

Fearnleys Weekly Report

Week 38 - September 16, 2020

Printer version

Tankers

Comments

VLCC

The VLCC market sprung to life at the end of last week. A flurry of activity, and rates all but doubled from their record low set a couple of weeks back. Poised ahead of October MEG stem nominations the WS40 mark was within grasp from both MEG and Wafr. Owners’ confidence were further strengthened by a number of +/- 6 months period fixtures, at daily rates well in excess of spot market earnings. However, the run of T/C fixtures has now tempered, and oil demand remains weak. Another flip side to charterers now wearing an “owner’s hat” is not needing to charter in third party ships, or not being to fussed when letting their ships out - witness no less by two different oilco. relets shaving a chunk off last done levels yesterday. And, with no lack of available tonnage, we’re likely still in for a bumpy ride going forward.

Suezmax






The Suezmax market was looking at the activity in the VLCC sector at the end of last week, with a hope it would rub off. Coming into the office this week, that small bit of hope was crushed by tonnage-list longer than we have seen this whole year. Almost half of the Wafr-list was ‘free of cargo’ ships, looking for somewhere to hide. In the East, you would think that the bunch of ships ballasting from East to Wafr would make the tonnage list for MEG look better, but unfortunately for owners there are plenty left. Right now, owners have nowhere to hide, and for the weeks to come, there is not much to do other than minimize waiting, and hope for an increase in activity.

Aframax

In the North Sea and Baltic markets there are an abundance of prompt available tonnage anywhere you turn. We don’t expect activity to pick up too much going forward either as quite a few of the end September and early October stems have already been covered on bigger sizes. So, rates will continue hovering around bottom levels in the week to come. Another harsh week has passed for owners in the Mediterranean and Black Sea as well, with the market moving sideways at bottom levels. The modest amount of cargoes we have seen enter the spot market is far from enough to satisfy the long list of prompt ships waiting for employment. Due to the numbers of available ships in the area we do not expect a firming market in the week to come.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 19.0	0.5 
MEG/Japan (280 000)	WS 37.0	10.0 
MEG/Singapore (280 000)	WS 38.0	10.0 
WAF/FEAST (260 000)	WS 39.0	6.0 
WAF/USAC (130 000)	WS 35.0	-2.5 
Sidi Kerir/W Med (135 000)	WS 42.5	-2.5 

N. Afr/Euromed (80 000)	WS 57.5	0.0 →
UK/Cont (80 000)	WS 75.0	0.0 →
Caribs/USG (70 000)	WS 55.0	0.0 →

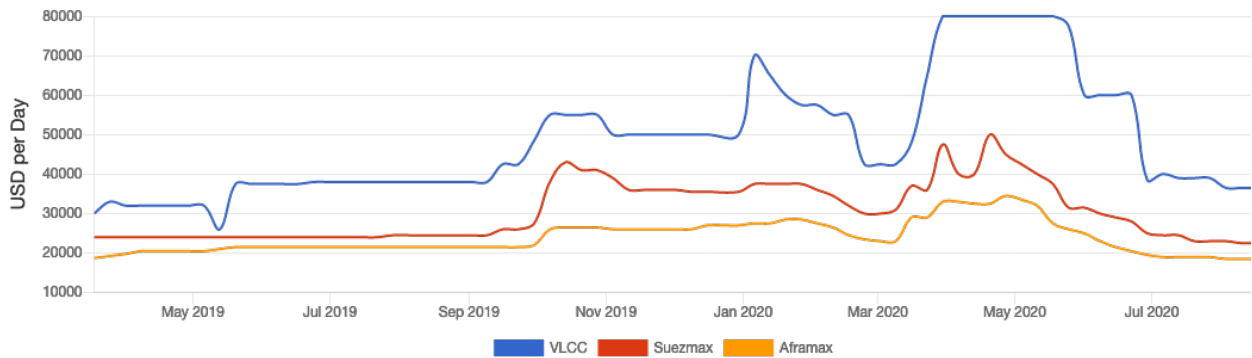
1 Year T/C (USD/Day)

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

VLCC

VLCCs fixed in all areas last week	64	-2 ↓
VLCCs available in MEG next 30 days	146	-8 ↓

1 Year T/C Crude



- Dry Bulk
- Comments
- Capesize

There is a good supply of cargoes in the Pacific, in particular C5 has been active although freight level is more or less unchanged from last weeks' USD 6.85 pmt to present low 7s pmt. India has been buying more coal, resulting in more active Indonesia/India and Richards Bay/India trades, but also here rates are not moving. Period activity is low, explained by the relatively flat and uneventful FFA market, but expected to pick up soon.

