# Fearnleys Weekly Report

## Week 26 - June 24, 2020

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## Tankers

### Comments

#### VLCC

The dam has burst, and VLCC rates have taken a - overdue - nosedive. The recent lack of activity, with the June MEG fixture count at an 18-year low, and July has kicked off with a rate slide. MEG/East rates are now realistically in the WS 30's for all classes, and West Africa/East has followed suit. Daily earnings are still in the USD 20's, but with increased bunker prices and further downward potential OPEX levels could come under threat moving forward. By all accounts it's going to be a hot, long summer of discontent.

#### Suezmax

After a busy last week, some owners had a slight hope that the market could have bottomed out, but boy they were wrong. After the VLCC's tanked at the beginning of the week, Suezmaxes were suddenly not the cheapest alternative anymore, and split VLCC cargoes on subs failed. Going forward this will mean more VLCC cargoes and less for Suezmaxes, and with 120+ ships on the 30-day count in West Africa, owners should be happy to get USD 10k/day on their ships. The East is still over-tonnaged, and we could see a couple of more points downside to the MEG/East market.

#### Aframax

Aframaxes trading in the Nsea and Baltic continues to suffer from the lack of available market cargoes. This is mainly due to the production cuts especially from the strategic crude export terminals in the Baltic. Another main factor is that relets fix a huge portion of the few available cargoes on a private basis, hence leaving very little to fix for other owners. Going forward the market will move sideways around current bottom levels. Much of the same can be said for the Mediterranean and Black Sea where the market has continued to move sideways yet another week. Although little activity from charterers, rates have bottomed out at around WS60 for a straight cross-Med voyages. This gives owners a return of about USD 1,500 pd in TCE. We expect this to continue in the week to come.

### Rates

#### Dirty (Spot WS)

| | | |
|---|---|---|
| **MEG/WEST (280 000)** | WS 26.0 | -6.5 ↓ |
| **MEG/Japan (280 000)** | WS 42.5 | -16.5 ↓ |
| **MEG/Singapore (280 000)** | WS 42.5 | -17.5 ↓ |
| **WAF/FEAST (260 000)** | WS 40.0 | -19.0 ↓ |
| **WAF/USAC (130 000)** | WS 37.5 | -7.5 ↓ |
| **Sidi Kerir/W Med (135 000)** | WS 42.5 | -2.5 ↓ |
| **N. Afr/Euromed (80 000)** | WS 60.0 | 0.0 → |

| | | |
|---|---|---|
| **UK/Cont (80 000)** | WS 75.0 | 5.0 ↑ |
| **Caribs/USG (70 000)** | WS 67.5 | 0.0 → |

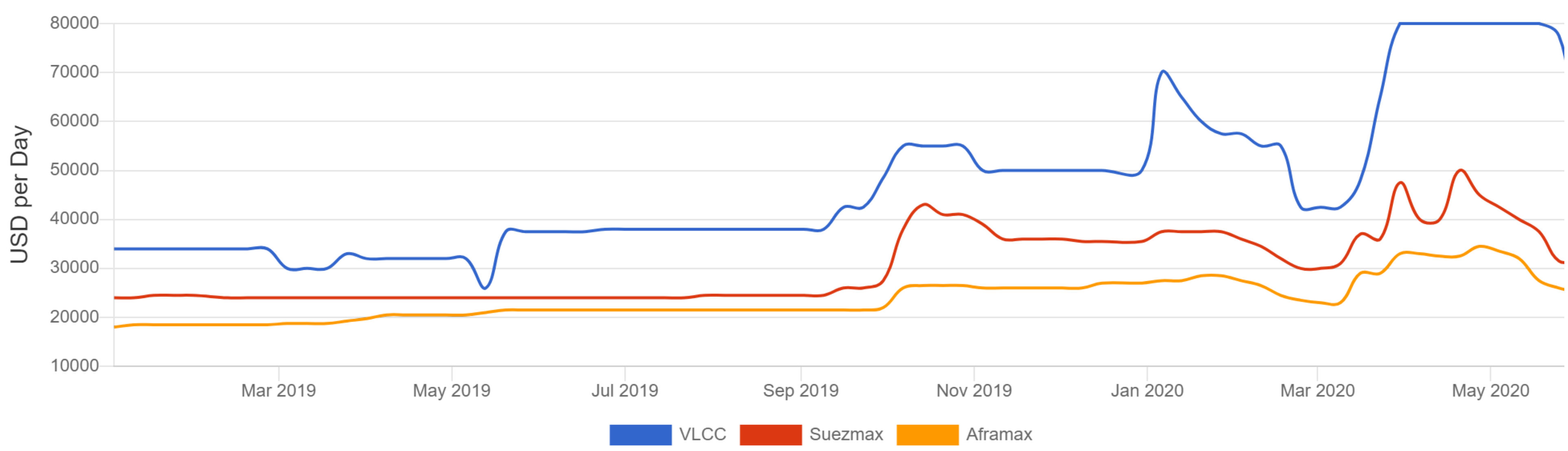
1 Year T/C (USD/Day)

