

## Fearnleys Weekly Report

Week 11 - March 13, 2019

### Tankers

#### VLCC

The Vlcc market has this week been a bit 'all-over-the-place'. One moment it has looked firm with steady rates being paid both in the Meg and also West Africa. The lack of steady demand ex Americas and particularly Usg has infused some doubt in the market and especially for those who have ballasted West on spec. It has therefore been too much of a gamble not to accept the rates offered on the few cargoes shown, and rates have taken a bit of a dip. Nothing dramatic so far but increased volumes for all the major Vlcc-routes required for rates to have any chance to hold at present levels.

#### Suezmax

Suezmaxes lost further ground over the past week as Charterers looked to cherry pick tonnage off market thus burying fixtures and managing to erode rates further. Demand for fuel oil in the east has kept the med market ticking over and there are signs of some arbitrage enquiry in the north that could compliment the slim West Africa offerings. TD20 has hit a low of ws 60 so far this week and TD6 has slipped down to ws 75 having had very limited action. There is still some pain to come for owners as the trend for the week ahead has a softer tone with just too many ships still available on lists.

#### Aframax

As expected, Aframax rates in the Nsea and Baltic increased entering the fixing window in third decade of March. This firm sentiment looks to continue as Owners have the upper hand in the current fixing window. However, going forward there is more available tonnage coming open in the area and we expect rates to soften once 3rd decade cargoes get covered. In the Mediterranean and Black Sea on the other hand, we have seen rates come off this week due to low activity levels from Charterers side. Prompt ships are piling up in the area and we have seen TD19 (cross-Med) crumble down from WS 110 levels mid last week to WS 90 levels at time of writing. Fixtures ex Black Sea have dropped around 35 points from WS 135 to WS 100 levels over the last week. Unless Owners start ballasting their ships away from the area in order to try their luck in alternative markets, we expect freight levels in the Mediterranean and Black Sea to remain under pressure in the week to come as the current tonnage list still looks healthy.

### Rates

| <b>DIRTY (Spot WS)</b> | <b>Size</b> | <b>This week</b> | <b>Change</b> |
|------------------------|-------------|------------------|---------------|
| MEG/WEST               | 280 000     | 33.0             | 0.0 →         |
| MEG/Japan              | 280 000     | 67.5             | 0.0 →         |
| MEG/Singapore          | 280 000     | 69.0             | 0.0 →         |
| WAF/FEAST              | 260 000     | 66.0             | 0.0 →         |

|                  |         |       |         |
|------------------|---------|-------|---------|
| WAF/USAC         | 130 000 | 62.5  | 0.0 →   |
| Sidi Kerir/W Med | 135 000 | 67.5  | 0.0 →   |
| N. Afr/Euromed   | 80 000  | 85.0  | -27.5 ↓ |
| UK/Cont          | 80 000  | 112.5 | 5.0 ↑   |
| Caribs/USG       | 70 000  | 100.0 | 0.0 →   |

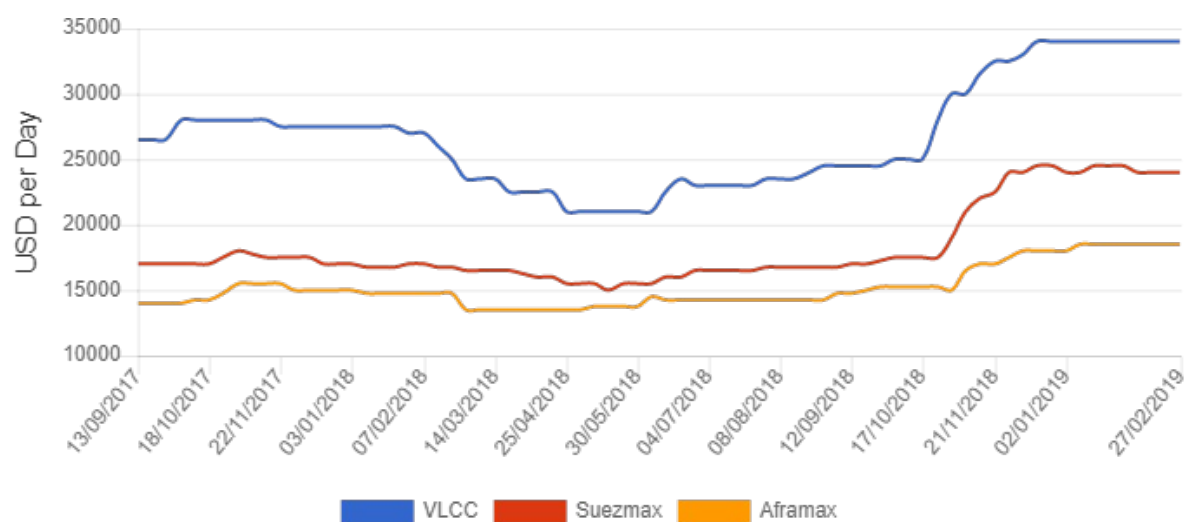
### 1 Year T/C (USD/Day)

