

Fearnleys Weekly Report

Week 28 - July 10, 2019

Tankers

VLCC

More of the same in the VLCC market this week with limited inquiry, stagnant rates and too many available ships seeking employment. The numerous older and restricted ships continue to be targeted for financial reasons when able, with rates currently in the very low ws40's MEG/eastbound, while their more modern siblings are looking at rates in the upper ws40's from both MEG and West Africa, depending on voyage and terms. The Atlantic region has been quiet, with the only ripples of interest being some USG export possibilities, after that market dropped down to USD 5 million or just below for the benchmark USG/Korea trade.

Suezmax

The West Africa market is still feeling the effects of the eastern ballasters, and we now see West Africa/Continent fixed below ws60. Front-end of the tonnage-list is still heavy, so no many signs of improvement this week. In the East, the 30 days tonnage-count is almost at the lowest this year, but we are still seeing ships willing around ws70 MEG/East. Cargo activity has been decent, so we could see some upward pressure in MEG the week to come.

Aframax

The Aframax market in the North Sea and Baltic continued to move sideways the past week, with the exception of a small setback for the cross-North Sea voyages. This simply comes down to the fact that there are too many relets open in the area, with little cargoes left for other owners to fix. In the Mediterranean and Black Sea, demand for cargo has grown over the week as the build-up of available tonnage increases. Luckily for owners, this demand was satisfied with a rush of cargoes coming into the market yesterday. However, the tonnage build up and recent increase of cargo activity has not resulted in a noteworthy rate fluctuation over the week; it seems supply is balancing out demand, and therefore rates continue moving sideways. TD19 for instance, as lurked around the ws90-mark all week. It will be interesting to see how the market develops towards the end of the month, especially in the North as more ships are leaving the area.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	20.0	0.0 →
MEG/Japan	280 000	48.0	0.0 →
MEG/Singapore	280 000	49.0	0.0 →
WAF/FEAST	260 000	47.0	0.0 →

WAF/USAC	130 000	57.5	2.5 ↑
Sidi Kerir/W Med	135 000	67.5	-5.0 ↓
N. Afr/Euromed	80 000	90.0	-10.0 ↓
UK/Cont	80 000	87.5	-2.5 ↓
Caribs/USG	70 000	67.5	-12.5 ↓

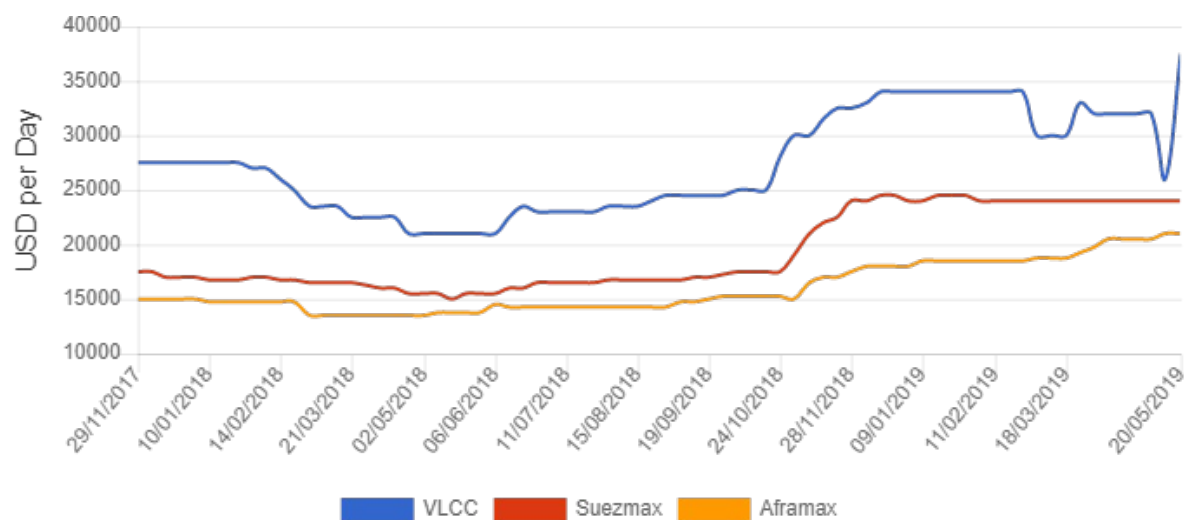
1 Year T/C (USD/Day)