| | | |
|---|---|---|
| **VLCC (Modern)** | $60000.0 | $0 → |
| **Suezmax (Modern)** | $28000.0 | -$1,000 ↓ |
| **Aframax (Modern)** | $20500.0 | -$1,000 ↓ |

VLCC

| | | |
|---|---|---|
| **VLCCs fixed in all areas last week** | 44 | 10 ↑ |
| **VLCCs available in MEG next 30 days** | 144 | 9 ↑ |

1 Year T/C Crude




## Dry Bulk

Comments

Capesize

The Capesize rally continues with similar gain in the average rates as previous week, from 19,000 daily last week to close to 29,000 daily today. Iron ore is still the key factor, linked to restocking and increased infrastructure spending in China. Of the key iron ore routes, Australia c5 is up USD 2 to present high 9s pmt, and Brazil's c3 is close to USD 22 from low 19s. The period activity is firm, with short period being the main interest as first quarter 2021 is still valued relatively low, sub USD 10,000.

Panamax

After last week's strong activity and rate hike it has been a slower start to this week. We see less fixing activity in what can be looked at as a standoff between owners and charterers. 12k has been reported done for TA and has been the benchmark for this week's trading. However, mid-week we see a big gap with owners asking excess 14k for same. In the Pacific we see rates hovering in the mid/high 9k's and the period market has regained some activity.

Supramax

Both the Supramax and Ultramax market remained stable but more quiet compared to the previous week, though indexes still climbing up in most routes. In ECSA and USG, transatlantic rates achieved USD 10,000 pd with premium for larger units. USG is still the driving force with charterers paying USD 17-18,000 pd for FH and USD

15,000 pd with grains from Mississippi River to Mediterranean/Continent direction. The Cont and Med markets were lacking "steam", and rates remained unchanged from last week. Ultramax fixed USD 10,000 pd with coal from Baltic to Turkey. Fronthaul rates from Med reported at USD 12,000 pd. Both the India and South Asia market kept slightly better levels, and demand for period was high. Ultramax NB was fixed for 1-year period USD 10,750 pd to a grain house.

Rates

Capesize (USD/Day, USD/Tonne)

| | | |
|---|---|---|
| **TCE Cont/Far East (180 DWT)** | $45,900 | $5,075 ↑ |
| **Australia – China** | $9.8 | $0.9 ↑ |
| **Pacific RV** | $29,225 | $3,808 ↑ |

Panamax (USD/Day, USD/Tonne)

| | | |
|---|---|---|
| **Transatlantic RV** | $11,900 | $3,400 ↑ |
| **TCE Cont/Far East** | $18,457 | $1,084 ↑ |
| **TCE Far East/Cont** | $2,043 | $166 ↑ |
| **TCE Far East RV** | $9,814 | $766 ↑ |

Supramax (USD/Day)