|         |        |          |       |
|---------|--------|----------|-------|
| VLCC    | Modern | \$30,000 | \$0 → |
| Suezmax | Modern | \$24,000 | \$0 → |
| Aframax | Modern | \$18,750 | \$0 → |

**VLCCs fixed in all areas last week** 52 -13 ↓

**VLCCs available in MEG next 30 days** 125 0 →

## 1 Year T/C Crude



## Dry Bulk

### Capesize

Average daily earning still well below operating costs, and owners keep bleeding - but nevertheless finally some bright spots for the big ships, and most players seem to believe the worst for 2019 is now past. Healthy iron ore and coal volumes from Australia absorb a number of early far east units, and west australia/china rates have improved by some 18 pct to come in at usd 5.50 pmt w-o-w. In Atlantic, the tendency is for fronthaul ore being loaded further north to compensate for ongoing Brazilian export problems, however freight levels paid remain weak. Little period concluded for the modern large units at fixed rates as gap between available levels and forward expectation remain too wide, but for the smaller vintage ships the most recent is 171000 dwt built 2005 open India prompt done for 20-23 months at usd 9750.

### Panamax

There has been limited activity this week, partly due to a greek holiday and a lack of fresh orders along with a slimming tonnage list. Rates have been going down in both basins, but signs are showing that the

grain levels will be looking positive for April dates from ECSA. transatlantic round voyage currently yields about USD 4,500 per day, while a short fronthaul from the continent yields around low USD 12,000. In the east, a Pacific round voyage pays around the USD 8,000's. The BPI 4TC-index is down 99 points for the week, currently at 839 points.

## Supramax

A more negative segment this week in Pacific, although seeing still Indo coal cargoes getting fixed at around USD 12000 to China. Indian Ocean has improved with vessels fixing 12250+225k gbb Rbay to Feast and from WCI to China paying around USD 11000. In the Atlantic still relatively weak levels seen from continent with scrap cargo to Emed fixing around USD 7750. ECSA seen stronger levels with USD 13000 + 300k gob done for fronthaul and USD 15000 to Med.

## Rates

### Capesize (USD/Day, USD/Tonne) This week Change

|                              |          |        |
|------------------------------|----------|--------|
| TCT Cont/Far East (180' DWT) | \$16,300 | \$0 →  |
| Tubarao/Rotterdam (Iron Ore) | \$5      | \$0 ↑  |
| Richards Bay/Rotterdam       | \$5      | -\$0 ↓ |

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

|                               |          |            |
|-------------------------------|----------|------------|
| Transatlantic RV              | \$4,500  | -\$1,200 ↓ |
| TCT Cont/Far East             | \$12,000 | -\$1,000 ↓ |
| TCT Far East/Cont             | \$2,200  | -\$200 ↓   |
| TCT Far East RV               | \$8,000  | -\$1,000 ↓ |
| Murmask b.13-ARA 15/25,000 sc | \$6      | -\$0 ↓     |

