

Fearnleys Weekly Report

Week 32 - August 05, 2020

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- Tankers
- Comments
- VLCC

Yesterday gave us a small reprieve from staring at the wall in the week gone by, with a number of cargoes emerging, the Atlantic being the centre of attention. The result, however, was more of the same; variations of USD 5.3 million USG/China, WS37.5-38 from Wafr, and MEG continuing to slip. MEG/eastbound rates have now broken the WS35 mark for modern tonnage and discounts still to be had for older units, albeit the gap has narrowed. But, after yesterday's fun and games we're back to a very empty looking cargo-board, save a couple more USG possibilities and one outstanding cargo in the MEG that is unlikely to last long.

Suezmax

In the West, the Suezmax market has been fairly busy, mainly driven by large export volumes ex Brazil and a stable West Africa market. At the moment, heading in to 3rd decade, we see increasing cargo activity in West Africa, causing TD20 to tick up a couple of points. Tonnage list is balanced, but with increasing activity, the market looks rather positive heading into next week. In the East, on the other hand, owners should not be too optimistic. We are counting approximately 140 ships the next 30 days, and with the slow activity we have seen out of MEG lately owners should be focusing on trying to fix last done, as there will be plenty of competition on every cargo out there.

Aframax

The first half of August we have witnessed a very slow and dull Aframax market in the North Sea and Baltic. However, due to a busier Baltic program in the last decade of the month there is a bit more optimism to trace among owners. This week we will see rates move sideways, but then with a firming potential from next week. Also in the Mediterranean and Black Sea market there has been little excitement for owners during the week that has passed, although they have been able to maintain the rate levels we saw last week. This is much due to the fact that TCE's have reached bottom levels. In the week to come we expect this to continue and the market to remain soft.

- Rates
- Dirty (Spot WS)

MEG/WEST (280 000)	WS 21.5	-0.5 ↓
MEG/Japan (280 000)	WS 35.0	0.0 →
MEG/Singapore (280 000)	WS 35.0	0.0 →
WAF/FEAST (260 000)	WS 38.0	-2.0 ↓
WAF/USAC (130 000)	WS 50.0	2.5 ↑
Sidi Kerir/W Med (135 000)	WS 52.5	5.0 ↑
N. Afr/Euromed (80 000)	WS 57.5	-5.0 ↓

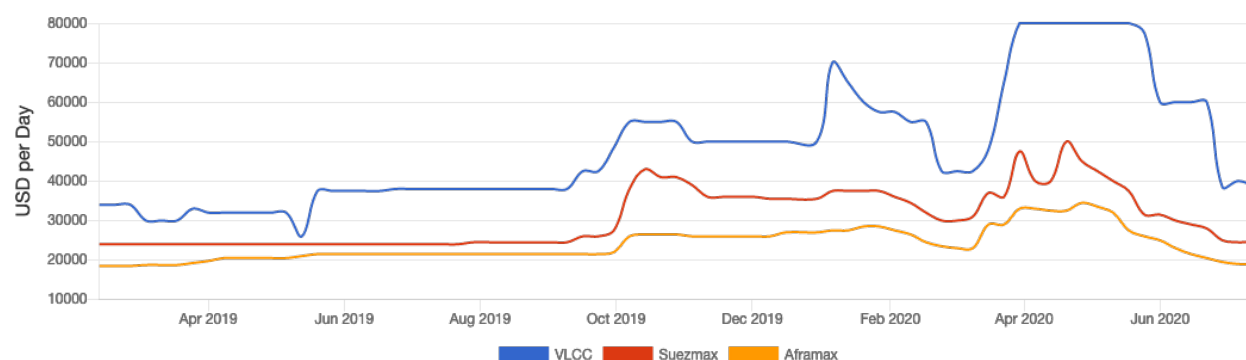
UK/Cont (80 000)	WS 82.5	7.5 ↑
Caribs/USG (70 000)	WS 80.0	5.0 ↑

1 Year T/C (USD/Day)

VLCC (Modern)	\$36500.0	-\$2,500 ↓
Suezmax (Modern)	\$23000.0	\$0 →
Aframax (Modern)	\$18500.0	-\$500 ↓

VLCC

VLCCs fixed in all areas last week	49	-4 ↓
VLCCs available in MEG next 30 days	154	6 ↑

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

There is presently a small correction in rates, but overall levels are up from previous week mainly due to increased demand in the East. The average BCI is up from 17,000 to just excess of USD 20,000 with c5 in the 8s pmt, compared to previous week sub 7. Brazilian iron ore, the c3 route is up one dollar, presently close to mid 18s pmt. Volume is relatively thin, but the sentiment looks positive.

