

Fearnleys Weekly Report

Week 25 - June 17, 2020

Printer version

Tankers

Comments

VLCC

It's been a quiet week so far in the VLCC segment. We're up to 95 reported MEG June fixtures give or take, a modern historical low, and it looks like we're pretty much done. We await the publication of the main MEG July programs due this week, although with the usual juggling and program sorting following their release, we may not see a lot of action before next week. A potential mass sanction over trade with Venezuela now appears unlikely, as a group of Greek-managed tankers on the OFAC list is likely to find themselves back in Washington's good graces again, the Union of Greek Shipowners said on Tuesday, citing a US diplomat. Rates have nevertheless held on remarkably well, hovering around the W60 mark MEG/east, especially seeing the Suezmax segment trading at 2.5-5 points discount to their bigger sisters.

Suezmax

For the first time in many weeks the activity in the Suezmax market has picked up. Mainly driven by a busy first decade in West-Africa, but also the activity in the US gulf is looking better. Rate-wise we have seen much change yet, but the massive overhang of ppt tonnage we have had after this extremely quiet month we have been through, need to be fixed away first. In the east it is looking a bit more quiet, tonnage-list is still looking rather long, but almost 25 vessel on that list are still stuck in Chinese ports awaiting berthing prospects. Going forward we do expect some improvement in the rates, predominantly in the west - especially if this activity keeps up.

Aframax

Rates in the North Sea and Baltic have reached the bottom level with returns close to nothing. Some owners even reluctant to fix at current levels as it is nearly better to sit idle and wait. However, we don't see much upside in the short term and the market will move sideways going forward. The situation is similar in the Mediterranean and Black Sea where the market has dropped slightly further from last week. Although there is some activity from charterers, there is not enough cargoes in the market to satisfy the amount for available ships. TD19 is currently trading around WS 60 giving owners a poor return below OPEX levels. In the week to come we expect the market to remain soft here as well.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 32.5	0.0 →
MEG/Japan (280 000)	WS 59.0	1.0 ↑
MEG/Singapore (280 000)	WS 60.0	1.0 ↑
WAF/FEAST (260 000)	WS 59.0	0.0 →
WAF/USAC (130 000)	WS 45.0	-2.5 ↓
Sidi Kerir/W Med (135 000)	WS 45.0	-2.5 ↓

N. Afr/Euromed (80 000)	WS 60.0	-5.0 ↓
UK/Cont (80 000)	WS 70.0	-2.5 ↓
Caribs/USG (70 000)	WS 67.5	-2.5 ↓

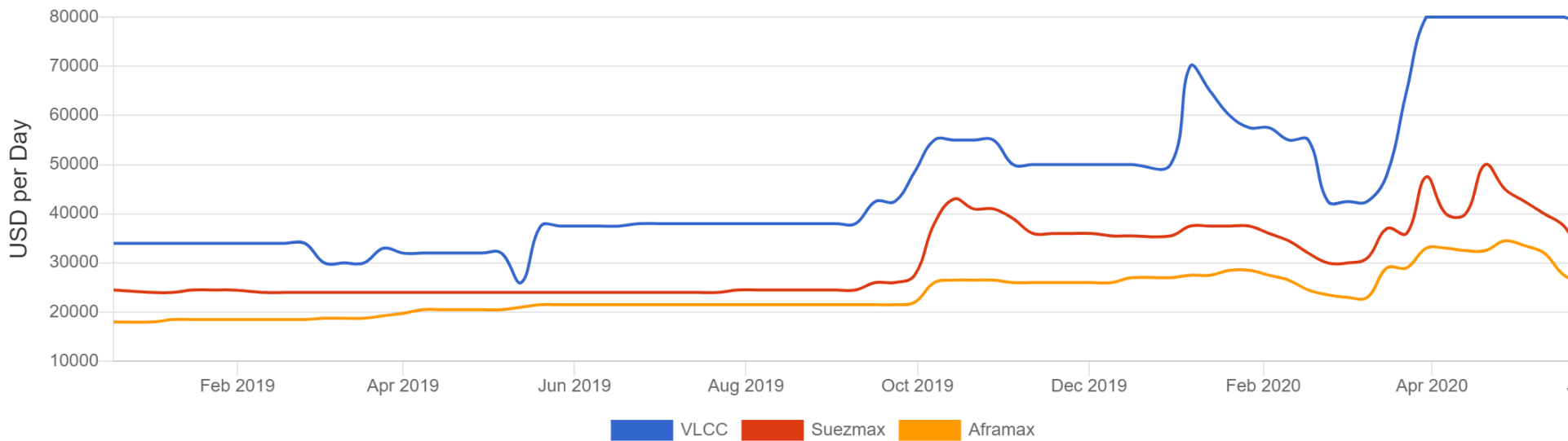
1 Year T/C (USD/Day)

