

Fearnleys Weekly Report

Week 28 - July 08, 2020

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Tankers

Comments

VLCC

After a couple of weeks of inactivity in the VLCC market, this week kicked off with a flurry of activity, and rates have soared up some 40%. Spurred by previous weeks' decline charterers held back in order to propel things further down. However, delays in the East and increased ton-mile have taken its toll, slimming tonnage availability. When it became evident that a floor was established in the mid WS30's MEG/eastbound, charterers entered the market en masse, creating a "ketchup-effect". Owners quickly caught on and adjusted ideas upwards by the hour. All areas have contributed, and daily earnings have doubled. The jury is out whether the upward spiral will continue, some warning that Suezmaxes will come into play as an alternative soon. But the summer nevertheless looks much brighter now than it did a few days ago.

Suezmax







The Suezmax market continues to be active, especially in the West. With market jumping 7.5 points late last week, and activity picking up in West Africa, we expected owners to pick up the thread Monday. The tonnage list was looking tight for dates being worked, but as many times before, oil company relets tend to spoil the fun. Rates did not move further, rather opposite, and TD20 is now looking rather stable just above WS50. In the East, it's the same old story. Market hovering around WS50, and seems difficult to move, especially without help from the V's. Going into next week we expect the Suezmax market to remain stable at current levels.

Aframax

The Aframax market in the North Sea and Baltic can be described as lacklustre. The list of available tonnage is very long. Available market cargoes are very rare in the current fixing window. These two factors keep the market at bottom levels. Despite some fuel oil cargoes taking tonnage out of the area, we still expect rates to move sideways in the short term with maybe a brighter outlook once we enter the 3rd decade July fixing window. Also in the Mediterranean and Black Sea the market has continued trading sideways at bottom levels all week as owners are fixing the few cargoes coming into the market at breakeven numbers. At the time of writing TD19 (cross Med) is trading sub-60 on Worldscales, leaving frustrated owners with a poor return of around USD 500 pd. We expect a soft market in the week to come.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 25.0	2.5 
MEG/Japan (280 000)	WS 50.0	15.0 
MEG/Singapore (280 000)	WS 50.0	14.5 
WAF/FEAST (260 000)	WS 47.5	12.5 
WAF/USAC (130 000)	WS 47.5	7.5 
Sidi Kerir/W Med (135 000)	WS 47.5	5.0 

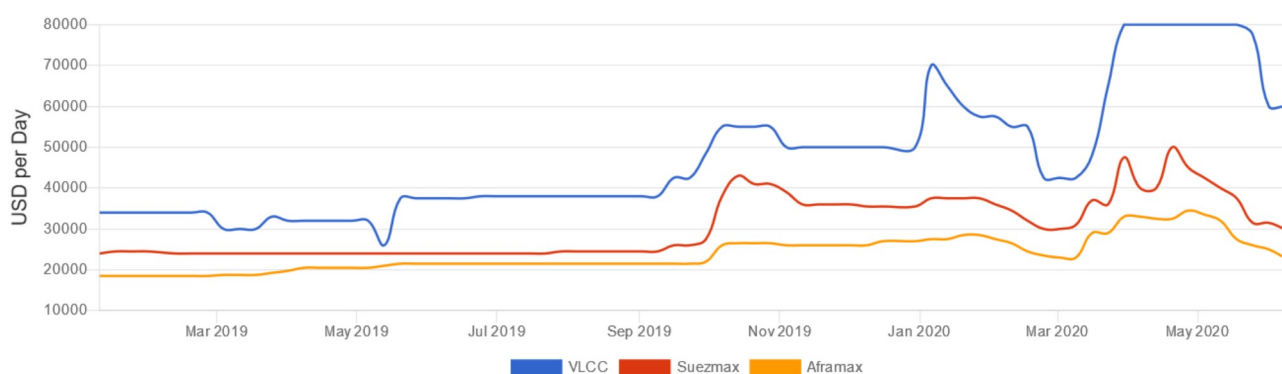
N. Afr/Euromed (80 000)	WS 55.0	0.0 →
UK/Cont (80 000)	WS 70.0	-2.5 ↓
Caribs/USG (70 000)	WS 70.0	5.0 ↑

