

Fearnleys Weekly Report

Week 26 - June 26, 2019

Tankers

VLCC

The long awaited uptick in rates for the VLCC's appear to be still somewhere in the future. A few quiet days this week after the busy last week with sharply increased war risk-premiums pushing rates up some 10 ws points for Meg/East , has put a dampening effect on the rates being concluded this week. The older ships or those with 'special needs' are the ones in vogue and still appear in abundance. Rates for this category are softening whilst modern ships in the Meg remain relatively stable. Less activity in wafr and also Americas has infused some doubt and rates here also a little off the rates concluded last week. Slightly more bearish undertones for now and increased volumes in all areas required for rates to stabilize.

Suezmax

As mentioned in last week's update, the market corrected down in all areas following the recent spike in rates after the MEG incidents. Some replacing business coupled with a few inquiries are keeping WAF from sliding further right now, but charterers with cargoes off more natural dates have plenty of ships to choose from and we would need an increase in activity in order for rates to hold.

Aframax

The Aframax market in the North Sea and Baltic has continued to move sideways the past week, with a steady balance between cargoes and available tonnage making sure freight levels on benchmark routes have remained unaltered throughout the week. Such has also been the case in the Mediterranean and Black Sea market for most of the week, except the last two days where we have seen an upward correction. Much to the delight of the owners, increased activity out of Tunisia and Libya, but also the Black Sea, has given freight levels a steady boost. Most routes have picked up at least 10 points the last day or so, and as there is still a number of cargoes in the market yet to be fixed, we expect the market to stay firm in the week to come.

Rates

| DIRTY (Spot WS) | Size | This week | Change |
|------------------|---------|-----------|---------|
| MEG/WEST | 280 000 | 22.0 | 0.0 → |
| MEG/Japan | 280 000 | 51.5 | 3.5 ↑ |
| MEG/Singapore | 280 000 | 52.5 | 3.5 ↑ |
| WAF/FEAST | 260 000 | 51.0 | 4.0 ↑ |
| WAF/USAC | 130 000 | 57.5 | -15.0 ↓ |
| Sidi Kerir/W Med | 135 000 | 70.0 | -2.5 ↓ |
| N. Afr/Euromed | 80 000 | 100.0 | 15.0 ↑ |

| | | | |
|------------|--------|------|--------|
| UK/Cont | 80 000 | 87.5 | 0.0 → |
| Caribs/USG | 70 000 | 85.0 | -5.0 ↓ |

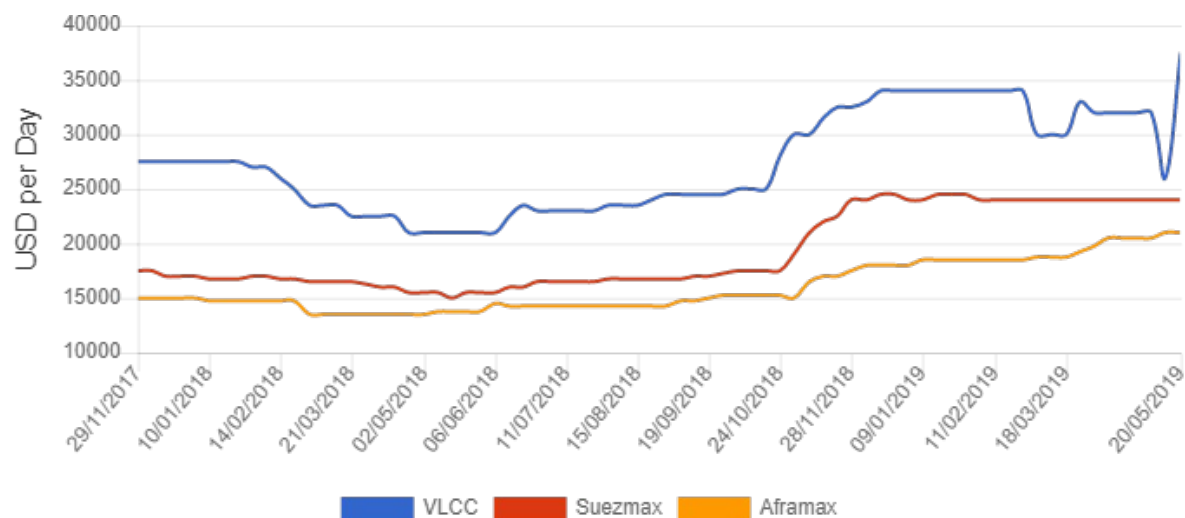
1 Year T/C (USD/Day)

| | | | |
|---------|--------|----------|---------|
| VLCC | Modern | \$38,000 | \$500 ↑ |
| Suezmax | Modern | \$24,000 | \$0 → |
| Aframax | Modern | \$21,500 | \$0 → |

