Fearnleys Weekly Report

Week 31 - July 29, 2020

Printer version

Tankers

Comments

VLCC

The VLCC market continues to stumble along at more or less unchanged levels from a week ago, the MEG/East being in the mid WS 30's for modern tonnage with the normal discounts available for older and restricted units. Volumes are marginally up from the last couple of months, reflective of the increased production, but rates stay put. Tonnage supply remains plentiful allowing charterers ample choice, whatever their preference, and owners appear happy to fix and get out of Dodge for the summer. On the plus side it seems to be holding 'firm' around current levels, and earnings in the high teens/low USD 20's/day is currently just a dream scenario for the other smaller classes. The Atlantic has fared a tad better with West Africa/East leading the way, rates coming in around the WS 40 mark, although for a considerably longer commitment.

Suezmax

Suezmax rate-support has been underpinned by a mixture of sentiment and stresses to the list. Whilst general enquiry levels have suffered due to production constraints, resistance has been established by dint of many of the modern ships on the list being in the hands of fewer owners. When continued delays in China are added to the mix, the net affect of this owner-concentration is that they are more willing to test the market upwards and less willing to give ground when market activity subsides. This pattern is likely to be repeated as charterers bite deeper into the second decade.

Aframax

As expected, the Baltic and North Sea market has been through a downward correction the past week. Although the cargo program out of Baltic for August is a healthier one than the previous month, the tonnage list is still long enough to keep a stable pressure on rates as we approach the 2nd decade fixing window of August, and we expect a balanced market in the week to come. Also in the Mediterranean and Black Sea we have seen the availability of prompt tonnage impose a declining pressure on rates, and the market has dropped close to 10 points across the board since last week. Although an increase in cargo activity out of Black Sea is forecasted for next month, we still expect the market to remain soft in the short run.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 22.0	0.0 →
MEG/Japan (280 000)	WS 35.0	-5.0 ↓
MEG/Singapore (280 000)	WS 35.0	-6.0 ↓
WAF/FEAST (260 000)	WS 40.0	-1.0 ↓
WAF/USAC (130 000)	WS 47.5	5.0 ↑
Sidi Kerir/W Med (135 000)	WS 47.5	2.5 ↑

N. Afr/Euromed (80 000)	WS 62.5	-7.5 ↓
UK/Cont (80 000)	WS 75.0	-20.0 ↓
Caribs/USG (70 000)	WS 75.0	0.0 →

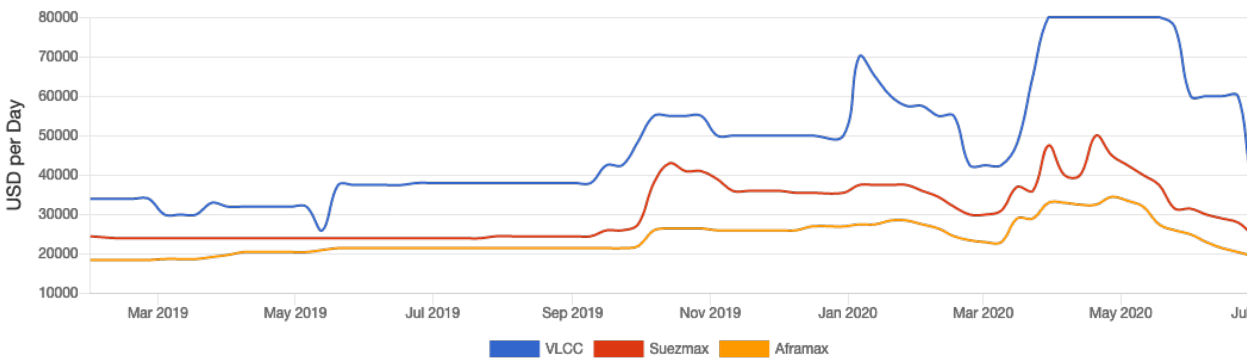
1 Year T/C (USD/Day)

VLCC (Modern)	$39000.0	$0 →
Suezmax (Modern)	$23000.0	$0 →
Aframax (Modern)	$19000.0	$0 →

VLCC

VLCCs fixed in all areas last week	53	18 ↑
VLCCs available in MEG next 30 days	148	28 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

After weeks of dropping rates, there are finally some resistance for the Capes. Pacific rounds improving to upper 15,000s by the middle of the week and c5 back to USD 7 pmt level, followed by Brazil with c3 paying excess of USD 17 pmt. The sentiment is positive and period interest is steady, although limited concluded period fixtures last week.

