

Fearnleys Weekly Report

Week 31 - July 31, 2019

Tankers

VLCC

Although the long term optimism remains strong, the VLCC market has continued to tread water in the week gone by, with little or no upward traction. However, the owning community has drawn a line in the sand each side of the W40 mark Meg/ East for unrestricted tonnage, pending on the voyage in question, terms and conditions. There are of course discounts to be had, with plenty of more vintage- and/or ex d/d's or ex scrubber retrofits etc. available, but even this class has shown unwillingness to drop below the mid W30 level. Although suffering from the present malaise in the Meg, the Atlantic basin is showing upward bias potential, as activity has picked up substantially over the last day or so with a number of cargoes from both Wafr and the Americas.

Suezmax

A couple of charterers got caught out late last week in WAFR as dates ran away from them. Faced with a limited supply side, their only choice was to pay up and rates jumped another ten points up from last week's update. Most other areas have been quiet on the surface with little movements in rates and now that the early dates have cleared in WAFR we expect charterers to start adding downward pressure on owners again.

Aframax

The past week the North Sea and the Baltic aframax market has been quite lacklustre. At the time of writing we have more than 10 prompt ships in the area. Too many oil-company relets in the area leaving other Owners with any viable options. As a consequence we have experienced in average 10 offers for every cargo quoted in the market. Moving into the 2nd decade fixing window we still expect supply of both fuel and crude cargoes to be slow. This factor combined with a long tonnage list means we will have to wait a bit more till we see any improvements in rates.

The Mediterranean and Black Sea aframax market has been stuck in the doldrums for a while, and not surprisingly seeing rates taking a dip last week on the back of a healthy tonnage list and lack of activity. Alternative markets in the north and in the US-Caribbean region currently not giving owners much leeway in the search for better returns. We expect the market to remain flat in the week to come while waiting for activity levels to pick up.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	19.0	0.0 →
MEG/Japan	280 000	40.0	-2.5 ↓

MEG/Singapore	280 000	41.0	-1.5 ↓
WAF/FEAST	260 000	44.0	-1.0 ↓
WAF/USAC	130 000	67.5	7.5 ↑
Sidi Kerir/W Med	135 000	62.5	-5.0 ↓
N. Afr/Euromed	80 000	82.5	-2.5 ↓
UK/Cont	80 000	80.0	-5.0 ↓
Caribs/USG	70 000	75.0	-5.0 ↓

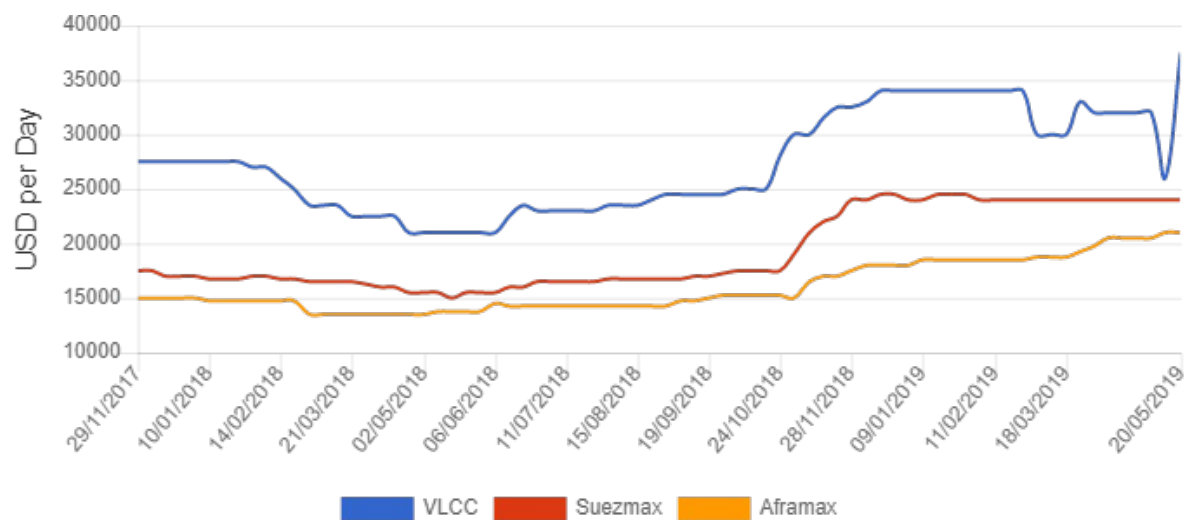
1 Year T/C (USD/Day)