VLCCs fixed in all areas last week 62 0 →

VLCCs available in MEG next 30 days 125 10 ↑

1 Year T/C Crude



Dry Bulk

Capesize

Overall very positive, but mixed signals for the big ships. Average daily earnings for standard 180000-tonners up 16 pct w-o-w, coming in at USD 19k. Atlantic and fronthaul going strong on a combination of increased prompt demand and a very limited number of ballasters/early ships, rates for the continent/far east milk routes jumping close to 25 pct and set to continue. Far east lagging and partly sliding as positive coal flow developments unable to compensate for committed pacific traders and limited iron ore volumes, west australia/china conference trade typically dropping 11 pct. Preference for short voyages due to scrubber/DD/WBTS positioning could again be partly to blame for negative pacific developments. Period interest remains strong, exemplified by recent fixture of mediocre 2004-built 174000 dwt reportedly fetching USD 16k for about 18 months, also nicer 2004-built 180000 dwt obtaining some usd 18500 basis 6-8 months.

Panamax

A positive week for rates in both hemispheres, mainly driven by a strong transatlantic market. A TA round voyage currently pays owners about USD 9,000 per day, which means rates have increased by more than 20 per cent since last Wednesday. A short fronthaul from the continent yields about USD 17,000. In the east, a Pacific round voyage pays around the USD 9,000's. The BPI 4TC-index is currently at 1191 points,

up 81 points from last week.

Supramax

Still strong positive development in specially Emed/Bsea, while levels in Pacific is also moving in a positive direction. Ultras seeing 5 digits rates for Fh from Bsea and USG. Cont to Ecsa paying ownes around \$5500. In the Indian Ocean vessels open Bdesb are fixing around USD 11500 for trips to China via ECI, while Safr/Feast is paying arnd \$12250 + \$250k gbb. Nopac rv's are paying in the mid \$9k and Indo coal rv is fixing around mid \$7k to China.

Rates

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

| | | |
|-----------------------------|----------|------------|
| TCT Cont/Far East (180 DWT) | \$37,155 | \$6,755 ↑ |
| Australia - China | \$7.1 | -\$0.4 ↓ |
| Pacific RV | \$16,492 | \$16,485 ↑ |

Panamax (USD/Day, USD/Tonne)

| | | |
|-------------------|----------|-----------|
| Transatlantic RV | \$9,145 | \$1,695 ↑ |
| TCT Cont/Far East | \$17,005 | \$705 ↑ |
| TCT Far East/Cont | \$2,818 | \$118 ↑ |
| TCT Far East RV | \$9,231 | \$231 ↑ |

Supramax (USD/Day)

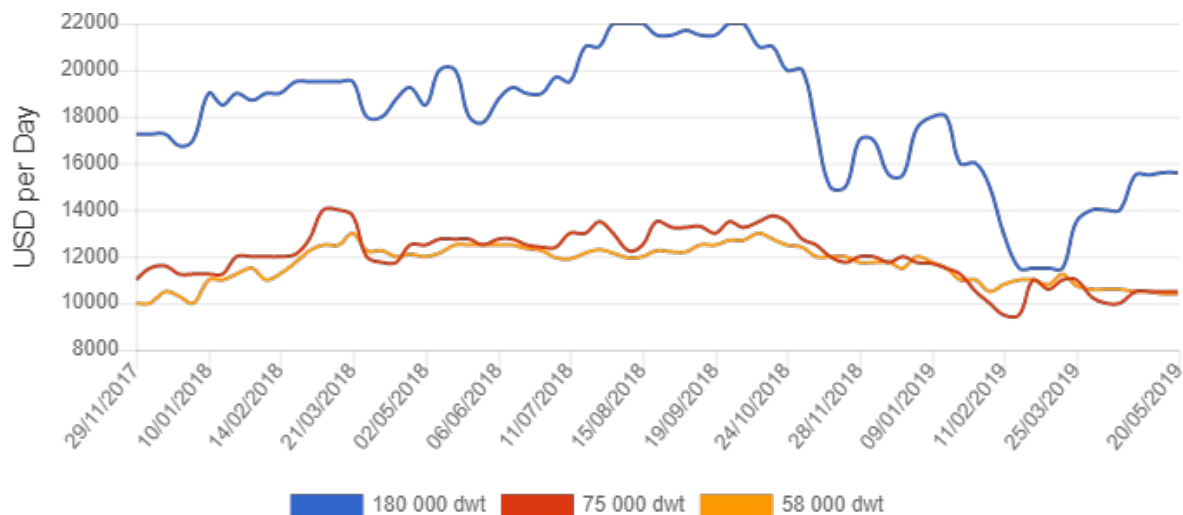
| | | |
|-------------------|----------|------------|
| Atlantic RV | \$9,816 | \$616 ↑ |
| Pacific RV | \$7,429 | -\$1,771 ↓ |
| TCT Cont/Far East | \$17,825 | \$8,625 ↑ |

1 Year T/C (USD/Day)

| | | |
|------------------------|----------|-----------|
| Capesize (180 000 dwt) | \$16,500 | \$500 ↑ |
| Panamax (75 000 dwt) | \$11,000 | \$1,000 ↑ |
| Supramax (58 000 dwt) | \$9,900 | \$100 ↑ |

Baltic Dry Index (BDI) 1317.0

1 Year T/C Dry Bulk



Gas

Chartering

In the VLGC market in the west, end July and early August vessel supply is rather tight ex-US Gulf, and we expect cargo lifters in need of vessels to come out sooner rather than later to cover their early August liftings.

