

Fearnleys Weekly Report

Week 22 - May 29, 2019

Tankers

VLCC

The MEG VLCC program for June is well under way with some 70 deals concluded so far. The flurry of activity owners had been waiting for has simply not happened as activity is measured. There is however an increasing number of deals being concluded well under the radar at rates presumably and last done levels. A rather clear picture that tonnage remain in abundance. The Atlantic is also lacking 'steam' both ex West Africa and Americas, though with some more activity ex US Gulf. Some fixing and failing from here has created some uncertainty, and rates flattened out after a marginal up-tick last week. All in all, so far insufficient general activity to change the present sentiment.

Suezmax

It has been a week with healthy activity in all areas for Suezmaxes. Activity in the Americas have picked up again after being idle for a few weeks - a much needed addition for Suezmaxes trading in the Atlantic. Despite a good level of fixing activity, the rates have been moving sideways, at best, with owners still struggling to clear out the tonnage overhang in West Mediterranean and West Africa following a busy period on VLCCs. With rates for round voyages in the Atlantic barely covering OPEX, there is a limited downside for the owners to rather wait instead of fixing.

Aframax

Despite expectations that the market would firm this week, it did not really happen. The market moved sideways due to a lack of activity in the North Sea and the fact that some Aframax stems have been fixed on Suezmaxes. Some vessels are still finding employment elsewhere that offer better returns, but still this has not been sufficient to push the rates in an upward direction. Aframaxes in the Mediterranean and Black Sea have also been trading more or less sideways. Although we have seen rates improve slightly on recent Black Sea stems, straight cross Mediterranean voyages have taken a slight dip in returns as also in the Mediterranean we have charterers finding attractive alternatives in the Suezmax segment. TD19 currently stands at ws110. In the week to come, we foresee a flat/soft market in the natural fixing window - supported by a healthy supply of available Aframax tonnage, especially if the Suezmaxes keep picking off Afra stems.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	18.5	-0.5 ↓
MEG/Japan	280 000	39.0	-1.0 ↓
MEG/Singapore	280 000	40.0	-2.0 ↓

WAF/FEAST	260 000	42.0	0.0 →
WAF/USAC	130 000	52.5	-2.5 ↓
Sidi Kerir/W Med	135 000	67.5	-2.5 ↓
N. Afr/Euromed	80 000	110.0	0.0 →
UK/Cont	80 000	100.0	0.0 →
Caribs/USG	70 000	87.5	-15.0 ↓

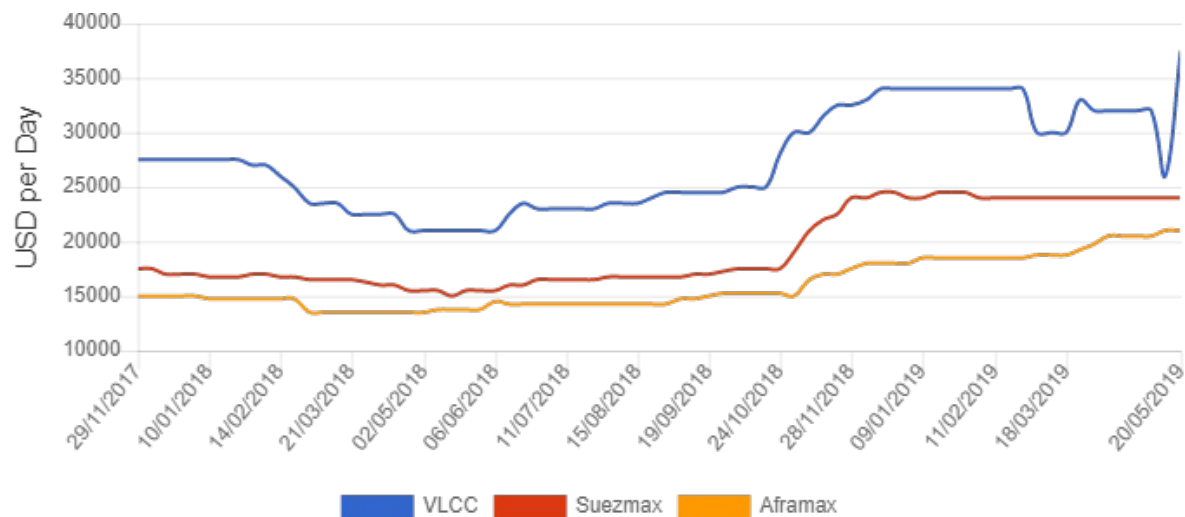
1 Year T/C (USD/Day)

VLCC	Modern	\$37,500	\$0 →
Suezmax	Modern	\$24,000	\$0 →
Aframax	Modern	\$21,500	\$0 →

VLCCs fixed in all areas last week 48 -47 ↓

VLCCs available in MEG next 30 days 130 0 →

1 Year T/C Crude



Dry Bulk

Capesize

Despite a rather inactive Brazilian market, rates have been up this week mainly led by the Australian demand; the West Australia to China route is up, approaching USD 8 pmt level, and average TC has just reached excess USD 13,000 level. With Vale still not in the market, it is however difficult to assess whether this trend will continue after the holidays, but sentiment is healthy, and last week's Brazil fixtures have given some positive surprises.

