

Fearnleys Weekly Report

Week 17 - April 24, 2019

Tankers

VLCC

The resurrection turned out to be short lived in the VLCC market. After last week's fixing frenzy, with rates improving by the fixture, things took a turn for the worse again this week. Oil company relets are being marketed en masse, adding to an already populated position list. MEG/China was logged at W42.5 yesterday - yielding a daily return in the low teens, and barely covering OPEX - and further downward risk is evident short term. The Atlantic market is faring slightly better, as owners are reluctant to commit to longer employment at current levels.

Suezmax

Suezmax owners managed to keep some momentum in a firmer market leading into the Easter holidays as Charterers rushed to cover stems before the impending prolonged break, TD20 briefly saw returns close to 18k per day. However, inevitably tonnage again built as the market was paused for a few days, thus the early part of this week has seen rates eroding again. We are round the corner from a predicted impending market recovery at the back end of June and surely this is the last chance for Charterers to wrestle control in a downward direction for a while.

Aframax

Aframaxes trading in the North Sea and Baltic enjoyed a pre-Easter fixing rush. On the back of this activity coupled with some injection stems ex Baltic, rates improved with about 10 worldscale points overall. After the Easter break, the market turned quiet again. In the short term, rates will at best move sideways. However, we expect activity to pick up again moving into the next fixing window and we could see a firmer market again. The Mediterranean and Black Sea market has moved sideways the past week as several offices have been closed for Easter break holidays. TD19 (Cross-Med) has been hovering around 77.5 to 80 levels. Activity has picked from Charterers' side at the beginning of this week, but although cargoes are coming into the market optimism from the Owners is short lived as there are still enough prompt ships around to take of the steam. Charterers will still enjoy the luxury of seeing several prompt ships available for cross Med voyages in the week to come and we expect rate levels to remain stable.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	20.0	0.0 →
MEG/Japan	280 000	42.5	0.5 ↑
MEG/Singapore	280 000	43.5	0.5 ↑
WAF/FEAST	260 000	45.0	3.0 ↑

WAF/USAC	130 000	60.0	-7.5 ↓
Sidi Kerir/W Med	135 000	72.5	-5.0 ↓
N. Afr/Euromed	80 000	77.5	-5.0 ↓
UK/Cont	80 000	92.5	12.5 ↑
Caribs/USG	70 000	77.5	0.0 →

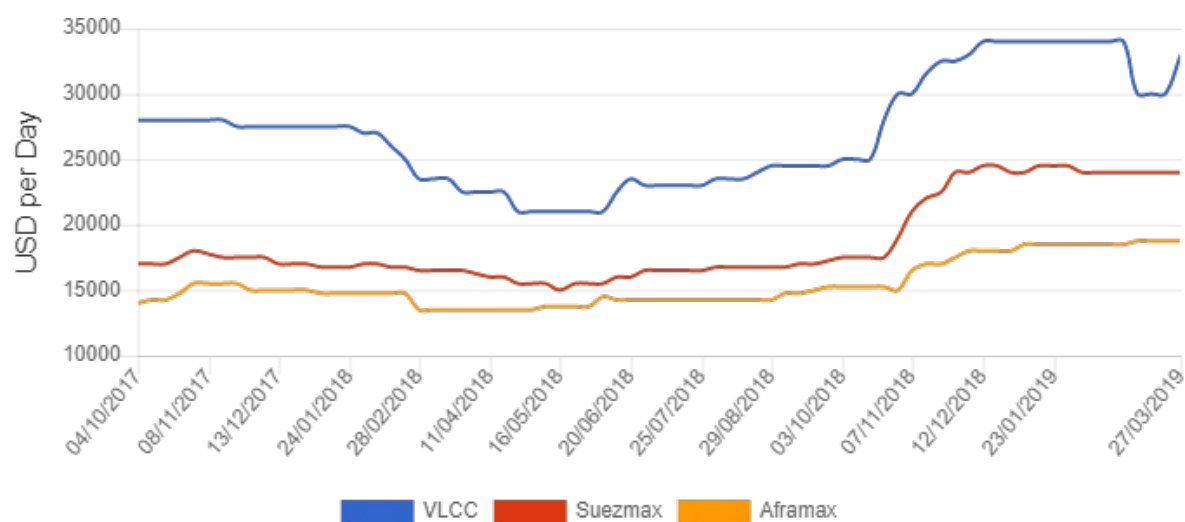
1 Year T/C (USD/Day)

VLCC	Modern	\$32,000	\$0 →
Suezmax	Modern	\$24,000	\$0 →
Aframax	Modern	\$20,500	\$0 →

VLCCs fixed in all areas last week 56 -19 ↓

VLCCs available in MEG next 30 days 125 0 →

1 Year T/C Crude



Dry Bulk

Capesize

After c5 bottomed at USD 5.35 last week, the market has improved to 6.15 this week on the back of fresh enquiries out of Australia. There also been more period activity with modern 180,000 units being paid 16,300 and 17,000 for one year. In the near term we expect the market to improve a bit further, but the big gains have to wait until we see stronger activity out of Brazil. In that respect, things are of course hinging on how quickly Vale can bring capacity back online.

