Fearnleys Weekly Report

Week 34 - August 19, 2020

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Tankers

Comments

VLCC

Charterers have been able to search for new lows this week, at least on worldscale terms, as a lack of enquiry due to a number of well documented factors takes its toll. In the Meg, Korean Charterers, albeit with favourable terms, were able to crack the ws30 level. For a China run, Owners have dug their heels in at the low ws30's for modern, as we edge ever closer to opex costs for a VLCC. A quiet West Africa has not helped, just a few deals done at the ws38.75 level. The USG has been able to remain somewhat active in comparison, increasing the ton-mile, when we look for positives. $5.4m to Ningbo reported at the time of writing.
Those with long memories will remember we have seen worse, but if September follows August in terms of enquiry. There could be a little more pain before we see any turn-around in outlook.

Suezmax

Unfortunately for the owners, the market both in the east and in the west have been flat since we last spoke. Owners lack fundamental support to take the fight to the charterers and accept variations over last done in fear of losing the cargo. The activity level, albeit for the western hemisphere, have been decent but with the eastern market being in the doldrums, the Atlantic is getting a steady supply of ballasters from the east looking for employment and ,as such, we see little chance of immediate change for the balance of this week

Aframax

Another quiet week in the North Sea and Baltic market where the majority of available cargoes has been covered under own program or with other relets. Going forward we expect the soft trend to continue as other export areas aren't really offering any viable alternatives for owners to ballast on spec.
A small rush of cargoes in the Mediterranean and Black Sea at the end of last week was not enough to put any significant upward pressure on rates, and the market has moved sideways yet another week. Reports that Libya will allow limited exports from blockaded oil ports to free up storage space is positive news for the shipowners, who will be keeping a close eye on any activity out of the country going forward. Nevertheless we expect the market to remain soft but stable in the week to come.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 20.5	-1.0 ↓
MEG/Japan (280 000)	WS 32.5	-2.5 ↓
MEG/Singapore (280 000)	WS 32.5	0.0 →
WAF/FEAST (260 000)	WS 38.75	0.8 ↑
WAF/USAC (130 000)	WS 42.5	0.0 →
Sidi Kerir/W Med (135 000)	WS 50.0	0.0 →

N. Afr/Euromed (80 000)	WS 62.5	0.0 →
UK/Cont (80 000)	WS 82.5	-2.5 ↓
Caribs/USG (70 000)	WS 65.0	-7.5 ↓

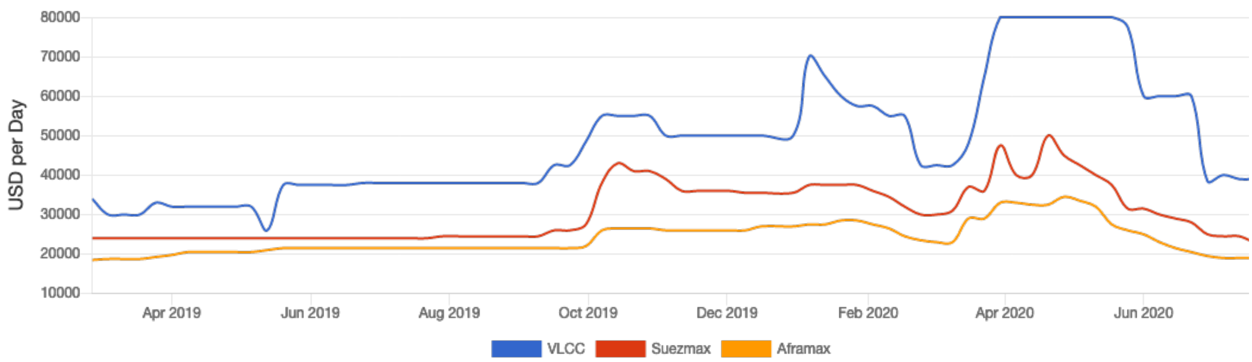
1 Year T/C (USD/Day)

VLCC (Modern)	$36500.0	$0 →
Suezmax (Modern)	$22500.0	$0 →
Aframax (Modern)	$18500.0	$0 →

