

Fearnleys Weekly Report

Week 33 - August 12, 2020

Printer version

Tankers

Comments

VLCC

The VLCC market, as most other segments, is rapidly moving from a market place to a "money exchange". We are up to 80 MEG fixtures plus a few mystery disappearances for August, approaching the end game by the look of things. That leaves plenty of tonnage for charterers to continue moving cautiously, testing the W30 mark on modern ships for MEG/eastbound cargoes, and yielding little leftover lolly to speak of for the owning community. Although also under pressure, the Atlantic has produced a few fixtures from both West Africa and the US at rates contributing positive returns. However, with rates barely covering OPEX in the MEG - at best - owners will naturally be eyeing the western hemisphere more intensely. Thus, as loading dates move forward, it will likely not take long before that area becomes saturated too.

Suezmax

In the west we are still seeing decent activity on Suezmax, both in Wafr and Brazil. Unfortunately for Owners the tonnage list is still growing and this week we are counting almost 140 ships in wafr next 30 days. TD20 dropped to w45, and going forward it does not look very promising. Still cargoes left for 3rd decade, but not enough to help the market. In the MEG we are seeing the same old story that has been going on for many weeks now - too many ships and too little activity. VLCC's are slow, dragging the Suezmax down with them. We expect the market to remain stable below w50 going forward.

Aframax

Both in the North Sea/Baltic and Med/Bsea markets we have seen the trend go from flat at the end of last week to slightly firming this week. This has much to do with the increased activity out of the Baltic an Black Sea in the 3rd decade fixing window of August, which we are in at the time of writing. Fuel oil cargoes destined East of Suez have also played it's part in putting the current upward pressure on rates. We still expect the market to pick up a few more points in the short run.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 21.5	0.0 →
MEG/Japan (280 000)	WS 35.0	0.0 →
MEG/Singapore (280 000)	WS 32.5	-2.5 ↓
WAF/FEAST (260 000)	WS 38.0	0.0 →
WAF/USAC (130 000)	WS 42.5	-7.5 ↓
Sidi Kerir/W Med (135 000)	WS 50.0	-2.5 ↓
N. Afr/Euromed (80 000)	WS 62.5	5.0 ↑

UK/Cont (80 000)	WS 85.0	2.5 ↑
Caribs/USG (70 000)	WS 72.5	-7.5 ↓

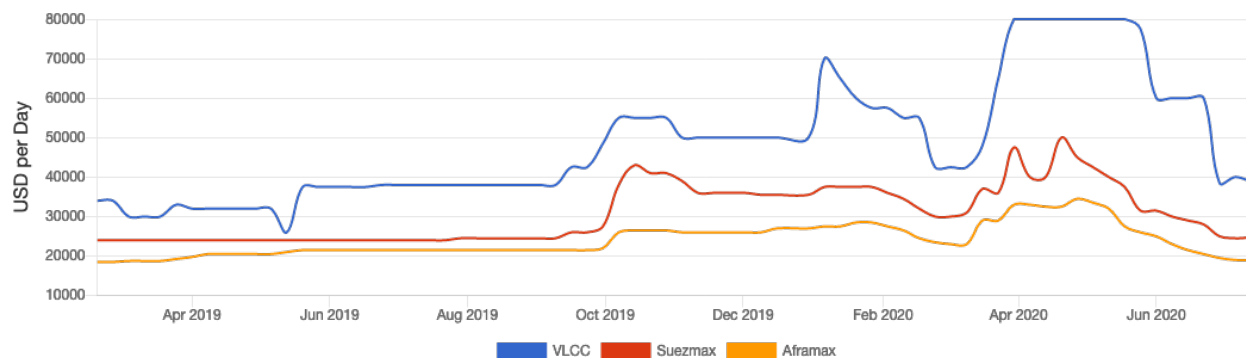
1 Year T/C (USD/Day)

VLCC (Modern)	\$36500.0	\$0 →
Suezmax (Modern)	\$22500.0	-\$500 ↓
Aframax (Modern)	\$18500.0	\$0 →

