

Fearnleys Weekly Report

Week 24 - June 12, 2019

Tankers

VLCC

Hope springs eternal in the human breast." So said Alexander Pope, whose dictum is still as profound as it is poetic. Hope is of course the belief one holds during difficult circumstances that things will get better, and right now that's the only comfort in the VLCC market. MEG rates have dropped further on limited activity, with corresponding daily returns in the single digits. The Atlantic basin has fared slightly better, with a number of co-load enquiries from Wafr, spurred by a heated Suezmax market, and fuelled further by increased US export activity.

Suezmax

Rates in the Atlantic for suezmaxes are still very much firm as we are finishing up June dates in Wafr. Rates are very date sensitive with a few charterers being caught out on early dates having to dig deep for owners services. Black sea numbers have also improved as uncertain itineraries have forced charterers to pay up for safe positions. With the dire state of the current VLCC market in Wafr, some charterers are looking to combine stems to co-load on a VLCC where feasible and thereby adding potential downward pressure on suezmax rates. The coming days will be all about keeping the pressure up for the owners, but they would need help from the VLCC market in order for this upturn to last.

Aframax

We have seen a rather quiet week pass in the North Sea and Baltic region in the Aframax segment. Rates have moved sideways most of the week, with a slight downward correction the last couple of days. TD17 currently trading below WS 70 levels for a straight Baltic/UKC voyage. Charterers can still enjoy a healthy tonnage list in the north for stems in the natural window. Following the market drop in Mediterranean and Black Sea at the beginning of the month, the market has stabilised the past week with TD19 being pegged around WS 80 levels throughout the week. A recent slight pick up in market activity following a quiet Whit Monday has not been enough to satisfy the number of prompt ships in the area. We expect the market both in the North as well as Bsea/Med to remain steady/soft for the balance of the week, while we all wait for the activity and returns to improve.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	18.0	-0.5 ↓
MEG/Japan	280 000	38.0	-1.0 ↓
MEG/Singapore	280 000	39.0	-1.0 ↓
WAF/FEAST	260 000	39.0	0.0 →

WAF/USAC	130 000	80.0	20.0	↑
Sidi Kerir/W Med	135 000	72.5	0.0	→
N. Afr/Euromed	80 000	80.0	0.0	→
UK/Cont	80 000	97.5	-2.5	↓
Caribs/USG	70 000	90.0	7.5	↑

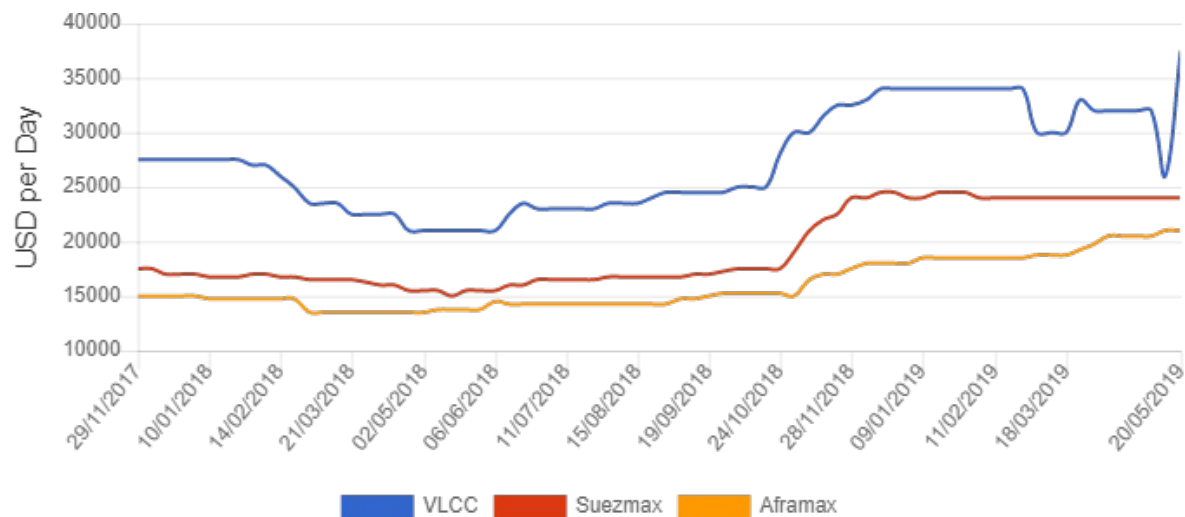
1 Year T/C (USD/Day)

