

Fearnleys Weekly Report

Week 39 - September 25, 2019

Tankers

VLCC

After a couple of weeks with frenetic activity for the VLCCs, and rates rising sharply for all the major VLCC-routes, things have quietened down considerably. A few days with charterers holding back has created an increased uncertainty where the market is heading. The tonnage lists have lengthened some, despite the fact that we may have as much as another 100 deals left to do ex MEG for October. Earnings are still healthy, and many have elected to accept rates sub last done levels simply to secure the present earnings. Upcoming holidays in the East may pull more charterers to the market prior coming week-end, which is the hope and expectations out there. In the meantime, rates have corrected down all over, however nothing dramatic. Expectations among owners remain firmly in place and we may see a market for the balance of the year with sharp up-and-down turns.

Suezmax

Suezmaxes firmed up significantly in West Africa end of last week, with rates nearing three-digit numbers for West Africa/UKCM. The weekend gave charterers a chance to re-group and we have seen a slight softening tone in the Atlantic so far this week, which would be expected after rates rose from ws60 to ws95 for West Africa/UKCM in one week. While USG-CBS and West Africa have been rather quiet on the surface this week, Mediterranean/Black Sea and MEG have been busy and this in turn could help owners make this small downturn a short one.

Aframax

The Baltic and North Sea market saw a further increase in rates this week. This upturn has mainly been driven by an active North Sea market coupled with a simultaneously active Baltic market. Also, the bad weather in and around the UK has also had an effect as it is and will cause some delays at discharge. As TD7 currently stands with last done at ws120, the sentiment is still firm. One to keep an eye on in the week to come is if the current firm market invites Suezmaxes to come further into play, and if LR2-owners are willing to leave a soft CPP market and dirty their ships. In the Mediterranean and Black Sea, we have seen an even stronger upward correction this week as rates for voyages both cross-Med and ex-Black Sea have picked up about 30 points on worldscale. At the time of writing TD19 is trading close to ws140. This is a result of the healthy amount of cargoes coming into the market at the beginning of this week, combined with a tonnage list which has tightened over the last week due to vessels leaving to take part in the active US market we have seen in September. There are still cargoes in the market that are unfixed, and we expect the market to stay firm in the week to come.

Rates

DIRTY (Spot WS)	Size	This week	Change
MEG/WEST	280 000	29.5	-0.5 ↓
MEG/Japan	280 000	67.0	-0.5 ↓
MEG/Singapore	280 000	68.0	0.5 ↑
WAF/FEAST	260 000	66.0	-1.5 ↓
WAF/USAC	130 000	85.0	15.0 ↑
Sidi Kerir/W Med	135 000	87.5	17.5 ↑
N. Afr/Euromed	80 000	137.5	27.5 ↑
UK/Cont	80 000	125.0	-45.5 ↓
Caribs/USG	70 000	142.5	-7.5 ↓

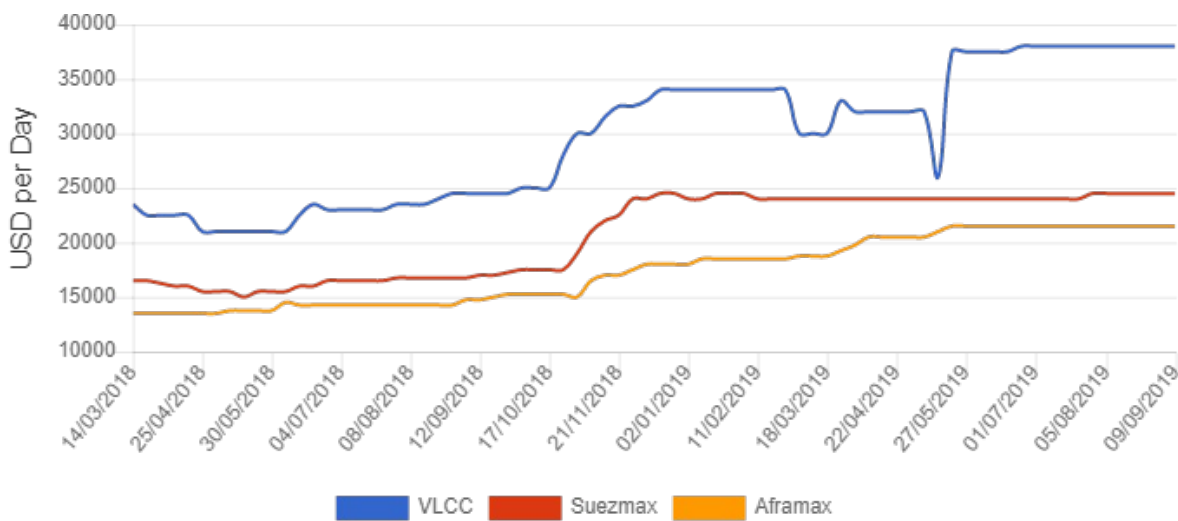
1 Year T/C (USD/Day)

