

Fearnleys Weekly Report

Week 32 - August 07, 2019

Tankers

VLCC

It's been close to a perfect storm in the VLCC market in the week gone by, with very strong demand in all areas, falling bunker prices and looming typhoons in the Far East. MEG eastbound rates have gained upwards to 10 points, with West Africa/East following suit, and to an extent leading the way - now firmly established in the mid ws50's. USG export freights have similarly strengthened, now said to have reached USD 6.5 for the benchmark Korea destination, although yet to be confirmed. The only cloud on the horizon has been a number of oil company relets boosting an otherwise thinning supply side. Although activity is expected to slow down going into next week, we see little downside risk short term. Whether this is the start of the long anticipated paradigm shift remains to be seen, but for now owners are making the most of daily earnings not seen for a long time.

Suezmax

After a busy couple of weeks on a very date sensitive market, it all came to rest at the end of last week as charterers gradually fought back to gain the upper hand on the owners. Fundamentals trumped sentiment at last and rates began to slide as owners had to make a move and reposition their ships for the autumn which, historically speaking, is firmer than the summer months. Activity levels are low at the moment with VLCCs enjoying all the fun for now. There are simply too many ships out there and fundamentals are not supporting any swing in owners favor anytime soon.

Aframax

Although Aframax have seen another fairly quiet week in the Baltic and North Sea markets, rates have in fact picked up a tad since last week. This is mainly due to the tonnage list tightening somewhat and vessels in position taking out cargoes being fixed under the radar. Owners are still waiting in vain for the upturn which has been expected for Q3. We are expecting an upward market correction as we get closer to end month fixing window. In the Mediterranean and Black Sea, we have seen the rates take a further 10 point drop on benchmark routes over the course of the week. Owners have been battling to fix the few cargoes entering the market, and as the cross-Med voyages are currently paying low ws70's, owners are seeing a return of around USD 4,000 per day TCE; for most owners not enough to cover their OPEX.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	24.0	5.0 ↑
MEG/Japan	280 000	52.0	12.0 ↑
MEG/Singapore	280 000	53.0	12.0 ↑

WAF/FEAST	260 000	55.0	11.0 ↑
WAF/USAC	130 000	57.5	-10.0 ↓
Sidi Kerir/W Med	135 000	60.0	-2.5 ↓
N. Afr/Euromed	80 000	72.5	-10.0 ↓
UK/Cont	80 000	80.0	0.0 →
Caribs/USG	70 000	72.5	-2.5 ↓

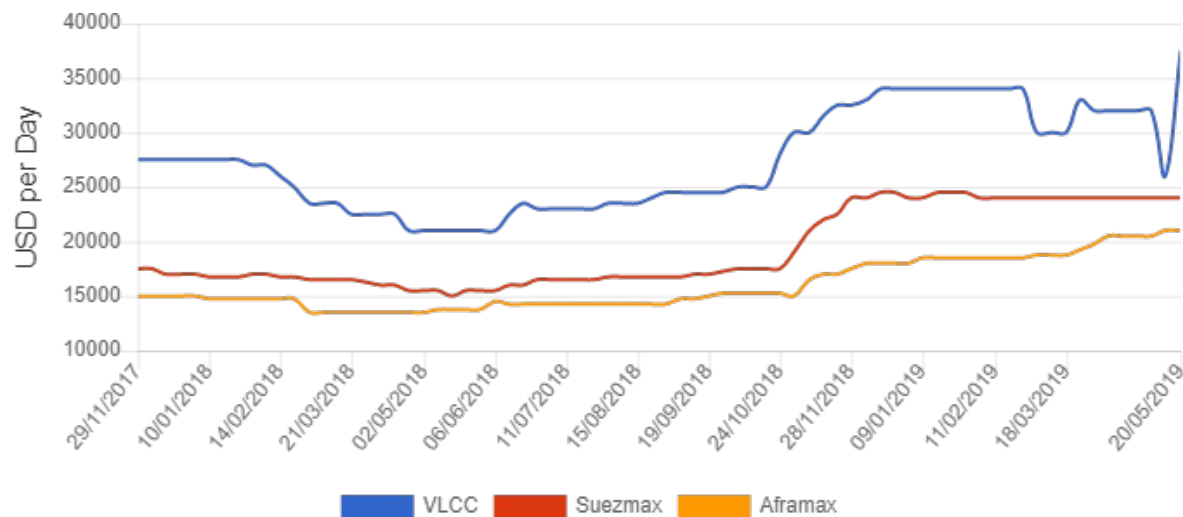
1 Year T/C (USD/Day)

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

VLCCs fixed in all areas last week 85 17 ↑

VLCCs available in MEG next 30 days 120 -10 ↓

1 Year T/C Crude



Dry Bulk

Capesize

There is still an abundance of vessels heading towards the Atlantic, which has been coupled with a significant reduction in fresh requirements the last few days. Therefore, the downwards market trend will probably continue in the near term.

