could possibly see producing countries trying to pump out as much product as possible before the agreement enters into effect, which could offer some support to the tanker market before we reach May 1st.

Looking further ahead and as "expecting the unexpected" is something everyone must have gotten used to by now, I'd say that there are a few possible scenarios in which neither the oil market dries up, nor prices manage to stabilize at much higher levels and push freights down. We have seen many times during previous output cuts that there have been some non-compliant members and we won't be surprised to see certain producing countries eventually ramping up production above what was agreed this time as well.

Not only would such a development restore part of the cargoes lost, but it would also cause great dissatisfaction to compliant members that would start losing market share due to non-compliance and this could eventually lead to a new price war as a result. In addition to that, global demand for oil will gradually begin to increase as countries around the world eventually start to exit the pandemic emergency state and return to normality, while let's not forget the amount of tonnage that has been used for storage and will not be competing for business in the tanker market.

Chartering (Wet: Soft-/ Dry: Stable+)

Similar to the week prior, the dry bulk market kept moving up on the back of meaningful improvements on the Capesize front, while rates for the smaller sizes recorded further losses. The BDI today (14/04/2020) closed at 679 points, up by 44 points compared to Monday's (13/04/2020) levels and increased by 83 points when compared to previous Tuesday's closing (07/04/2020). Crude carrier rates started coming off their highs as talks between OPEC+ members were intensifying, with most routes noting losses before the weekend when the final announcement were made. The BDTI today (14/04/2020) closed at 1,108, decreased by 14 points and the BCTI at 818, a decrease of 9 points compared to previous Tuesday's (07/04/2020) levels.

Sale & Purchase (Wet: Soft-/ Dry: Soft-)

The almost non-existent activity on the SnP front is evidence of the uncertainty that continues to prevail across all sectors, while as the gap between Sellers' and Buyers' ideas remains fairly wide in most cases, we expect the market for the remainder of April to be equally quiet. In the tanker sector we had the sale of the "ADVANTAGE SKY" (156,644dwt-blt '10, China), which was sold to UK based owner, Hayfin, for a price in the region of $18.8m, while no sales were confirmed as far as dry bulk candidates are concerned.

Newbuilding (Wet: Soft-/ Dry: Soft-)

With a big cloud of uncertainty in regards to when shipbuilding demand could return into healthier volumes still casting its shadow over the shipbuilding industry, appetite for ordering remains very limited, while given the fact that it usually takes at least a few weeks between the time an order is placed and the time it is confirmed, it is only recently that reported activity volumes have started to accurately reflect the negative impact of the pandemic on contracting. Having said that, preliminary data for the first quarter of 2020 is already evidencing the fact that appetite for ordering has shifted to a lower gear this year, with a 61% decrease overall being recorded compared to Q1 2019, while the slowdown in dry bulk and tanker contracting is estimated at around 62% and 55% respectively. In terms of recently reported deals, Malaysian owner, AET, placed an order for two firm VLCC crude carriers (300,000 dwt) at Samsung, in South Korea for a price in the region of $105.0m each and delivery set in 2022.

Demolition (Wet: Soft-/ Dry: Soft-)

Wish cash buyers across all key demo destinations restricted by the respective national lockdowns currently in place, sentiment across the market remained particularly soft for yet another week. To make things even worse, further extensions were announced as last week came to an end, with the government in Bangladesh prolonging the present restrictions until April 25 and neighboring India stretching its nationwide lockdown even further to the end of the month. This means that the limbo the shipbreaking industry is currently in, will probably extend well into the beginning of the summer season, as even in the good scenario, which includes an exit from these lockdowns on the aforementioned dates with no additional extensions being imposed, it will take at least a few more weeks until specific operational issues are dealt with and the market finds its usual pace again.

