Fearnleys Weekly Report

Week 45 - November 04, 2020

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Tankers

VLCC

A new week, a new month, alas the same poor VLCC market, with the coming winter looking more Game of Thrones than gain in freights. The second Covid-19 wave has hit hard, leaving little hope for oil demand, emphasized further by leading OPEC countries and Russia suggesting further production cuts – on the back of which oil prices have recouped most of last week’s losses. Adding insult to injury bunker prices have followed suit, with daily tanker earnings now into single digits per day. However, owners are becoming increasingly reluctant to commit to these cuts to the bone earnings, which has curbed the downward spiral somewhat. MEG/eastbound voyages are now priced in the mid WS20’s with a few more points added for longer West/East voyages, and we expect more of the same moving forward.

Suezmax

The Suezmax market is still the same old story. With the risk of sounding like a broken record, the market has a fairly decent cargo activity, but it is just too many ships. At the beginning of the week we had 5 cargoes working ex Wafr, giving owners an incentive to push for higher rates, but looks like 2.5-5 points is all that is in this. In the East, the market looks fairly steady. There are plenty of ships to choose from if you could take an older, or handicapped ship, but if you need a modern, the list is looking healthier. For the week to come we expect the market to keep on grinding at bottom levels unless something extraordinary happens the oil demand.