Panamax

The Panamax market took a turn mid last week, and has experienced firmer rates in both hemispheres. TA's are now paying excess 12k for the longer runs, while the shorter are being paid in the 14k's. In the Pacific, we see Aussie rounds being fixed in the 12k's. We do expect this firming tendency to remain short term with a short tonnage list - especially in the North Atlantic. ECSA grain cargoes are still in a roll and being fixed at around 15.5k+550k GBB, and we now also see the Black Sea grain market coming into play.

Supramax

The Supramax market continued sideways trend, and little inspiring news appear. Oversupply of tonnage in both basins putting pressure on the spot rates. We are missing fresh inquiries in the key areas to turn the bearish trend around. Period activity is limited, and very few charterers taking long term commitments. Q1 putting pressure on

forward curve. USG and ECSA remain flat. The Black Sea expecting more activity on the grain side, but same still submerged. Fronthaul rates from the Black Sea to Far East fixing around USD 20k/day. West African trips to China with manganese ore reported at the level of low USD 20k/day. NOPAC and Aussie round trips into China vary in region 9k/11k pd range depends on delivery and vessels specs. South East Asia trips to China were reported at the level of USD 8,500/9,500 pd. EC India remains strong and paying close to USD 15k/day on Supra and USD 17k/day on large units.

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

TCE Cont/Far East (180 DWT)	\$35,310	\$360 ↑
Australia – China	\$7.6	\$0.5 ↑
Pacific RV	\$18,479	\$1,908 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$10,160	\$715 ↑
TCE Cont/Far East	\$19,473	\$491 ↑
TCE Far East/Cont	\$3,563	\$101 ↑
TCE Far East RV	\$11,381	\$453 ↑

Supramax (USD/Day)

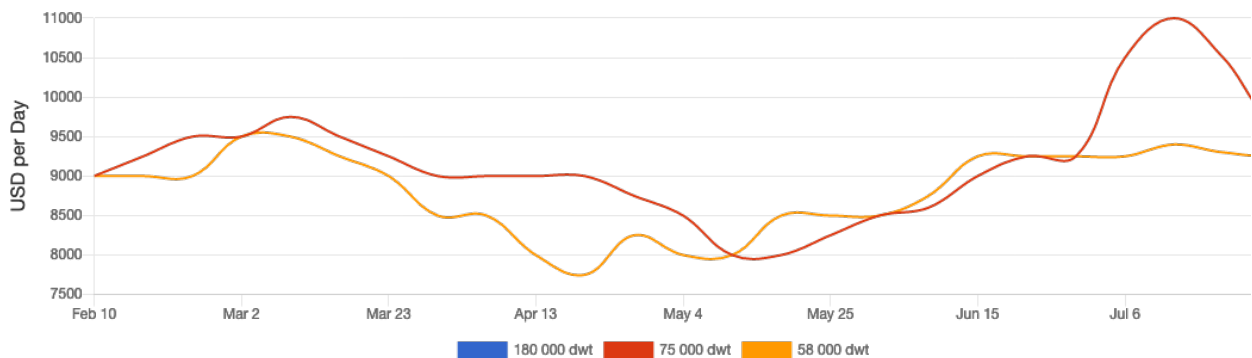
Atlantic RV	\$12,644	\$13 ↑
Pacific RV	\$8,143	-\$296 ↓
TCE Cont/Far East	\$19,136	-\$428 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$17,250	\$0 →
Capesize (180 000 dwt)	\$15,500	\$0 →
Kamsarmax (82 000 dwt)	\$11,500	\$250 ↑
Panamax (75 000 dwt)	\$10,000	\$250 ↑
Ultramax (64 000 dwt)	\$11,000	\$250 ↑
Supramax (58 000 dwt)	\$9,750	\$450 ↑

Baltic Dry Index (BDI)	\$1,350	
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1 Year T/C Dry Bulk



Gas

Chartering

WEST

Activity has been limited in the US this week. Arb economics don't seem to support current high freight levels, while some charterers still have time to decide whether or not to cancel US liftings if things don't improve. Elsewhere, there was some noise around WAF, where one oil major had a freight requirement for early September and an FOB was tendered for sale for around the same dates. VLGC freight offers were too strong for the former, and as a result the cargo ended up being loaded onto a smaller ship.