Spot Rates

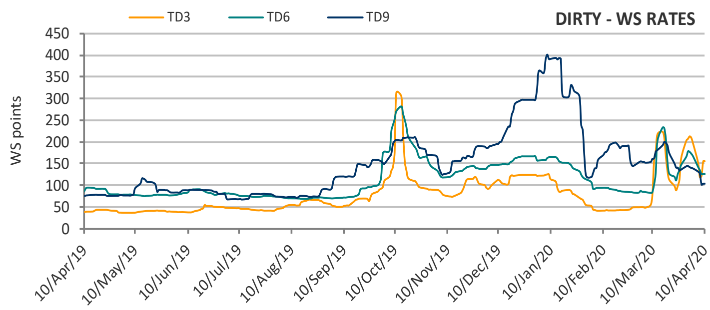
Vessel		Routes	Week 15 WS points	Week 15 $/day	Week 14 WS points	Week 14 $/day	$/day ±%	2019 $/day	2018 $/day
VLCC	265k	MEG-SPORE	159	175,889	200	227,966	-22.8%	45,517	20,265
	280k	MEG-USG	97	118,808	129	166,794	-28.8%	35,659	5,635
	260k	WAF-CHINA	143	159,433	185	213,709	-25.4%	41,077	18,362
Suezmax	130k	MED-MED	120	57,443	162	88,862	-35.4%	30,857	20,320
	130k	WAF-UKC	124	62,986	164	87,632	-28.1%	25,082	11,031
	140k	BSEA-MED	126	62,910	167	94,501	-33.4%	30,857	20,320
Aframax	80k	MEG-EAST	145	40,566	189	58,130	-30.2%	24,248	12,563
	80k	MED-MED	101	25,357	162	55,087	-54.0%	25,771	18,589
	100k	BALTIC/UKC	107	41,366	124	52,931	-21.8%	25,842	14,943
	70k	CARIBS-USG	104	20,864	139	34,475	-39.5%	20,886	19,039
Clean	75k	MEG-JAPAN	202	60,151	215	65,480	-8.1%	22,050	11,119
	55k	MEG-JAPAN	215	46,576	205	44,782	4.0%	15,071	8,449
	37K	UKC-USAC	134	17,008	160	22,254	-23.6%	12,367	7,529
	30K	MED-MED	196	25,375	210	28,842	-12.0%	14,008	5,487
Dirty	55K	UKC-USG	120	22,398	120	22,704	-1.3%	15,960	9,527
	55K	MED-USG	120	22,567	120	23,187	-2.7%	15,327	9,059
	50k	CARIBS-USG	166	30,112	173	32,301	-6.8%	18,781	10,637

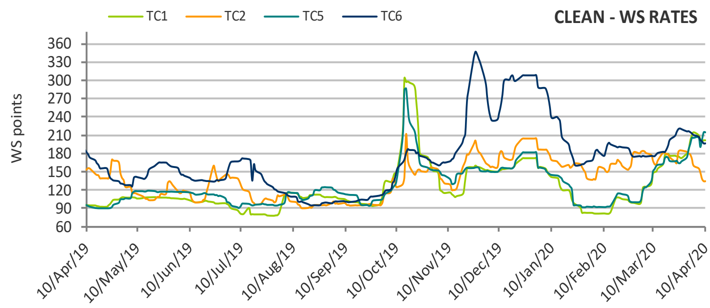
TC Rates

$/day		Week 15	Week 14	±%	Diff	2019	2018
VLCC	300k 1yr TC	80,000	80,000	0.0%	0	37,462	25,394
	300k 3yr TC	40,000	40,000	0.0%	0	35,777	31,306
Suezmax	150k 1yr TC	45,000	45,000	0.0%	0	26,808	17,668
	150k 3yr TC	30,000	30,000	0.0%	0	25,988	21,743
Aframax	110k 1yr TC	34,000	34,000	0.0%	0	21,990	15,543
	110k 3yr TC	22,000	22,000	0.0%	0	22,426	18,532
Panamax	75k 1yr TC	19,250	19,250	0.0%	0	16,635	13,192
	75k 3yr TC	16,250	16,250	0.0%	0	16,916	15,032
MR	52k 1yr TC	17,000	17,500	-2.9%	-500	15,269	13,721
	52k 3yr TC	16,000	16,000	0.0%	0	16,181	15,065
Handy	36k 1yr TC	15,000	15,000	0.0%	0	13,856	12,264
	36k 3yr TC	14,000	14,000	0.0%	0	13,753	13,431

