

Fearnleys Weekly Report

Week 27 - July 03, 2019

Tankers

VLCC

A lacklustre week in the VLCC segment with rates under pressure, especially in the MEG. With the dust having settled from the previous attacks, the trade is more or less back to normal, barring insurance premiums which by and large are picked up by charterers. High ws40's is now the benchmark rate eastbound for unrestricted modern tonnage from all loading areas, yielding around USD 20k/day give/take in T/C equivalent. Current loading dates are behind the curve, giving some hope that activity could pick up, although a lot of "off market" fixing is clouding the supply/demand picture short term.

Suezmax

Last week we saw increased activity in both West Africa and MEG. Rates have been stable in MEG since the attack, and with the 30-day tonnage count looking decent we expect rates in this area to remain stable. In West Africa we saw rates ticking up at the end of last week, but ballasters from the east is putting downward pressure on this market, pushing rates back in the mid ws60's. Going forward there is a potential for owners to get some decent rates from Black Sea, as last done to Korea is USD 3,400' - with a massive 3rd decade program to come.

Aframax

Another week has passed by in the Aframax segment with the North Sea and Baltic market, as well as the Mediterranean and Black Sea, moving sideways. Ships have one by one picked off the stems coming into the market frequently enough to maintain rate levels through most of the week. However, while the Mediterranean and Black Sea market has had a slight downwards correction the last day or so, we have seen an uptick in rates ex North Sea and Baltic, as owners put up a little more resistance in a tighter window and take the opportunity to ask for a few more points. One to keep an eye on in the week to come, is a seemingly healthy cargo program ex Black Sea as we move closer to the 3rd decade fixing window.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	20.0	-2.0 ↓
MEG/Japan	280 000	48.0	-3.5 ↓
MEG/Singapore	280 000	49.0	-3.5 ↓
WAF/FEAST	260 000	47.0	-4.0 ↓
WAF/USAC	130 000	55.0	-2.5 ↓
Sidi Kerir/W Med	135 000	72.5	2.5 ↑
N. Afr/Euromed	80 000	100.0	0.0 →

UK/Cont	80 000	90.0	2.5 ↑
Caribs/USG	70 000	80.0	-5.0 ↓

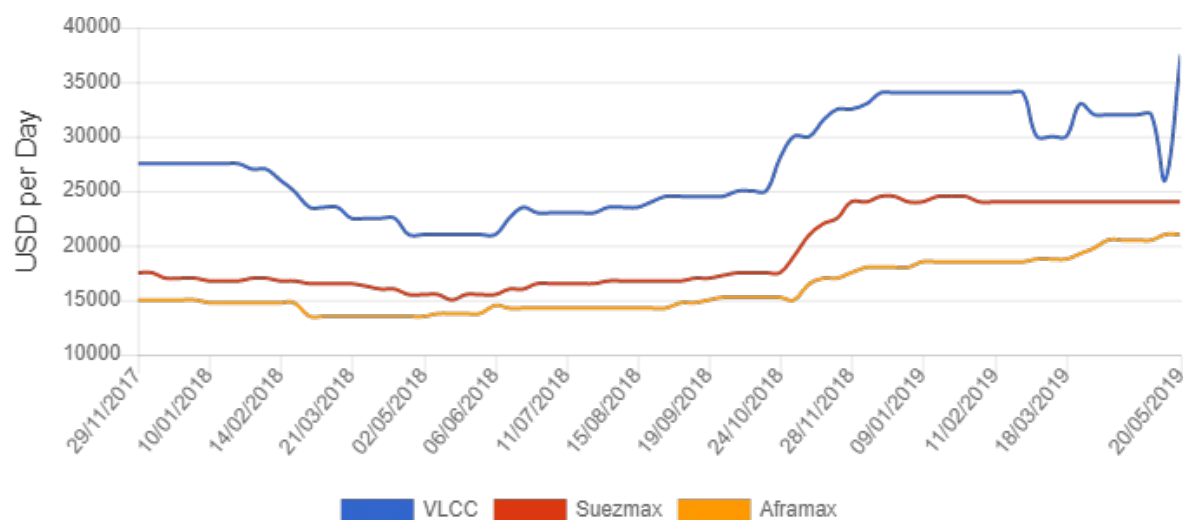
1 Year T/C (USD/Day)

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

VLCCs fixed in all areas last week 58 -4 ↓

VLCCs available in MEG next 30 days 127 2 ↑

1 Year T/C Crude



Dry Bulk

Capesize

The Capesizes are experiencing a rally this week, supported by a range of factors but increased iron ore prices being the main driver as iron ore prices have reached its highest value since 2013. Activity from Brazil and Australia is therefore healthy, and rates are increasing healthy day by day. The average index broke 20,000 at the beginning of this week and is expected to strengthen further.

