

Fearnleys Weekly Report

Week 42 - October 16, 2019

Tankers

VLCC

After having had a sniff at rates yielding upwards to USD 300k in daily earnings owners were brought back to earth this week, in a manner of speaking, with everything done at above ws205 (USD 200k/day) failing subjects. That said, the latter is earnings not seen for decades, so nevertheless a significant improvement from the previous week. Much of the recent hike is a result of various alleged US sanctions breaches, Iran, Venezuela etc., fuelled further by charterers/traders trying to arbitrage on freight. With all these failings, plus additional oil company relets added, the position list has widened, balancing the supply/demand picture. MEG/eastbound rates are now realistically half of what they were going in to the weekend. However, the underlying fundamentals remain strong, which will support a much higher floor for the balance of the year.

Suezmax

After two fantastic weeks for the owners, we see charterers now managing to hold back their cargoes some more. The "panic-fixing" is over, and the market will start to move down towards more sustainable levels. One thing we can say for sure after this peak is that the bottom level of this market going forward have been lifted significantly. We just started Q4, and even though its coming off, it's going to be really good returns for the owners the rest of the year.

Aframax

The Baltic and North Sea markets have remained firm the past week, with activity in the North Sea being the main driving force for the upward pressure on rates. In the week to come we also expect the Baltic market to come into play and combined with North Sea activities push the rates up even further. Likewise, in the Mediterranean and Black Sea we have seen enough cargoes come into the market to balance out the healthy tonnage list, and activity out of Libya and Black Sea have contributed in pushing rates upwards. There are still cargoes yet to be fixed and the market outlook is firm.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	120.0	40.0 ↑
MEG/Japan	280 000	180.0	40.0 ↑
MEG/Singapore	280 000	180.0	35.0 ↑
WAF/FEAST	260 000	180.0	45.0 ↑
WAF/USAC	130 000	245.0	30.0 ↑
Sidi Kerir/W Med	135 000	250.0	25.0 ↑

N. Afr/Euromed	80 000	225.0	40.0 ↑
UK/Cont	80 000	195.0	0.0 →
Caribs/USG	70 000	210.0	-10.0 ↓

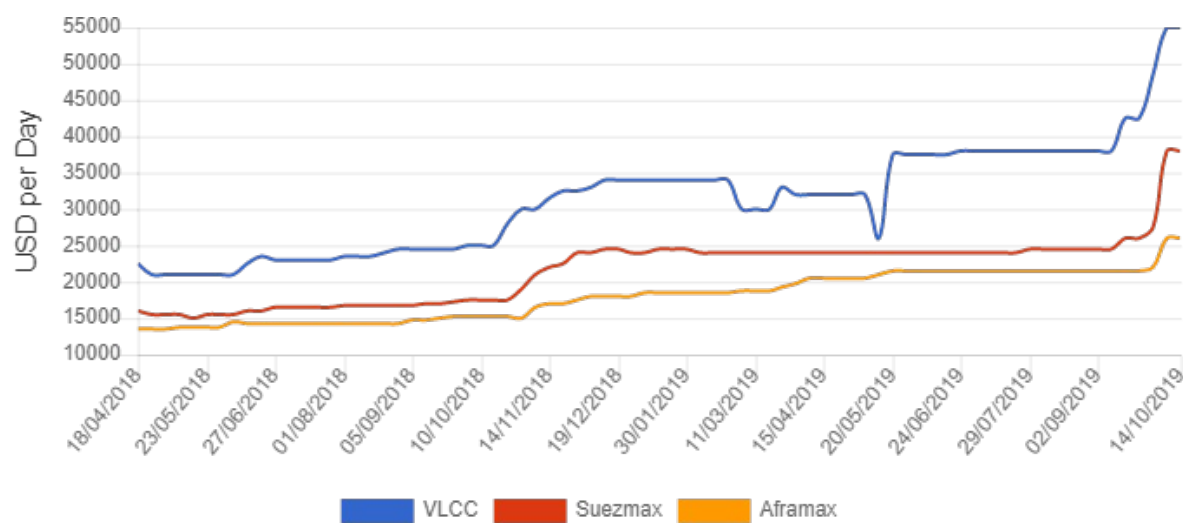
1 Year T/C (USD/Day)

VLCC	Modern	\$55,000	\$0 →
Suezmax	Modern	\$43,000	\$5,000 ↑
Aframax	Modern	\$26,500	\$500 ↑