Panamax

With rates continuing to improve, especially in the Atlantic, the BPI 4TC-Index has risen this week, now at 1177 points. A transatlantic round voyage currently yields about USD 10,000 per day, while a short fronthaul from the Continent yields around low USD 17,000. In the East, a Pacific round voyage pays around USD 8,000.

Supramax

SE Asia market has seen good improvement due to the Indonesian coal export. Levels increased to 9,000/10,000 pd. Ultramax was fixed USD mid 12,000 pd for a trip to East Coast India from Singapore. South African trip into China was reported at around USD 12,000 pd plus 200k ballast bonus, which is also better than last done. Continental seen healthy enquiry of fertiliser stems to ECSA and Far East. USG experienced balanced market, and stable rates. USG trip into Mediterranean was reported at USD 12,750 pd on an Ultramax and FH with Petckoke to India USD 19,000. ECSA seen good demand for prompt tonnage and rates improved. ECSA to Mediterranean fixing at 14,000 on Supra and USD 17,000 in Ultra.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180' DWT)	\$19,000	-\$400 ↓
Tubarao/Rotterdam (Iron Ore)	\$5	\$0 →
Richards Bay/Rotterdam	\$5	\$0 →

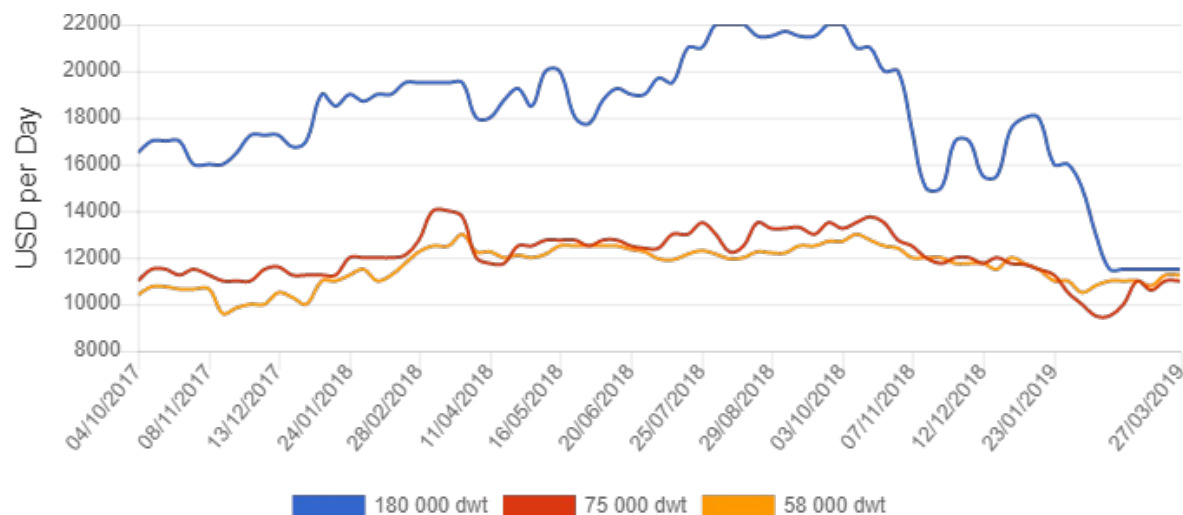
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	\$10,000	\$700 ↑
TCT Cont/Far East	\$17,000	\$1,100 ↑
TCT Far East/Cont	\$2,600	\$150 ↑
TCT Far East RV	\$8,000	\$1,300 ↑
Murmask b.14-ARA 15/25,000 sc	\$7	\$0 ↑

Supramax (USD/Day)		
Atlantic RV	\$8,500	\$500 ↑
Pacific RV	\$8,750	\$1,750 ↑
TCT Cont/Far East	\$13,500	\$500 ↑

1 Year T/C (USD/Day)		
Capesize (180 000 dwt)	\$15,500	\$1,500 ↑
Capesize (170 000 dwt)	\$13,500	\$1,700 ↑
Panamax (75 000 dwt)	\$10,500	\$500 ↑
Supramax (58 000 dwt)	\$10,500	-\$100 ↓

Baltic Dry Index (BDI) 850.0

1 Year T/C Dry Bulk



Gas

Chartering

WEST: Focus in the West is still on end May ex USG, which is tight on vessel supply simply due to all the forward fixing done over the last couple of weeks. Having said that, the Baltic has rallied and the equivalent rate for Houston/East voyages is now up to about USD 105 per ton basis Houston/Chiba via Panama, whereas last confirmed fixture ex Houston to go East was actually in the high USD 80's per ton. There are still a couple of (potentially) uncovered stems end May in the USG, although charterers' rate ideas and owners' ideas are, time being, too far apart. Early June fixing has yet to kick off.