VLCC

VLCCs fixed in all areas last week	44	6 ↑
VLCCs available in MEG next 30 days	162	5 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Over the last week we have seen the market push from USD 7,95per metric ton on the west Australia to China route up to 8,45, before it started to decline again and we presently trading at same level as we were 7 days ago. The South Atlantic is still unbalanced with more than enough tonnage in position thus the Brazil-China route is currently 3% lower than last week. All in all the positive sentiment linked to rising congestion in China when this report was written last week has been replaced with decreasing amount of cargo activity with owners seeking to cover against the available cargo out there

Panamax

After weeks of firming rates in both hemispheres, the Panamax market now seems to have taken a breather. Rates are slowly coming off on all trades, and p1 is currently yielding around USD 19,600. The tonnage list is still tight, but demand has come off this week. In the eastern hemisphere we see p3 fixing at 14k bss China delivery. The grain market is still active out of ECSA and Black Sea and ships are being fixed retro SE Asia at ard USD 13/14k.

Supramax

A number of Australian trips into China were reported fixed in the USD 8,000/9,000 pd range. A number of Indonesian trips into India with clinker were reported at the level of USD 6,000/7,000 pd. East Coast Indian trips into China were fixed around USD 17,000 pd. Persian Gulf trips via Black Sea into China with HBI were fixed at the level of USD 11,000 pd. South African trips into China were reported at the level of USD 12,000/13,000 pd plus ballast bonus at the USD 200K/275K. Mediterranean trips into West Africa with clinker were fixed around USD 16,000 pd. South American trips into Continent were reported at the level of USD 14,000/14,500 pd. USD 14,000 pd plus USD 500k on an Ultramax for minimum 4 months employment basis delivery in the Mediterranean.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$36,030	$1,305 ↑
Australia – China	$8.0	-$0.4 ↓
Pacific RV	$20,308	-$1,225 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$19,640	-$190 ↓
TCE Cont/Far East	$26,509	-$109 ↓
TCE Far East/Cont	$4,484	-$152 ↓
TCE Far East RV	$14,104	-$331 ↓

Supramax (USD/Day)

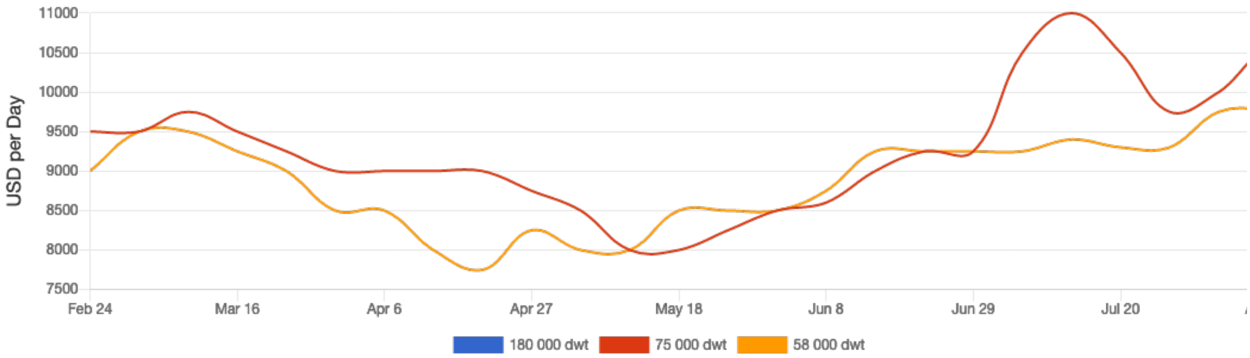
Atlantic RV	$13,240	$87 ↑
Pacific RV	$9,171	$703 ↑
TCE Cont/Far East	$25,839	$1,375 ↑

1 Year T/C (USD/Day)

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

Baltic Dry Index (BDI)	$1,568

1 Year T/C Dry Bulk



Gas

Chartering

WEST
Despite being increasingly prompt, there have been some discussions related to freight for stems in 1H September ex US. The first ship on western position lists comes open in only a couple of weeks, and this is evidence of the continued stand off between owners and charterers, who currently seem unable to agree on rates. At the same time, the baltic has come off this week, reducing the discount in the West which has prevailed for 3 weeks now.

