

Fearnleys Weekly Report

Week 25 - June 19, 2019

Tankers

VLCC

Hostile incidents with 'attacks' on tankers in the Meg has created a whole new scenario for the market. Uncertainties of severity was the initial reactions around the word , making charterers with cargoes ready to fix in the Meg to take a step back. Eventually cargoes were fixed and rates have increased some , though not as much as many had thought or even hoped for. The issue of the increased war risk insurance being the most important topic for now. Activity in West Africa , with tonnage supplied from the east , also took a breather but when a fresh fixture was concluded the rate was increased abt 7 ws-points. The Americas with Usq and also Venezuela being the most active load areas has remained active with tonnage much thinner on the ground. Rates also here steadily firming , enticing more owners to start ballasting from the east. Generally firmer undertone throughout for the Vlcc's.

Suezmax

Following last week's incidents in the MEG, the war risk insurance quotas have surged. This in turn have forced rates up as suezmaxes - as opposed to certain VLCC charterers - still fix inclusive of war risk insurance. This spike have attracted a lot of attention from owners that would otherwise ballast ships westward. Wafr have slipped slightly from last week's levels and looks to be in for a bit of a repricing this week as we embark on early July dates.

Aframax

A rather uneventful start to the week on the Aframax segment both in the North, Mediterranean and Black Sea. Rates have continued it's downward correction across the board for cross north sea voyages as well as stems from the Baltic. We did see some excitement in the Mediterranean/Black Sea last week with owners being able to put some pressure on freight levels. However a lack of activity along with a long tonnage list have transcended into a softening trend in these areas. TD 19 currently achieving aroundd WS 90 levels for a regular cross Mediterranean voyage. We foresee a flat/soft market for the remaining part of the week, but with a healthy program expected from the Black Sea - it might be a turning point for owners trading in the area in the chase for better returns.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	22.0	4.0 ↑
MEG/Japan	280 000	48.0	10.0 ↑
MEG/Singapore	280 000	49.0	10.0 ↑
WAF/FEAST	260 000	47.0	8.0 ↑

WAF/USAC	130 000	72.5	-7.5 ↓
Sidi Kerir/W Med	135 000	72.5	0.0 →
N. Afr/Euromed	80 000	90.0	10.0 ↑
UK/Cont	80 000	87.5	-10.0 ↓
Caribs/USG	70 000	90.0	0.0 →

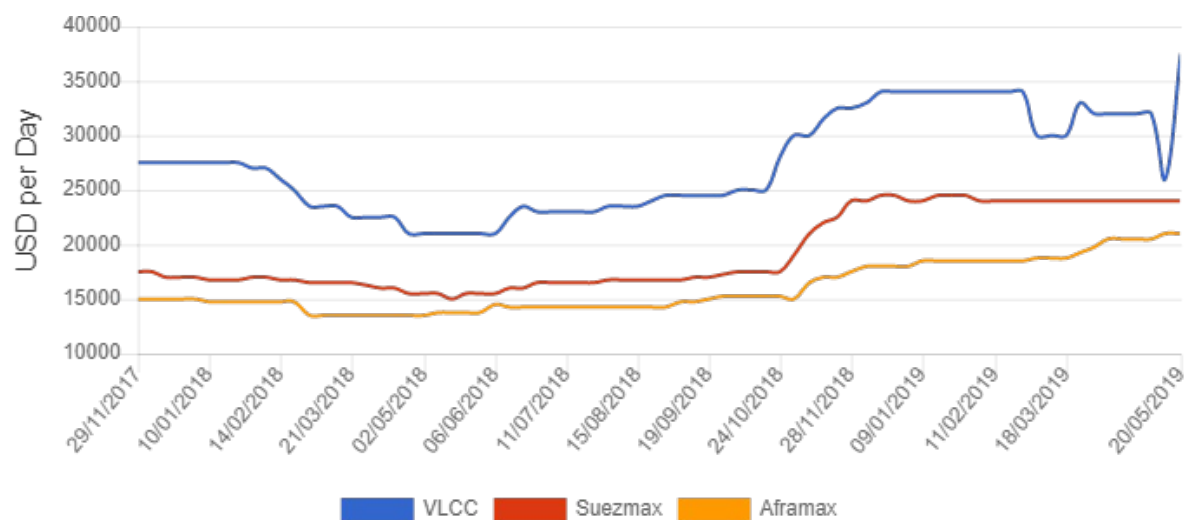
1 Year T/C (USD/Day)

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

VLCCs fixed in all areas last week 62 12 ↑

VLCCs available in MEG next 30 days 115 0 →

1 Year T/C Crude



Dry Bulk

Capesize

There has been a healthy improvement in rates this week. This is a result of increased demand for prompt ships out of Australia for June dates but also because of gradually more demand from Brazil. The demand from Australia is explained by the end of fiscal year for the Australian miners in June and maintenance in some of the terminals from July. On the Brazilian side, it has today been announced that Vale will resume operations in the Brucutu mine within 72 hours. At the same time the c3 route is being fixed in the mid 18 level, being up usd 2 pmt in one week.

