

Fearnleys Weekly Report

Week 39 - September 23, 2020

Printer version

Tankers

Comments

VLCC

Last week was so quiet you could hear a pin drop in the VLCC market. However, this week kicked off in a promising manner with a handful of cargoes entering the market from the get-go on Monday morning, some of which with tight laycans and a potential for an extra point or two. Alas, the end result was a further decline, and as the week progressed the sound of rates dropping drowned the sound of the pin – culminating yesterday with a sub WS30 MEG/Eastbound for all classes. Lower bunker prices have supported daily earnings, however covering OPEX is yet again becoming a challenge. The western hemisphere has ventured slightly better, but continued downward pressure in the MEG will entice tonnage to ballast from the East on spec, and the ramification inevitable. Batten down the hatches.

Suezmax

The Suezmax market is still struggling at bottom levels. The start of this week was no exception - two fixtures done in West Africa, both in low WS30's. Ballasters from the East are now looking at negative returns for a normal TD20 run. Halfway through the week we see some more action in the East. Cargo activity in MEG has picked up, but with a tonnage list being the longest YTD, rates remains at the bottom. Going forward we expect the Suezmaxes to continue facing terrible earnings, at least for the short-term future. Looking further than that there are some positives. Libya have now started exporting, and it is only a matter of time until production is up and running again. This will be a very welcomed happening for what lately have been a "dead" Med-market for the Suezmaxes.

Aframax

Another disappointing week for owners trading in the North Sea and Baltic Aframax market has passed. Some owners have put up some resistance refusing to fix at current low levels. However, there is always someone who is willing to accept rates close to breakeven levels in order to keep their ships sailing. We expect rates to stay around current low levels in the week to come. Also in the Mediterranean and Black Sea market another week has passed with little excitement for owners as cargo activity stays low and the list of prompt ships in the area just keeps getting longer. It is hard to see any signs of an increase in cargo activity in the short run, and we expect rates to continue hovering around bottom levels in the week to come.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 18.0	-1.0 ↓
MEG/Japan (280 000)	WS 30.0	-7.0 ↓
MEG/Singapore (280 000)	WS 31.0	-7.0 ↓
WAF/FEAST (260 000)	WS 34.0	-5.0 ↓
WAF/USAC (130 000)	WS 32.5	-2.5 ↓
Sidi Kerir/W Med (135 000)	WS 40.0	-2.5 ↓

N. Afr/Euromed (80 000)	WS 57.5	0.0 →
UK/Cont (80 000)	WS 70.0	-5.0 ↓
Caribs/USG (70 000)	WS 55.0	0.0 →

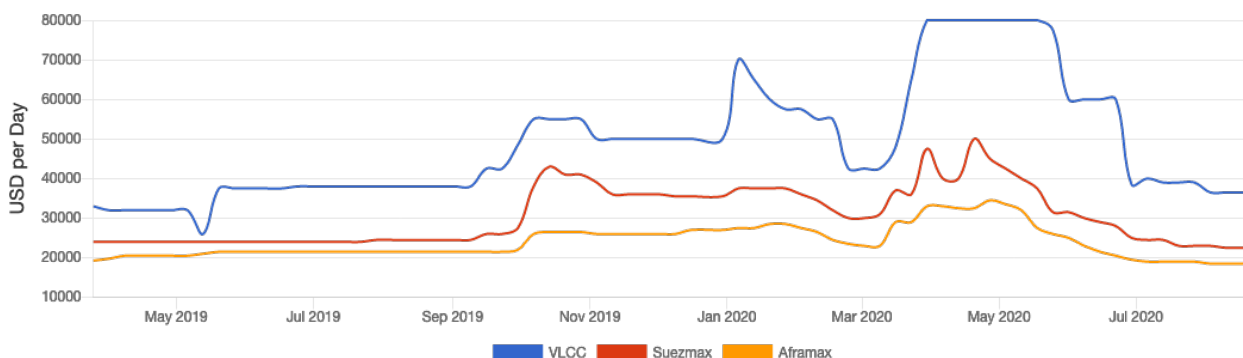
1 Year T/C (USD/Day)

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

VLCC

VLCCs fixed in all areas last week	36	-28 ↓
VLCCs available in MEG next 30 days	152	6 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Over the last week the iron ore segment from Brazil to China has picked up, and we see freight rates up USD 2 (12%) week on week. On top of this, all the Australian miners have been fairly active pushing the West Australia to China route up 17%. In general, the mood is positive and taking into account we are head into a seasonal strong period, it's expected that the market will continue the upwards trend.