VLCC (Modern)	\$60000.0	\$0 →
Suezmax (Modern)	\$29000.0	-\$1,000 ↓
Aframax (Modern)	\$21500.0	-\$1,500 ↓

VLCC

VLCCs fixed in all areas last week	34	-16 ↓
VLCCs available in MEG next 30 days	135	14 ↑

1 Year T/C Crude



- Dry Bulk
- Comments
- Capesize

Cape rates continue to increase fast, with average index value up USD 10,000 from last week to today’s USD 19,000. The main driver is Iron ore, with both the Australian route c5 and Brazilian route c3 being strong, still expected to improve further. Period interest is increasing gradually as well with operators again being more active.

Panamax

After a dull last week, we have experienced more activity in the Panamax market this week. Especially the Atlantic has experienced a firming market with big gains compared to last done. TA’s are now paying excess 6k which is almost the double WoW. In the Pacific we also experience a firming market with rounds now yielding excess 8k – some Usd 1000 up from last week. The ECSA ha been the main driver this week as well, but we see increased activity in the North Atlantic for both Feast and Cont destinations.

Supramax

Positive sentiment and stronger rates discussed this week, with period rates increasing. From USG TA paying around high USD 12000 to Bsea, from Cont to Emed scrap runs in the high USD 7000 and ECSA fh trading around USD 13000 + 350k gbb. Period rates pushing over USD 11000 bss redelivery Atlantic. In the East, Aussie rv's are paying around high USD 7000 while Indonesian coal has been quiet vessels open CJK looking at around mid/high USD 6000 for Indo/China and similar level for CIS rounds. Short period rates has pushed over USD 9000.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$34,600	\$12,775 ↑
Australia – China	\$7.8	\$1.7 ↑
Pacific RV	\$20,208	\$7,900 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$6,895	\$3,020 ↑
TCE Cont/Far East	\$16,064	\$2,487 ↑
TCE Far East/Cont	\$1,786	\$278 ↑
TCE Far East RV	\$8,576	\$1,094 ↑

Supramax (USD/Day)