Panamax

A very strong week for shipowners in the spot market, as rates in both hemispheres have surged throughout the week. Many owners are trying their best to stay in the Atlantic, awaiting the rising fronthaul-rates. A TA round voyage currently pays owners about USD 12,500 per day, while a short fronthaul from the Continent now pays USD 20,000. In the east, a Pacific round voyage pays above the USD 10,000-mark. The BPI 4TC-index is currently at 1433 points, up 242 points from last week.

Supramax

Supra and Ultra have found good support followed the trend by bigger sizes. Atlantic and South East Asia have made impressive gains. Indexes raised on a daily basis. USG and Black Sea was the driving force.

USG to Continent pushed close to mid-teens level, and high-teens for USG to Singapore-Japan range. ECSA markets were stable with small gains. Black Sea grains pushed rates higher and charterers had to pay close to USD 20,000 pd on nice Ultra for trips East. South Asia was busy with Indo coal rounds achieving low USD 9,000 pd for Tess 58 open in Vietnam, and USD 11,000 pd on APS Indo.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$47,545	\$8,795 ↑
Australia - China	\$8.3	\$1.3 ↑
Pacific RV	\$19,833	\$3,845 ↑

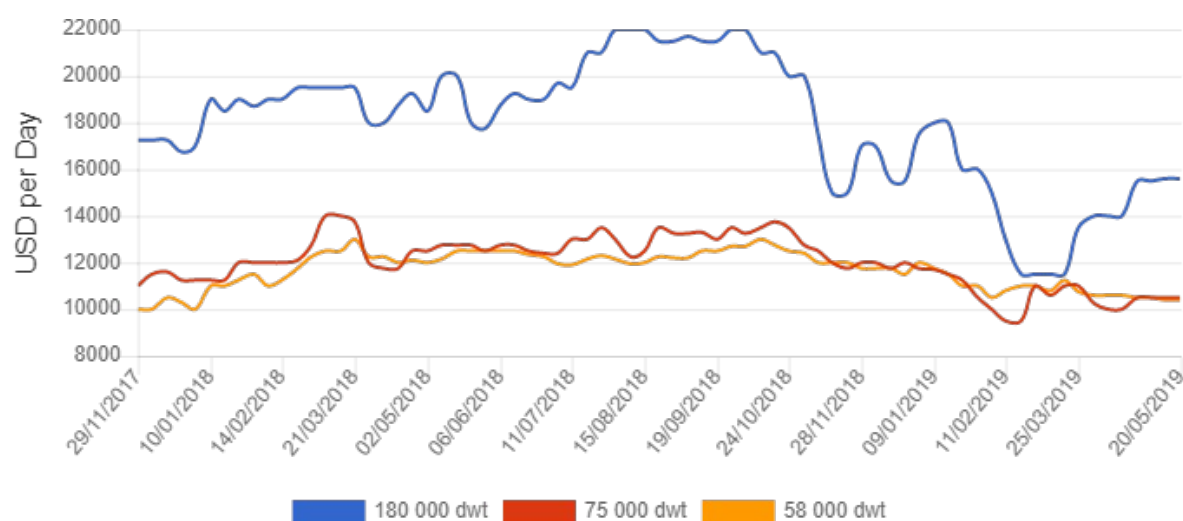
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	\$12,515	\$2,685 ↑
TCT Cont/Far East	\$19,900	\$2,223 ↑
TCT Far East/Cont	\$3,059	\$187 ↑
TCT Far East RV	\$10,385	\$926 ↑

Supramax (USD/Day)		
Atlantic RV	\$10,335	\$420 ↑
Pacific RV	\$7,736	\$172 ↑
TCT Cont/Far East	\$18,832	\$661 ↑

1 Year T/C (USD/Day)		
Capesize (180 000 dwt)	\$18,000	\$1,500 ↑
Panamax (75 000 dwt)	\$11,500	\$500 ↑
Supramax (58 000 dwt)	\$10,650	\$750 ↑

Baltic Dry Index (BDI) 1446.0

1 Year T/C Dry Bulk



Gas

Chartering

A few deals for end July have been concluded in the West at rates around USD 120 per ton Houston/Chiba basis. Early August is starting to see some vessel requirements and we expect more to surface in the near future.

