

## Fearnleys Weekly Report

Week 23 - June 05, 2019

### Tankers

#### VLCC

There are very few bright spots anywhere for the VLCCs and it has not been for some time. The market remains 'overtonnaged' virtually for all the major VLCC-routes. There is however a feeling that we are at the bottom, but the long awaited uptick in rates and earnings appear to be later than most had both hoped and expected. There has been a few moments where owners have tried to push rates up, just a little, but without much success. The general volumes of business for the major VLCC-routes are far from thin, but for now insufficient to change the oversized tonnage-list. Therefore more of the same to come with subdued rates as we approach the summer.

#### Suezmax

Suezmaxes have seen a good level of activity over the last week. The tonnage overhang on early dates have started to clear up and rates are on the move as such. East of Suez rates are still soft as handicapped tonnage are fighting for employment, keeping rates at last done levels with little prospect of any swift recovery.

#### Aframax

The Aframax market in the North Sea and Baltic has been flat all week on the back of ships going short and discharging in Baltic area. TD7 and TD17 have been held steady at WS100 and WS72.5 respectively throughout the week, and owners have opted for cargoes with quick turnaround as they wait for activity levels to pick up. In the Mediterranean and Black Sea, we have seen the rates drop close to 30 world scale points over the course of the week, as a downward correction takes form. While prompt ships are piling up in the area, the lack of activity from charterers is making it difficult for owners to keep the pressure on rates. At the time of writing, a cross-Med voyage stands at about WS80, giving owners a TCE close to USD 7,000 per day. In the week to come we expect freight levels in the Mediterranean and Black Sea to remain under pressure 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     | 18.5             | 0.0 →         |
| MEG/Japan              | 280 000     | 39.0             | 0.0 →         |
| MEG/Singapore          | 280 000     | 40.0             | 0.0 →         |
| WAF/FEAST              | 260 000     | 39.0             | -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 | 80.0  | -30.0 ↓ |
| UK/Cont        | 80 000 | 100.0 | 0.0 →   |
| Caribs/USG     | 70 000 | 82.5  | -5.0 ↓  |

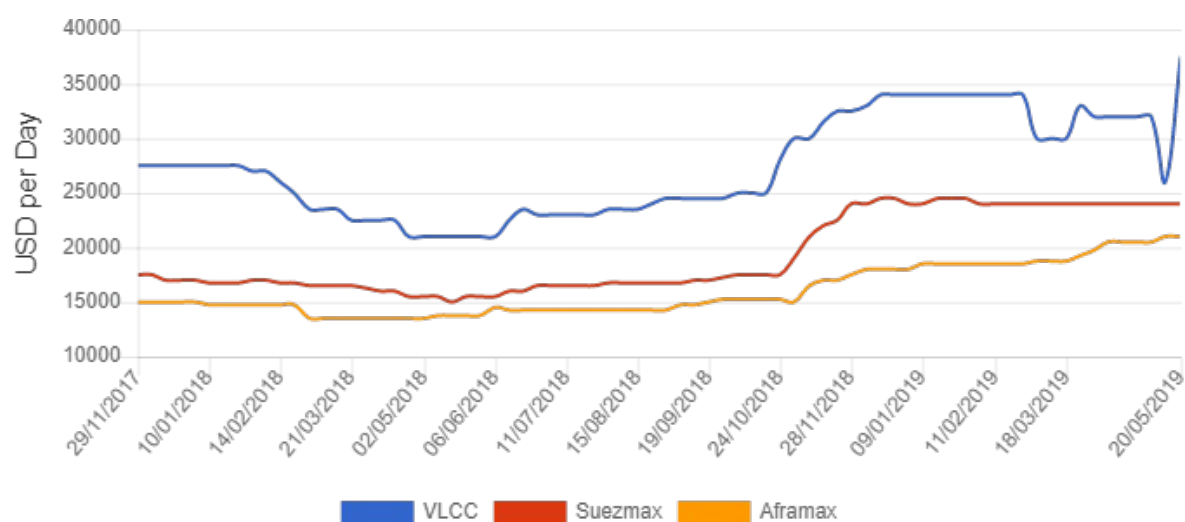
### 1 Year T/C (USD/Day)

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

**VLCCs fixed in all areas last week** 56 8 ↑

**VLCCs available in MEG next 30 days** 130 0 →

## 1 Year T/C Crude



## Dry Bulk

### Capesize

Slightly better times for the big ships, mainly due to Australian iron ore miners enjoying good prices and exporting at max capacity prior to end of fiscal year. Chinese inventories are moderate/low thus this development is expected to continue, and with major Brazilian miner Vale now back on stage taking ships for July loading prospects are positive. Ever more units about to disappear 30-40 days for scrubber fitting, contributing to a robust supply/demand ratio. In numbers, average daily earnings for standard 180k dwt's are up around 7 pct w-o-w to come in at USD 15k. Voyage rates only marginally up, meaning spot improvement includes lower bunker prices not being factored in. Major takers busy picking period units, last exemplified by 2009-built 180k dwt delivering China prompt for short period at USD 18k - for 12 months and longer levels still hover around USD 16-16,500 on such units.