### Supramax (USD/Day)

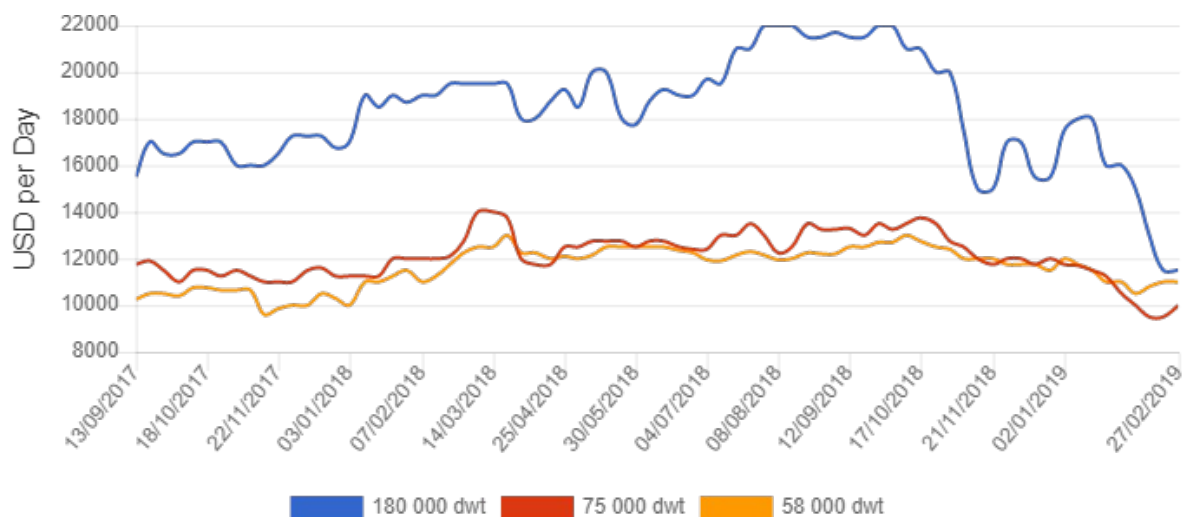
|                   |          |          |
|-------------------|----------|----------|
| Atlantic RV       | \$7,800  | -\$200 ↓ |
| Pacific RV        | \$10,250 | \$250 ↑  |
| TCT Cont/Far East | \$12,900 | -\$100 ↓ |

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

|                        |          |            |
|------------------------|----------|------------|
| Capesize (180 000 dwt) | \$11,500 | \$0 →      |
| Capesize (170 000 dwt) | \$9,500  | -\$1,000 ↓ |
| Panamax (75 000 dwt)   | \$10,600 | -\$400 ↓   |
| Supramax (58 000 dwt)  | \$10,800 | -\$200 ↓   |

**Baltic Dry Index (BDI)** 654.0

## 1 Year T/C Dry Bulk



## Gas

### Chartering

The VLGC market in the West came back to life this week with several fixtures out of the US during first decade of April. A week or so back in time, 1-10 April seemed more-or-less done in terms of cargo enquiries, however, a spot FOB tender parallel to a couple of US East coast cargoes needing freight revived the market. Very high USD 50's was still on the cards as of yesterday although owners are now trying to use the momentum to push freight back above the USD 60 per ton mark.

2nd decade April stems are already being shown, however, remains to be fixed. First half April looks to be controlled by one major owner and vessel overhang from March to April has been reduced from 4-5 VLGCs to abt 1-3 VLGCs. The market East of Suez was active last week for end March and very early April laycans and the market turned from somewhat negative to suddenly breaking USD 30 per ton again. Early April seems fairly tight on shipping, however, with ADNOC acceptances being delayed some 1-2 weeks and players expecting both delays and cuts from Saudi Aramco with regards to April cargoes, the inevitable question is how long this uptick with last.

### LPG Rates

| Spot Market (USD/Month) | This week | Change     |
|-------------------------|-----------|------------|
| VLGC (84 000 cbm)       | \$459,000 | \$84,000 ↑ |
| LGC (60 000 cbm)        | \$500,000 | \$0 →      |
| MGC (38 000 cbm)        | \$510,000 | \$0 →      |
| HDY SR (20-22 000 cbm)  | \$500,000 | \$0 →      |
| HDY ETH (17-22 000 cbm) | \$750,000 | \$0 →      |
| ETH (8-12 000 cbm)      | \$450,000 | \$0 →      |
| SR (6 500 cbm)          | \$540,000 | \$0 →      |
| COASTER Asia            | \$260,000 | \$0 →      |
| COASTER Europe          | \$360,000 | \$30,000 ↑ |

| LGP/FOB Prices (USD/Tonne) | Propane  | Butane   |
|----------------------------|----------|----------|
| FOB North Sea/ANSI         | \$413.00 | \$473.00 |
| Saudi Arabia/CP            | \$490.00 | \$520.00 |
| MT Belvieu (US Gulf)       | \$354.93 | \$361.27 |
| Sonatrach/Bethioua         | \$420.00 | \$490.00 |

## LNG Rates

| Spot Market (USD/Day)        | This week | Change     |
|------------------------------|-----------|------------|
| East of Suez 155-165 000 cbm | \$25,000  | -\$2,500 ↓ |
| West of Suez 155-165 000 cbm | \$40,000  | -\$1,000 ↓ |
| 1 Year T/C 155-160 000 cbm   | \$73,000  | -\$8,000 ↓ |