VLCC	Modern	\$42,500	\$0 →
Suezmax	Modern	\$26,000	\$0 →
Aframax	Modern	\$21,500	\$0 →

VLCCs fixed in all areas last week 60 -8 ↓

VLCCs available in MEG next 30 days 125 1 ↑

1 Year T/C Crude



Dry Bulk

Capesize

Underlying fundamentals remain good, but road again bumpy for the big ships and 12 pct of spot value shaved off in 5 trading days. Average daily earnings still at a handsome USD 29k/day and general sentiment remains positive. The Atlantic is the brightest spot, down 10 pct w-o-w to USD 35/day for rounds, whilst the high-volume Pacific round is down almost 19 pct to come in at below USD 22k/day. Huge differences seen between the basins, as units pile up to do quick Far East rounds at discounted levels. IMO 2020 compliance and/or installing of scrubbers again being blamed for regional imbalances. This is this set to continue for the next few months, and unless Australian spot iron ore + coal export volumes increase the Pacific will continue lagging in earnings. Period interest healthy, recently exemplified by 1st generation 207,000 dwt/built 2008 reportedly done for around USD 22k basis about 12 months.

Panamax

With the market trending downwards, rates in both basins have traded down this week. A TA round voyage currently pays owners around USD 17,000 per day on a standard Panamax, while a fronthaul from the Continent now yields around USD 26,500. In the East, a Pacific round voyage pays around the USD 12,500-mark. The BPI 4TC-index is currently at 1939 points, 182 down since last week.

Supramax

A slow week before Golden Week holiday in China coming up, with flat or slightly lower rates in general across the basins. Most of the activity happening in the Pacific basin where CIS coal RV is paying around 11,000, Indo RV to India around USD 13,000, while Aussie runs paying around USD 11,000 back to China. From the Indian Ocean, Supras are fixing mid/high 16k ex ECI to SE Asia, while Indian coastal runs paid in the high teens. In the Atlantic side, ECSA runs to the Mediterranean paying in the low 20's, while Continent scrap to East Mediterranean is covered in the high teens.

Rates

Capesize (USD/Day, USD/Tonne)	This week	Change
TCT Cont/Far East (180 DWT)	\$55,773	-\$2,977 ↓
Australia - China	\$8.9	-\$0.9 ↓
Pacific RV	\$21,921	-\$2,975 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$16,575	-\$1,845 ↓
TCT Cont/Far East	\$26,273	-\$1,665 ↓
TCT Far East/Cont	\$5,742	-\$369 ↓
TCT Far East RV	\$12,231	-\$996 ↓

Supramax (USD/Day)

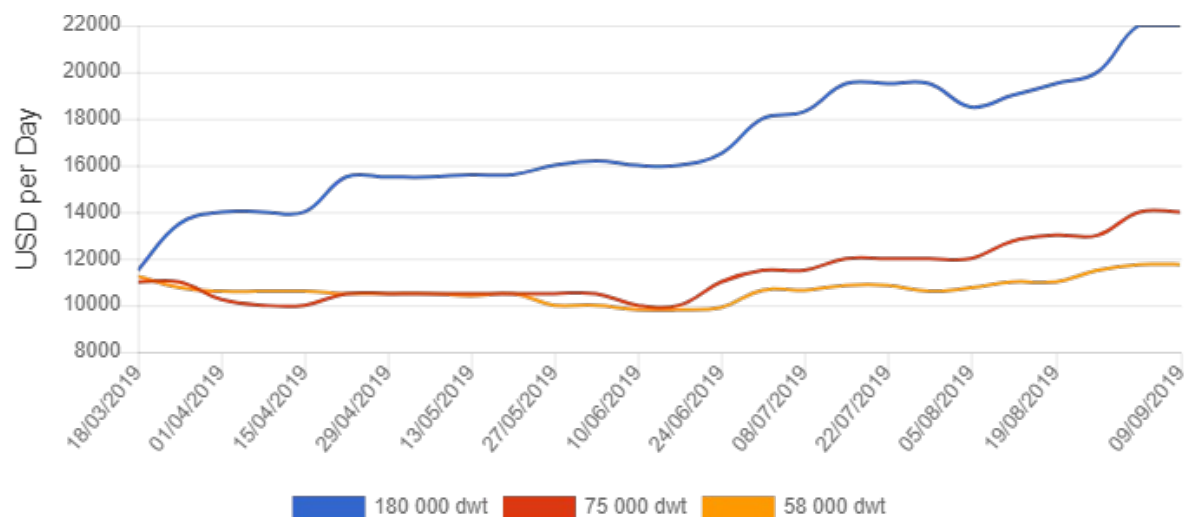
Atlantic RV	\$18,389	\$25 ↑
Pacific RV	\$11,700	-\$129 ↓
TCT Cont/Far East	\$28,686	\$132 ↑