### Panamax

A quiet week due to holidays and Nor-Shipping, with a market slightly down in both hemispheres. A transatlantic round voyage currently yields about USD 10,000 per day, while a short fronthaul from the Continent yields something 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 down 33 points for the week, currently at 1304

points.

## Supramax

Supramax sentiment has seen healthy upturn in Atlantic Basin. Rates on Supramaxes for USG/Cont-Med seen stable about USD 14k, Ultramax were fixing low USD 20k. The ECSA market stabilized with firm rates which are the best so far during this year. Supras and Ultras reported USD 15k for trip via ECSA to Cont/Med and FH at USD 13.5k+USD 350k bb. Cont and Med markets were stable with rates for India reporting USD 14-15k. Far East Pacific rates were facing a negative trend, and rates were falling further about USD 1k/d lower from last week. On the Pacific round Tess52 delivering CJK rates were reported about USD 7k/d. Ultra reported was fixed at USD 8.5 for a trip dop Singapore via Australia to China. Indo coal also seen negative development and owners had to face lower rates.

## Rates

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

|                              |          |           |
|------------------------------|----------|-----------|
| TCT Cont/Far East (180 DWT)  | \$26,000 | \$1,300 ↑ |
| Tubarao/Rotterdam (Iron Ore) | \$7      | \$0 ↑     |
| Richards Bay/Rotterdam       | \$7      | \$0 ↑     |

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

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

### Supramax (USD/Day)

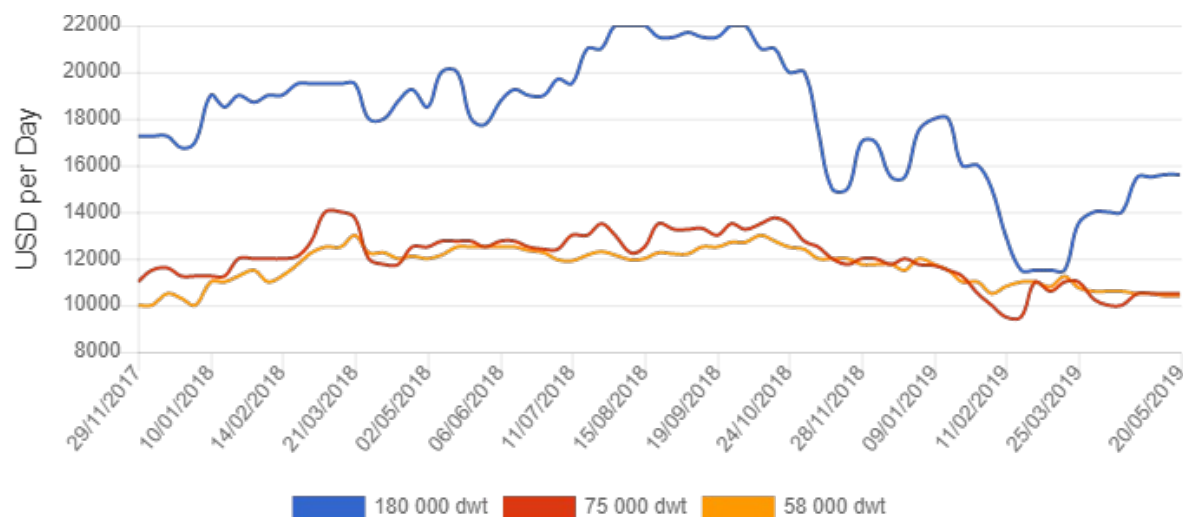
|                   |          |            |
|-------------------|----------|------------|
| Atlantic RV       | \$9,300  | \$50 ↑     |
| Pacific RV        | \$7,100  | -\$1,650 ↓ |
| TCT Cont/Far East | \$13,750 | \$550 ↑    |

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

|                        |          |         |
|------------------------|----------|---------|
| Capesize (180 000 dwt) | \$16,200 | \$200 ↑ |
| Capesize (170 000 dwt) | \$14,500 | \$0 →   |
| Panamax (75 000 dwt)   | \$10,500 | \$0 →   |
| Supramax (58 000 dwt)  | \$10,000 | \$0 →   |

**Baltic Dry Index (BDI)** 1122.0

## 1 Year T/C Dry Bulk



## Gas

### Chartering

The momentum in the freight market from last week has continued into this week, and shipping availability for current fixing window i.e. end June remains relatively tight. Most of the activity has been on the back of shipping demand from Indian majors, and last done rates are now trailing in the USD high 60s pmt Baltic. Going forward we are waiting for July acceptances from most of the Middle Eastern suppliers, and we expect the market to cool off a little bit in the coming days.