Panamax

After a couple of weeks of the beforehand predicted downturn, the market has cautiously started moving into the greens yet again. The week started slowly, both the east for NoPac runs and with few reported fixtures in the Atlantic hemisphere. However, reports of Increased Australian and Indonesian volumes, shortcomings of tonnage ballasting for ECSA along with few vessels available in the North Atlantic are both signs to take notice of, which has already pushed rates up somewhat. A transatlantic round voyage currently yields about USD 16,500 per day, while a fronthaul from the Continent yields around USD 25,000. In the east, a Pacific round voyage now pays around high USD 10,000's per day. The BPI 4TC-

index is down 100 points week-on-week, currently at 1791 points.

Supramax

A typical slow start to the week with bit more activity by mid-week. In the Atlantic, the feeling is market is again stabilizing where strong numbers are getting fixed in ECSA. ECSA fronthaul paying around USD 16,000 + 600k gbb to Far East, and TA paying around USD 17,500. From USG owners are getting around mid teens for a TA. In the Indian Ocean, tonnage supply is still tight and rates moving upwards, and vessels are getting paid around USD 19,000 for MEG/ECI tct. In the Pacific, the rates are bit pushing but relatively flat by mid-week with Aussie coal rv paying around USD 10,000 back to Far East, and Indo coal around USD 12,500.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$43,959	-\$3,691 ↓
Australia - China	\$8.9	-\$1.1 ↓
Pacific RV	\$22,142	-\$4,141 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$16,375	-\$635 ↓
TCT Cont/Far East	\$24,767	-\$976 ↓
TCT Far East/Cont	\$5,370	-\$294 ↓
TCT Far East RV	\$10,769	-\$1,331 ↓

Supramax (USD/Day)

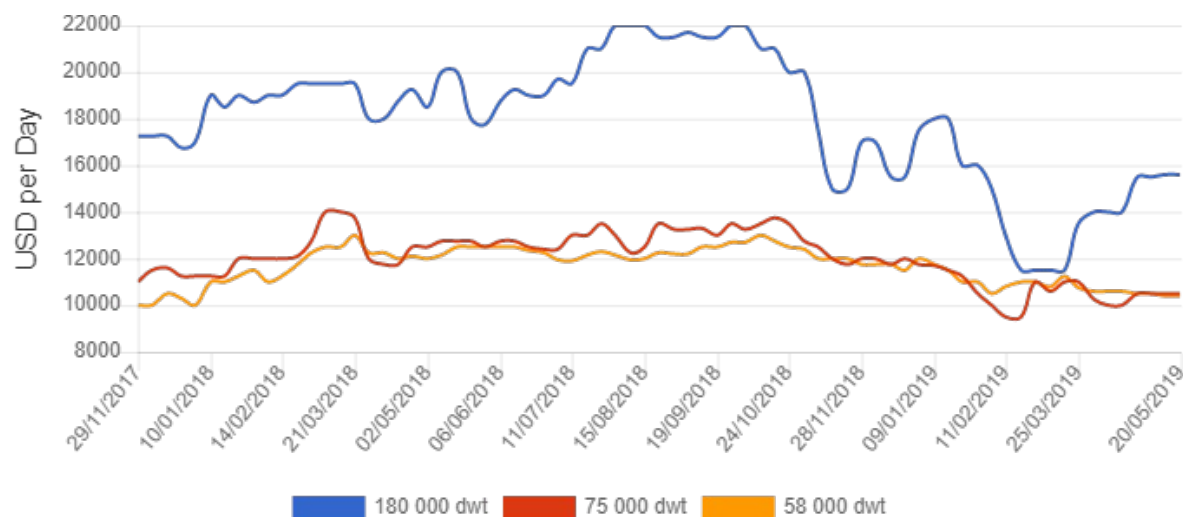
Atlantic RV	\$12,360	-\$566 ↓
Pacific RV	\$9,429	-\$264 ↓
TCT Cont/Far East	\$22,486	-\$307 ↓

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$18,500	-\$1,000 ↓
Panamax (75 000 dwt)	\$12,000	\$0 →
Supramax (58 000 dwt)	\$10,750	\$150 ↑