Panamax

Yet another positive week for rates, as both basins improve slightly. The cargo flow from Brazil and Argentina seems stable, as does the Australian supply. A transatlantic round voyage currently yields about USD 11,000 per day, while a short fronthaul from the Continent yields something in the middle of USD 18,000. In the East, a Pacific round voyage now pays around the USD 10,000's per day. The BPI 4TC-index is up 69 points for the week, currently at 1337 points.

Supramax

A slow week, starting with holidays in the UK and USA. Further softening in the Pacific, while the Atlantic seeing some improvements. For front haul ex ECSA, Ultras are fixing around USD 15,000+USD 500k gbb, while scrap cargoes ex Continent for East Mediterranean is paying owners around USD 9,000. In the Pacific, Supras are fixing in the high USD 8,000 for Indonesia/China basis Singapore delivery, while Nopac RV are fixing around low USD 7,000. From the Indian Ocean, South Africa coal runs back to MEG/WC India paying owners high USD 11,000+USD 175k gbb.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$24,700	-\$500 ↓
Tubarao/Rotterdam (Iron Ore)	\$7	\$0 ↑
Richards Bay/Rotterdam	\$6	\$0 →

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$10,900	\$300 ↑
TCT Cont/Far East	\$18,500	\$500 ↑
TCT Far East/Cont	\$3,100	\$100 ↑
TCT Far East RV	\$10,000	\$1,000 ↑
Murmask b.14-ARA 15/25,000 sc	\$7	-\$0 ↓

Supramax (USD/Day)

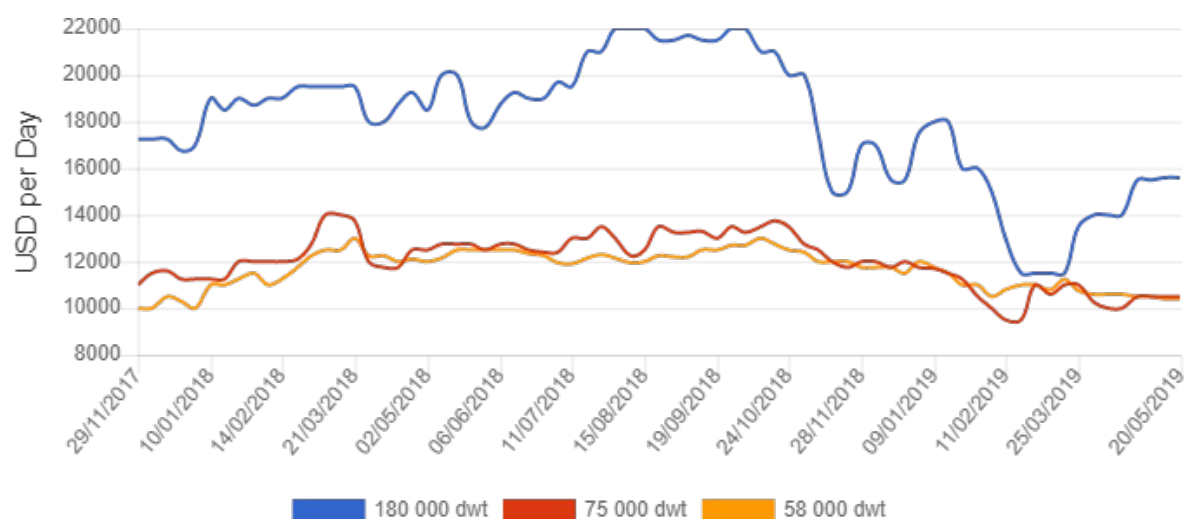
Atlantic RV	\$9,250	\$500 ↑
Pacific RV	\$8,750	-\$50 ↓
TCT Cont/Far East	\$13,200	\$1,200 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$16,000	\$400 ↑
Capesize (170 000 dwt)	\$14,500	\$1,000 ↑
Panamax (75 000 dwt)	\$10,500	\$0 →
Supramax (58 000 dwt)	\$10,000	-\$500 ↓

Baltic Dry Index (BDI) 1107.0

1 Year T/C Dry Bulk



Gas

Chartering

WEST

Shipping markets in the West has continued firming this week with freight rates now being concluded in the low USD 100's pmt East and mid USD 50's pmt West for end June and early July loadings.

The position list is dominated by the main Owners for 1st decade July so we expect freight to remain tight. The current high earnings for Owners seen over the last couple of months has caught the whole market by surprise, and nobody anticipated that we could be seeing above USD 1.5 million per month. But as long as the US Gulf terminals are experiencing challenging conditions with large delays, shipping will remain tight and freight rates will stay strong. Focus is now on 1st decade July as June is close to fully booked.