Panamax

After weeks of declining markets in both hemispheres we now seem to be at a turning point. It is more positive talks out in the market and the Baltic index is gaining values. However, it is not directly visible on rates being fixed - just yet. TA's are currently yielding high USD 9k while a NoPac round fixed USD 12,500 bss N.China delivery. We do see more demand in the market, but also a long tonnage list, thus we do not expect a big rally to happen.

Supramax

Humble performance on the Atlantic basin, where most of the rates losing ground. Usual scrap rounds from the Continent to the Mediterranean fixing around 16k. Grains from the Black Sea to the Far East covered tick lower i.e. ca 21k. A bit lower activity from the USG, where fhauls where covered now sub 24k. Grains from ECSA to China was covered at ca mid teens + bb. Trip from the Mediterranean to MEG could end up around similar levels i.e. ca

14,500k. Better sentiment was seen from the Asian arena. Trip from WCI to MEG was covered at ca 8k.

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

TCE Cont/Far East (180 DWT)	\$30,980	-\$625 ↓
Australia – China	\$7.2	\$0.5 ↑
Pacific RV	\$16,804	\$1,625 ↑

**Panamax (USD/Day, USD/Tonne)**

Transatlantic RV	\$9,865	-\$620 ↓
TCE Cont/Far East	\$19,582	-\$273 ↓
TCE Far East/Cont	\$3,961	-\$15 ↓
TCE Far East RV	\$11,777	-\$163 ↓

**Supramax (USD/Day)**

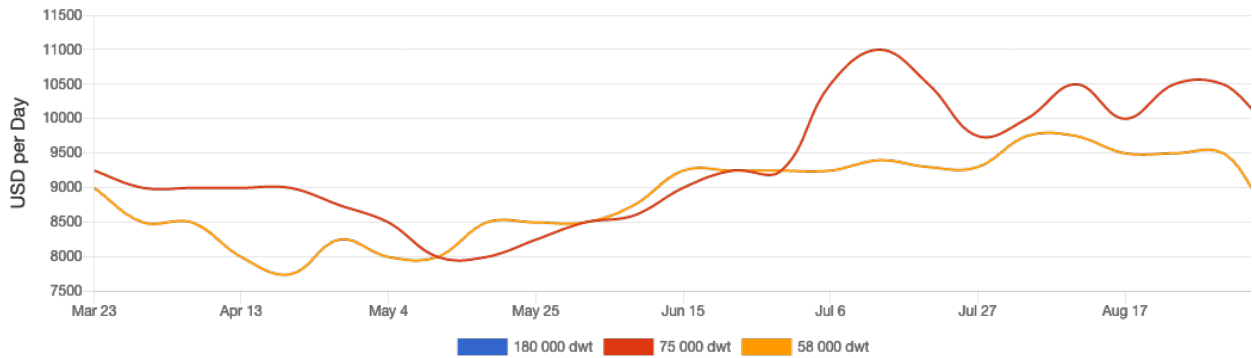
Atlantic RV	\$12,256	-\$324 ↓
Pacific RV	\$9,171	\$121 ↑
TCE Cont/Far East	\$20,996	-\$740 ↓

**1 Year T/C (USD/Day)**

Newcastlemax (208 000 dwt)	\$16,000	-\$300 ↓
Capesize (180 000 dwt)	\$14,000	\$0 →
Kamsarmax (82 000 dwt)	\$12,500	\$1,250 ↑
Panamax (75 000 dwt)	\$11,250	\$1,250 ↑
Ultramax (64 000 dwt)	\$10,500	\$750 ↑
Supramax (58 000 dwt)	\$9,500	\$750 ↑

Baltic Dry Index (BDI)	\$1,281	
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**1 Year T/C Dry Bulk**



Gas

Chartering

**WEST**

The West market has been relatively uneventful this week apart from a South American oil major entering the market for a VLGC 6-10 October. Despite shipping availability being relatively scarce in the first half of October, the market remains quite resilient for the time being. Mid October onwards there are some relets appearing in the USG, which may give an impression of the market weakening. Nevertheless, the number of spot fixtures concluded thus far for the month would suggest that there are at some fifteen to twenty spot deals left to be done, that is, if comparing to the monthly average number of fixtures done so far this year.