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

VLCCs fixed in all areas last week 68 -2 ↓

VLCCs available in MEG next 30 days 130 0 →

1 Year T/C Crude



Dry Bulk

Capesize

Two weeks ago the 5TC index was at 33,000 USD pd. Since then it has fallen off a bit and has stayed around 27,000 USD pd the last week. As we see it the main reason for the correction is that the fleet has repositioned in a more balanced way with the Atlantic basin filling up. The amount of vessels heading to the Atlantic has resulted in a more cautious outlook amongst market players reflected by August FFA being priced at 23,500 USD pd. However, cargo volumes remain at healthy levels so it is hard to believe in a dramatic market fall the next weeks.

Panamax

The market has taken a breather in both basins, and the summer-boom has taken a rapid turn to the red. However, the sentiment in the market is still positive for the longer term, and many expect rates to continue the increase or at least stabilize going forward. A TA round voyage currently pays owners about USD

17,000 per day, while a fronthaul from the continent now pays in the middle of USD 25,000. In the east, a Pacific round voyage pays above the USD 12,000-mark. The BPI 4TC-index is currently at 1891 points, down 318 points from last week.

Supramax

The market for Supramaxes has seen weakening sentiment the last week following from the drop of the bigger sizes. The lack of fresh interest from charterers in the Atlantic region have put some pressure on the rates in USG and East Med. ECSA is stable, with owners able to obtain good rates for direction Med USD 17,000 and FH USD 15,500 + 550,000 BB on Tess58. PG-India, as well as Asia markets despite the negative indexes, remains active and well supported with long list of cargo orders.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$47,650	-\$4,032 ↓
Australia - China	\$10.0	\$0.4 ↑
Pacific RV	\$26,283	\$158 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$17,010	-\$4,325 ↓
TCT Cont/Far East	\$25,743	-\$3,174 ↓
TCT Far East/Cont	\$5,664	-\$386 ↓
TCT Far East RV	\$12,100	-\$2,231 ↓

Supramax (USD/Day)

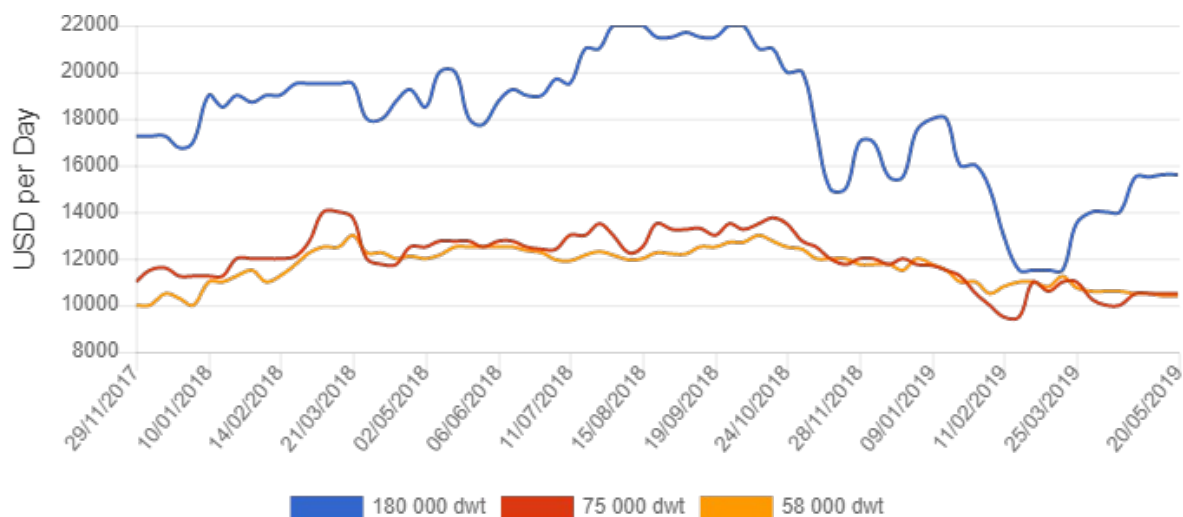
Atlantic RV	\$12,926	-\$1,025 ↓
Pacific RV	\$9,693	-\$286 ↓
TCT Cont/Far East	\$22,793	-\$464 ↓

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$19,500	\$0 →
Panamax (75 000 dwt)	\$12,000	\$0 →
Supramax (58 000 dwt)	\$10,600	-\$250 ↓

Baltic Dry Index (BDI) 1868.0

1 Year T/C Dry Bulk



Gas

Chartering

WEST

For much of this week, the prevailing sentiment was that Western VLGC freight rates were coming off; Houston/Chiba rates weakened to \$105pmt, while bids were lower than that on the follow. However, an influx of 3rd decade cargoes rumoured to be in the market was used as a reason by some to offer higher rates again. There are many factors determining whether or not these will be achievable: notably, how many of these cargoes are firm and what levels owners with open vessels at the front of the month want to target compared to those with ships at the back. Arguably the most important factor, though, will be how the arb responds to US stats today. This could be crucial in helping players decide whether to firm up freight requirements.