EAST

East shipping availability is tight for June. A couple inquiries in 2nd decade June and some MEG FOB tenders received some attention. Thus, Baltic is now back to above the USD 60 pmt mark. We start to see more trader re-lets in 3rd decade June and subsequently, the question is how many cargoes are left for end June.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$1,470,000	\$120,000 ↑
LGC (60 000 cbm)	\$800,000	\$0 →
MGC (38 000 cbm)	\$535,000	\$20,000 ↑
HDY SR (20-22 000 cbm)	\$495,000	\$0 →
HDY ETH (17-22 000 cbm)	\$730,000	\$0 →
ETH (8-12 000 cbm)	\$450,000	\$0 →
SR (6 500 cbm)	\$450,000	\$0 →
COASTER Asia	\$260,000	\$0 →
COASTER Europe	\$300,000	-\$10,000 ↓

LGP/FOB Prices (USD/Tonne)	Propane	Butane
FOB North Sea/ANSI	\$431.50	\$461.00
Saudi Arabia/CP	\$525.00	\$530.00
MT Belvieu (US Gulf)	\$288.50	\$250.84
Sonatrach/Bethioua	\$425.00	\$465.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$33,000	\$0 →
West of Suez 155-165 000 cbm	\$65,000	\$0 →
1 Year T/C 155-160 000 cbm	\$82,000	\$2,000 ↑

Newbuilding

Activity Levels

Tankers

● Slow

Dry Bulkers

● Slow

Others

● Slow

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	\$37.0	\$23.0
Kamsarmax	\$23.5	\$16.0
Ultramax	\$22.0	\$13.3

Wet

VLCC	\$71.5	\$46.5
Suezmax	\$51.5	\$36.5
Aframax / LR2	\$37.5	\$25.0
MR	\$29.0	\$18.0

Market Brief

Exchange Rates

USD/JPY

109.53 ↓ -1.06

USD/KRW

1186.10 ↓ -8.05

USD/NOK

8.70 ↓ -0.05

EUR/USD

1.12 ↓ 0.00

Interest Rates

LIBOR USD (6 months)

2.55% ↓ -0.02%

NIBOR NOK (6 months)

1.49% ↑ 0.02%

Commodity Prices

Brent Spot

\$70.11 ↓ -\$2.07

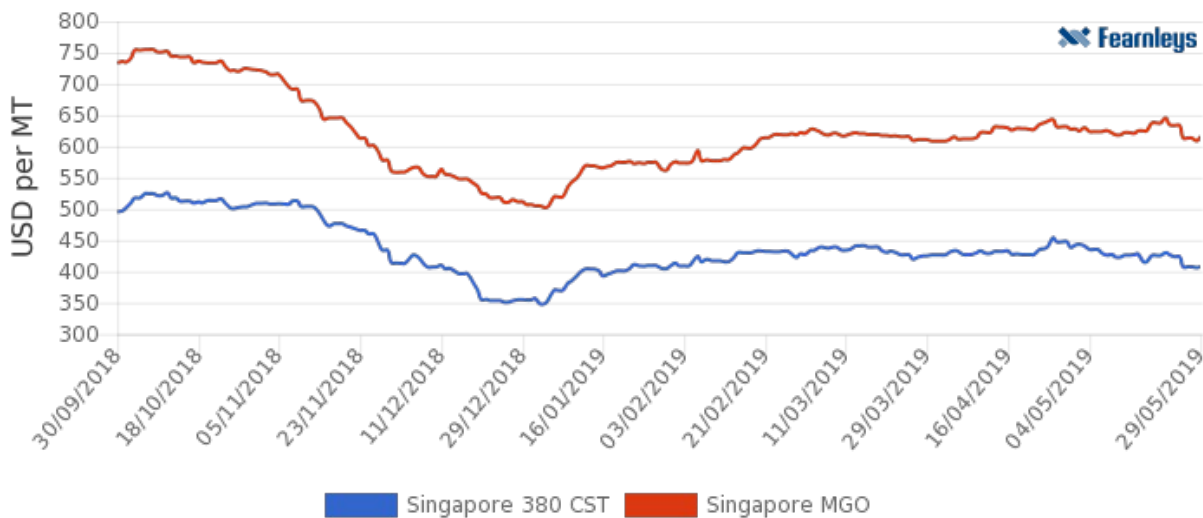
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$408	\$449	\$616
↓ -\$20	↓ -\$5	↓ -\$19

Rotterdam

380 CST	180 CST	MGO
\$391	\$423	\$591
↓ -\$22	↓ -\$35	↓ -\$30



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.

[Disclaimer](#)

E-mail: fearnresearch@fearnleys.com

An Astrup Fearnley Company