Indicative Period Charters

- 12 mos	- 'LEONIDAS'	2009	318,325 dwt
-	- $83,000/day		- Hess Corporation
- 12 mos	- 'HOUSTON STAR'	2007	116,093 dwt
-	- $33,000/day		- Trafigura





Indicative Market Values ($ Million) - Tankers

Vessel 5yrs old		Apr-20 avg	Mar-20 avg	±%	2019	2018	2017
VLCC	300KT DH	77.0	76.5	0.7%	69.6	64.5	62.0
Suezmax	150KT DH	53.0	53.0	0.0%	49.0	43.8	41.4
Aframax	110KT DH	42.5	42.3	0.6%	37.1	32.1	30.4
LR1	75KT DH	32.0	32.0	0.0%	31.5	29.6	27.6
MR	52KT DH	31.0	30.5	1.6%	28.5	26.6	23.4

Chartering

After a particularly strong March and an equally impressive start to this month, the rally crude carriers rates were enjoying started losing steam during the first half of last week as the market begun to cash in the cuts OPEC+ was set to agree on. Spot numbers saw substantial declines across the board, while on the period side impressive levels kept emerging for yet another week. As the market continues to digest the impact of the agreement, there is a chance that activity could find some support during the two weeks leading to the agreed output cuts implementation date and before oil prices note even bigger upward corrections.

At the beginning of the week VLCC numbers out of both Middle East and West Africa were under pressure, with charterers starting to gain back control as everyone awaited for the specifics of the OPEC+ deal, while owners appeared to be resisting to deeper discounts as the week came to a close.

As the VLCC market started coming off its highs, sentiment on the Suezmax front also appeared to be softening, while Aframax ideas across all key trading routes also ended the week down, with cross-Med numbers once again witnessing the biggest discounts.

Sale & Purchase

In the Suezmax sector we had the sale of the "ADVANTAGE SKY" (156,644dwt-blt '10, China), which was sold to UK based owner, Hayfin, for a price in the region of $18.8m.

Baltic Indices

	Week 15 10/04/2020		Week 14 03/04/2020		Point Diff	$/day ±%	2019	2018
	Index	$/day	Index	$/day			Index	Index
BDI	635		616		19		1,344	1,349
BCI	541	$6,762	319	$5,949	222	13.7%	2,239	2,095
BPI	813	$7,315	797	$7,170	16	2.0%	1,382	1,451
BSI	441	$4,852	495	$5,442	-54	-10.8%	877	1,030
BHSI	306	$5,509	340	$6,117	-34	-9.9%	490	597

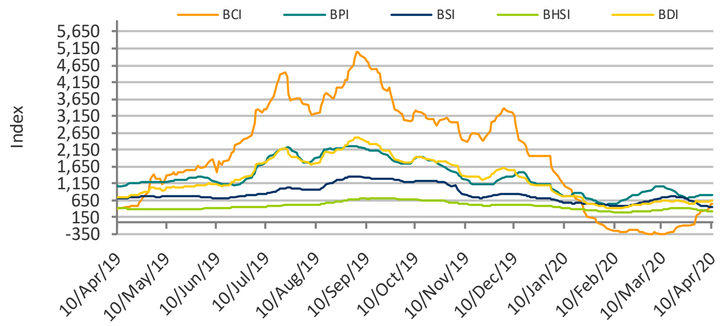
Period

	$/day	Week 15	Week 14	±%	Diff	2019	2018
Capesize	180K 6mnt TC	11,000	10,500	4.8%	500	18,839	19,758
	180K 1yr TC	12,000	11,500	4.3%	500	17,397	19,575
	180K 3yr TC	13,000	12,500	4.0%	500	15,474	17,912
Panamax	76K 6mnt TC	9,250	9,500	-2.6%	-250	12,147	13,224
	76K 1yr TC	9,750	10,000	-2.5%	-250	12,080	13,513
	76K 3yr TC	10,250	10,250	0.0%	0	11,931	12,710
Supramax	58K 6mnt TC	9,000	9,500	-5.3%	-500	11,493	13,142
	58K 1yr TC	9,250	9,750	-5.1%	-500	11,344	12,984
	58K 3yr TC	9,500	9,500	0.0%	0	10,883	12,267
Handysize	32K 6mnt TC	8,000	8,500	-5.9%	-500	9,152	10,787
	32K 1yr TC	8,500	8,750	-2.9%	-250	9,291	10,594
	32K 3yr TC	8,500	8,500	0.0%	0	9,291	9,200

