Fearnleys Weekly Report

Week 44 - October 28, 2020

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Tankers

VLCC

The November MEG program is in full swing, however rates continue on a downward trajectory. Any normal year we'd see increased demand and rates ticking up for the winter season, but Covid-19 has put a stop to any normality. MEG/East rates are drifting down through the WS20's, and Wafr/eastbound rates have also dipped below the WS30 mark. From the USG, often an area of strength in comparison, charterers are understandably using their own vessels whenever possible. Many owners are taking the opportunity to dry dock their vessels in this depressed environment. However, upon completion these ships often become sitting ducks, given the (arguably) misplaced 'perception' of cargo clingage. Still, charterers have plenty to choose from, and without a viable vaccine and a big shift in global demand we expect more of the same.

Suezmax

Coming into this week, Suezmax owners had a different mindset than they have had in several months. Increased activity at the end of last week, with prompt cargoes begging for offers during the weekend, made owners bullish for the first time in a while. The main factor behind this is the massive export from Libya entering the market. This activity pushed Med/East rates up USD 500k, and even TD20 was up 7.5p in a couple of hours. Owners were holding back, and market looked to be improving significantly. But as charterers managed to keep their cool, it all slowed down quickly. Tonnage list is looking healthier but still plenty of ship to fix, and owners started taking out cargoes one by one. Now we see healthier tonnage lists both in the East and Atlantic, but still prompt ships around, and we expect market to stabilize.