

# Fearnleys Weekly Report

Week 29 - July 15, 2020

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Tankers

Comments

VLCC

This week kicked off with a handful of fresh inquiries, but it did little to alleviate the softer bias in this typically quieter period between monthly programs. A couple of MEG/east cargoes went on older units at W38, a reasonable 5-6 point discount from the modern class. The tonnage situation is still relatively balanced, with ongoing delays in China, and some optimism that the taps may be opened up a little more come August. On the flip side there is increased worry about demand due to the potential resurgence of Covid-19 cases, as has been evident in some US States. Thus, it remains to be seen if some of the high profile OPEC member’s push to increase production will gather unanimous support. Activity has tailed off as the week progressed, with no help from the Atlantic, leaving the cargo board wanting at the time

Suezmax

The suezmax market in the west remains active, but with a lot of relets in fixing positions it is challenging for Owners to do much about the rates. Tonnage list is fairly balanced with limited overhang, and with a busy 1st decade we could see Owners trying to push for higher numbers. In the east we still see a large number of ships stuck with no berthing in northern China. Even with this many ships tied up, tonnage list is rather long, and in addition cargo activity has not been too good. Meg/east on modern tonnage is still below w50, and does not seem to move this week either. Only positive for Owners out east, is that we see quite a lot of ships ballasting towards West-Africa which could help remaining tonnage going into next week.

Aframax

NORTH

As expected we saw a small increase in rates for Aframaxes trading in the North Sea and Baltic this week. Going forward the list is looking tighter for North Sea cargoes loading in the 22-25 July window. We could see rates firming further depending on how many stems that will come to the market after oil companies have programmed their own tonnage. But there is a bit of optimism for the next week to come with North Sea being the main driver.

MED

In the Mediterranean and Black Sea rates jumped about 10 points last week moving into the high ws60’s. For the time being the market seems fairly balanced in terms of supply and demand and we expect the market to move sideways in the 25-31 July fixing window.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 25.0	0.0 →
MEG/Japan (280 000)	WS 44.0	-6.0 ↓
MEG/Singapore (280 000)	WS 45.0	-5.0 ↓
WAF/FEAST (260 000)	WS 46.5	-1.0 ↓

WAF/USAC (130 000)	WS 45.0	-2.5 ↓
Sidi Kerir/W Med (135 000)	WS 47.5	0.0 →
N. Afr/Euromed (80 000)	WS 67.5	12.5 ↑
UK/Cont (80 000)	WS 77.5	7.5 ↑
Caribs/USG (70 000)	WS 70.0	0.0 →

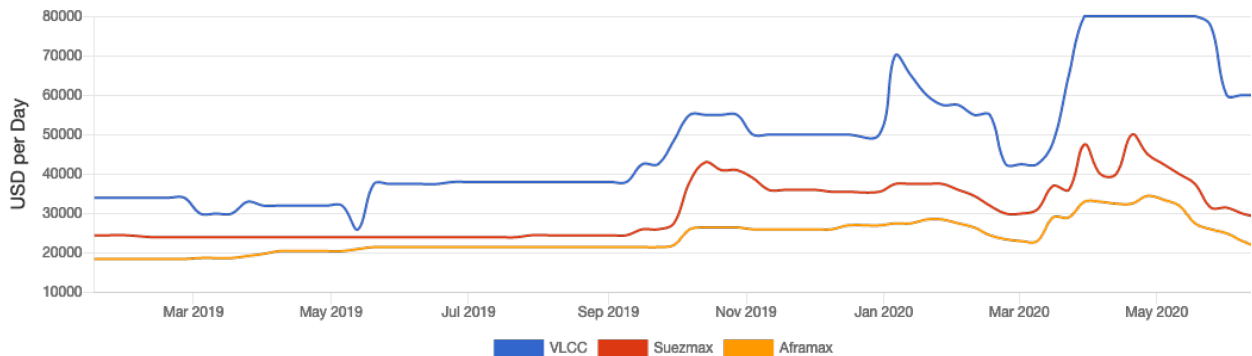
1 Year T/C (USD/Day)

VLCC (Modern)	\$39000.0	-\$1,000 ↓
Suezmax (Modern)	\$24500.0	\$0 →
Aframax (Modern)	\$19000.0	\$0 →

VLCC

VLCCs fixed in all areas last week	37	-21 ↓
VLCCs available in MEG next 30 days	116	1 ↑