**EAST**

With more cargoes from the Indian majors shown to the market this week for 1st decade October loading, we have also started to see other trading companies looking at freight in the Middle East. A couple of ships were booked last night in the USD mid 50 Baltic range, and there are still 2 uncovered Indian cargoes which are being worked today. We are still also waiting for the announcement of Saudi acceptances which could possibly create further shipping requirements. In the meantime there are 3-4 trader relets available for the current fixing window, and together with the open ships from the main owners freight is looking fairly balanced at the moment (unless we see a sudden additional demand for shipping post Saudi acceptances).

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,450,000	\$50,000 ↑
LGC (60 000 cbm)	\$900,000	\$0 →
MGC (38 000 cbm)	\$700,000	\$0 →
HDY SR (20-22 000 cbm)	\$670,000	-\$20,000 ↓
HDY ETH (17-22 000 cbm)	\$710,000	-\$20,000 ↓
ETH (8-12 000 cbm)	\$420,000	\$30,000 ↑
SR (6 500 cbm)	\$330,000	\$30,000 ↑
COASTER Asia	\$250,000	\$0 →
COASTER Europe	\$160,000	\$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$305	\$0 ➡
Saudi Arabia/CP	\$365	\$0 ➡
MT Belvieu (US Gulf)	\$260	\$22 ⬆
Sonatrach/Bethioua	\$308	\$0 ➡

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$321	\$0 ➡
Saudi Arabia/CP	\$355	\$0 ➡
MT Belvieu (US Gulf)	\$267	\$31 ⬆
Sonatrach/Bethioua	\$340	\$0 ➡

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$50,000	\$0 ➡
West of Suez 155-165 000 cbm	\$52,500	\$0 ➡
1 Year T/C 155-160 000 cbm	\$47,000	\$0 ➡

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	\$86.5	-\$0.5 ⬇
Suezmax	\$56.5	-\$0.5 ⬇
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	\$0.0 →
Kamsarmax	\$22.0	\$0.0 →
Ultramax	\$19.5	\$0.0 →

Dry (10 yr)

Capesize	\$19.5	\$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	\$26.5	\$0.0 →
MR	\$26.0	\$0.0 →

Wet (10 yr)

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

Market Brief

Exchange Rates

USD/JPY	106.33	1.02 ↑
USD/KRW	1189.65	5.25 ↑
USD/NOK	8.97	0.16 ↑
EUR/USD	1.18	-0.01 ↓

Interest Rates

LIBOR USD (6 months)	0.29%	-0.02% ↓
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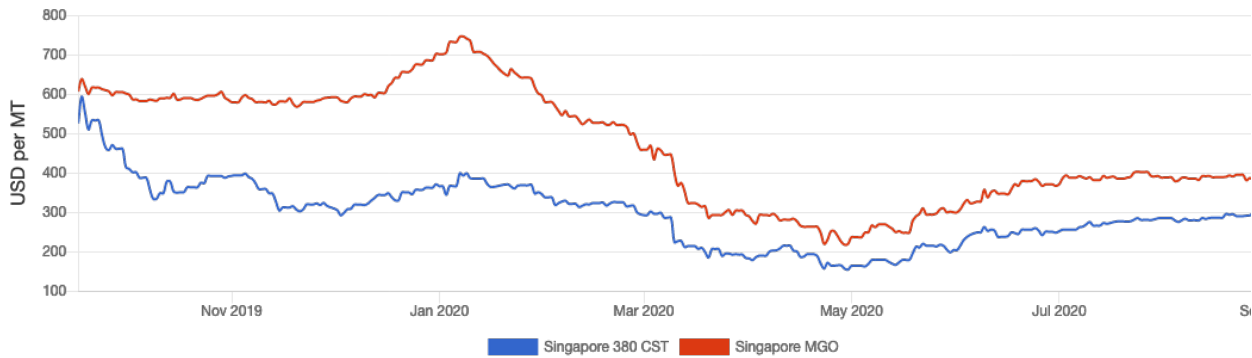
NIBOR NOK (6 months)	0.37%	0.01% <span>↑</span>
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Commodity Prices

Brent Spot	\$40.50	\$0.50 <span>↑</span>
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Bunkers Prices

Singapore 380 CST	\$261.0	-\$11.5 <span>↓</span>
Singapore Gasoil	\$339.0	-\$12.5 <span>↓</span>
Rotterdam 380 CST	\$245.0	-\$6.5 <span>↓</span>
Rotterdam Gasoil	\$323.5	\$0.0 <span>→</span>



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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