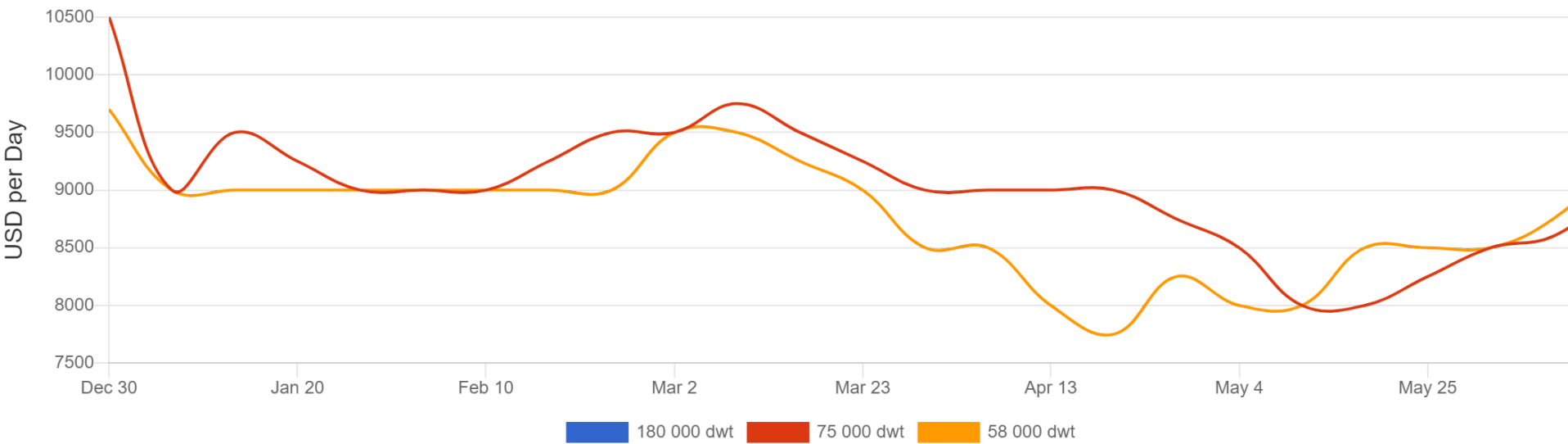
Atlantic RV	\$6,947	\$1,013 ↑
Pacific RV	\$7,121	\$478 ↑
TCE Cont/Far East	\$12,239	\$200 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$19,750	\$5,000 ↑
Capesize (180 000 dwt)	\$16,500	\$3,250 ↑
Kamsarmax (82 000 dwt)	\$10,250	\$400 ↑
Panamax (75 000 dwt)	\$9,000	\$400 ↑
Ultramax (64 000 dwt)	\$10,250	\$0 →
Supramax (58 000 dwt)	\$9,250	\$500 ↑

Baltic Dry Index (BDI)	\$1,246	
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1 Year T/C Dry Bulk



Gas

Chartering

EAST:
While we await Saudi dates, reportedly only to be announced on Thursday, market remain long and freight bearish. There are talks of about 3 cargo cuts for July. Late release could also potentially make it harder for Charterers to plan their schedules potentially creating additional need for charter-in/charter-out and in that way creating some buzz around the market. That said, with the current length in vessel supply and further cuts - the general sentiment remain weak for the weeks ahead.

WEST:
There hasn't been much to write home about this week with regards to the VL market West of Suez. Things seem to be in a state of inertia: bunkers have been largely stable, East and West still seem broadly equivalent on a baltic basis and earnings have weakened only marginally. Positions lists remain on long with a number of relets available, and as we head further into the weaker summer months it seems the market will come under some more pressure.

On the basis of a weak CFR market in the East and given the low cost of waiting time compared to the Panama Canal fee, it seems the vast majority of ships should be routing via the Cape of Good Hope. However, it is hard to say when any bullishness of the longer tonne mile will feed through to the market; sentiment is still unanimously bearish and is expected to remain so for a while longer.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$435,000	-\$65,000 ↓
LGC (60 000 cbm)	\$600,000	-\$150,000 ↓
MGC (38 000 cbm)	\$520,000	\$20,000 ↑
HDY SR (20-22 000 cbm)	\$630,000	\$0 →
HDY ETH (17-22 000 cbm)	\$730,000	\$0 →
ETH (8-12 000 cbm)	\$390,000	-\$10,000 ↓
SR (6 500 cbm)	\$300,000	-\$30,000 ↓
COASTER Asia	\$250,000	\$0 →

COASTER Europe	\$170,000	-\$10,000 ↓
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LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$248	\$0 →
Saudi Arabia/CP	\$350	\$0 →
MT Belvieu (US Gulf)	\$262	\$5 ↑
Sonatrach/Bethioua	\$255	\$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$222	\$0 →
Saudi Arabia/CP	\$330	\$0 →
MT Belvieu (US Gulf)	\$245	-\$2 ↓
Sonatrach/Bethioua	\$245	\$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$30,000	\$0 →
West of Suez 155-165 000 cbm	\$32,000	\$0 →
1 Year T/C 155-160 000 cbm	\$43,000	\$0 →

