

Fearnleys Weekly Report

Week 35 - August 26, 2020

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- Tankers
- Comments
- VLCC

The tanker market is in the August summer doldrums. Tonnage remains plentiful all over, and although some resistance is evident, rates for modern unrestricted ships are slowly sliding towards the W30 mark MEG/eastbound, with Wafr trailing closely behind. To add insult to injury bunker prices are up overnight. Despite strengthening oil prices, lack of oil demand is still noticeable. Many regular VLCC charterers are opting for smaller liftings, the likes of Suezmaxes, despite paying higher freights per barrel. An increased interest in floating storage could become a saving grace, suggesting land based storage capacity is becoming strained, although one school of thought propound it's just a zero game with ships previously fixed at higher rates being replaced.

Suezmax

The Suezmax market is still hoovering around the same levels as its been the last month. List of available tonnage in the west is long, and even with more activity in wafr this week, there is nothing pointing towards this market moving anywhere. If anything we could possibly see TD20 creeping down towards W40. In the east, its if possible, looking worse than it has the last weeks. We have seen older ships breaking w40 for meg/east and modern units fixing low w40's. The east market is not moving anywhere the way its looking now, and Owners cant do much else than hope for more activity going forward.

Aframax

In the North Sea and Baltic the Aframax owners have suffered from very few available market cargoes for end August and early September dates. Rates are hovering around bottom levels giving Owners a very low TCE just above operational expenses. Despite some bad weather in the area causing some delays we expect the market to move sideways in the first decade of September before we will see any improvement on rates. Also in the Mediterranean and Black Sea the market has continued to move sideways at levels below OPEX. Activity out of the Bsea and Emed has been healthy, however there are still too many prompt ships around to create a firming trend. Although we have reached cargo programs for September, we still expect the market to remain flat in the current fixing window.

- Rates
- Dirty (Spot WS)

MEG/WEST (280 000)	WS 20.5	0.0 ➡
MEG/Japan (280 000)	WS 32.0	-0.5 ⬇
MEG/Singapore (280 000)	WS 32.5	0.0 ➡
WAF/FEAST (260 000)	WS 34.0	-4.8 ⬇
WAF/USAC (130 000)	WS 42.5	0.0 ➡
Sidi Kerir/W Med (135 000)	WS 47.5	-2.5 ⬇

N. Afr/Euromed (80 000)	WS 60.0	-2.5 ↓
UK/Cont (80 000)	WS 77.5	-5.0 ↓
Caribs/USG (70 000)	WS 65.0	0.0 →

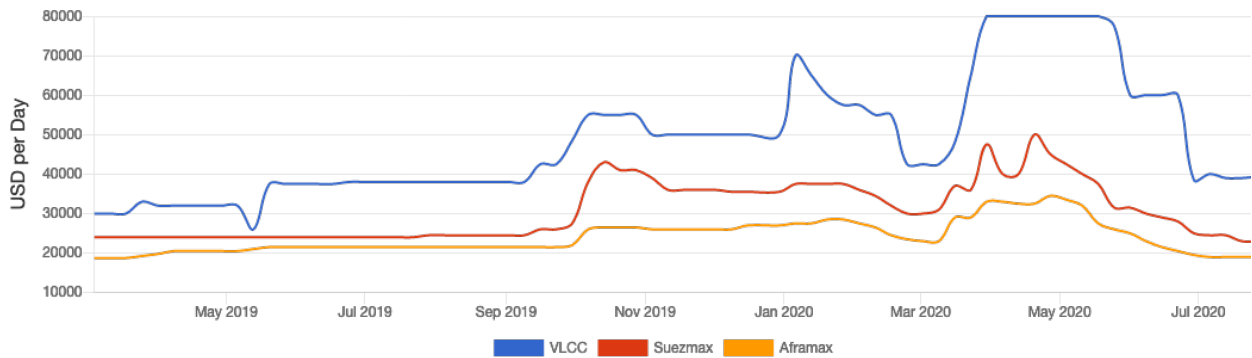
1 Year T/C (USD/Day)

VLCC (Modern)	\$36500.0	\$0 →
Suezmax (Modern)	\$22500.0	\$0 →
Aframax (Modern)	\$19000.0	\$500 ↑

VLCC

VLCCs fixed in all areas last week	41	-3 ↓
VLCCs available in MEG next 30 days	159	-3 ↓

1 Year T/C Crude



- Dry Bulk
- Comments
- Capesize

More or less flat from previous week, with cape rates moving from 19500 to 18900 on average. West Australia however being more positive, with c5 presently at 8,4 pmt level, up from upper 7's previous week due to tighter supply caused by another typhoon hitting as well as practical challenges related to Covid 19. Period activity is presently low.