EAST

Even though current fixing window has shifted towards 2H August in the MEG, we still see available shipping length from Owners and Traders in 1H August. This has yet again added some pressure on rates, and last done deal was reported in the mid/high usd 60s Baltic. In view of the present physical contango situation we do not expect to see any remaining cargoes before 20-30 August onwards, although there were talks that some of the MEG suppliers might have spot fob tons available for sale. This is however yet to be confirmed. Going forward QP acceptances are also just around the corner which will start to set a direction for next month.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$1,732,527	-\$57,363 ↓
LGC (60 000 cbm)	\$900,000	\$0 →
MGC (38 000 cbm)	\$775,000	\$0 →
HDY SR (20-22 000 cbm)	\$510,000	\$10,000 ↑
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	\$280,000	\$10,000 ↑

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)	\$263.75	\$202.03
Sonatrach/Bethioua	\$335.00	\$340.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$54,000	\$0 →
West of Suez 155-165 000 cbm	\$57,000	\$0 →
1 Year T/C 155-160 000 cbm	\$84,000	\$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

108.65 ↑ 0.52

USD/KRW

1181.80 ↑ 2.70

USD/NOK

8.76 ↑ 0.07

EUR/USD

1.11 ↓ 0.00

Interest Rates

LIBOR USD (6 months)

2.20% ↑ 0.01%

NIBOR NOK (6 months)

1.60% ↑ 0.01%

Commodity Prices

Brent Spot

\$63.71 ↓ -\$0.12

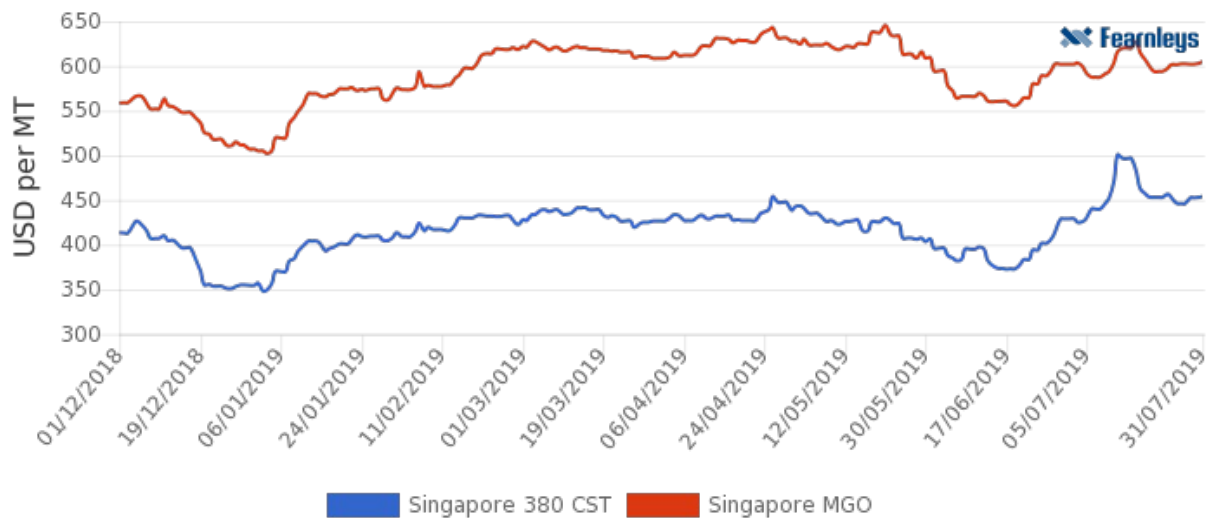
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$454	\$479	\$605
↑ \$1	↑ \$3	↑ \$4

Rotterdam

380 CST	180 CST	MGO
\$374	\$403	\$574
↑ \$2	↓ -\$3	↑ \$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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