Although there has been some inquiries and some fixing activity too, the VLGC market in the western hemisphere has to be described as somewhat subdued this week. At least so for the beginning of the week, as we do now see some increased interest. Levels discussed so far this week, indicate that the western market is trading with a small premium to the Eastern Baltic benchmark, although not more than say 2-3% at the time of writing. We do believe this will carry on, as there are some uncovered cargoes out of the US Gulf during 1st half of July, and vessel supply is generally tight.

### LPG Rates

| Spot Market (USD/Month) | This week   | Change      |
|-------------------------|-------------|-------------|
| VLGC (84 000 cbm)       | \$1,650,000 | \$150,000 ↑ |
| LGC (60 000 cbm)        | \$850,000   | \$50,000 ↑  |
| MGC (38 000 cbm)        | \$565,000   | \$30,000 ↑  |
| 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   | \$0 →       |

| LPG/FOB Prices (USD/Tonne) | Propane  | Butane   |
|----------------------------|----------|----------|
| FOB North Sea/ANSI         | \$371.50 | \$362.00 |
| Saudi Arabia/CP            | \$430.00 | \$415.00 |
| MT Belvieu (US Gulf)       | \$227.28 | \$218.57 |
| Sonatrach/Bethioua         | \$380.00 | \$380.00 |

## LNG Rates

| Spot Market (USD/Day)        | This week | Change     |
|------------------------------|-----------|------------|
| East of Suez 155-165 000 cbm | \$31,000  | -\$2,000 ↓ |
| West of Suez 155-165 000 cbm | \$57,000  | -\$8,000 ↓ |
| 1 Year T/C 155-160 000 cbm   | \$82,000  | \$0 →      |

## 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

108.32 ↓ -1.21

USD/KRW

1182.70 ↓ -3.40

USD/NOK

8.72 ↑ 0.02

EUR/USD

1.12 ↑ 0.01

**Interest Rates**

LIBOR USD (6 months)

2.46% ↓ -0.07%

NIBOR NOK (6 months)

1.49% ↓ -0.01%

**Commodity Prices**

Brent Spot

\$61.28 ↓ -\$8.83

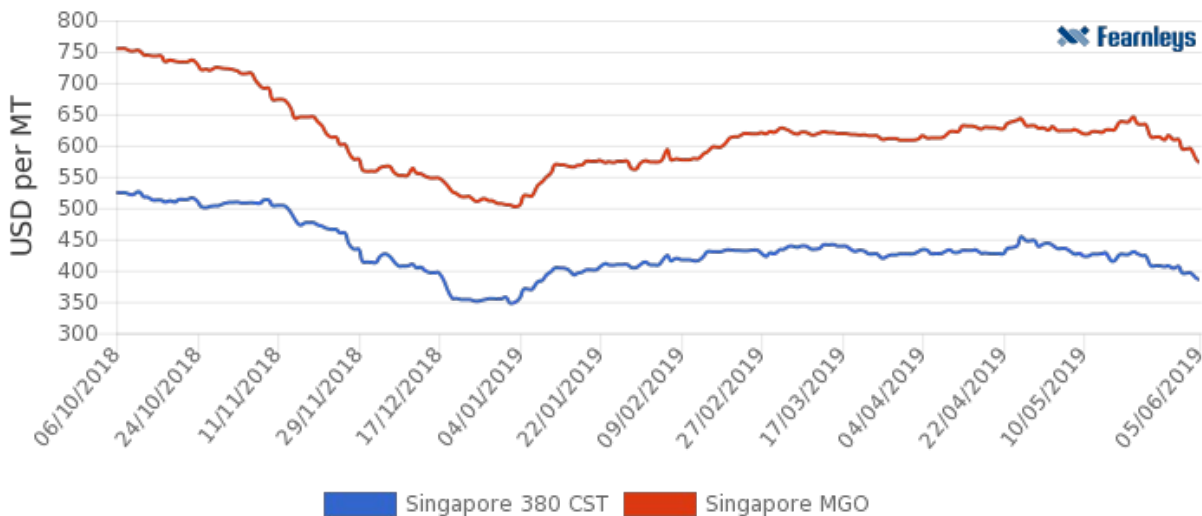
**Bunker Prices**

Singapore

|                |                |            |
|----------------|----------------|------------|
| <b>380 CST</b> | <b>180 CST</b> | <b>MGO</b> |
| \$385          | \$418          | \$572      |
| ↓ -\$23        | ↓ -\$31        | ↓ -\$44    |

Rotterdam

|                |                |            |
|----------------|----------------|------------|
| <b>380 CST</b> | <b>180 CST</b> | <b>MGO</b> |
| \$370          | \$410          | \$564      |
| ↓ -\$21        | ↓ -\$14        | ↓ -\$27    |



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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