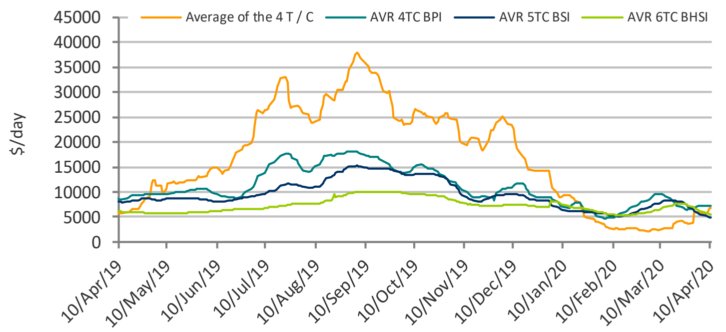
Indicative Period Charters

- 12 mos	- 'CRIMSON ACE'	2015	81,759 dwt
- CJK 10 Apr	- $10,000/day		- Cargill

Baltic Indices



Average T/C Rates



Chartering

Despite the fact that the BDI achieved another weekly positive closing, the fact that the markets for the bigger and the smaller sizes kept moving in opposite directions left little room for a meaningful improvement in sentiment. With the exception of Capesize average earnings that are up compared to 12 months back, the rest of the market remains under significant pressure, which is also evident on period activity and an ideas.

The Capesize market outperformed the rest of the segments on the back of improvements in demand in most trading routes as well as support from the slightly more optimistic sentiment among owners. Brazil to China saw steady flow of business with good premiums over last done levels being recorded in some cases, while an overall stable market was seen in the Pacific, with rates posting small gains there.

It was a good week for the Panamax sector in the Pacific in terms of activity, with Chinese demand for Indonesian coal stems being the main driving force, while increased enquiry for NoPac round voyages also helped keeping trading alive in the region. With the exception of trips from S. America to China, rates for the rest of the routes in the Atlantic moved south, while the period market has been exceptionally quiet as well.

The markets for the smaller sizes have been under extreme pressure for yet another week, with rates across all the reported routes in both the Atlantic and Pacific moving down. Similar to the week prior, the largest discounts were seen in rates out of USG, while in the East, numbers pointed down overall as tonnage supply remained overwhelming compared to fresh business.

Indicative Market Values ($ Million) - Bulk Carriers

Vessel 5 yrs old		Apr-20 avg	Mar-20 avg	±%	2019	2018	2017
Capesize	180k	25.0	25.0	0.0%	30.3	35.3	31.1
Panamax	76K	16.0	16.0	0.0%	17.0	18.9	18.1
Supramax	58k	15.0	15.0	0.0%	16.1	18.2	16.5
Handysize	32K	12.0	12.0	0.0%	13.2	15.5	13.0

Sale & Purchase

No dry bulk sales were reported during the past week.

Tankers										
Size	Name	Dwt	Built	Yard	M/E	SS due	Hull	Price	Buyers	Comments
SUEZ	ADVANTAGE SKY	156,644	2010	JIANGSU RONGSHENG, China	MAN-B&W	May-20	DH	$ 18.8m	UK based (Hayfin)	auction sale, 1-yr T/C to Shell