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

VLCCs fixed in all areas last week 50 -6 ↓

VLCCs available in MEG next 30 days 115 -15 ↓

1 Year T/C Crude



Dry Bulk

Capesize

Sentiment changed to a more nervous tone as pacific cargo volumes failed to deliver as expected, however latest activity indicates resistance to further softening. Average daily earnings down some 5 pct w-o-w, to come in at usd 14000, with the two main conference routes waust/china and brazil/china contributing equally much to the slight decline. Outlook is mixed, as 2 major australian miners have fiscal year ending 30 june and their july volumes could thus be moderate - and coal prices/trades give little reason to cheer, whilst on the other hand numerous vessels busy fitting scrubbers plus the apparent return of brazilian miners to spot scene calls for cautious optimism on the crucial fronthaul trades. Major players keep being busy picking period units, last exemplified by 177000 dwt 2010-built China prompt done for 17-19 months at usd 15500, 177000 dwt 2007-built done for 22-25 months at usd 15300, and 179000 dwt 2010-built rumoured for 6-9 months at usd 15900.

Panamax

The market has turned down in both basins this week, with the TA-rates especially taking a major hit. A

transatlantic round voyage currently yields around USD 7,000 per day, while a short fronthaul from the continent yields something the middle of USD 16,000. In the east, a Pacific round voyage now pays around the USD 10,000's per day. The BPI 4TC-index is down 155 points for the week, currently at 1149.

Supramax

A slow start to the week with holidays across many countries in Europe, but with some more activity by mid week. From ECSA vessels are fixing around \$ 14000 to Med, similar rates obtained from USG for the same direction. In the Pacific, bad weather has created problems for several coal producers, leading to several spot vessels in S.Kali and also putting pressure on rates elsewhere in Pacific. Indo/China coal rv's are paying owners around \$7000 del Spore. While in the Indian Ocean Safr/WCI paying low \$12k + \$225k gbb and WCI to Bdes around mid/high \$9000.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$28,000	\$2,000 ↑
Tubarao/Rotterdam (Iron Ore)	\$7	\$0 →
Richards Bay/Rotterdam	\$6	-\$0 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$7,300	-\$2,700 ↓
TCT Cont/Far East	\$16,900	-\$1,100 ↓
TCT Far East/Cont	\$3,000	\$0 →
TCT Far East RV	\$9,800	-\$200 ↓

Supramax (USD/Day)

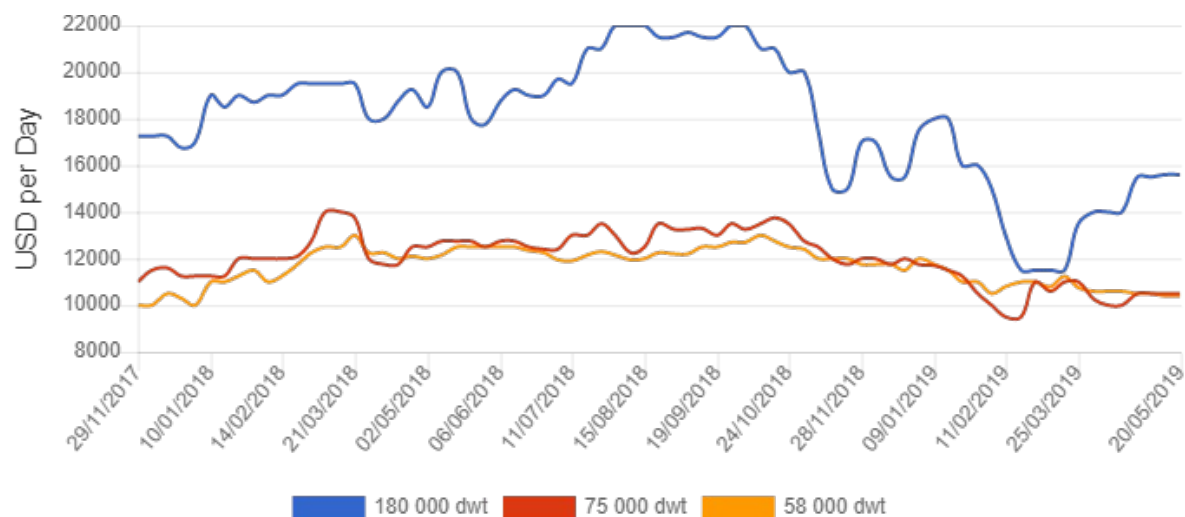
Atlantic RV	\$9,000	-\$300 ↓
Pacific RV	\$6,900	-\$200 ↓
TCT Cont/Far East	\$14,250	\$500 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$16,000	-\$200 ↓
Panamax (75 000 dwt)	\$10,000	-\$500 ↓
Supramax (58 000 dwt)	\$9,800	-\$200 ↓