MEG
After the release of Saudi acceptances, we are yet to see any flurry of fixtures. Most of the action so far this week East of Suez has been centered around Indian cargoes. One Chinese charterer failed a relet sub fixture with a European Oil Major reportedly in the high 50s. Looking ahead, first decade of September is predominantly Owner controlled with just a couple of potential relets and with a few outstanding stems from some of the Indian majors and more expected to come, until then, the freight market remain relatively flat.
Looking ahead to 2H Sep liftings, some traders worry that CFR rates in the far east will remain discounted until further into Q4. Simultaneously, the balance of freight to uncovered cargoes makes it seem that the market could be slightly long on a net basis. However, while these are factors which could mean softening sentiment, tonnage is mostly controlled by only a few owners and this might mean the market remains more resilient than some would expect

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,500,000	-$50,000 ↓
LGC (60 000 cbm)	$750,000	$0 →
MGC (38 000 cbm)	$700,000	$0 →
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	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$275	$0 →
Saudi Arabia/CP	$365	$0 →
MT Belvieu (US Gulf)	$262	-$1 ↓
Sonatrach/Bethioua	$285	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$286	$0 →
Saudi Arabia/CP	$345	$0 →
MT Belvieu (US Gulf)	$227	$0 →
Sonatrach/Bethioua	$310	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$40,000	$5,000 ↑
West of Suez 155-165 000 cbm	$48,000	$8,000 ↑
1 Year T/C 155-160 000 cbm	$45,000	$1,000 ↑

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	$87.0	$0.0 →
Suezmax	$57.0	$0.0 →
Aframax	$46.5	$0.0 →
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	$0.0 →
Suezmax	$47.5	$0.0 →
Aframax / LR2	$38.0	$0.0 →
MR	$26.0	$0.0 →

Wet (10 yr)

VLCC	$49.0	$0.0 →
Suezmax	$34.0	$0.0 →
Aframax / LR2	$27.0	$0.0 →
MR	$18.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	105.45	-1.45 ↓
USD/KRW	1184.60	-0.65 ↓
USD/NOK	8.85	-0.07 ↓
EUR/USD	1.19	0.01 ↑

Interest Rates

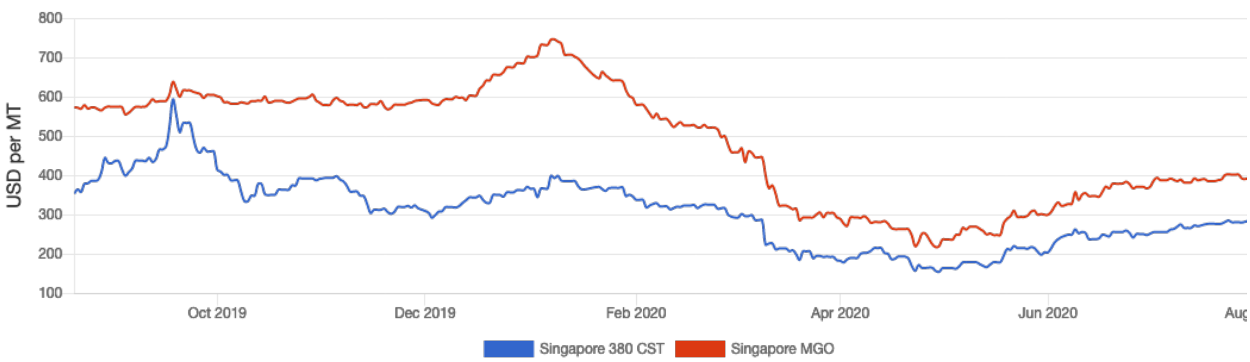
LIBOR USD (6 months)	0.32%	-0.02% ↓
NIBOR NOK (6 months)	0.36%	-0.01% ↓

Commodity Prices

Brent Spot	$45.50	$0.50 ↑

Bunkers Prices

Singapore 380 CST	$296.5	$10.5 ↑
Singapore Gasoil	$390.5	-$2.0 ↓
Rotterdam 380 CST	$268.5	$0.5 ↑
Rotterdam Gasoil	$372.0	-$3.0 ↓



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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