Panamax

After ending last week on a negative trend and holidays in Greece on Monday, the trend has continued to be soft. The ECSA market was holding up end of the week, but we now see this market also losing ground on the rates. The bid/offer gap has widened and fixtures are being done at below last done. Fhaults are currently paying low USD 16k. TA's are mid week seeing some slight increase in rates due to less prompt tonnage. The Pacific rounds are continuing to slide and currently trading arnd USD 9k.

Supramax

The overall market sentiment is stable. Positive demand in Atlantic pushed indexes up from previous week. We see better rates achieved from Continental and Black sea Far East via Baltic at the level around \$ 15/16,000 pd.

ECSA market have seen more balanced sentiment with rates remaining at the same levels as previous week such as \$14,000/d for trip to Cont and \$15,000/d for trip to Med. South African trips into India were fixed at around at average on Supramax \$12,500 pd plus low \$200K ballast bonus. WC Indian tct to China were reported at the level of USD 8,000/9,000 pd. Far East market does not impress owners with low TC rates despite increased activities and better demand in Indo coal. Rates are up about \$ 1,000 , fixtures reported around \$ 6.5/7,000 on round voyage.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$30,400	\$2,400 ↑
Tubarao/Rotterdam (Iron Ore)	\$8	\$1 ↑
Richards Bay/Rotterdam	\$7	\$1 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$7,450	\$150 ↑
TCT Cont/Far East	\$16,300	-\$600 ↓
TCT Far East/Cont	\$2,700	-\$300 ↓
TCT Far East RV	\$9,000	-\$800 ↓

Supramax (USD/Day)

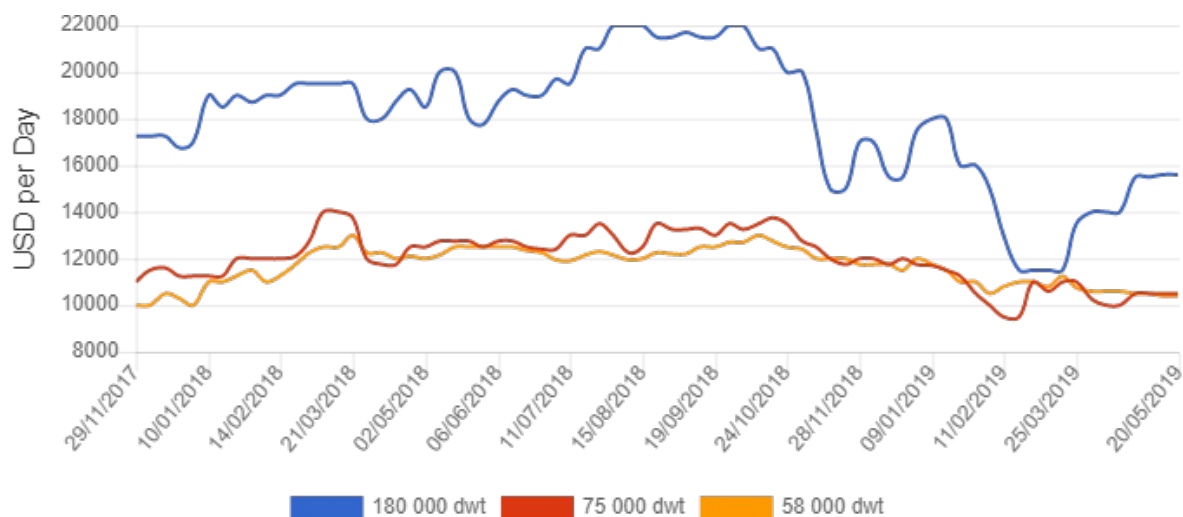
Atlantic RV	\$9,200	\$200 ↑
Pacific RV	\$7,000	\$100 ↑
TCT Cont/Far East	\$14,500	\$250 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$16,000	\$0 →
Panamax (75 000 dwt)	\$10,000	\$0 →
Supramax (58 000 dwt)	\$9,800	\$0 →

Baltic Dry Index (BDI)	1135.0
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1 Year T/C Dry Bulk



Gas

Chartering

East market remains tight as all 1st decade July positions was cleared immediately after Saudi acceptance came out. Now people take a short breather as the Baltic is approaching \$80 pmt, after a climb of almost \$10 pmt during just one week. The markets further direction will be dictated by inquiries in the middle and second half July, which is yet to hit the market. Looking back at the Baltic history, around \$80 was the previous ceiling in 2008, 2011, 2012, 2013 before super bullish cycle came in 2014-2015. Now we are in the time whether this 'historic' ceiling works this time again or not. One thing that is different this time is that the previous market movement was made without neo-Panama canal opening and big US export. This time around, the market is mainly driven by widen arb, it would be interesting to see how far Freight is going to go.