Baltic Dry Index (BDI)	1734.0
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1 Year T/C Dry Bulk



Gas

Chartering

WEST

Following a very quiet fixing period for 1H August, and despite European and Korean/Japanese storage capacity being limited, there were a number of fixtures for the final decade of August this week. Given that the state of the product side did not seem especially conducive to lifting, it seems players either took advantage of cheaper freight which had been locked in previously or sold cargoes on a FOB basis and relet their vessels. Since this flurry of fixtures, freight has seemed slightly shorter in the West than it has been in the last couple of months. Going forward, the direction of rates will depend on 1H September cargoes and whether or not the peak of hurricane season in the USG will bring any delays.

EAST

In the East this week, freight rates have remained under pressure as we move closer to the next fixing window in September. There have been few deals concluded, but each has been a couple of dollars below the last Baltic print. Given that it is unlikely there will be many more cargoes to help absorb vessel availability for the remainder of this month, it is likely further pressure will be faced in the short term.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$1,647,761	-\$84,766 ↓
LGC (60 000 cbm)	\$850,000	-\$50,000 ↓
MGC (38 000 cbm)	\$775,000	\$0 →
HDY SR (20-22 000 cbm)	\$510,000	\$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	\$280,000	\$0 →

LGP/FOB Prices (USD/Tonne)	Propane	Butane
FOB North Sea/ANSI	\$276.00	\$270.50
Saudi Arabia/CP	\$370.00	\$360.00
MT Belvieu (US Gulf)	\$211.00	\$197.00
Sonatrach/Bethioua	\$286.00	\$295.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$61,000	\$3,000 ↑
West of Suez 155-165 000 cbm	\$65,000	\$6,000 ↑
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

106.39 ↓ -2.26

USD/KRW

1215.30 ↑ 33.50

USD/NOK

8.91 ↑ 0.14

EUR/USD

1.12 ↑ 0.00

Interest Rates

LIBOR USD (6 months)

2.09% ↓ -0.12%

NIBOR NOK (6 months)

1.61% ↓ -0.02%

Commodity Prices

Brent Spot

\$59.81 ↓ -\$3.90

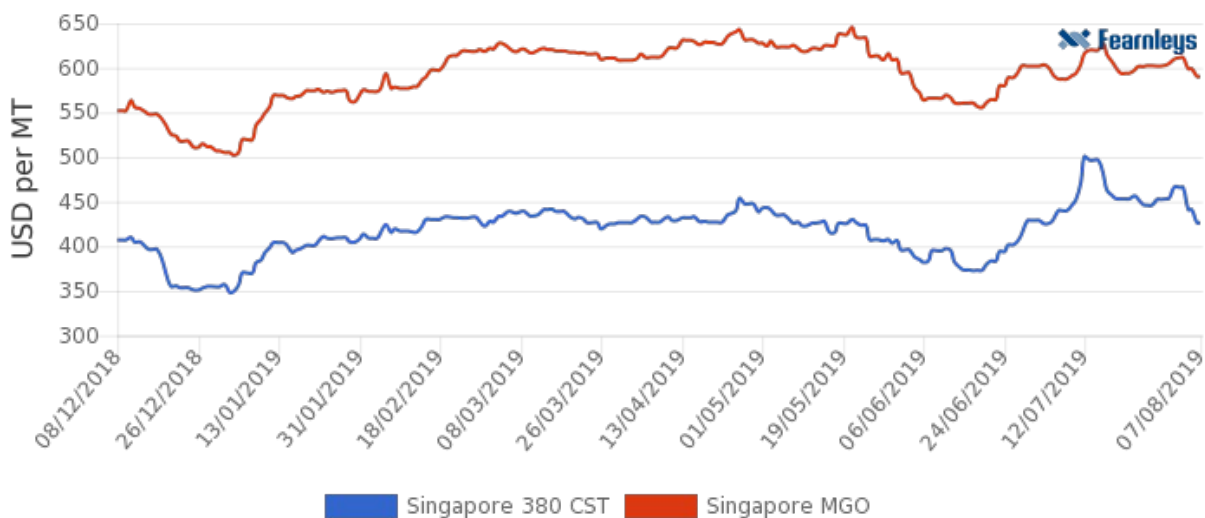
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$427	\$454	\$591
↓ -\$28	↓ -\$25	↓ -\$15

Rotterdam

380 CST	180 CST	MGO
\$356	\$386	\$566
↓ -\$18	↓ -\$17	↓ -\$9



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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