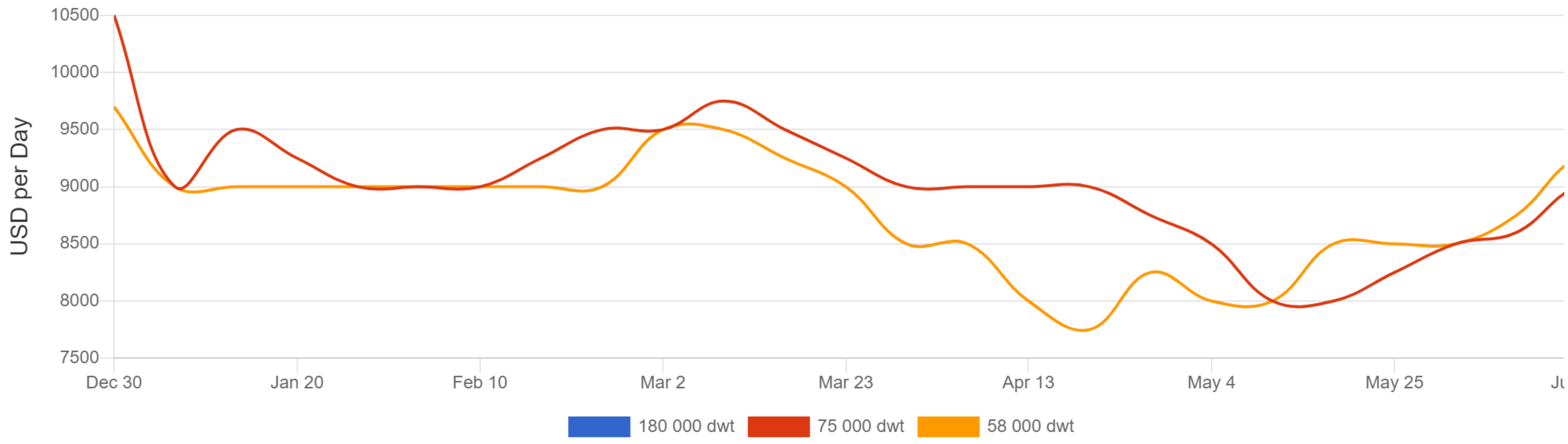
| | | |
|---|---|---|
| **Atlantic RV** | $7,475 | $410 ↑ |
| **Pacific RV** | $7,350 | $129 ↑ |
| **TCE Cont/Far East** | $12,479 | $268 ↑ |

1 Year T/C (USD/Day)

| | | |
|---|---|---|
| **Newcastlemax (208 000 dwt)** | $20,000 | $250 ↑ |
| **Capesize (180 000 dwt)** | $16,750 | $250 ↑ |
| **Kamsarmax (82 000 dwt)** | $10,500 | $250 ↑ |
| **Panamax (75 000 dwt)** | $9,250 | $250 ↑ |
| **Ultramax (64 000 dwt)** | $10,500 | $250 ↑ |
| **Supramax (58 000 dwt)** | $9,250 | $0 → |

| | |
|---|---|
| **Baltic Dry Index (BDI)** | $1,705 |

1 Year T/C Dry Bulk




## Gas

### Chartering

EAST
There is not too much to write home about this week for the VLGC market in the East. Activity has been limited to a couple of requirements going into India, while freight remains long with available ships from both the main owners and the traders. We are probably not going to see too many new requirements from Indian majors for rest of July either, as spot demand for LPG into India continues to be slow, and they are still dealing with a big backlog of VLGCs currently waiting to discharge in both East and West coast of India. One international trader did also take a ship on subs at USD 25.50 Baltic for early July load in the Middle East, but this later failed.

WEST
In contrast to the East, the West has shown the first signs of life this week, with multiple charterers entering the market to fix tonnage. Fundamentally, the market remains the same; arb economics are still just around cancellation territory and worldwide loading figures are lower than this time last year despite multiple newbuild deliveries over the same period. However, on the micro level, the number of players with open vessels ex USGC in July is relatively low; relets seem few and mostly found at the end of the month. At the same time, there are a number of cargoes which should be uncovered. These things together could mean we start to see signs of support with regards to rates.