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

VLCCs fixed in all areas last week 60 2 ↑

VLCCs available in MEG next 30 days 127 0 →

1 Year T/C Crude



Dry Bulk

Capesize

Fundamentals for the big ships remain robust, with all major miners back on stage, enjoying historically high iron ore prices and pushing out as much volume as possible. Spot returns have risen sharply to level out at some USD 26k, up 14 pct w-o-w. Fronthaul and transatlantic trades remain the brightest spots, where shortage of available early units have forced major Brazilian exporters to split Capesize stems destined for China into Panamax lots at high cost to secure tonnage. Reflecting this, pay for transatlantic rounds are up 20 pct to USD 30k/day, fronthaul milk trade trips are at USD 50k/day and improving, whilst the even more important long-duration China-Brazil-China route is up also 20 pct to come in at USD 24k/day. Period conclusions are limited despite keen interest from all major players - owners mostly holding back as bids on table merely in line with FFA levels, far below physical expectations.

Panamax

Yet another very positive week for rates in both basins, even though the majority of the growth was seen in the Atlantic region. With both the USG and the Continent lacking spot tonnage, charterers are forced to

pay more than the previous fixtures. From Brazil and Argentina, the grain market remains firm, where the last reported Kamsarmax (82kdwt, 2009-built) fixed APS USD 17,000 + 700,000 GBB for a trip East. A transatlantic round voyage currently yields about USD 18,000 per day, while a short fronthaul from the Continent yields around USD 24,000. In the East, a Pacific round voyage now pays around mid USD 11,000's per day. A backhaul fixture from China to UK/Continent is rumored fixed at USD 7,000 - significantly higher than last reported Backhaul and the Index. The BPI 4TC-index is up 358 points week-on-week, currently at 1791 points.

Supramax

Firm rates seen across the Atlantic sector, still strong demand from Black Sea, with FH ex USG, Black Sea and Continent paying owners low USD 20,000. In the Pacific, some signs of improvement in the Far East. CIS round trips is paying around USD 6,500 ex CJK, while Nopac round voyage around low USD 8,000. Indonesia/China paying owners around USD 9,500.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$50,432	\$2,887 ↑
Australia - China	\$9.3	\$1.0 ↑
Pacific RV	\$23,479	\$3,646 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$17,915	\$5,400 ↑
TCT Cont/Far East	\$23,893	\$3,993 ↑
TCT Far East/Cont	\$3,771	\$712 ↑
TCT Far East RV	\$11,622	\$1,237 ↑

Supramax (USD/Day)

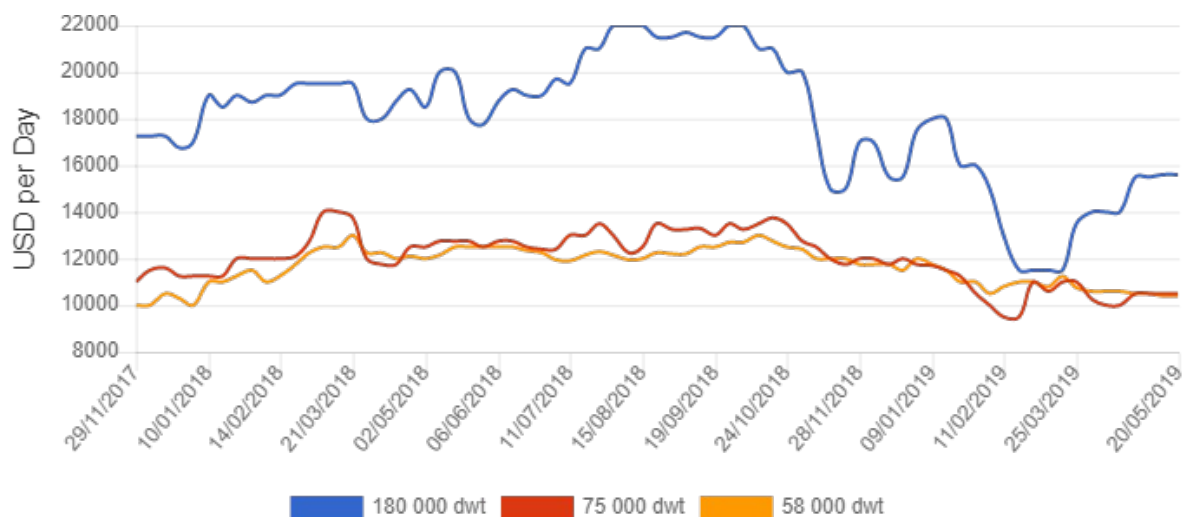
Atlantic RV	\$12,107	\$1,772 ↑
Pacific RV	\$7,807	\$71 ↑
TCT Cont/Far East	\$20,471	\$1,639 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$18,300	\$300 ↑
Panamax (75 000 dwt)	\$11,500	\$0 →
Supramax (58 000 dwt)	\$10,650	\$0 →

Baltic Dry Index (BDI)	1759.0
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1 Year T/C Dry Bulk



Gas

Chartering

West:

Limited activity in the Western VLGC market has made true market value opaque. Owners are reluctant to indicate lower than USD 120pmt Houston/Chiba, but excess availability of freight relative to cargo inquiries up until mid August suggests that there is possibly room for some weakening in the market. Waiting time will be a deciding factor in the magnitude of this.