Baltic Dry Index (BDI) 1080.0

1 Year T/C Dry Bulk



Gas

Chartering

A handful of deals were concluded this week for 1st decade July loading in the Middle-East, and the momentum on freight continues. Last deal was reported at \$70 pmt (Baltic), and freight is expected to strengthen further as most ships for 1st decade July has already been booked out, while we are still waiting for Aramco July acceptances. Aramco is also being reported selling an FOB cargo in June this week, indicating higher inventory levels, so one could expect more early July nominations once acceptances are out. This could certainly put players without shipping length in a sticky situation.

Shipping availability in the west of Suez VLGC market has tightened further and we are faced with basically a handful of vessels until the start of third decade July. The east of Suez market is trading at par with the West and the tight vessel availability should in theory entail a further jump in freight rates from the current Baltic equivalent of USD 110 per ton on Houston/Chiba basis and by the looks of it, we will see fixtures being done north of this level, simply due to tight vessel avails.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$1,725,000	\$75,000 ↑
LGC (60 000 cbm)	\$850,000	\$0 →
MGC (38 000 cbm)	\$585,000	\$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	\$0 →

LGP/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)	\$226.60	\$177.10
Sonatrach/Bethioua	\$380.00	\$380.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$30,000	-\$1,000 ↓
West of Suez 155-165 000 cbm	\$55,000	-\$2,000 ↓
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	\$50	-\$1 ↓
Product	50 000	\$37	\$0 →
Capesize	180 000	\$50	\$0 →
Kamsarmax	82 000	\$28	-\$1 ↓
Ultramax	64 000	\$26	-\$1 ↓
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

108.58 ↑ 0.26

USD/KRW

1180.55 ↓ -2.15

USD/NOK

8.63 ↓ -0.08

EUR/USD

1.13 ↑ 0.01

Interest Rates

LIBOR USD (6 months)

2.35% ↓ -0.06%

NIBOR NOK (6 months)

1.48% ↑ 0.02%

Commodity Prices

Brent Spot

\$62.29 ↑ \$1.01

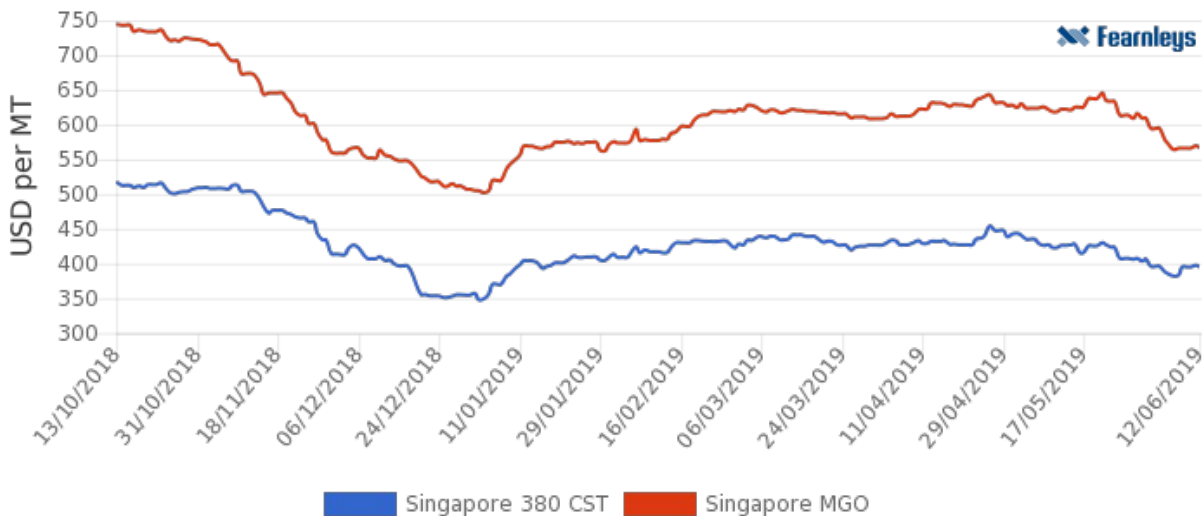
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$395	\$432	\$567
↑ \$10	↑ \$14	↓ -\$6

Rotterdam

380 CST	180 CST	MGO
\$376	\$409	\$545
↑ \$6	↓ -\$1	↓ -\$20



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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