### LPG Rates

#### Spot Market (USD/Month)

| | | |
|---|---|---|
| **VLGC (84 000 cbm)** | $325,000 | -$110,000 ↓ |
| **LGC (60 000 cbm)** | $600,000 | $0 → |
| **MGC (38 000 cbm)** | $600,000 | $80,000 ↑ |
| **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 | $0 → |
| **SR (6 500 cbm)** | $300,000 | $0 → |
| **COASTER Asia** | $250,000 | $0 → |
| **COASTER Europe** | $160,000 | -$10,000 ↓ |

#### LPG/FOB Prices - Propane (USD/Tonne)

| | | |
|---|---|---|
| **FOB North Sea/ANSI** | $248 | $0 → |

| | | |
|---|---|---|
| **Saudi Arabia/CP** | $350 | $0 → |
| **MT Belvieu (US Gulf)** | $269 | $7 ↑ |
| **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)** | $222 | -$23 ↓ |
| **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** | $33,000 | $1,000 ↑ |
| **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** | $11.0 | -$0.5 ↓ |

### 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** | 106.24 | -1.01 ↓ |
| **USD/KRW** | 1208.75 | -5.20 ↓ |
| **USD/NOK** | 9.47 | -0.06 ↓ |
| **EUR/USD** | 1.13 | 0.01 ↑ |

## Interest Rates

| | | |
|---|---|---|
| **LIBOR USD (6 months)** | 0.39% | -0.03% ↓ |

| | | |
|---|---|---|
| **NIBOR NOK (6 months)** | 0.49% | 0.00% ↑ |

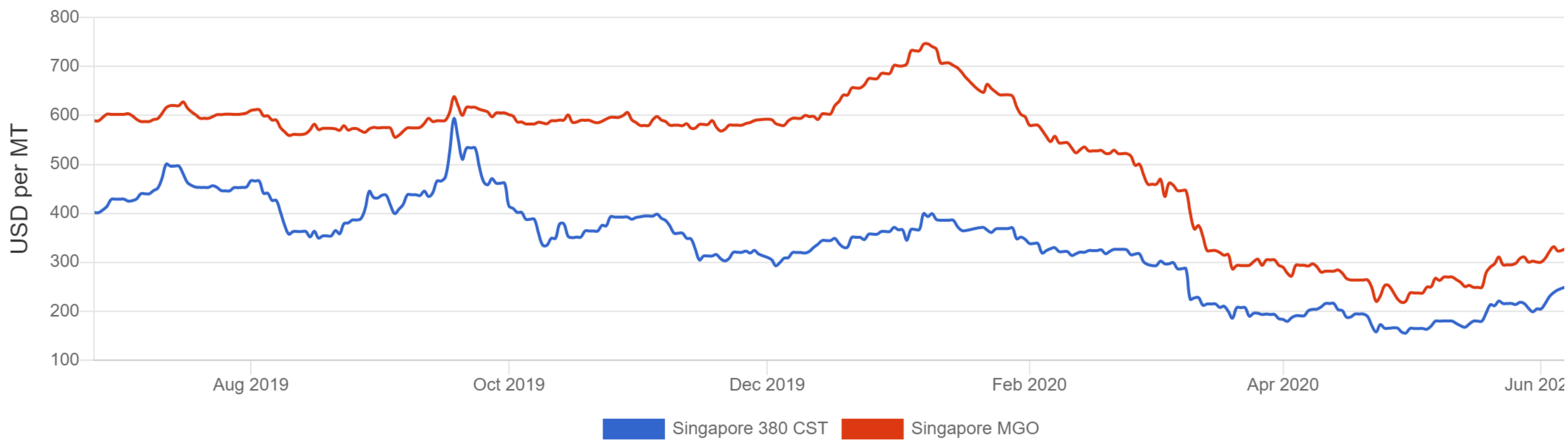
Commodity Prices

| | | |
|---|---|---|
| **Brent Spot** | $42.50 | $1.00 ↑ |

Bunkers Prices

| | | |
|---|---|---|
| **Singapore 380 CST** | $260.5 | $10.5 ↑ |
| **Singapore Gasoil** | $384.5 | $25.5 ↑ |

| | | |
|---|---|---|
| **Rotterdam 380 CST** | $265.0 | $32.5 ↑ |
| **Rotterdam Gasoil** | $360.5 | $19.0 ↑ |




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