Indeed, this week most activity has been centred on WAF, with a number of cargoes and tenders being released in the region. Shipowners have indicated rates of around USD 120 Bonny/Chiba, but the threat of idle freight in the US and a couple of possible relets in the East are indicative of probable downwards pressure; perhaps this is already being reflected in the declining Baltic.

East:

In the East this week, the owners with the most vessel availability have indicated levels in around the low USD 80s, which has been somewhat at odds with a declining Baltic. The cause of this is most likely the availability of increasingly competitive relets which are yet to be fixed.

There have been a couple of fixtures loading out of Australia end July, and there have been a few potential cargoes in the MEG for end July/early August, but these do not seem to be enough to absorb much vessel availability. However, we are still waiting for the outcome of various WAF tenders that could absorb more shipping and decide the direction of Baltic in the short term.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$2,020,000	-\$50,000 ↓
LGC (60 000 cbm)	\$900,000	\$0 →
MGC (38 000 cbm)	\$710,000	\$0 →
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)	\$243.57	\$204.87
Sonatrach/Bethioua	\$335.00	\$340.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$52,000	\$12,000 ↑
West of Suez 155-165 000 cbm	\$56,000	\$6,000 ↑
1 Year T/C 155-160 000 cbm	\$84,000	\$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	\$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

108.77 ↑ 0.64

USD/KRW

1180.55 ↑ 14.55

USD/NOK

8.65 ↑ 0.09

EUR/USD

1.12 ↓ -0.01

Interest Rates

LIBOR USD (6 months)

2.26% ↑ 0.05%

NIBOR NOK (6 months)

1.52% ↓ -0.02%

Commodity Prices

Brent Spot

\$64.16 ↑ \$1.76

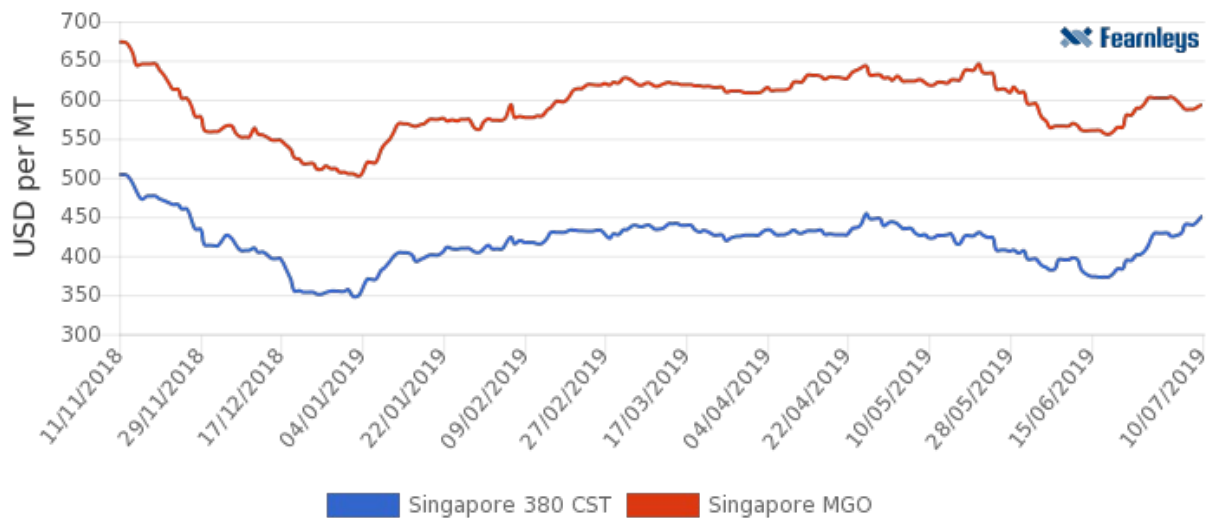
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$452	\$481	\$594
↑ \$27	↑ \$25	↓ -\$10

Rotterdam

380 CST	180 CST	MGO
\$392	\$421	\$567
↑ \$3	↓ -\$2	↓ -\$12



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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