

Fearnleys Weekly Report

Week 36 - September 02, 2020

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Tankers

Comments

VLCC

It's been a summer with a chronic lack of demand for crude, slowly chipping away on tanker earnings. Since the 'short T/C frenzy' at the end of April we have seen consecutive weeks of lower returns. There will be a bottom somewhere, and we might just be coming close this week. 'OPEX' is at the forefront, as owners run their numbers in a state of alarm. Last 24 hours, however, has seen an uptick in inquiry and e.g. Chinese giant Unipet were able to secure a number of ships for end 2nd decade September load down to WS 25 MEG/China. West Africa is also a little busier, and cargoes remain open in the USG. Thus, there is every chance owners can squeeze a point or two more across the board. Unlikely green shoots of a recovery just yet, as all fundamentals, including a lengthy position list point to more pain before pleasure.

Suezmax

The Suezmax market is continuing down the same path as it has been the last month. Cargo-activity is slow all over, and owners are getting more and more desperate to find something for their ships. In the West, TD20 is still trading at low WS 40's, and it does not seem to move anywhere. In the East, we see more ships berthing in China, causing the list to grow even longer. Owners are fixing negative returns to get their ships West, and for a MEG/East they will do less than USD 5000/day. Going forward we do not see the East market going anywhere - we are staring at the bottom of the market and probably will be for some time.

Aframax

A very slow activity level for Aframax trading in the North Sea and Baltic markets add to a lacklustre week for owners. We don't expect much change in sentiment and rates will move sideways around bottom levels in the week to come. Same can be said for the Mediterranean and Black Sea markets which has moved sideways at bottom levels all week. This is simply due to the long list of available ships in the area, compared to the poor levels of cargoes entering the market the last 7 days. Due to the sufficient amount of re-lets in the area covering own barrels, we do not expect any significant improvement in the spot market in the short run.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 18.0	-2.5 ↓
MEG/Japan (280 000)	WS 27.0	-5.0 ↓
MEG/Singapore (280 000)	WS 27.0	-5.5 ↓
WAF/FEAST (260 000)	WS 30.0	-4.0 ↓
WAF/USAC (130 000)	WS 40.0	-2.5 ↓
Sidi Kerir/W Med (135 000)	WS 45.0	-2.5 ↓
N. Afr/Euromed (80 000)	WS 55.0	-5.0 ↓

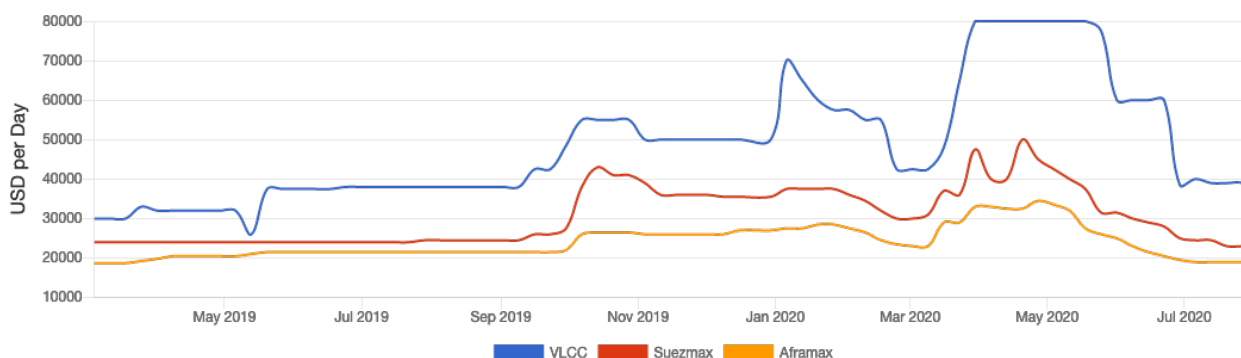
UK/Cont (80 000)	WS 77.5	0.0 →
Caribs/USG (70 000)	WS 62.5	-2.5 ↓

1 Year T/C (USD/Day)

VLCC (Modern)	\$36500.0	\$0 →
Suezmax (Modern)	\$22000.0	-\$500 ↓
Aframax (Modern)	\$19000.0	\$0 →

VLCC

VLCCs fixed in all areas last week	30	-11 ↓
VLCCs available in MEG next 30 days	160	1 ↑