Panamax

This week the Panamax market has experienced a slight uptick in rates in both hemispheres. There are however signs of slight weakening in the Pacific market the last couple of days. TA's are currently yielding in the 10-11k region, while Pacific rounds are being fixed at 12k. We do see more demand for minerals in the North Atlantic and a quite tight tonnage list for now. This can turn quickly when available tonnage will re-appear.

Supramax

Strong sentiment from the Pacific where rates pushing upwards, while sideways feeling in the Atlantic, with some pressure building up in certain areas, leading to increased expectations into the coming month. In the Far East, Aussie RV's paying around USD 11,000, while Indo/India fixing around USD 13,000. In the Atlantic, bad weather

led to congestion and pressure on rates especially in the handy segment, but also limited tonnage of Supra at North Continent. FH paying in the low USD 20's ex Continent and Black Sea, while backhaul to USG around USD 13,000 ex Continent.

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

TCE Cont/Far East (180 DWT)	\$32,675	\$1,700 ↑
Australia – China	\$8.4	\$1.4 ↑
Pacific RV	\$21,863	\$5,471 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$10,860	\$920 ↑
TCE Cont/Far East	\$20,650	\$945 ↑
TCE Far East/Cont	\$4,064	\$100 ↑
TCE Far East RV	\$12,070	\$248 ↑

Supramax (USD/Day)

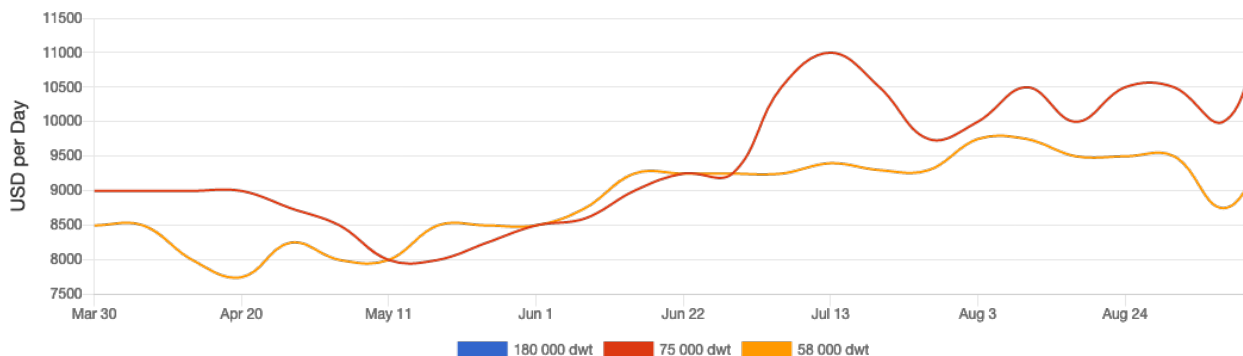
Atlantic RV	\$12,641	\$452 ↑
Pacific RV	\$9,826	\$512 ↑
TCE Cont/Far East	\$20,396	-\$454 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$16,750	\$750 ↑
Capesize (180 000 dwt)	\$14,600	\$600 ↑
Kamsarmax (82 000 dwt)	\$12,500	\$0 →
Panamax (75 000 dwt)	\$11,250	\$0 →
Ultramax (64 000 dwt)	\$10,750	\$250 ↑
Supramax (58 000 dwt)	\$9,750	\$250 ↑

Baltic Dry Index (BDI)	\$1,426	
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1 Year T/C Dry Bulk



Gas

Chartering

WEST

Freight is strong in the US and trading at closer to mid USD 90's, which is a couple USD premium to Baltic. The shipping markets are currently experiencing inefficiencies due to bad weather in the Far East, up to a week of delays in Panama and Houston is at time of writing lagging 3-4 days in loadings. In October we see quite a few uncovered cargoes for the back end of the month and we could see freight rates strengthen more in the weeks ahead, although the arb West/East so far seems to keep a ceiling on freight before we experience three digit rates concluded.