VLCCs fixed in all areas last week 69 -18 ↓

VLCCs available in MEG next 30 days 110 0 →

1 Year T/C Crude



Dry Bulk

Capesize

Stable with an immediate touch of negativity on modest volumes for the main routes, but average daily spot earnings nevertheless up a marginal 1 pct over last 5 trading days to come in at a handsome USD 26k. Owners preferring stay Pacific to position for scrubber fitting or other technical works related to IMO 2020 put pressure on the West Australia/China levels as also major miners experience limited export disruptions - resultant value for interpacific rounds down 4 pct w-o-w to USD 23k. Positive guidance for Brazilian end-year iron ore production and exports give good reason for optimism in days/weeks to come, whilst spot scene typically one of limited activity and fronthaul numbers unchanged at around USD 51k/day - the long China-Brazil-China round in fact down 3 pct to print at USD 25,500/day. FFA's give little support for fixed-price period levels matching expectations, but notably several modern/NB index+ and Newcastlemaxes concluded for 12 months and longer basis index-linked rates involving substantial premiums.

Panamax

A rather flat week, but with a hint of softening rates going forward. Currently, rates are quite similar to what was reported last week, but the sentiment has turned slightly down in the last couple of days. 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 13,500-mark. The BPI 4TC-index is currently at 1888 points, 36 up since last week.

Supramax

An overall uneventful week, with small gains in BSI but flat physical sentiment. US Gulf rates is under pressure due to the limited fresh demand and the steady flow of tonnage. However, ECSA shows better signs with firmer rates and shortage of tonnage. Supra was rumored fixed USD 18,000 APS Brazil to transatlantic round voyage. Downward pressure was also seen in the Continent and Mediterranean markets. Ultramax were reported fixing USD 19,000 APS Turkey to West Africa with clinker. Far East markets was more active, however we see tonnage is building up in the area and rates from chrts were less aggressive, with all main trades moving on the negative side. Period activity was limited, 63,000 dwt fixed 13,000 bss 4/6 mos delivery China.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$51,100	\$375 ↑
Australia - China	\$9.1	-\$0.4 ↓
Pacific RV	\$23,438	-\$1,017 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$15,680	\$75 ↑
TCT Cont/Far East	\$25,339	\$266 ↑
TCT Far East/Cont	\$5,855	\$136 ↑
TCT Far East RV	\$13,654	\$691 ↑

Supramax (USD/Day)

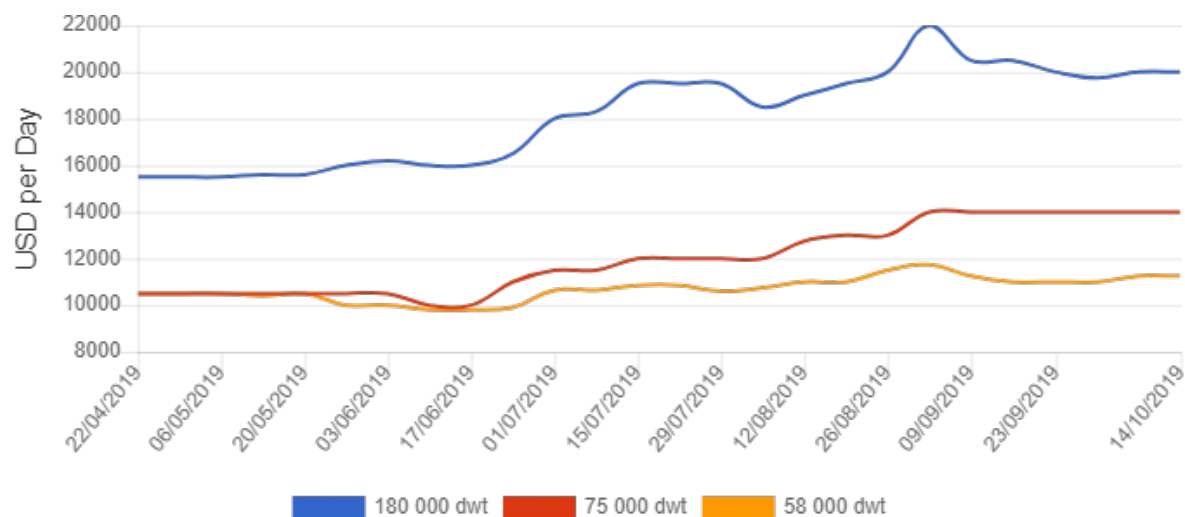
Atlantic RV	\$14,888	-\$430 ↓
Pacific RV	\$12,307	\$364 ↑
TCT Cont/Far East	\$26,332	-\$364 ↓

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$19,000	-\$1,000 ↓
Panamax (75 000 dwt)	\$14,000	\$0 →
Supramax (58 000 dwt)	\$11,100	-\$150 ↓

Baltic Dry Index (BDI) 1898.0

1 Year T/C Dry Bulk



Gas

Chartering

WEST

This week has been a continuation in recent weeks with regards to western VL rates, with fixtures still being done in the USD 122-125H/C range. Although super typhoon Hagibis left discharging in Chiba largely unaffected, there are other reasons to suspect rates could strengthen again in the fixtures to come. The most compelling (and obvious) is the fact that there are few ships remaining in 2H November, but there should still be a number of cargoes which remain uncovered. In addition, owners will need to clean their fuel tanks for the switch to IMO compliant fuels. In a market as tight as this one, it is likely this cost could fairly easily be passed onto charterers, and this could help sustain higher rates.