A few relets have started to appear, however, nothing has been fixed at the time of writing for either end July or early August ex US so far. We do expect owners to keep pushing for Baltic equivalent rates on Houston/Chiba (via panama) basis, which over the last few days have started to slide.

In the Eastern Market, it seems the Baltic LPG index is struggling to find its feet due to lack of activity. Nevertheless, contrary to the drop in Baltic seen over the last couple of days, a few vessels have reportedly been fixed at rates starting with an 8.

LPG Rates

| Spot Market (USD/Month) | This week | Change |
|-------------------------|-------------|-------------|
| VLGC (84 000 cbm) | \$2,075,000 | -\$70,000 ↓ |
| LGC (60 000 cbm) | \$900,000 | \$50,000 ↑ |
| MGC (38 000 cbm) | \$645,000 | \$35,000 ↑ |
| HDY SR (20-22 000 cbm) | \$520,000 | \$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 | \$270,000 | \$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) | \$244.22 | \$199.76 |
| Sonatrach/Bethioua | \$380.00 | \$380.00 |

LNG Rates

| Spot Market (USD/Day) | This week | Change |
|------------------------------|-----------|------------|
| East of Suez 155-165 000 cbm | \$28,000 | -\$2,000 ↓ |
| West of Suez 155-165 000 cbm | \$55,000 | \$0 → |
| 1 Year T/C 155-160 000 cbm | \$83,000 | \$1,000 ↑ |

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 | \$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 | \$28.0 | \$18.0 |

Market Brief

Exchange Rates

USD/JPY

106.96 ↓ -1.56

USD/KRW

1156.30 ↓ -29.50

USD/NOK

8.52 ↓ -0.23

EUR/USD

1.14 ↑ 0.02

Interest Rates

LIBOR USD (6 months)

2.21% ↓ -0.09%

NIBOR NOK (6 months)

1.55% ↑ 0.04%

Commodity Prices

Brent Spot

\$64.86 ↑ \$2.72

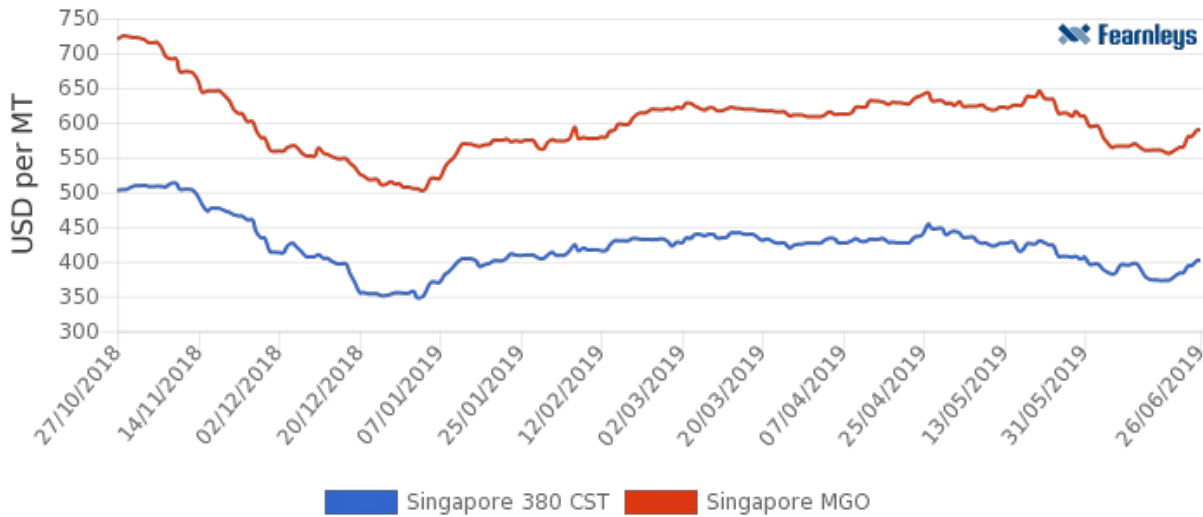
Bunker Prices

Singapore

| 380 CST | 180 CST | MGO |
|---------|---------|--------|
| \$402 | \$457 | \$589 |
| ↑ \$29 | ↑ \$52 | ↑ \$34 |

Rotterdam

| 380 CST | 180 CST | MGO |
|---------|---------|--------|
| \$377 | \$414 | \$560 |
| ↑ \$28 | ↑ \$32 | ↑ \$20 |



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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