

Fearnleys Weekly Report

Week 41 - October 09, 2019

Tankers

VLCC

VLCC rates have surged this week and show no signs of stopping any time soon. A combination of increased seasonal volumes, the recent ban on certain Chinese ships for breaching Iran sanctions, and charterers being reluctant to take ships with Venezuelan trading history, has significantly affected tonnage supply. As a result, charterers are reaching forward date-wise to secure tonnage, fuelling an already red-hot market. All other segments, from Afra- to Suezmaxes, are working in tandem, leaving little wiggle-room for alternative freight options. Daily VLCC earning currently return upwards to USD 130k/day, and falling bunker prices will contribute further. In short; a perfect storm.

Suezmax

Suezmaxes are following their bigger siblings in the fast upward going spiral that is the freight market nowadays. A rate assessment that is given is no longer valid after one hour as charterers are scrambling to cover their cargo requirements and owners, it seems, can pretty much pick a number and next thing you know they are on subs. We're experiencing a momentum effect that we have not seen in years and owners right now are firmly in the driving seat, keen to settle the score from the dire freight markets we have had over the last years. We expect the balance of this week to remain very firm with owners having both hands firmly planted on the steering wheel.

Aframax

As expected, Aframax rates picked up quite substantially both in the North as well as in the Med. Rates in the Baltic and North Sea have increased in line with vessels leaving the area for longer hauls and as such not coming into natural fixing position again. Delays caused by bad weather and delayed delivery windows in strategic ports have also kept an upward pressure on rates. However, rates in the Mediterranean and Black Sea have come off slightly this week as ships from other areas discharging in the Med have offered Charterers more tonnage to choose from in the current fixing window. In the week to come we expect rates to continue to pick up further as both the markets in the North and in the Caribs remain firm.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	80.0	40.0 ↑
MEG/Japan	280 000	140.0	50.0 ↑
MEG/Singapore	280 000	145.0	55.0 ↑
WAF/FEAST	260 000	135.0	45.0 ↑
WAF/USAC	130 000	215.0	110.0 ↑

Sidi Kerir/W Med	135 000	225.0	105.0	↑
N. Afr/Euromed	80 000	185.0	5.0	↑
UK/Cont	80 000	195.0	27.5	↑
Caribs/USG	70 000	220.0	62.5	↑

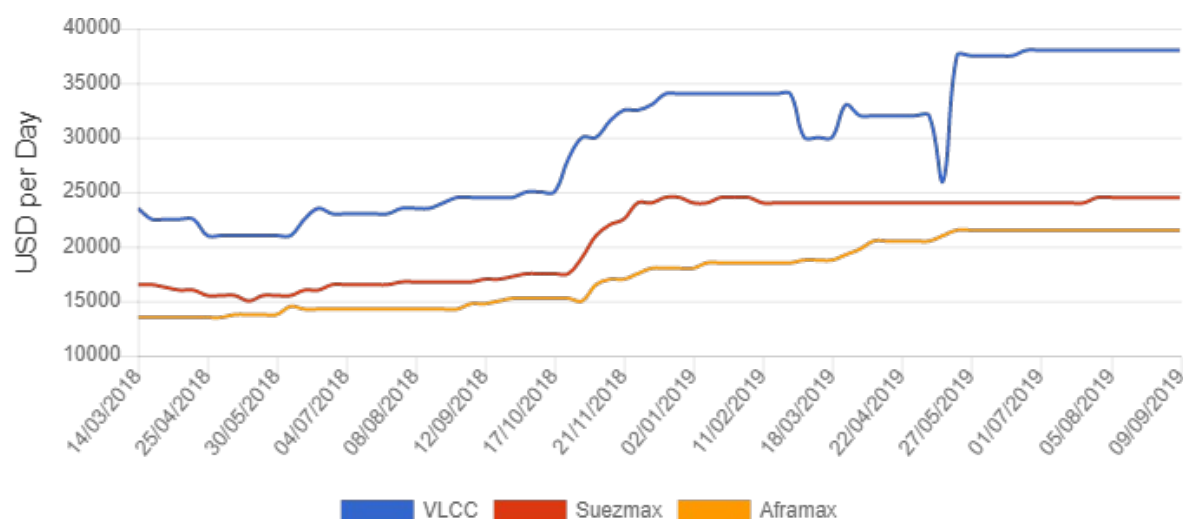
1 Year T/C (USD/Day)

VLCC	Modern	\$55,000	\$6,500	↑
Suezmax	Modern	\$38,000	\$10,500	↑
Aframax	Modern	\$26,000	\$4,000	↑