1 Year T/C (USD/Day)

VLCC (Modern)	\$40000.0	\$1,500 ↑
Suezmax (Modern)	\$24500.0	-\$500 ↓
Aframax (Modern)	\$19000.0	-\$500 ↓

VLCC

VLCCs fixed in all areas last week	58	15 ↑
VLCCs available in MEG next 30 days	115	-25 ↓

1 Year T/C Crude**Dry Bulk****Comments****Capesize**

The big ships experiencing partly awaited correction after almost one month of steady/aggressive spot improvements. Topping post-weekend, daily average earnings are down 5 pct w-o-w to come in at a still very healthy USD 29,500. Basic fundamentals remain good, with big ore volumes concluded and expected going forward on main routes. Atlantic in particular keeps being very tight on early tonnage and appears a key driver for subsequent recovery. Period interest considerable whilst conclusions limited - most recent fixtures include 211,000 dwt, built 2016, reportedly done for 14-18 months to industrial majors at USD 19,950.

Panamax

The Panamax market continues to push upwards, and especially in the North Atlantic. The lack of available ships in the Atlantic has put pressure on both the P1A trade and the fronthauls. TA's are being traded at around 16k, and Baltic rounds are being rumored concluded at a healthy 20k bss Continent delivery. Grain stems from Black Sea are starting to appear in the market and 25k for a fronthaul has been concluded. In the Pacific, the trading has been a bit slow, but also here we see rates slowly climbing and currently yielding around 11k for Pacific rounds.

Supramax

The market continued with a positive trend in all basins. The spot market well supported with healthy demand.

Rates have increased by 10-15 percent from previous week. ECSA and USG driven by grain movements pushed rates further up. Charterers have to pay big premium for Ultramax delivery USG for grain loading Mississippi River to Continent/Mediterranean direction, Ultramax fixed USD 19,000/day. USG-WCSA rumoured fixed above USD 20,000/day. Fronthaul from Black Sea and Continent pushed close to low USD 20,000/day. South African and Indian Ocean was stable with firm demand for coal and Iron ore cargoes. The Far East markets was lacking slightly behind with sideways sentiment. We expect market to improve further in the coming week.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$50,850	-\$1,650 ↓
Australia – China	\$9.2	-\$1.2 ↓
Pacific RV	\$27,604	-\$4,625 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$16,160	\$3,220 ↑
TCE Cont/Far East	\$23,000	\$3,450 ↑
TCE Far East/Cont	\$3,445	\$1,457 ↑
TCE Far East RV	\$11,381	\$1,973 ↑

Supramax (USD/Day)

Atlantic RV	\$10,700	\$2,458 ↑
Pacific RV	\$7,386	\$207 ↑
TCE Cont/Far East	\$18,043	\$3,339 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$19,000	-\$1,000 ↓
Capesize (180 000 dwt)	\$16,000	-\$750 ↓
Kamsarmax (82 000 dwt)	\$12,500	\$2,000 ↑
Panamax (75 000 dwt)	\$10,500	\$1,250 ↑
Ultramax (64 000 dwt)	\$11,000	\$500 ↑
Supramax (58 000 dwt)	\$9,250	\$0 →

Baltic Dry Index (BDI)

\$1,849

1 Year T/C Dry Bulk**Gas****Chartering****EAST**

We are experiencing a relatively flat freight market as the shipping activity in the Middle East seems to have taken a breather so far this week. The handful of ships open on July dates, some of which are likely to slide into August, might potentially look for opportunities in the West. Lay of the land for August will be a bit more clear next week when both Adnoc and Saudi acceptances are expected out. Meanwhile, talks of Indian importers being long product for August might put a dampener on the recently climbing VLGC shipping market.