Panamax

Last week we saw the Panamax market taking a turn with a slower market and less demand, especially in the Atlantic. This week the demand has picked up, but the tonnage list is increasing day by day. ECSA TA's are being fixed on APS bss and the P1A index is currently yielding ard 15k while the shorter Baltic rounds has been fixed at low 14k bss UK delivery. For the ECSA grain run to Feast there has been talks of better bids, and currently being reported at around 14k bss delivery SE Asia. In the Pacific in general we do see a more stable market with rounds being fixed in the 13,5-14k region depending on delivery.

Supramax

Less activity from Atlantic where all routes lost some ground. Handful fresh orders from N Cont. Some scrap cargoes were fixed arn 15 on ultras.

Grain run from B Sea to SEASIA were concluded close to 23k. From Med to W Afr with clinker one could reach levels arn 18k.

Similar for ships open Cont- levels for USG fhaul rates where ships were covered arn 25k . USG back to Cont were done arn 16k. Still strong rates from the Indian Ocean where ships are fixing around USD 16000 to China and around USD 14000+400k gbb Safr to Feast. Further east Nopac rv fixing above 10k for nopac rv's, while backhaul rates around half.

Rates
Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$34,425	-\$625 ↓
Australia – China	\$8.4	\$0.8 ↑
Pacific RV	\$21,371	\$2,733 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$15,155	-\$3,395 ↓
TCE Cont/Far East	\$24,325	-\$1,502 ↓
TCE Far East/Cont	\$4,358	-\$30 ↓
TCE Far East RV	\$13,711	-\$147 ↓

Supramax (USD/Day)

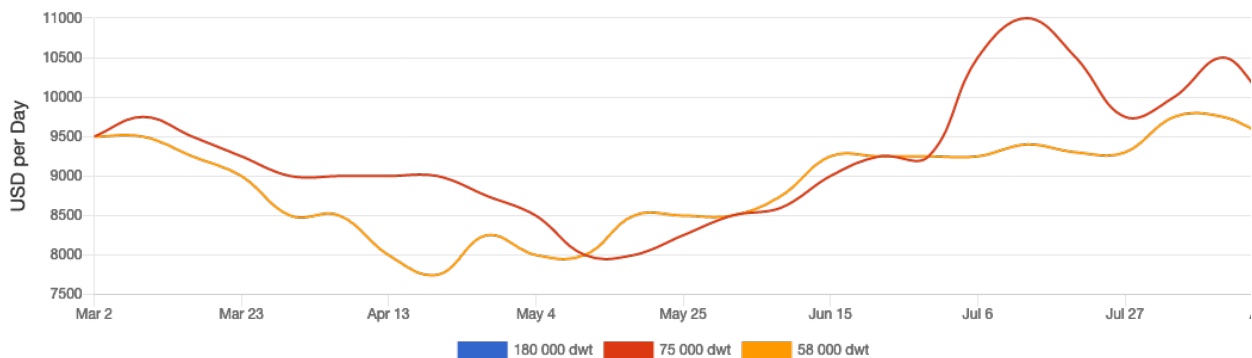
Atlantic RV	\$13,002	-\$203 ↓
Pacific RV	\$9,796	\$414 ↑
TCE Cont/Far East	\$24,275	-\$1,339 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$17,400	\$150 ↑
Capesize (180 000 dwt)	\$15,600	\$100 ↑
Kamsarmax (82 000 dwt)	\$12,000	\$250 ↑
Panamax (75 000 dwt)	\$10,500	\$500 ↑
Ultramax (64 000 dwt)	\$11,000	\$0 →
Supramax (58 000 dwt)	\$9,500	\$0 →

Baltic Dry Index (BDI)	\$1,509	
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1 Year T/C Dry Bulk



Gas

Chartering

WEST

The tug of war between Charterers and Owners has continued this week, with freight remaining high despite unfavourable arb economics. At the end of the last week a couple of deals were done around Houston/Chiba USD 90 (+/-) but once those ships cleared, owners have largely been able to dictate the pace. Given that there are currently no relets to compete with a number of ships were put on subs at mid \$90s Houston/Chiba. That said, some Charterers are still deciding whether it would be better to cancel their liftings altogether given the current trading environment. In addition, terminals in the US seem to be withholding FOB cargoes for sale in September until Hurricane Laura makes landfall.