EAST: Most of the 1st half May positions in the MEG were covered during last week, and while shipping availability was fairly tight for same period the bullish sentiment on freight continued. 2nd half May however looks little bit different, and we are seeing more traders with shipping length in addition to the usual Owners. We therefore expect next deals to be concluded below last done levels.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$1,500,000	\$400,000 ↑
LGC (60 000 cbm)	\$500,000	\$0 →
MGC (38 000 cbm)	\$515,000	\$30,000 ↑
HDY SR (20-22 000 cbm)	\$495,000	\$15,000 ↑
HDY ETH (17-22 000 cbm)	\$730,000	\$0 →
ETH (8-12 000 cbm)	\$450,000	\$20,000 ↑
SR (6 500 cbm)	\$500,000	\$0 →
COASTER Asia	\$260,000	\$0 →
COASTER Europe	\$330,000	\$30,000 ↑

LGP/FOB Prices (USD/Tonne)	Propane	Butane
FOB North Sea/ANSI	\$405.50	\$466.00
Saudi Arabia/CP	\$515.00	\$535.00
MT Belvieu (US Gulf)	\$343.00	\$314.40
Sonatrach/Bethioua	\$410.00	\$480.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$25,000	\$0 →
West of Suez 155-165 000 cbm	\$39,000	\$0 →
1 Year T/C 155-160 000 cbm	\$74,000	\$0 →

Newbuilding

Activity Levels

Tankers

Dry Bulkers

Others

● Moderate

● Moderate

● Moderate

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	\$189	\$0 →

Sale & Purchase

Prices

Dry	2014	2009
Capesize	\$37.5	\$23.0
Kamsarmax	\$24.0	\$16.0
Ultramax	\$22.0	\$13.5

Wet

VLCC	\$67.0	\$45.0
Suezmax	\$49.0	\$34.0
Aframax / LR2	\$35.0	\$24.0
MR	\$29.0	\$17.0

Market Brief

Exchange Rates

USD/IPY

111.89 ↓ -0.05

USD/KRW

1141.90 ↑ 6.10

USD/NOK

8.56 ↑ 0.08

EUR/USD

1.12 ↓ -0.01

Interest Rates

LIBOR USD (6 months)

NIBOR NOK (6 months)

2.63% ↓ 0.00%

1.45% → 0.00%

Commodity Prices

Brent Spot

\$74.51 ↑ \$2.79

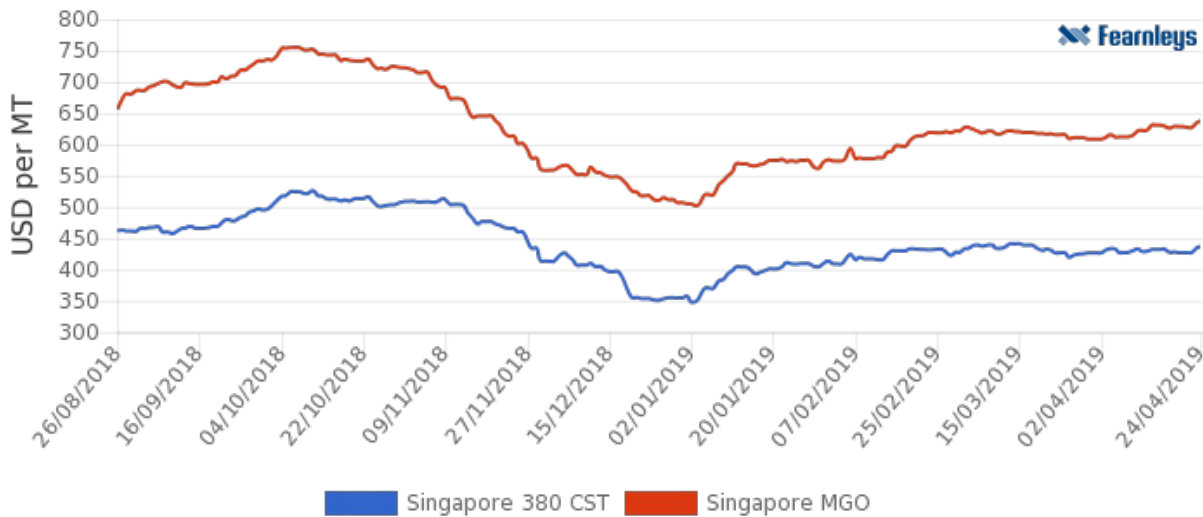
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$437	\$477	\$638
↑ \$9	↑ \$12	↑ \$12

Rotterdam

380 CST	180 CST	MGO
\$428	\$471	\$610
↑ \$9	↑ \$3	↑ \$9



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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