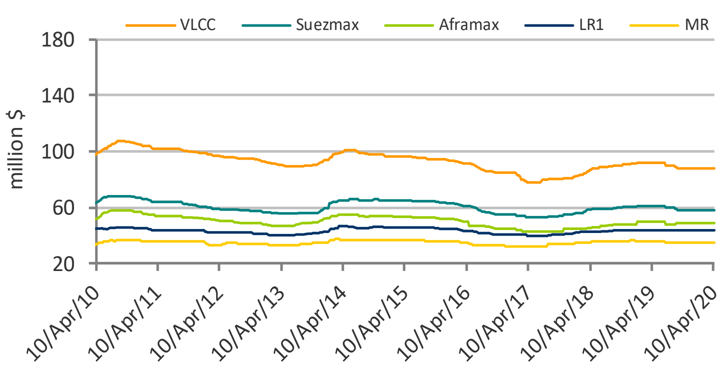
Vessel			Week 15	Week 14	±%	2019	2018	2017
Bulkers	Capesize	180k	49.0	49.0	0.0%	51	48	43
	Kamsarmax	82k	27.5	27.5	0.0%	29	28	25
	Ultramax	63k	26.5	26.5	0.0%	28	26	23
	Handysize	38k	22.5	22.5	0.0%	23	23	20
Tankers	VLCC	300k	88.0	88.0	0.0%	90	88	80
	Suezmax	160k	58.0	58.0	0.0%	60	59	54
	Aframax	115k	49.0	49.0	0.0%	49	47	44
	MR	50k	35.0	35.0	0.0%	35	36	33
Gas	LNG 174k cbm		189.0	189.0	0.0%	186	181	186
	LGC LPG 80k cbm		75.0	75.0	0.0%	73	71	71
	MGC LPG 55k cbm		66.0	66.0	0.0%	65	63	64
	SGC LPG 25k cbm		43.5	43.5	0.0%	44	43	42

Indicative Newbuilding Prices (million$)

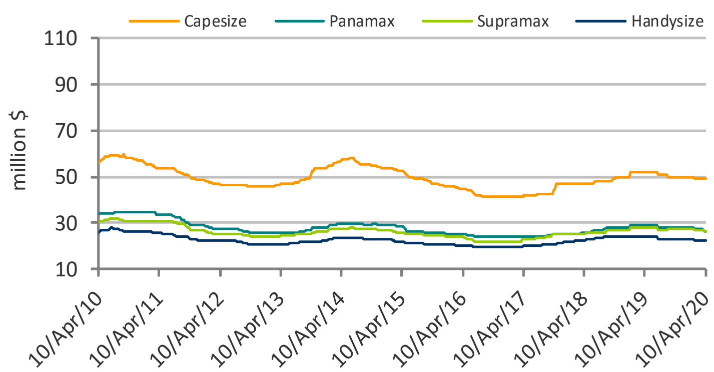
With a big cloud of uncertainty in regards to when shipbuilding demand could return into healthier volumes still casting its shadow over the shipbuilding industry, appetite for ordering remains very limited, while given the fact that it usually takes at least a few weeks between the time an order is placed and the time it is confirmed, it is only recently that reported activity volumes have started to accurately reflect the negative impact of the pandemic on contracting. Having said that, preliminary data for the first quarter of 2020 is already evidencing the fact that appetite for ordering has shifted to a lower gear this year, with a 61% decrease overall being recorded compared to Q1 2019, while the slowdown in dry bulk and tanker contracting is estimated at around 62% and 55% respectively.

In terms of recently reported deals, Malaysian owner, AET, placed an order for two firm VLCC crude carriers (300,000 dwt) at Samsung, in South Korea for a price in the region of $105.0m each and delivery set in 2022.

Tankers Newbuilding Prices (m$)



Bulk Carriers Newbuilding Prices (m$)