Looking ahead into early October, the VLGC market in the West remains tight. However, with the West now back at a premium to the East and with the possibility that traders could cancel liftings to relet at high levels, this could change quickly unless the arb improves.

EAST

The increased activity on shipping that we have seen ex US recently could potentially slow down the falling baltic. The main Owners are likely going to prioritize sending their next open ships West i/o East, especially for those about to open within F.E.A. Time of writing 1H September seems pretty much done on shipping in the Middle East, and some players have already started to sniff for freight ideas during 2H September. One trader was also looking at a potential freight requirement loading Australia yesterday

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,400,000	-\$100,000 ↓
LGC (60 000 cbm)	\$900,000	\$150,000 ↑
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	\$150,000	\$10,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$275	\$0 ➡
Saudi Arabia/CP	\$365	\$0 ➡
MT Belvieu (US Gulf)	\$266	\$4 ⬆
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)	\$243	\$16 ⬆
Sonatrach/Bethioua	\$310	\$0 ➡

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$45,000	\$3,000 ⬆
West of Suez 155-165 000 cbm	\$49,000	\$1,000 ⬆
1 Year T/C 155-160 000 cbm	\$45,000	\$0 ➡

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 →
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Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$37.0	\$0.0 →
Kamsarmax	\$21.0	\$0.0 →
Ultramax	\$19.5	-\$1.0 ↓

Dry (10 yr)

Capesize	\$20.0	-\$2.0 ↓
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	106.55	0.90 ↑
USD/KRW	1185.10	3.90 ↑
USD/NOK	8.98	0.13 ↑
EUR/USD	1.18	-0.01 ↓

Interest Rates

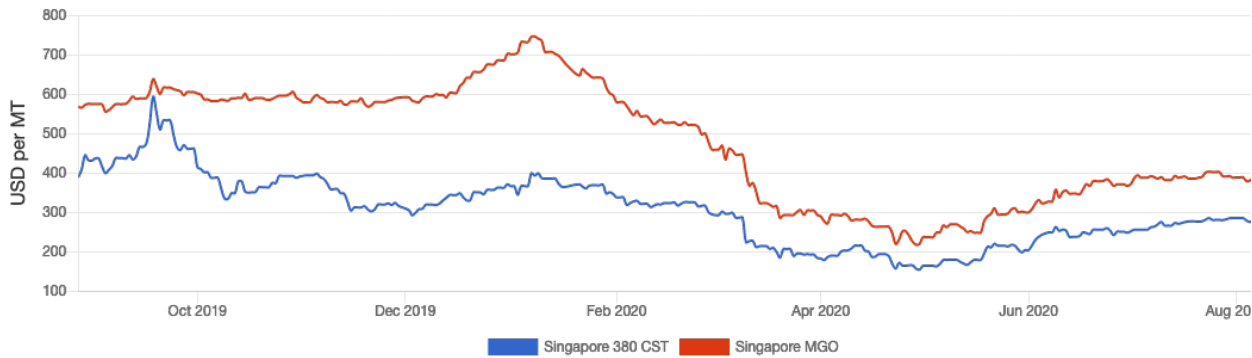
LIBOR USD (6 months)	0.30%	-0.01% ↓
NIBOR NOK (6 months)	0.35%	-0.01% ↓

Commodity Prices

Brent Spot	\$46.00	\$2.00 ↑
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Bunkers Prices

Singapore 380 CST	\$293.0	-\$3.5 ↓
Singapore Gasoil	\$387.5	-\$3.0 ↓
Rotterdam 380 CST	\$274.0	\$5.5 ↑
Rotterdam Gasoil	\$372.5	\$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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