VLCC

VLCCs fixed in all areas last week	38	-11 ↓
VLCCs available in MEG next 30 days	157	3 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Spot again moving north for the big ships, on a combination of commodity trading fundamentals, crewing issues related to Covid-19 and expected effects of new Chinese customs procedures. Whilst iron ore trade volumes are at year-high and import stockpile quantities drop, supply of tonnage may be reduced as crew-changing becomes an ever more complicated task. Adding to this, dramatically increased time required for Chinese customs clearance may tie up a further massive number of ships. Far East levels are marginally down as only one major miner and a handful of operators picking ships for the west Australia/China conference trade, coming in at around USD 7.90-8.20 pmt depending on age/position. Picture is rapidly changing for the Brazil/China trade, where sentiment and fundamentals have brought levels from USD low 16's to more than USD 18.00 pmt in just a few days - further improvements expected. Paper levels follow suit, and increased period activity/pay apparent.

Panamax

The Panamax market is certainly firm in the Atlantic. The tonnage list is getting thinner day by day and we see higher rates for every day. However, it's a bit two-sided story; for the shorter runs in the North Atlantic we have seen the 20's being done for time charter. However, a "normal" TA run is actually being paid below the Baltic index 1a which at time of writing is at USD 19k. In the eastern hemisphere we also experience firming rates, but the trading has been slower mid week. There are still some August stems out of Aussie to be covered and rates are hovering around USD 14-15k bss China delivery.

Supramax

Firm market across the Atlantic with activity stronger in the Bsea. Thin tonnage list on the Continent, leading to pressure on rates. The Far Eastern market is more moderate and flat. From USG fh paying mid 20's and high teens for TA. Black sea market pushing hard where backhaul to USG is paying USD 10000, Wafr trip around USD 17000 and fh roughly USD 24000. In the Indian Ocean, Safr/Feast concluding in the around USD 12500+250k gbb and WCI to Seasia via Ag, around USD 12000. In the Feast more moderate levels are discussed CIS rv back to China mid USD 6000 and Nopac rv around USD 8000.

Rates**Capesize (USD/Day, USD/Tonne)**

TCE Cont/Far East (180 DWT)	\$34,455	-\$1,545 ↓
Australia – China	\$8.0	-\$0.6 ↓
Pacific RV	\$20,292	-\$2,333 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$19,110	\$4,960 ↑
TCE Cont/Far East	\$25,441	\$2,850 ↑
TCE Far East/Cont	\$4,494	\$593 ↑
TCE Far East RV	\$14,145	\$1,451 ↑

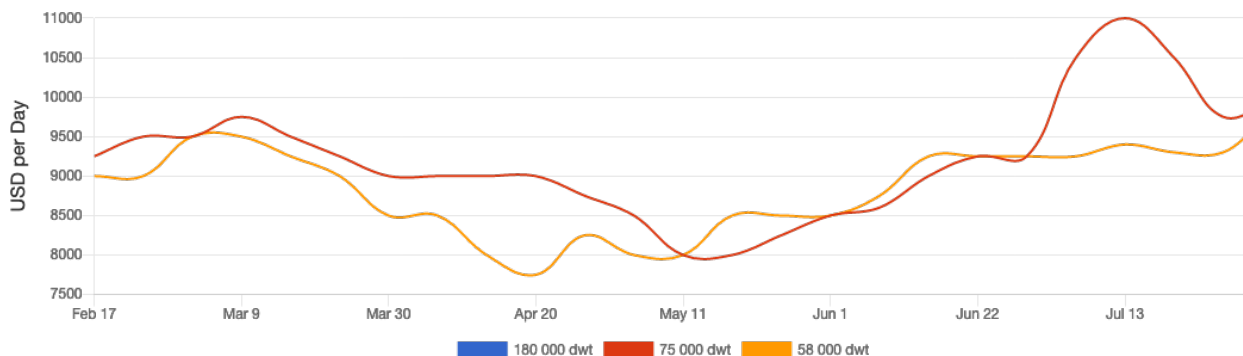
Supramax (USD/Day)

Atlantic RV	\$12,992	\$355 ↑
Pacific RV	\$8,364	\$435 ↑
TCE Cont/Far East	\$23,621	\$3,857 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$17,750	\$500 ↑
Capesize (180 000 dwt)	\$16,000	\$500 ↑
Kamsarmax (82 000 dwt)	\$12,000	\$500 ↑
Panamax (75 000 dwt)	\$10,500	\$500 ↑
Ultramax (64 000 dwt)	\$11,000	\$0 →
Supramax (58 000 dwt)	\$9,750	\$0 →
Baltic Dry Index (BDI)	\$1,540	