Panamax

The decline in rates in all basins continued the last week. The Atlantic seemed to be “freefalling” whereas the Pacific had a more controlled decline. TA rounds took a dive from USD 13-14k to below USD 10k, and trips out came down from over USD 22k to below USD 19k. As for the Pacific, rounds have fallen some USD 1,500 from last week. However, some fresh orders may indicate that the Pacific could be bottoming out. As for the Atlantic market, there is talk of more business easing the fall, in particular from ECSAM, where rates seem to be stabilizing around USD 14k+400. The tonnage situation in North Atlantic is still, however, a reason for concern. The period market remains quiet with few fixtures reported.

Supramax

By mid-week the index continued downwards, but after a slow start some more activity came to light. From USG, vessels are getting around mid 20k to India, while from Black Sea fh is paying low 20k. On the Continent, scrap runs are fixing around 11k, while further East, Pacific round voyages are paying mid/high 9k. Period rates remained relatively stable so far.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$33,650	-$4,200 ↓
Australia – China	$7.0	$0.6 ↑
Pacific RV	$15,625	$2,450 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$8,880	-$2,095 ↓
TCE Cont/Far East	$18,795	-$2,360 ↓
TCE Far East/Cont	$3,398	-$190 ↓
TCE Far East RV	$10,696	-$244 ↓

Supramax (USD/Day)

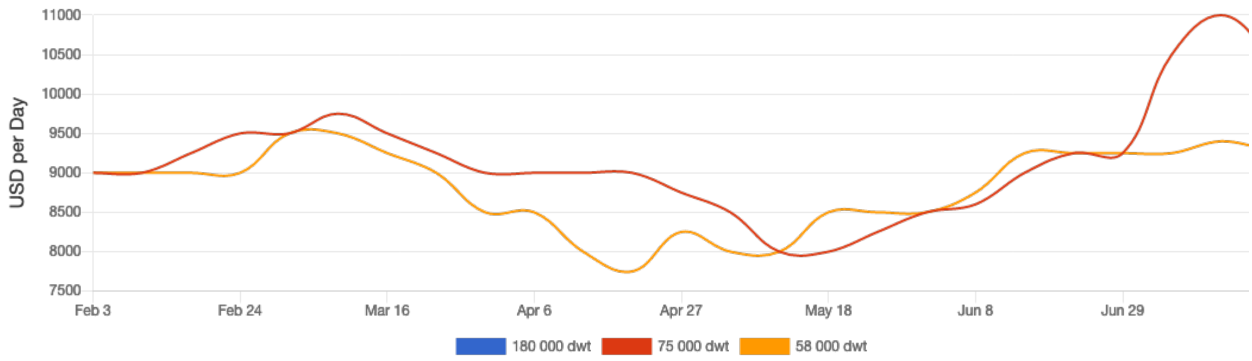
Atlantic RV	$12,610	-$466 ↓
Pacific RV	$8,696	-$387 ↓
TCE Cont/Far East	$19,929	-$1,196 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$17,250	$500 ↑
Capesize (180 000 dwt)	$15,500	$750 ↑
Kamsarmax (82 000 dwt)	$11,250	-$750 ↓
Panamax (75 000 dwt)	$9,750	-$750 ↓
Ultramax (64 000 dwt)	$10,750	$0 →
Supramax (58 000 dwt)	$9,300	$0 →

Baltic Dry Index (BDI)	$1,317

1 Year T/C Dry Bulk



Gas

Chartering

EAST
As the supply and demand for spot open tonnage versus available cargoes for current fixing window are still very much in imbalance, the bull run that we have witnessed on freight during the last couple of weeks has continued, and Baltic has just breached USD 60 Ras Tanura/Chiba for the first time since April. At time of writing, there are reportedly still uncovered shipping requirements in August, while remaining available ships are few (if any at all). This will continue to add pressure on freight rates. However, as the fixing window is currently quite far ahead in time, there is also an extra risk of ships running late for their laycans due to uncertain itineraries, and we might see ships come back open again at a later stage.