## Newbuilding

### Activity Levels

Tankers

● Slow

Dry Bulkers

● Slow

Others

● Increasing

## Prices

| Prices (Million USD) | Size    | This week | Change |
|----------------------|---------|-----------|--------|
| VLCC                 | 300 000 | \$91      | \$0 →  |
| Suezmax              | 150 000 | \$61      | \$0 →  |
| Aframax              | 110 000 | \$51      | \$0 →  |
| Product              | 50 000  | \$37      | \$0 →  |
| Capesize             | 180 000 | \$50      | \$0 →  |
| Kamsarmax            | 82 000  | \$29      | \$0 →  |
| Ultramax             | 64 000  | \$27      | \$0 →  |
| LNGC (MEGI) (cbm)    | 170 000 | \$188     | \$0 →  |

## Sale & Purchase

### Prices

|               | 2014   | 2009   |
|---------------|--------|--------|
| <b>Dry</b>    |        |        |
| Capesize      | \$40.0 | \$24.0 |
| Kamsarmax     | \$25.0 | \$16.5 |
| Ultramax      | \$24.0 | \$14.0 |
| <b>Wet</b>    |        |        |
| VLCC          | \$67.0 | \$45.0 |
| Suezmax       | \$48.5 | \$34.0 |
| Aframax / LR2 | \$34.0 | \$23.5 |
| MR            | \$29.0 | \$17.0 |

## Market Brief

## Exchange Rates

### USD/JPY

111.38 ↓ -0.52

### USD/KRW

1129.75 ↑ 4.35

### USD/NOK

8.64 ↓ -0.04

### EUR/USD

1.13 ↓ 0.00

## Interest Rates

### LIBOR USD (6 months)

\$2.68 ↓ -\$0.01

### NIBOR NOK (6 months)

kr 1.34 ↑ kr 0.05

## Commodity Prices

### Brent Spot

\$66.69 ↑ \$0.83

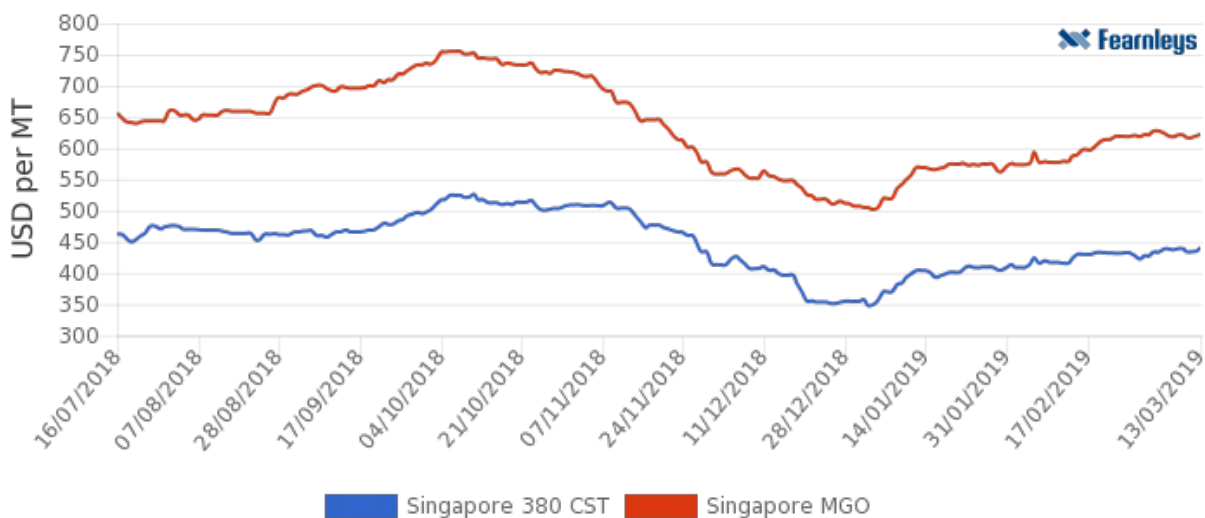
## Bunker Prices

### Singapore

| 380 CST | 180 CST | MGO   |
|---------|---------|-------|
| \$441   | \$468   | \$622 |
| ↑ \$2   | ↓ -\$3  | ↑ \$2 |

### Rotterdam

| 380 CST | 180 CST | MGO   |
|---------|---------|-------|
| \$417   | \$456   | \$586 |
| ↑ \$9   | ↑ \$10  | ↑ \$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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