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	\$89.0	\$0.0 →
Suezmax	\$59.0	\$0.0 →
Aframax	\$48.5	\$0.0 →
Product	\$35.0	\$0.0 →
Newcastlemax	\$49.0	\$0.0 →
Kamsarmax	\$27.0	\$0.0 →

Ultramax	\$25.0	\$0.0 →
LNGC (MEGI) (cbm)	\$183.0	\$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$35.0	\$0.0 →
Kamsarmax	\$21.0	\$0.0 →
Ultramax	\$20.0	\$0.0 →

Dry (10 yr)

Capesize	\$20.0	\$0.0 →
Kamsarmax	\$14.5	\$0.0 →
Ultramax	\$11.5	\$0.0 →

Wet (5 yr)

VLCC	\$72.0	\$0.0 →
Suezmax	\$50.0	\$0.0 →
Aframax / LR2	\$40.0	\$0.0 →
MR	\$27.5	\$0.0 →

Wet (10 yr)

VLCC	\$50.0	\$0.0 →
Suezmax	\$35.0	\$0.0 →
Aframax / LR2	\$28.0	\$0.0 →
MR	\$18.0	\$0.0 →

Market Brief

Exchange Rates

USD/JPY	107.37	0.12 ↑
USD/KRW	1207.05	15.90 ↑
USD/NOK	9.60	0.23 ↑
EUR/USD	1.12	-0.01 ↓

Interest Rates

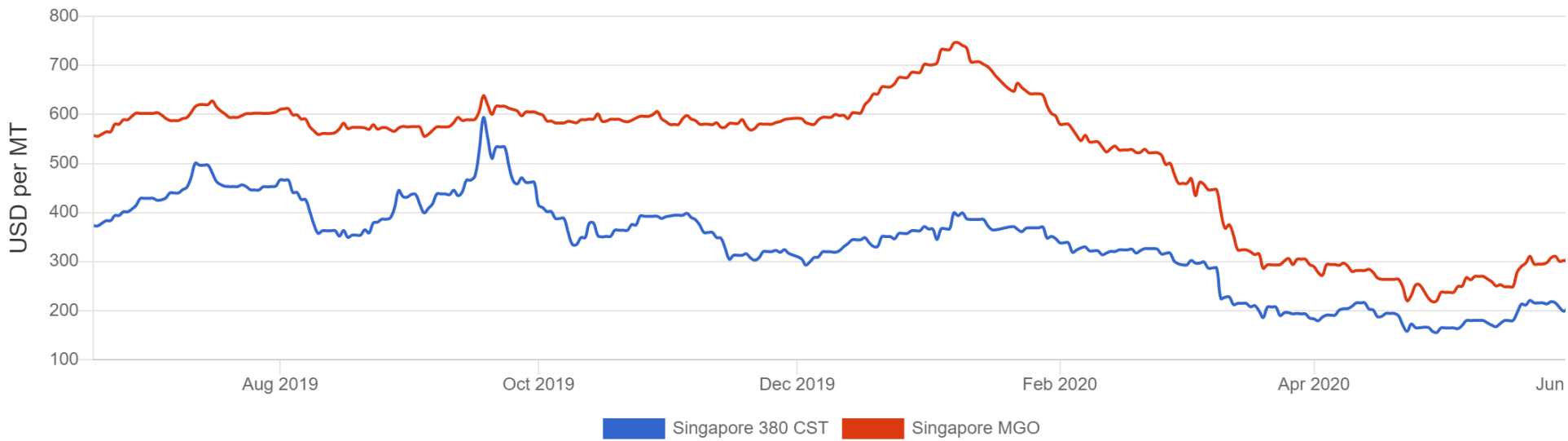
LIBOR USD (6 months)	0.43%	0.00% ↑
NIBOR NOK (6 months)	0.49%	0.02% ↑

Commodity Prices

Brent Spot	\$41.00	\$2.50 ↑
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Bunkers Prices

Singapore 380 CST	\$250.0	-\$3.5 ↓
Singapore Gasoil	\$359.0	\$21.0 ↑
Rotterdam 380 CST	\$232.5	-\$14.0 ↓
Rotterdam Gasoil	\$341.5	\$19.5 ↑



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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