WEST
Rate discussions have strengthened considerably in the West this week as the fixing window progresses further into September. However, there is discussion about how much longer this trend can continue. On one hand, traders argue that arb economics are unsupportive of freight at such high levels and therefore something will have to give. On the other, shipping still seems to be in short supply when considering the balance of the fleet across East and West of Suez. Moving forward, rates in both regions will be determined by where owners choose to place their ships. However, the choice between longer western voyages or stronger eastern rates is not an easy one for some.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,500,000	$500,000 ↑
LGC (60 000 cbm)	$600,000	$0 →
MGC (38 000 cbm)	$650,000	$50,000 ↑
HDY SR (20-22 000 cbm)	$690,000	$60,000 ↑
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	$135,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$252	$0 →
Saudi Arabia/CP	$360	$0 →
MT Belvieu (US Gulf)	$266	$0 →
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)	$228	$0 →
Sonatrach/Bethioua	$340	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$33,000	$0 →
West of Suez 155-165 000 cbm	$36,000	$0 →
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	$88.0	$0.0 →
Suezmax	$57.5	-$0.5 ↓
Aframax	$47.0	-$0.5 ↓
Product	$34.5	$0.0 →
Newcastlemax	$48.0	$0.0 →
Kamsarmax	$26.5	$0.0 →
Ultramax	$24.5	$0.0 →
LNGC (MEGI) (cbm)	$180.0	$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$37.0	$1.0 ↑
Kamsarmax	$21.0	$0.0 →
Ultramax	$20.5	$0.5 ↑

Dry (10 yr)

Capesize	$22.0	$1.0 ↑
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	$19.0	$1.0 ↑

Market Brief

Exchange Rates

USD/JPY	104.98	-2.22 ↓
USD/KRW	1196.95	1.60 ↑
USD/NOK	9.11	-0.02 ↓
EUR/USD	1.17	0.01 ↑

Interest Rates

LIBOR USD (6 months)	0.32%	-0.01% ↓

NIBOR NOK (6 months)	0.40%	-0.02% ↓

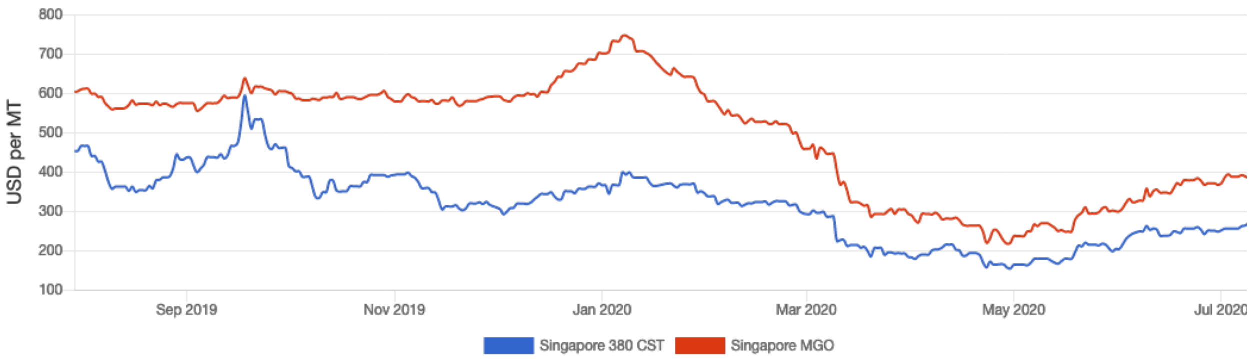
Commodity Prices

Brent Spot	$43.00	-$0.50 ↓

Bunkers Prices

Singapore 380 CST	$283.0	$5.0 ↑
Singapore Gasoil	$391.5	$1.0 ↑

Rotterdam 380 CST	$260.5	$0.0 →
Rotterdam Gasoil	$377.5	$0.5 ↑



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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