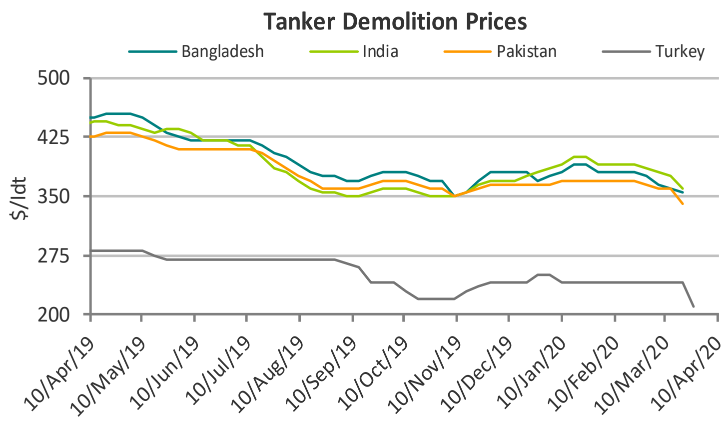


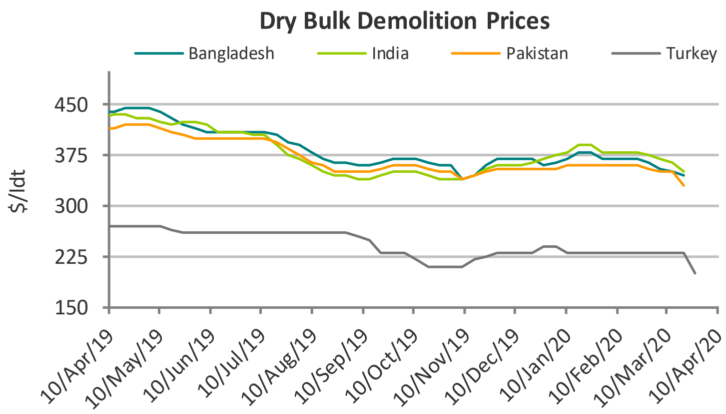
Newbuilding Orders

Units	Type	Size	Yard	Delivery	Buyer	Price	Comments
2	Tanker	300,000 dwt	Samsung, S. Korea	2022	Malaysian (AET)	$ 105.0m	against long T/C to Total, LNG fuelled
1+1	LPG	84,000 cbm	Kawasaki, Japan	2021	Japanese (Lino Kaiun)	undisclosed	against T/C to Equinor, LPG fuelled

Indicative Demolition Prices ($/ldt)							
Markets		Week 15	Week 14	±%	2019	2018	2017
Tanker	Bangladesh	-	-	-	410	442	376
	India	-	-	-	400	438	374
	Pakistan	-	-	-	395	437	379
	Turkey	-	-	-	259	280	250
Dry Bulk	Bangladesh	-	-	-	400	431	358
	India	-	-	-	390	428	354
	Pakistan	-	-	-	385	427	358
	Turkey	-	-	-	249	270	240

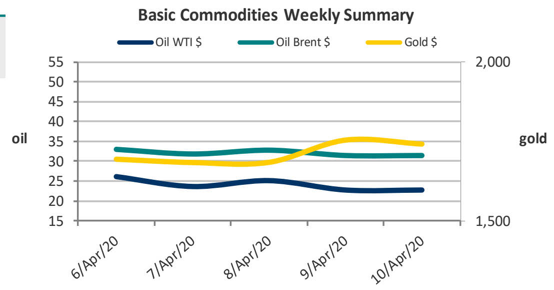
Wish cash buyers across all key demo destinations restricted by the respective national lockdowns currently in place, sentiment across the market remained particularly soft for yet another week. To make things even worse, further extensions were announced as last week came to an end, with the government in Bangladesh prolonging the present restrictions until April 25 and neighboring India stretching its nationwide lockdown even further to the end of the month. This means that the limbo the shipbreaking industry is currently in, will probably extend well into the beginning of the summer season, as even in the good scenario, which includes an exit from these lockdowns on the aforementioned dates with no additional extensions being imposed, it will take at least a few more weeks until specific operational issues are dealt with and the market finds its usual pace again.





