

Fearnleys Weekly Report

Week 36 - September 04, 2019

Tankers

VLCC

When the VLCC activity has appeared slow there has been very high activity under the radar. Mostly in the MEG but also in the Atlantic with the exception of USG/East volumes, which are down. This has brought the monthly count ex MEG to about 100 deals virtually without any noise. Therefore, a number of deals done without accurate details. The rates have over the last week corrected down, at a time where expectations were high. The question is why work secretly when rates are under downward pressure. The only reason is likely to be that the rates are one after the other a tad less than the previous. Still odd in our view, but ships remain in abundance despite the relatively healthy volumes. A bottom for now has probably been found, but much work remains to turn the present trend.

Suezmax

Suezmaxes in the West lost some of its momentum last week. West Africa came back down to ws60, and even though its decent activity, there is still some overhang of tonnage that need to be cleared for anything to happen. On the positive side, Suezmaxes in the Med/Bsea and in the USG have been busy and could possible help owners push the market going into next week. In the East, owners still waiting for more action. The 30-day tonnage count is on average, and market seems pretty steady now after dropping some points early this week.

Aframax

Aframax rates in the Baltic and North Sea markets started to move upwards this week with increased enquiries out of Baltic as well as cross-North Sea picked up substantially. Going forward we expect a firmer market as entering 3rd decade of September activity will increase further, and positions are tightening on the back of more ships leaving the area. In the Mediterranean and Black Sea, we have also seen a relatively active week so far with an upward trend in rate levels. Voyages ex Black Sea have moved more than 10 ws points since mid last week, with current rates standing close to ws100 to the Mediterranean. At the same time a cross-Med voyage is lagging behind a little with TD19 trading around ws90 levels. Owners are now beginning to find this a more attractive market to be in, and we expect them to maintain their stand on rate levels while the fair amount of unfixed cargoes in the market are to be concluded.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	26.0	-4.0 ↓
MEG/Japan	280 000	52.5	-9.5 ↓

MEG/Singapore	280 000	53.0	-10.0	↓
WAF/FEAST	260 000	51.5	-10.0	↓
WAF/USAC	130 000	57.5	-10.0	↓
Sidi Kerir/W Med	135 000	65.0	-2.5	↓
N. Afr/Euromed	80 000	90.0	5.0	↑
UK/Cont	80 000	90.0	5.0	↑
Caribs/USG	70 000	112.5	32.5	↑

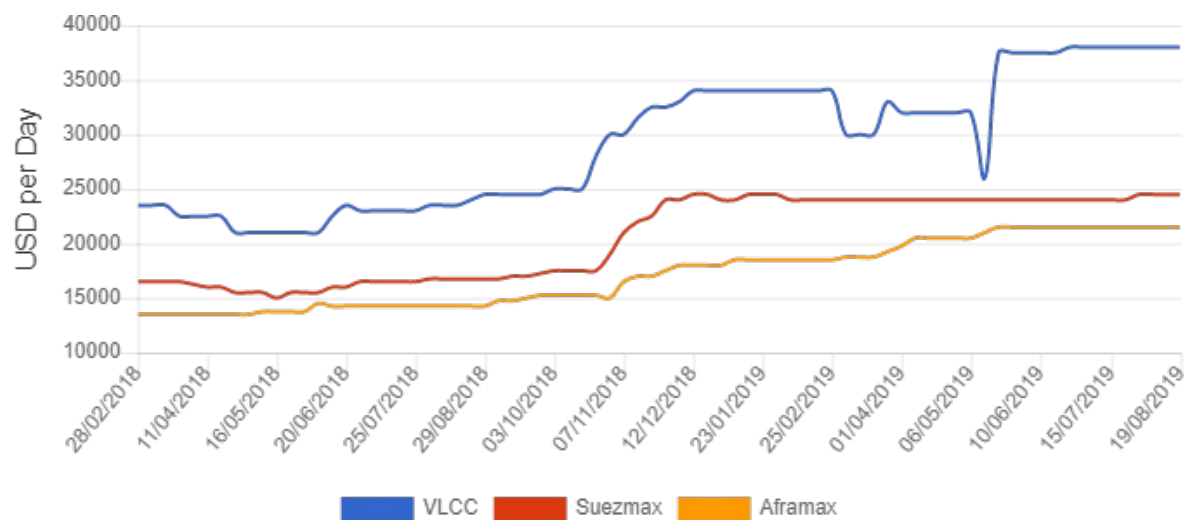
1 Year T/C (USD/Day)

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

VLCCs fixed in all areas last week 53 -6 ↓

VLCCs available in MEG next 30 days 140 15 ↑

1 Year T/C Crude



Dry Bulk

Capesize

From good to great - going strong and enjoying levels not seen for several years. Fronthaul again being the main driver, as Brazilian iron ore miners with a substantial autumn programme struggle to find enough early ships. Unforeseen circumstances excepted, this is set to continue as a huge number of units leave longhaul spot scene for drydock/scrubber/IMO2020 fitting - where delays are considerable. Far East volumes healthy, although demand from miners, mill and utilities not more than modest. Average daily earnings up almost 20 pct w-o-w to come in at USD 38k. High period interest/activity, recently exemplified by 180,000 dwt/built 2011 China mid September for about a year at USD 21,750.