Looking at the positions list for September in the US, the first half of the month remains tight with only a couple of ships available for the period. Further into September, the picture becomes less clear; it is still too far out to determine how owners will position their ships and whether or not more relets will emerge if any liftings are cancelled.

EAST

Shipping market in the East has finally taken a breather after 2-3 weeks with lots of activity. The August program seems pretty covered for now (unless ships run late for their laycans later), and time of writing we are awaiting Adnoc and Aramco acceptances for September which will set the tone for next month. But until then we do not expect to see lots of activity on shipping in the East for now.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,600,000	\$100,000 ↑
LGC (60 000 cbm)	\$650,000	\$50,000 ↑
MGC (38 000 cbm)	\$700,000	\$50,000 ↑
HDY SR (20-22 000 cbm)	\$690,000	\$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	\$140,000	\$5,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$275	\$23 ↑
Saudi Arabia/CP	\$365	\$5 ↑
MT Belvieu (US Gulf)	\$263	-\$3 ↓
Sonatrach/Bethioua	\$285	\$25 ↑

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$286	-\$22 ↓
Saudi Arabia/CP	\$345	\$5 ↑
MT Belvieu (US Gulf)	\$211	-\$17 ↓
Sonatrach/Bethioua	\$310	-\$30 ↓

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$34,000	\$0 →
West of Suez 155-165 000 cbm	\$39,000	\$3,000 ↑
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	\$87.0	-\$1.0 ↓
Suezmax	\$57.0	-\$0.5 ↓
Aframax	\$46.5	-\$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	\$0.0 →
Kamsarmax	\$21.0	\$0.0 →
Ultramax	\$20.5	\$0.0 →

Dry (10 yr)

Capesize	\$22.0	\$0.0 →
Kamsarmax	\$14.5	\$0.0 →
Ultramax	\$11.0	\$0.0 →

Wet (5 yr)

VLCC	\$70.0	-\$2.0 ↓
Suezmax	\$47.5	-\$2.5 ↓
Aframax / LR2	\$38.0	-\$2.0 ↓
MR	\$26.0	-\$1.5 ↓

Wet (10 yr)

VLCC	\$49.0	-\$1.0 ↓
Suezmax	\$34.0	-\$1.0 ↓
Aframax / LR2	\$27.0	-\$1.0 ↓
MR	\$18.0	-\$1.0 ↓

Market Brief

Exchange Rates

USD/JPY	105.95	0.84 ↑
USD/KRW	1194.10	0.95 ↑
USD/NOK	9.12	0.06 ↑
EUR/USD	1.18	0.00 ↓

Interest Rates

LIBOR USD (6 months)	0.30%	-0.01% ↓
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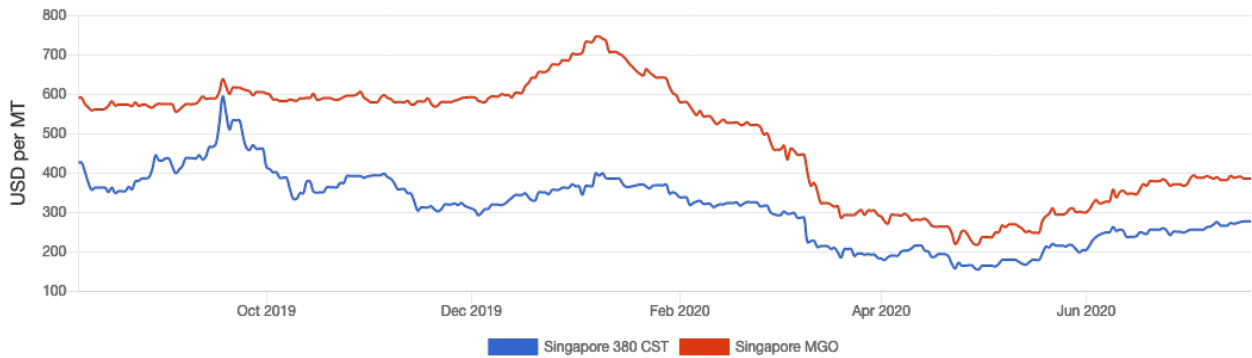
NIBOR NOK (6 months)	0.40%	0.00% ↓
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Commodity Prices

Brent Spot	\$44.00	\$1.00 ↑
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Bunkers Prices

Singapore 380 CST	\$276.0	-\$7.0 ↓
Singapore Gasoil	\$381.0	-\$10.5 ↓
Rotterdam 380 CST	\$264.0	\$3.5 ↑
Rotterdam Gasoil	\$360.0	-\$17.5 ↓



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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