1 Year T/C Crude



- Dry Bulk
- Comments
- Capesize

Still drifting slowly south on a combination of corrective sentiment and partly slow fundamentals. Iron ore prices are at year-high and miners are selling at capacity, however spot volumes concluded from both Brazil and West Australia are dominated by only 2 major exporters. Coal trades again showing signs of life, but millions of tons still remain onboard capes waiting for upto 2 months to discharge at Chinese ports for a mix of political and commercial reasons. Average daily earnings down some 17 pct w-o-w to come in at a still healthy usd 24500, with interpacific rounds having taken the biggest hit from almost usd 28k down to usd 20k as confidence to ballast into the abyss has declined. Period interest remains considerable, but little or nothing concluded as paper-derived evaluations far from matching physical expectations.

Panamax

We have experienced a rally in rates over the last couple of weeks, but after holidays in Spore and a slow start to the week we now see a somewhat standoff between chrts and ows .  
Mid week we see rates are holding up in both hemispheres with P1A hovering ard the 17-18k mark and P3 at ard

12k.

The tonnage list is still tight, especially in the North and 19k was achieved for a shorter Baltic round. The grain market is still absorbing tonnage and Fhaults are being fixed in region of 16k + 600k GBB for ECSA/Feast.

**Supramax**

Still firm in several areas and gains to the index in the beginning of the week. In the Atlantic, strong numbers seen from both Black Sea and Continent, where ultras are fetching close to mid 20'k and low 20'k respectively for fh. ECSA is paying mid/high USD 14000 + 470k gbb for to Feast and around USD 17000 for TA, while numbers from the USG are giving high teens for TA and low/mid 20's to Feast. Further east, India/China is fixing around USD 12500, while Nopac and Aussie rounds are paying around USD 10000.

**Rates****Capesize (USD/Day, USD/Tonne)**

TCE Cont/Far East (180 DWT)	\$44,375	-\$4,300 ↓
Australia – China	\$7.9	-\$1.1 ↓
Pacific RV	\$20,458	-\$5,380 ↓

**Panamax (USD/Day, USD/Tonne)**

Transatlantic RV	\$17,045	\$335 ↑
TCE Cont/Far East	\$25,209	\$1,277 ↑
TCE Far East/Cont	\$3,978	\$204 ↑
TCE Far East RV	\$12,015	\$155 ↑

**Supramax (USD/Day)**

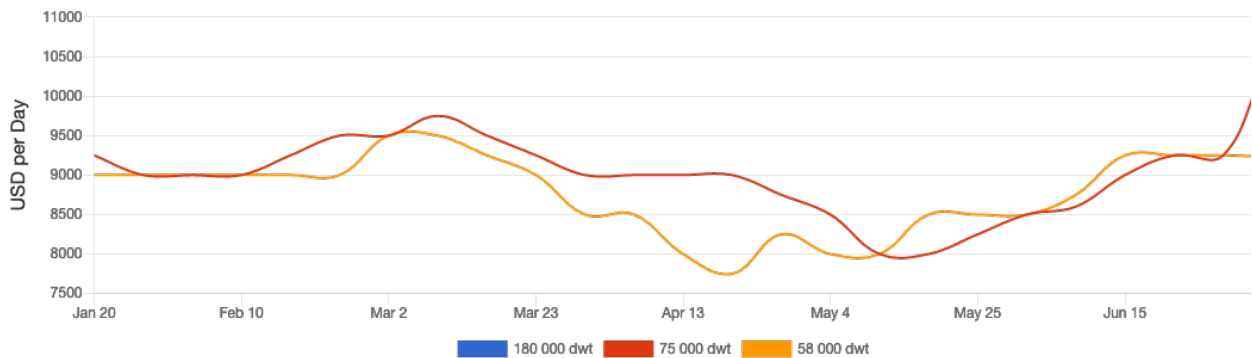
Atlantic RV	\$13,040	\$1,437 ↑
Pacific RV	\$8,364	\$764 ↑
TCE Cont/Far East	\$21,596	\$2,239 ↑

**1 Year T/C (USD/Day)**

Newcastlemax (208 000 dwt)	\$18,500	-\$500 ↓
Capesize (180 000 dwt)	\$15,500	-\$500 ↓
Kamsarmax (82 000 dwt)	\$12,700	\$200 ↑
Panamax (75 000 dwt)	\$11,000	\$500 ↑
Ultramax (64 000 dwt)	\$11,000	\$0 →

Supramax (58 000 dwt)	\$9,400	\$150 <span>↑</span>
Baltic Dry Index (BDI)	\$1,696	