Panamax

The market has been trending sideways since Monday, with a bit less activity than the end of last week. In the Atlantic, some fixtures have indicated softening rates, where a TA round voyage currently pays owners

around USD 20,000 per day. A fronthaul from the Continent now pays around USD 30,000's, while the activity and rates from East Coast South America have remained at the same levels as last week, at around USD 19,000 DOP East Coast India for a trip via Brazil to China. In the East, a Pacific round voyage pays around the USD 17,000 mark. The BPI 4TC-index is currently at 2261 points, up 43 points from last week.

Supramax

Overall, it was a busy week with firm and stable rates. The interest on period candidates was positive and charts looking for good deals. NB Ultras asking USD 13,000 and more for 1-year period. The main area of activity was from East Coast South America, with fronthaul rates on the Ultramax size benefiting from the better activity feeding down from the Panamax/Kamsarmax sizes. Ultramax was fixed to Singapore-Japan at USD 18,000 plus USD 800,000 ballast bonus. The Continent and the Mediterranean see good flow of requirements. A 63,000 dwt vessel rumoured fixing around USD 18,000 for a short period del Continent with redly in Atlantic. Asian market was cooling a bit off, but rates remained healthy. Indo RV fixing in USD 15,000, 58,000-tonner open China fixed a trip via Indonesia, redelivery China, at USD 16,000.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$62,873	\$9,891 ↑
Australia - China	\$11.4	\$0.8 ↑
Pacific RV	\$34,083	\$3,891 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$19,660	-\$85 ↓
TCT Cont/Far East	\$29,714	\$466 ↑
TCT Far East/Cont	\$6,550	\$196 ↑
TCT Far East RV	\$16,181	\$489 ↑

Supramax (USD/Day)

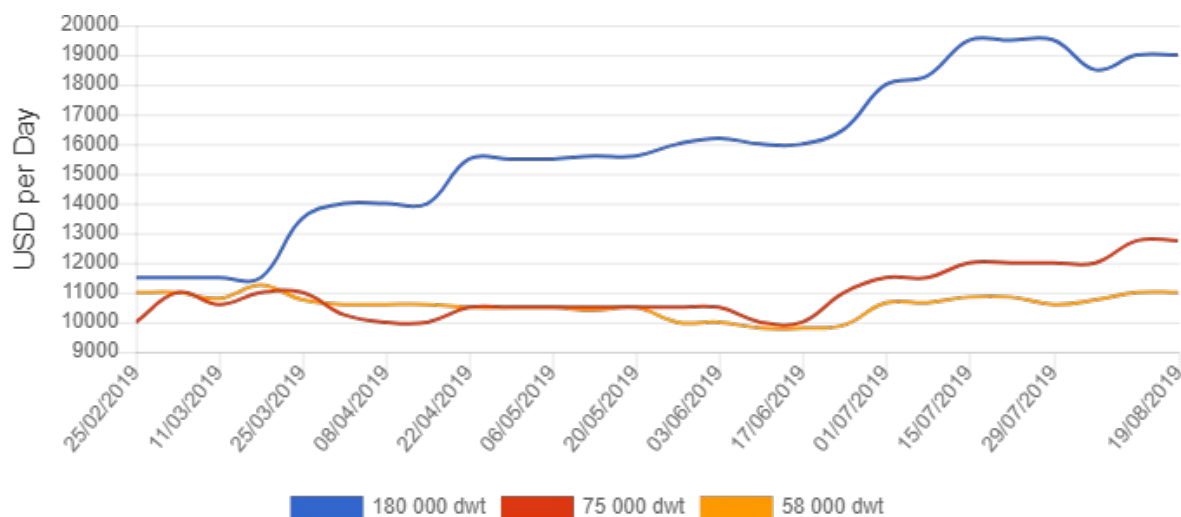
Atlantic RV	\$17,805	\$1,052 ↑
Pacific RV	\$12,786	\$507 ↑
TCT Cont/Far East	\$27,571	\$7 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$22,000	\$2,000 ↑
Panamax (75 000 dwt)	\$14,000	\$1,000 ↑
Supramax (58 000 dwt)	\$11,750	\$250 ↑

Baltic Dry Index (BDI)	2501.0
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1 Year T/C Dry Bulk



Gas

Chartering

WEST

Much of this week has been fairly slow-moving, with the US out for Labour Day on Monday. In the West, there has been a relatively consistent number of relets for much of the week. These should result in some downwards pressure on Houston/Chiba rates. With that being said, position lists have begun to tighten towards the end of this week as the number of vessel inquiries for early October has risen. Given that there are severe delays in the East and limited availability for northbound Panama Canal passage, we perceive the conditions to be right for a possibly quick tightening of freight going forward.