WEST

West of Suez, the week started off quietly following a long weekend in the US. However, things are beginning to look tighter for 1H August ex US: there are now roughly 10 ships for the period while the number of cargoes which remain uncovered should be similar or greater. Furthermore, vessel ownership is limited to only a few players and this may also be a contributing factor if we see rates edge higher in the coming days.

LPG Rates**Spot Market (USD/Month)**

VLGC (84 000 cbm)	\$500,000	\$0 →
LGC (60 000 cbm)	\$550,000	-\$50,000 ↓
MGC (38 000 cbm)	\$600,000	\$0 →
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	\$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$252	\$0 →
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Saudi Arabia/CP	\$360	\$0 →
MT Belvieu (US Gulf)	\$255	\$14 ↑
Sonatrach/Bethioua	\$260	\$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$308	\$1 ↑
Saudi Arabia/CP	\$340	\$0 →
MT Belvieu (US Gulf)	\$200	\$0 →
Sonatrach/Bethioua	\$340	\$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$31,000	\$0 →
West of Suez 155-165 000 cbm	\$34,000	\$1,000 ↑
1 Year T/C 155-160 000 cbm	\$44,000	\$1,000 ↑

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	\$36.0	\$0.0 →
Kamsarmax	\$21.0	\$0.0 →
Ultramax	\$20.0	\$0.0 →

Dry (10 yr)

Capesize	\$21.0	\$0.0 →
Kamsarmax	\$14.5	\$0.0 →
Ultramax	\$11.0	\$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	107.56	0.03 ↑
USD/KRW	1195.75	-7.55 ↓
USD/NOK	9.45	-0.07 ↓
EUR/USD	1.13	0.00 ↑

Interest Rates

LIBOR USD (6 months)	0.36%	-0.01% ↓
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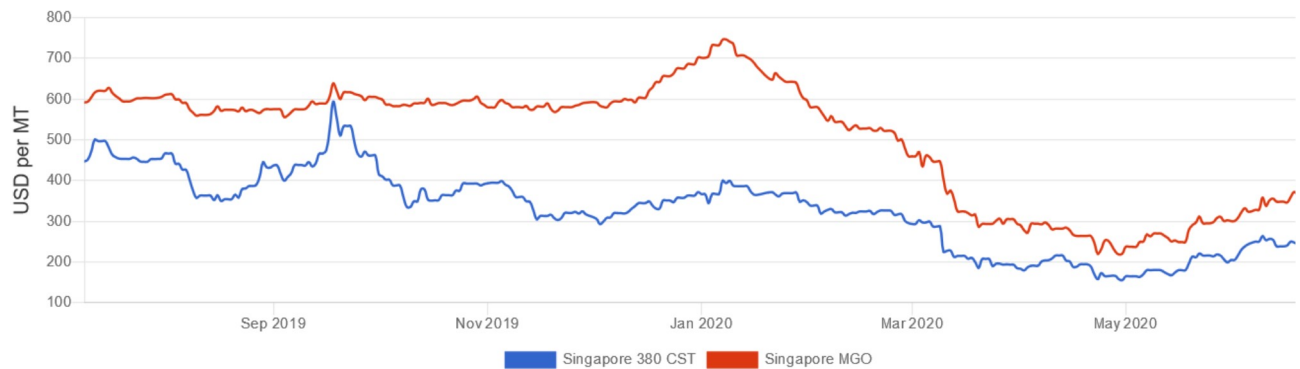
NIBOR NOK (6 months)	0.46%	-0.01% ↓
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Commodity Prices

Brent Spot	\$43.00	\$1.50 ↑
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Bunkers Prices

Singapore 380 CST	\$264.5	\$12.0 ↑
Singapore Gasoil	\$389.0	\$17.5 ↑
Rotterdam 380 CST	\$250.0	\$0.0 →
Rotterdam Gasoil	\$372.5	\$27.0 ↑



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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