1 Year T/C Dry Bulk



Gas

Chartering

**WEST**

In the West this week, the market has continued to tighten as freight supply looks relatively short compared to the number of spot fixtures which are anticipated for the month. Players have been fixing for laycans towards the end of August and this also indicates a preference to secure freight now before it becomes more expensive. Given that the East has seen rates edge higher too, it is not immediately obvious how ships will position themselves moving forward, but it seems unlikely that the West will suddenly be flooded by ships. As such, it wouldn't be unreasonable to expect rates to continue to strengthen at least for fixtures with August laycans

**EAST**

News of Adnoc cargo advancements coupled with vessels being delayed in India and others sailing West quickly led to a tight market in the front of August. Simultaneously, we are awaiting Saudi acceptances which are expected out from tomorrow, and there is talk of less cuts in next month's production throughput. Altogether, this has created a bullish sentiment on freight East of Suez and hence climbing baltic benchmark.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$700,000	\$150,000 <span>↑</span>
LGC (60 000 cbm)	\$600,000	\$50,000 <span>↑</span>
MGC (38 000 cbm)	\$600,000	\$0 <span>→</span>
HDY SR (20-22 000 cbm)	\$630,000	\$0 <span>→</span>
HDY ETH (17-22 000 cbm)	\$730,000	\$0 <span>→</span>
ETH (8-12 000 cbm)	\$390,000	\$0 <span>→</span>
SR (6 500 cbm)	\$300,000	\$0 <span>→</span>
COASTER Asia	\$250,000	\$0 <span>→</span>

COASTER Europe	\$140,000	-\$20,000 ↓
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LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$252	\$0 →
Saudi Arabia/CP	\$360	\$0 →
MT Belvieu (US Gulf)	\$252	-\$3 ↓
Sonatrach/Bethioua	\$260	\$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$308	\$0 →
Saudi Arabia/CP	\$340	\$0 →
MT Belvieu (US Gulf)	\$198	-\$2 ↓
Sonatrach/Bethioua	\$340	\$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$32,000	\$1,000 ↑
West of Suez 155-165 000 cbm	\$35,000	\$1,000 ↑
1 Year T/C 155-160 000 cbm	\$44,000	\$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	\$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	107.26	-0.27 ↓
USD/KRW	1205.50	9.95 ↑
USD/NOK	9.40	0.00 ↓
EUR/USD	1.14	0.01 ↑

Interest Rates

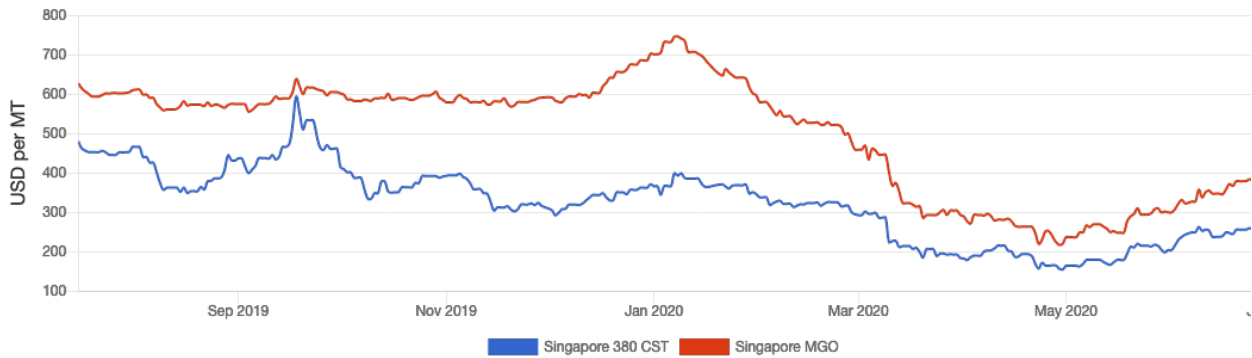
LIBOR USD (6 months)	0.34%	-0.01% ↓
NIBOR NOK (6 months)	0.45%	-0.01% ↓

Commodity Prices

Brent Spot	\$43.00	\$0.50 ↑
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Bunkers Prices

Singapore 380 CST	\$271.5	\$7.0 ↑
Singapore Gasoil	\$388.0	-\$1.0 ↓
Rotterdam 380 CST	\$251.5	\$1.5 ↑
Rotterdam Gasoil	\$358.5	-\$14.0 ↓



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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