1 Year T/C (USD/Day)

Capesize (180 000 dwt)	\$20,000	-\$500 ↓
Panamax (75 000 dwt)	\$14,000	\$0 →
Supramax (58 000 dwt)	\$11,000	\$0 →

Baltic Dry Index (BDI) 2053.0

1 Year T/C Dry Bulk



Gas

Chartering

WEST

In the West this week, we saw the strengthening in freight we have been anticipating for some time. A flurry of fixtures led to the market being incredibly tight, while favourable conditions on the product side also contributed to strong demand for freight. Increased demand for fixing further ahead suggests that some of this strength could remain into Q4, and with more ships scheduled to dry dock in the coming months this could be a real possibility. Let's see!

EAST

The East freight market has remained relatively quiet this week and we are still seeing a lot of ships being directed back West on the back of higher freight premiums there. Some may argue that this should lead to further tightness of shipping in the East, however we are still seeing relets being pushed out by traders which could balance things out. Next fixing window will be around 2H dates and last done deal remains at USD 56 all inclusive.

LPG Rates

Spot Market (USD/Month)	This week	Change
VLGC (84 000 cbm)	\$1,600,000	\$150,000 ↑
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)	\$450,000	\$0 →
COASTER Asia	\$255,000	\$0 →
COASTER Europe	\$250,000	\$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)	\$237.00	\$239.00
Sonatrach/Bethioua	\$286.00	\$312.00

LNG Rates

Spot Market (USD/Day)	This week	Change
East of Suez 155-165 000 cbm	\$74,000	\$5,000 ↑
West of Suez 155-165 000 cbm	\$72,000	\$2,000 ↑
1 Year T/C 155-160 000 cbm	\$82,000	\$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

107.42 ↓ -0.79

USD/KRW

1195.75 ↑ 5.10

USD/NOK

9.00 ↑ 0.05

EUR/USD

1.10 ↓ -0.01

Interest Rates

LIBOR USD (6 months)

2.06% ↓ -0.02%

NIBOR NOK (6 months)

1.79% ↑ 0.17%

Commodity Prices

Brent Spot

\$63.10 ↓ -\$1.45

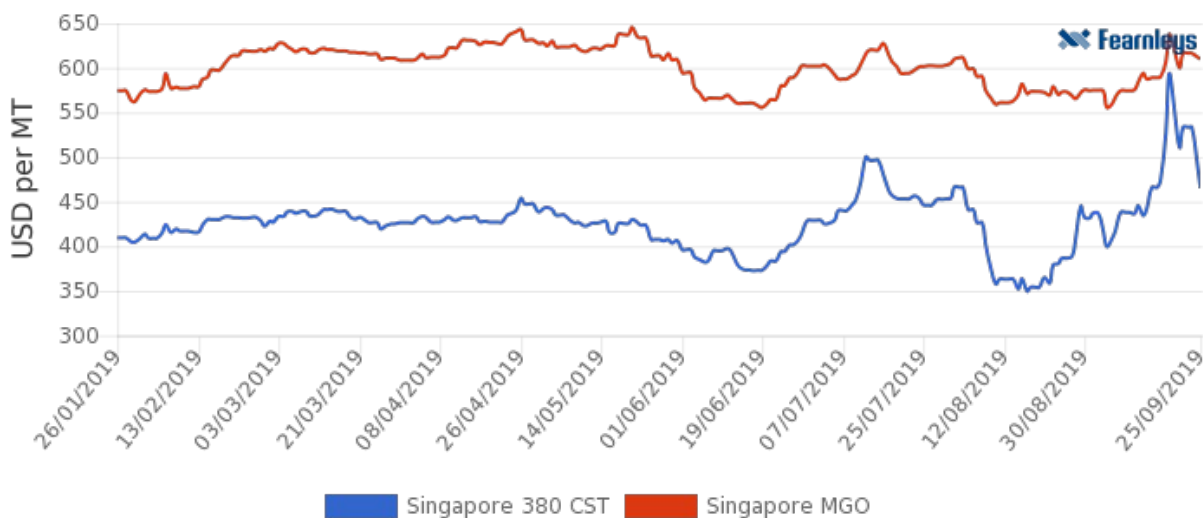
Bunker Prices

Singapore

380 CST	180 CST	MGO
\$465	\$520	\$610
↓ -\$129	↓ -\$101	↓ -\$28

Rotterdam

380 CST	180 CST	MGO
\$375	\$440	\$595
↓ -\$47	↓ -\$36	↓ -\$31



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.

[Disclaimer](#)

© 2019 Fearnleys AS

Phone: [+47 22 93 60 00](tel:+4722936000)

E-mail: fearnresearch@fearnleys.com

An Astrup Fearnley Company