VLCCs fixed in all areas last week 87 12 ↑

VLCCs available in MEG next 30 days 110 0 →

1 Year T/C Crude



Dry Bulk

Capesize

Positive spot sentiment again for the big ships, with average daily earnings up 5 pct during last 5 trading days to come in at close to USD 26k/day. Fronthaul trades Brazil and West Africa to Far East admittedly remain moderate in volume, but number of early ballasters even more so - resultant rates stable around USD 50k - also sharply increased Black Sea/Far East activity being a positive factor. Low-volume swing area Atlantic stands done correcting and has found balance at an acceptable USD 22k/day - and likely improving as USD 25k seems just done. Brightest spot again appears Pacific, where immediate coal and iron ore flows clearly up despite weather and maintenance disruptions. Key trade Australia/China prints a stable USD 9.50 pmt, whilst interpacific rounds are up some 12 pct w-o-w to pay USD 25k. Paper again giving some support for serious period discussions, albeit recent conclusions so far limited to 182,000 dwt, built 2009, reportedly done for about 2 years at yet undisclosed levels.

Panamax

A positive week with increased rates from both basins, where a TA round voyage currently pays owners around the mid USD 15,500 per day on a standard Panamax, while a fronthaul from the Continent now

yields around USD 25,000. In the East, a Pacific round voyage pays around the USD 13,000-mark. The BPI 4TC-index is currently at 1852 points, 127 up since last week.

Supramax

Some more positive sentiment this week after Golden Week in China last week. Rates remained quite stable last week and is so far this week Pacific routes gaining again. In the Atlantic, scrap cargoes Cont/Emed is getting fixed at around USD 17,000, while Med to ECSA paying around USD 14,000. TA from ECSA is paying around USD 18,000 while fh ex ECSA to Se Asia paying USD 15,000+500k bb. In the Indian Ocean, ships are trading in around USD 13,000+300k bb for South Africa/Pakistan-WCI range, while in the Pacific, Indo/China rv's paying in the high 12k's bss S.China delivery and Nopac rv's around USD 11k.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$50,725	\$1,666 ↑
Australia - China	\$9.5	\$0.1 ↑
Pacific RV	\$24,455	\$1,788 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$15,605	\$1,110 ↑
TCT Cont/Far East	\$25,073	\$900 ↑
TCT Far East/Cont	\$5,719	\$366 ↑
TCT Far East RV	\$12,963	\$1,707 ↑

Supramax (USD/Day)

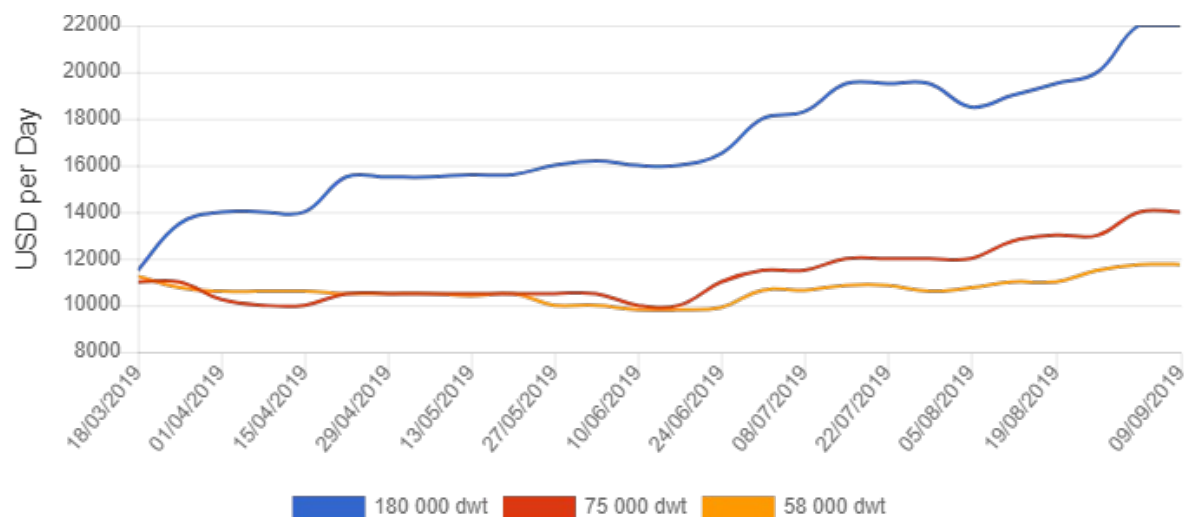
Atlantic RV	\$15,317	-\$1,390 ↓
Pacific RV	\$11,943	\$393 ↑
TCT Cont/Far East	\$26,696	-\$1,375 ↓

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$20,000	\$250 ↑
Panamax (75 000 dwt)	\$14,000	\$0 →
Supramax (58 000 dwt)	\$11,250	\$250 ↑

Baltic Dry Index (BDI)	1873.0
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1 Year T/C Dry Bulk



Gas

Chartering

Things are continuing to stay heated in the VLGC market. This is evidenced by several fixtures ex USG during first half November and by an increasing Baltic in the East. Despite relatively few deals done in the MEG for end October over the last week or so, tight vessel availability is supporting the market east of Suez.