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

Rates softening somewhat for the big ships, despite very punchy iron ore prices and subsequent volumes. Further surprising is that the accumulated effect of close to zero fleet growth, countless ship-days lost due to crew change delays, typhoons, substantial congestion and a large number of ships waiting off China since months to discharge Australian coal has yet to turn spot sentiment positive. Average daily earnings down 7 pct w-o-w to come in at USD 17,600, the Atlantic being the area holding up best despite labour issues in major coal exporter Colombia. Going forward, optimistic projections much attributed to seasonally increasing trade flows on the Brazil/China conference route. Period activity limited as ffa's give little support for levels anticipated/asked and number of definite candidates low - only a couple of conclusions for around 12 months duration on BCI index type tonnage in the USD low 15k's recently done.

Panamax

It was a slow start to the week with bank holiday in the UK. Tuesday got the Monday blues with little emerging. Rates however keep sliding in both hemispheres where TA's currently yielding high 13k/low 14k depending duration and delivery. In the Pacific, we see Aussie rounds being fixed at around USD 14k. There is still some glow to the ECSA grain market where low 15k being achieved retro sailing India for trips to the Far East.

Supramax

Initial slow start to the week, which picked up by mid-week and still Atlantic areas remaining firm. From the Black Sea, Ultras are fetching mid 20's to Far East and high 20's to India. From the Continent, Ultras are fixing scrap in the high teens to East Mediterranean, mid-high 20's to India, and mid-teens for ECSA bhaul. The South Atlantic market is strong with TA's paying USD 20,000 and fh USD 15k + 500k gbb on Ultras. From the Indian ocean, ECI/China fixing around USD 15,000 and South Africa/Far East USD 13,000 + 300k gbb. In the Pacific, nopac rounds fixing USD 11,000 on Ultras.

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

TCE Cont/Far East (180 DWT)	\$33,550	-\$875 ↓
Australia – China	\$7.8	-\$0.5 ↓
Pacific RV	\$18,988	-\$2,383 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$13,655	-\$1,500 ↓
TCE Cont/Far East	\$23,250	-\$1,075 ↓
TCE Far East/Cont	\$4,354	-\$4 ↓
TCE Far East RV	\$13,661	-\$50 ↓

Supramax (USD/Day)

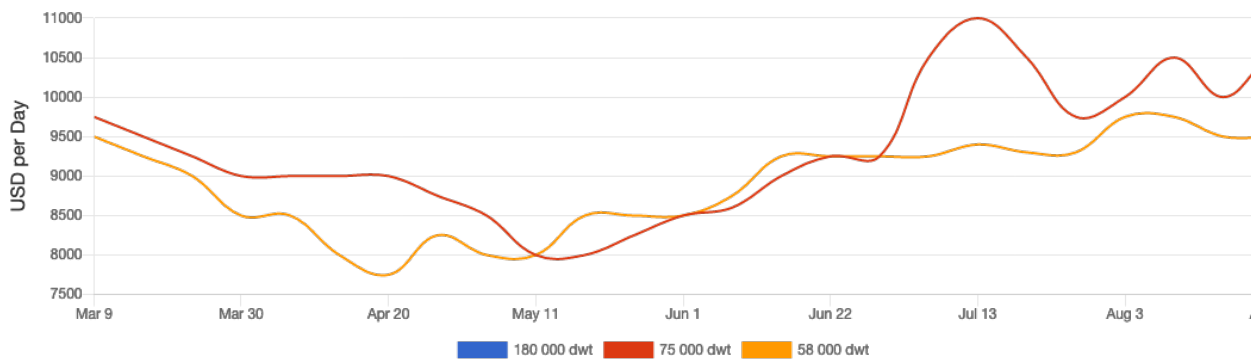
Atlantic RV	\$13,051	\$49 ↑
Pacific RV	\$9,507	-\$289 ↓
TCE Cont/Far East	\$23,596	-\$679 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$17,300	-\$100 ↓
Capesize (180 000 dwt)	\$15,000	-\$600 ↓
Kamsarmax (82 000 dwt)	\$12,000	\$0 →
Panamax (75 000 dwt)	\$10,500	\$0 →
Ultramax (64 000 dwt)	\$11,000	\$0 →
Supramax (58 000 dwt)	\$9,500	\$0 →

Baltic Dry Index (BDI)	\$1,445	
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1 Year T/C Dry Bulk



Gas

Chartering

EAST
Coming from a rather uneventful week last week, we are starting to see more activity out of the Middle East. A couple of ships have been taken out in the mid USD 50s Baltic for last decade September loading, and there is also one fob tender being looked at from a Middle Eastern supplier. Meanwhile rates continue to be under a bit of pressure as we are still seeing more shipping length from traders for the same period.