EAST

In the East this week, the delays at disports which were a consequence of typhoons have continued, making it difficult for players to schedule their ships both in the East and the West. There were a handful of fixtures for end September which absorbed vessel relets and were most likely the basis for a falling Baltic. Following these fixtures, the bulk of vessels remain in the hands of the major owners - it will be interesting to see what effect this has on rates moving forward.

It is also worth noting that further delays in the East could be possible as eastern bunker barges are cleaned to prepare them for loading low Sulphur fuel oil ahead of IMO 2020.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$1,400,000	-\$100,000 ↓
LGC (60 000 cbm)	\$900,000	\$0 →
MGC (38 000 cbm)	\$815,000	\$15,000 ↑
HDY SR (20-22 000 cbm)	\$530,000	\$0 →
HDY ETH (17-22 000 cbm)	\$720,000	-\$10,000 ↓
ETH (8-12 000 cbm)	\$450,000	\$0 →
SR (6 500 cbm)	\$450,000	\$0 →
COASTER Asia	\$255,000	-\$5,000 ↓
COASTER Europe	\$300,000	\$0 →

LGP/FOB Prices (USD/Tonne)	Propane	Butane
FOB North Sea/ANSI	\$277.50	\$291.50




Saudi Arabia/CP	\$350.00	\$360.00
MT Belvieu (US Gulf)	\$212.00	\$225.00
Sonatrach/Bethioua	\$286.00	\$312.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$61,000	-\$4,000 ↓
West of Suez 155-165 000 cbm	\$64,000	-\$4,000 ↓
1 Year T/C 155-160 000 cbm	\$82,000	-\$2,000 ↓

Newbuilding

Activity Levels

Tankers  Slow	Dry Bulkers  Slow	Others  Slow
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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

105.89 ↓ -0.03

USD/KRW

1215.70 ↑ 4.45

USD/NOK

9.12 ↑ 0.10

EUR/USD

1.10 ↓ -0.01

Interest Rates

LIBOR USD (6 months)

2.02% ↓ -0.01%

NIBOR NOK (6 months)

1.67% ↑ 0.06%

Commodity Prices

Brent Spot

\$58.26 ↓ -\$0.44

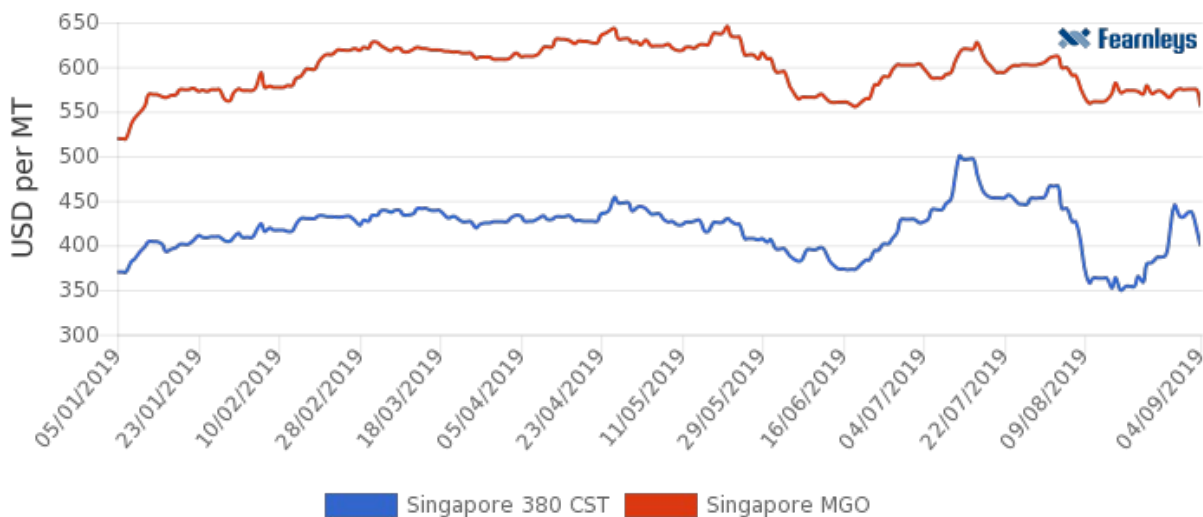
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$400	\$427	\$556
↓ -\$10	↓ -\$8	↓ -\$10

Rotterdam

380 CST	180 CST	MGO
\$272	\$342	\$535
↓ -\$29	↑ \$5	↓ -\$11



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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