Market Data

		10-Apr-20	9-Apr-20	8-Apr-20	7-Apr-20	6-Apr-20	W-O-W Change %
Stock Exchange Data	10year US Bond	0.729	0.729	0.764	0.736	0.676	25.7%
	S&P 500	2,789.82	2,789.82	2,749.98	2,659.41	2,488.65	12.1%
	Nasdaq	8,153.58	8,153.58	8,090.90	7,887.26	7,913.24	10.6%
	Dow Jones	23,719.37	23,719.37	23,433.57	22,653.86	22,679.99	12.7%
	FTSE 100	5,842.66	5,842.66	5,677.73	5,704.45	5,582.39	7.9%
	FTSE All-Share UK	3,233.24	3,233.24	3,140.10	3,141.28	3,058.85	9.3%
	CAC40	4,506.85	4,506.85	4,442.75	4,438.27	4,346.14	8.5%
	Xetra Dax	10,564.74	10,564.74	10,332.89	10,356.70	10,075.17	4.9%
	Nikkei	19,498.50	19,345.77	19,353.24	18,950.18	18,576.30	5.0%
	Hang Seng	24,300.33	24,300.33	23,970.37	24,253.29	23,749.12	4.4%
	DJ US Maritime	162.58	162.58	160.15	152.77	149.09	22.2%
Currencies	€ / $	1.09	1.09	1.09	1.09	1.08	1.2%
	£ / $	1.25	1.25	1.24	1.23	1.22	1.5%
	$ / ¥	108.36	108.57	108.92	108.66	109.12	-0.1%
	$ / NoK	0.10	0.10	0.10	0.10	0.10	3.1%
	Yuan / $	7.04	7.04	7.07	7.05	7.09	-0.8%
	Won / $	1,212.14	1,210.51	1,215.74	1,215.30	1,224.11	-2.0%
	$ INDEX	99.52	99.61	100.12	99.95	100.74	-1.1%



Bunker Prices

		10-Apr-20	3-Apr-20	W-O-W Change %
MGO	Rotterdam	290.5	307.0	-5.4%
	Houston	298.5	319.0	-6.4%
	Singapore	282.0	294.0	-4.1%
380cst	Rotterdam	180.0	173.5	3.7%
	Houston	175.5	177.0	-0.8%
	Singapore	216.0	191.0	13.1%

Maritime Stock Data

Company	Stock Exchange	Curr.	10-Apr-20	03-Apr-20	W-O-W Change %
CAPITAL PRODUCT PARTNERS LP	NASDAQ	USD	7.73	6.37	21.4%
COSTAMARE INC	NYSE	USD	4.71	4.02	17.2%
DANAOS CORPORATION	NYSE	USD	4.41	3.28	34.5%
DIANA SHIPPING	NYSE	USD	1.41	1.38	2.2%
EAGLE BULK SHIPPING	NASDAQ	USD	1.87	1.73	8.1%
EUROSEAS LTD.	NASDAQ	USD	2.13	1.99	7.0%
GLOBUS MARITIME LIMITED	NASDAQ	USD	0.64	0.53	20.8%
NAVIOS MARITIME ACQUISITIONS	NYSE	USD	4.30	3.77	14.1%
NAVIOS MARITIME HOLDINGS	NYSE	USD	2.04	1.92	6.3%
NAVIOS MARITIME PARTNERS LP	NYSE	USD	5.80	4.68	23.9%
SAFE BULKERS INC	NYSE	USD	1.15	1.01	13.9%
SEANERGY MARITIME HOLDINGS CORP	NASDAQ	USD	0.14	0.14	0.0%
STAR BULK CARRIERS CORP	NASDAQ	USD	5.68	4.98	14.1%
STEALTHGAS INC	NASDAQ	USD	1.99	1.96	1.5%
TSAKOS ENERGY NAVIGATION	NYSE	USD	2.82	2.55	10.6%
TOP SHIPS INC	NASDAQ	USD	0.29	0.19	52.6%

Market News

"Tanker owner AMSC closes $305m financing despite virus turmoil.

Oslo-listed American Shipping Company (AMSC) has finalised its new $305m loan package despite coronavirus turmoil in financial markets.

The company said the facility refinances nine of its 10 products tankers chartered to OSG, "despite the current challenging financial environment."

The five-year deal involves new and existing lenders.

AMSC chief executive Pal Lothe Magnussen said: "The new facilities, with attractive terms, provide further support for AMSC's strong debt service coverage and dividend capacity.

"The combination of long term 'come hell and high water' bareboat charter contracts with new five year debt facilities, reaffirms the stable cash flow profile of our business."

The refinancing is structured in two separate facilities: a $160m loan secured by five vessels with a club of three banks consisting of BNP Paribas, SEB and National Australia Bank; and $145m secured by four tankers, with a syndicate of four lenders consisting of Prudential Private Capital, Siemens Financial Services, Wintrust Asset Finance and Atlantic Union Equipment Finance..."(TradeWinds)

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