WEST
Hurricane Laura caused some delays for USG loading end August, but only Nederland loadings have been largely affected. Delays amounts to around 10 days at time of writing, there is currently 4 ships at anchorage waiting for firm berthing prospects. September looks largely covered for and 1st decade October fixing has slowly started. Freight rates for West loadings are back to trading at a couple dollars premium to Baltic. On the back of tight availability for ships in US up to mid October, it is hard to see the freight markets coming off significantly despite a challenging product market.



LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,300,000	-\$100,000 ↓
LGC (60 000 cbm)	\$900,000	\$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	\$160,000	\$10,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$305	\$30 ↑
Saudi Arabia/CP	\$365	\$0 →




MT Belvieu (US Gulf)	\$270	\$4 
Sonatrach/Bethioua	\$308	\$23 

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$321	\$35 
Saudi Arabia/CP	\$355	\$10 
MT Belvieu (US Gulf)	\$259	\$16 
Sonatrach/Bethioua	\$340	\$30 

LNG Rates

Spot Market (USD/Day)









East of Suez 155-165 000 cbm	\$50,000	\$3,000 
West of Suez 155-165 000 cbm	\$54,000	\$5,000 
1 Year T/C 155-160 000 cbm	\$47,000	\$2,000 

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	\$36.0	-\$1.0 ↓
Kamsarmax	\$22.0	\$1.0 ↑
Ultramax	\$19.5	\$0.0 →

Dry (10 yr)

Capesize	\$19.5	-\$0.5 ↓
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	\$26.5	-\$11.5 ↓
MR	\$26.0	\$0.0 →

Wet (10 yr)

VLCC	\$49.0	\$0.0 →
Suezmax	\$34.0	\$0.0 →
Aframax / LR2	\$26.0	-\$1.0 ↓
MR	\$18.0	\$0.0 →

Market Brief

Exchange Rates

USD/JPY	106.00	-0.15 ↓
USD/KRW	1182.95	-3.85 ↓
USD/NOK	8.73	-0.19 ↓
EUR/USD	1.20	0.01 ↑

Interest Rates

LIBOR USD (6 months)	0.31%	0.00% ↑
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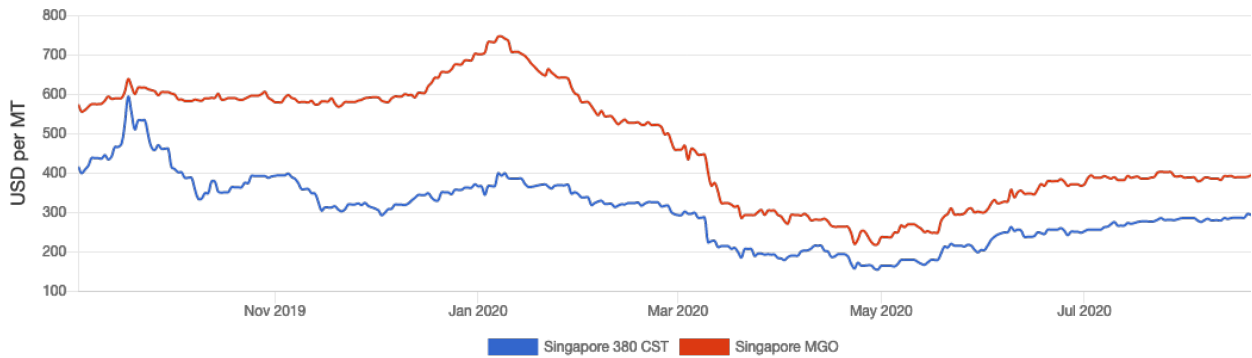
NIBOR NOK (6 months)	0.36%	0.00% ↑
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Commodity Prices

Brent Spot	\$45.50	\$0.50 ↑
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Bunkers Prices

Singapore 380 CST	\$293.5	\$0.5 ↑
Singapore Gasoil	\$391.0	\$3.5 ↑
Rotterdam 380 CST	\$276.5	\$2.5 ↑
Rotterdam Gasoil	\$356.0	-\$16.5 ↓



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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