EAST

In the East, it has been a very quiet week, with many waiting for the outcome of Saudi acceptances before deciding on a course of action. However, several relets have emerged for early November, and these could apply a certain degree of pressure on the Baltic.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$2,200,000	\$200,000 ↑
LGC (60 000 cbm)	\$950,000	\$50,000 ↑
MGC (38 000 cbm)	\$870,000	\$55,000 ↑
HDY SR (20-22 000 cbm)	\$550,000	\$20,000 ↑
HDY ETH (17-22 000 cbm)	\$720,000	\$0 →
ETH (8-12 000 cbm)	\$450,000	\$0 →
SR (6 500 cbm)	\$430,000	\$0 →
COASTER Asia	\$240,000	-\$15,000 ↓
COASTER Europe	\$240,000	-\$10,000 ↓

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)	\$240.00	\$283.00
Sonatrach/Bethioua	\$325.00	\$400.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$130,000	\$10,000 ↑
West of Suez 155-165 000 cbm	\$120,000	-\$10,000 ↓
1 Year T/C 155-160 000 cbm	\$83,000	\$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	\$13.0

Wet

VLCC	\$73.0	\$48.0
Suezmax	\$52.5	\$37.5
Aframax / LR2	\$38.5	\$26.5
MR	\$29.0	\$18.0

Market Brief

Exchange Rates

USD/JPY

108.81 ↑ 1.71

USD/KRW

1185.15 ↓ -8.05

USD/NOK

9.13 ↓ -0.03

EUR/USD

1.10 ↑ 0.01

Interest Rates

LIBOR USD (6 months)

1.98% ↑ 0.04%

NIBOR NOK (6 months)

1.81% ↑ 0.02%

Commodity Prices

Brent Spot

\$58.74 ↑ \$0.50

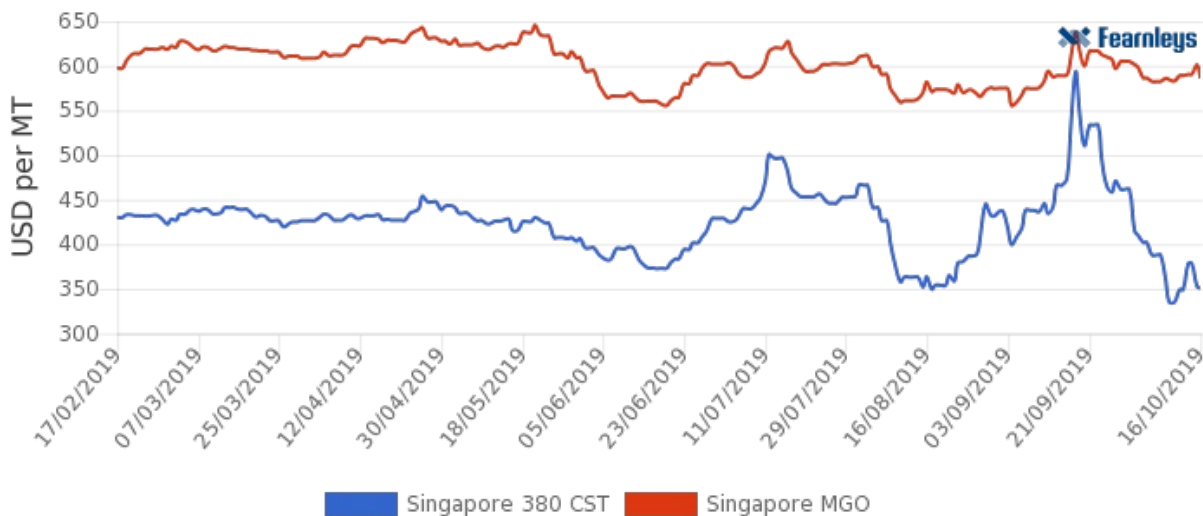
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$351	\$377	\$586
↑ \$16	↑ \$7	↑ \$2

Rotterdam

380 CST	180 CST	MGO
\$267	\$302	\$554
↓ -\$42	↓ -\$39	↓ -\$16



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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