Focus in the West VLGC market is on last decade July which is closing in on being wiped out in terms of shipping avails. Thus, in a relatively quiet week in the Western VLGC market, owners look content to see what direction the market will take and seem somewhat hesitant to commit to fixing simply due to some vessel's discharge schedules are not firm yet. It will be interesting to see whether the Baltic Houston/Chiba equivalent also will face resistance in the coming weeks if the BLPG index flattens out or even starts sliding.

As a direct consequence to the market direction over the past few weeks, is time charter requests. We see increased interest in longer-term TCs, and at the same time, we note owners being reluctant to lock in fixed numbers at current levels... We have also seen some activity on the newbuilding scene for the VLGCs, a couple of orders have already been reconfirmed, and at the current moment the Orderbook counts 37 ships. In addition some 6-8 ships are very close to being reconfirmed.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$2,145,000	\$245,000 ↑
LGC (60 000 cbm)	\$850,000	\$0 →
MGC (38 000 cbm)	\$610,000	\$25,000 ↑
HDY SR (20-22 000 cbm)	\$520,000	\$25,000 ↑
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)	\$215.56	\$214.04
Sonatrach/Bethioua	\$380.00	\$380.00

LNG Rates

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

108.51 ↓ -0.06

USD/KRW

1185.80 ↑ 5.25

USD/NOK

8.74 ↑ 0.11

EUR/USD

1.12 ↓ -0.01

Interest Rates

LIBOR USD (6 months)

2.31% ↓ -0.03%

NIBOR NOK (6 months)

1.52% ↑ 0.01%

Commodity Prices

Brent Spot

\$62.14 ↓ -\$0.15

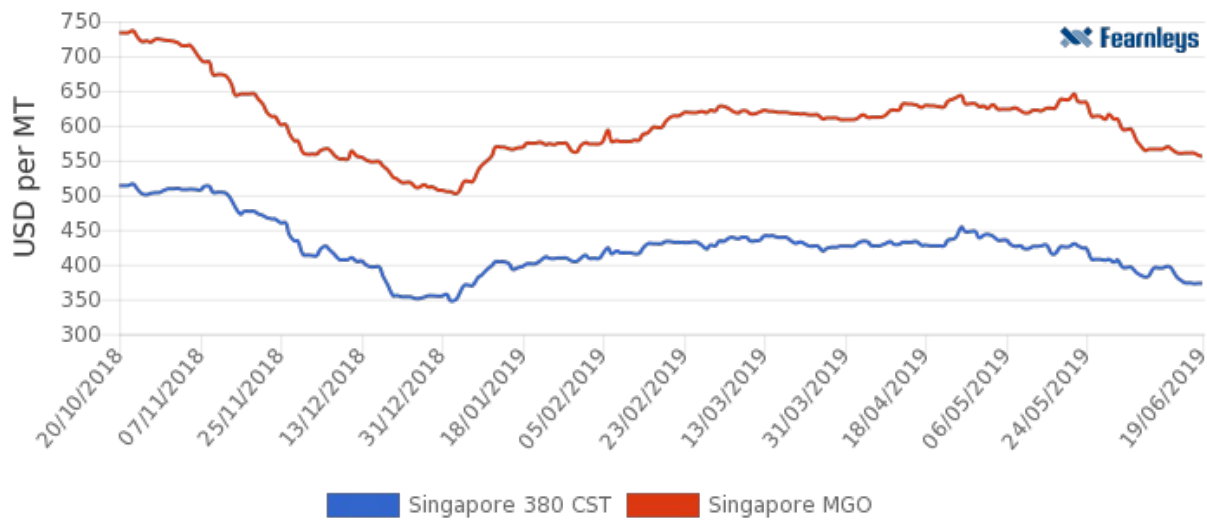
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$373	\$405	\$556
↓ -\$22	↓ -\$27	↓ -\$11

Rotterdam

380 CST	180 CST	MGO
\$349	\$382	\$540
↓ -\$27	↓ -\$27	↓ -\$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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