Vessel availability is largely in control of the three biggest owners, however, a couple of re-lets are starting to appear. Nevertheless, we don't think the market will see an imminent big drop in the short term.

East of Suez Shipping has come back to life again, with all participants from last week Hong Kong LPG conference now back in their respective offices.

We have seen a handful of deals concluded so far this week, both to Indian Majors and Western traders, and last done now in the high USD 70's pmt excluding awrip.

Going forward we are waiting for pending acceptance dates from Middle Eastern suppliers in August, but we also expect to see few more requirements for July before we close the month.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$2,070,000	-\$5,000 ↓
LGC (60 000 cbm)	\$900,000	\$0 →
MGC (38 000 cbm)	\$710,000	\$65,000 ↑
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	\$330.50	\$324.50
Saudi Arabia/CP	\$375.00	\$355.00
MT Belvieu (US Gulf)	\$248.78	\$194.65
Sonatrach/Bethioua	\$335.00	\$340.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$28,000	\$0 →
West of Suez 155-165 000 cbm	\$50,000	-\$5,000 ↓
1 Year T/C 155-160 000 cbm	\$83,000	\$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	\$24.0	\$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

108.12 ↑ 1.17

USD/KRW

1166.00 ↑ 9.70

USD/NOK

8.56 ↑ 0.05

EUR/USD

1.13 ↓ -0.01

Interest Rates

LIBOR USD (6 months)

2.22% ↑ 0.02%

NIBOR NOK (6 months)

1.50% ↓ -0.02%

Commodity Prices

Brent Spot

\$62.40 ↓ -\$2.46

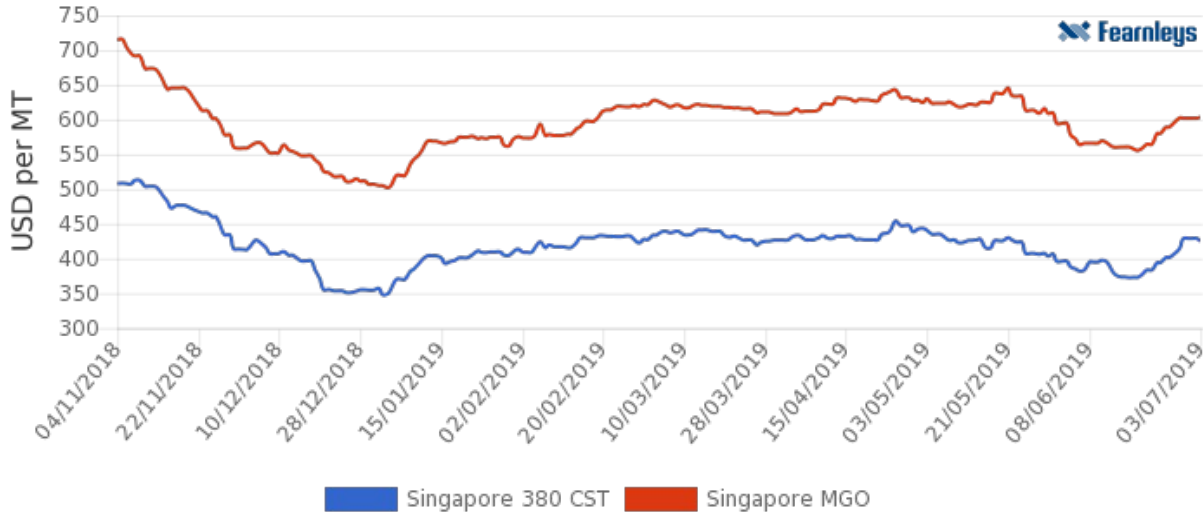
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$425	\$456	\$604
↑ \$24	↓ -\$1	↑ \$15

Rotterdam

380 CST	180 CST	MGO
\$390	\$423	\$579
↑ \$13	↑ \$9	↑ \$19



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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