In the West, the current propensity of players looking to secure vessels some thirty to forty days ahead have stabilised the freight market in the mid/low USD 120's per ton Houston/Chiba, and mid/high USD 60's per ton on a Houston/Flushing basis. Although we have started to see freight enquiries for mid/second half November emerging, vessels getting delayed in the Far East due to either ullage issues or bad weather is forcing some owners to wait with fixing in order not to over-commit. At the time of writing, the West is trading at a discount to that of the East, however, it is likely we will see this continuing for a bit and rather slowly but surely the West will catch up the East equivalent rates.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$2,000,000	\$200,000 ↑
LGC (60 000 cbm)	\$900,000	\$0 →
MGC (38 000 cbm)	\$815,000	\$0 →
HDY SR (20-22 000 cbm)	\$530,000	\$0 →
HDY ETH (17-22 000 cbm)	\$720,000	\$0 →
ETH (8-12 000 cbm)	\$450,000	\$0 →
SR (6 500 cbm)	\$430,000	-\$10,000 ↓
COASTER Asia	\$255,000	\$0 →
COASTER Europe	\$250,000	-\$5,000 ↓

LGP/FOB Prices (USD/Tonne)	Propane	Butane
FOB North Sea/ANSI	\$315.50	\$369.50
Saudi Arabia/CP	\$420.00	\$435.00
MT Belvieu (US Gulf)	\$247.00	\$277.00
Sonatrach/Bethioua	\$325.00	\$400.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$130,000	\$33,000 ↑
West of Suez 155-165 000 cbm	\$130,000	\$42,000 ↑
1 Year T/C 155-160 000 cbm	\$83,000	\$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/IPY

107.10 ↓ -0.76

USD/KRW

1193.20 ↓ -5.85

USD/NOK

9.16 ↑ 0.03

EUR/USD

1.10 ↑ 0.00

Interest Rates

LIBOR USD (6 months)

1.96% ↓ -0.06%

NIBOR NOK (6 months)

1.79% → 0.00%

Commodity Prices

Brent Spot

\$58.24 ↓ -\$0.65

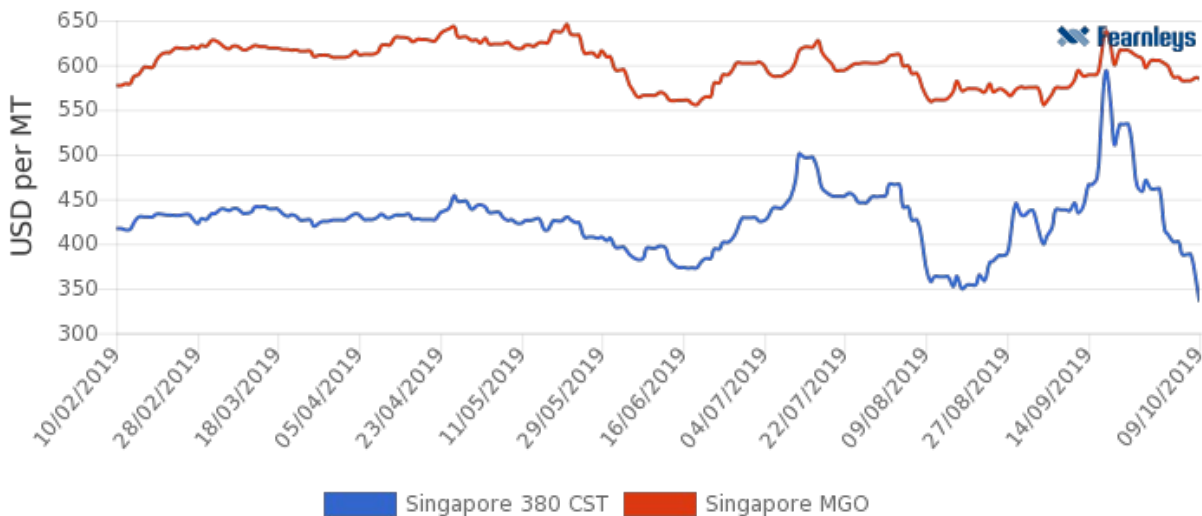
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$335	\$371	\$585
↓ -\$75	↓ -\$67	↓ -\$14

Rotterdam

380 CST	180 CST	MGO
\$308	\$341	\$569
↓ -\$36	↓ -\$33	↓ -\$7



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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