EAST

Fixing out of the Middle East is now moving towards second decade of October dates, and with 6-7 vessels still potentially available in the first decade, we might see an overhang of ships which is currently putting some pressure on the Baltic. However, with a stronger West premium seen at the moment, we don't expect the Baltic to come off by too much as owners would eventually be inclined to send their ships out West instead.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,250,000	-\$200,000 ↓
LGC (60 000 cbm)	\$900,000	\$0 →
MGC (38 000 cbm)	\$850,000	\$150,000 ↑
HDY SR (20-22 000 cbm)	\$650,000	-\$20,000 ↓
HDY ETH (17-22 000 cbm)	\$700,000	-\$10,000 ↓
ETH (8-12 000 cbm)	\$420,000	\$0 →
SR (6 500 cbm)	\$330,000	\$0 →
COASTER Asia	\$250,000	\$0 →
COASTER Europe	\$150,000	-\$10,000 ↓

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$305	\$0 →
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Saudi Arabia/CP	\$365	\$0 →
MT Belvieu (US Gulf)	\$259	-\$2 ↓
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)	\$257	-\$11 ↓
Sonatrach/Bethioua	\$340	\$0 →

LNG Rates**Spot Market (USD/Day)**

East of Suez 155-165 000 cbm	\$57,500	\$7,500 ↑
West of Suez 155-165 000 cbm	\$60,000	\$7,500 ↑
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	\$86.0	-\$0.5 ↓
Suezmax	\$56.0	-\$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	\$15.0	\$0.5 ↑
Ultramax	\$11.0	\$0.0 →

Wet (5 yr)

VLCC	\$68.0	-\$2.0 ↓
Suezmax	\$46.0	-\$1.5 ↓
Aframax / LR2	\$36.0	\$9.5 ↑
MR	\$26.0	\$0.0 →

Wet (10 yr)

VLCC	\$46.0	-\$3.0 ↓
Suezmax	\$31.0	-\$3.0 ↓
Aframax / LR2	\$25.0	-\$1.0 ↓
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% ↑
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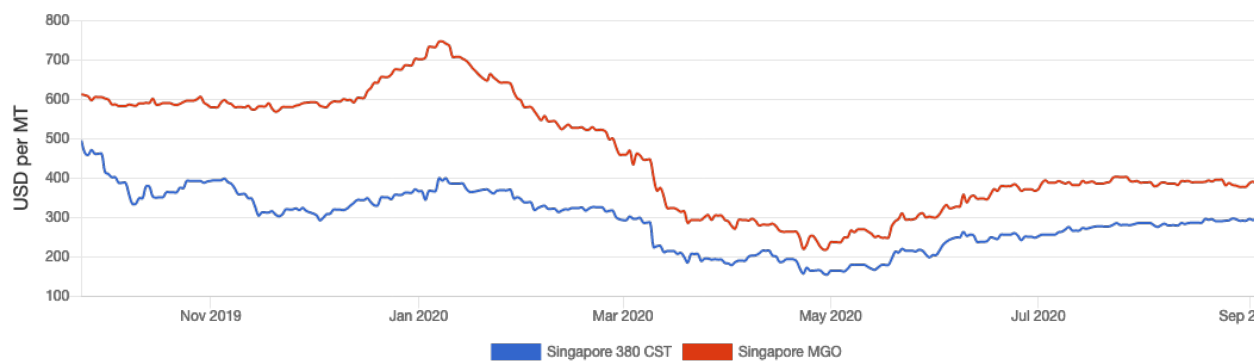
Commodity Prices

Brent Spot	\$41.50	-\$1.50 ↓
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Bunkers Prices

Singapore 380 CST	\$263.5	\$2.5 ↑
Singapore Gasoil	\$347.0	\$8.0 ↑

Rotterdam 380 CST	\$250.5	\$5.5 ↑
Rotterdam Gasoil	\$324.0	\$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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