1 Year T/C Dry Bulk



Gas

Chartering

WEST

Despite a fair few options with regards to spot FOB cargoes in 1H Sep, freight activity West of Suez has been relatively limited so far this week. Charterers seem to be between a rock and a hard place: on one hand, Owners' ideas remain strong at around mid \$90s Houston/Chiba. On the other, current arb economics and a persistently weak Ginga window mean September liftings are not especially appealing. This dynamic has all market participants primed for news of cancellations ex US, although so far it seems some players have preferred to defer to later in September than to cancel altogether.

EAST

The week got off to a quiet start in the East with public holidays both in Singapore and Japan on Monday. But as soon as people returned to their offices we saw increased activity on shipping for 1st decade of September, which was mainly triggered by the announcement of the Adnoc acceptances earlier. Last done levels are now around low/mid usd 60s Baltic, and the general sentiment going forward is that Baltic should come off slightly as there is currently more supply of spot open tonnages. However, we are still awaiting the acceptances from Aramco which could potentially create more demand for shipping from Indian majors (along with other lifters). If a larger part of these cargoes were to be allocated towards the front end of the month that could help to maintain the levels we are seeing today.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$1,600,000	\$0 →
LGC (60 000 cbm)	\$750,000	\$100,000 ↑
MGC (38 000 cbm)	\$700,000	\$0 →
HDY SR (20-22 000 cbm)	\$690,000	\$0 →
HDY ETH (17-22 000 cbm)	\$730,000	\$0 →
ETH (8-12 000 cbm)	\$390,000	\$0 →
SR (6 500 cbm)	\$300,000	\$0 →
COASTER Asia	\$250,000	\$0 →
COASTER Europe	\$140,000	\$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$275	\$0 →
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Saudi Arabia/CP	\$365	\$0 →
MT Belvieu (US Gulf)	\$261	-\$2 ↓
Sonatrach/Bethioua	\$285	\$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$286	\$0 →
Saudi Arabia/CP	\$345	\$0 →
MT Belvieu (US Gulf)	\$224	\$13 ↑
Sonatrach/Bethioua	\$310	\$0 →

LNG Rates**Spot Market (USD/Day)**

East of Suez 155-165 000 cbm	\$35,000	\$1,000 ↑
West of Suez 155-165 000 cbm	\$40,000	\$1,000 ↑
1 Year T/C 155-160 000 cbm	\$44,000	\$0 →

Newbuilding**Activity Levels**

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	\$87.0	\$0.0 →
Suezmax	\$57.0	\$0.0 →
Aframax	\$46.5	\$0.0 →
Product	\$34.5	\$0.0 →
Newcastlemax	\$48.0	\$0.0 →
Kamsarmax	\$26.5	\$0.0 →
Ultramax	\$24.5	\$0.0 →
LNGC (MEGI) (cbm)	\$180.0	\$0.0 →

Sale & Purchase**Prices****Dry (5 yr)**

Capesize	\$37.0	\$0.0 →
Kamsarmax	\$21.0	\$0.0 →
Ultramax	\$20.5	\$0.0 →

Dry (10 yr)

Capesize	\$22.0	\$0.0 →
Kamsarmax	\$14.5	\$0.0 →
Ultramax	\$11.0	\$0.0 →

Wet (5 yr)

VLCC	\$70.0	\$0.0 →
Suezmax	\$47.5	\$0.0 →
Aframax / LR2	\$38.0	\$0.0 →
MR	\$26.0	\$0.0 →

Wet (10 yr)

VLCC	\$49.0	\$0.0 →
Suezmax	\$34.0	\$0.0 →
Aframax / LR2	\$27.0	\$0.0 →
MR	\$18.0	\$0.0 →

Market Brief**Exchange Rates**

USD/JPY	106.47	0.90 ↑
USD/KRW	1185.60	-3.25 ↓
USD/NOK	8.99	0.03 ↑
EUR/USD	1.18	-0.01 ↓

Interest Rates

LIBOR USD (6 months)	0.33%	0.03% ↑
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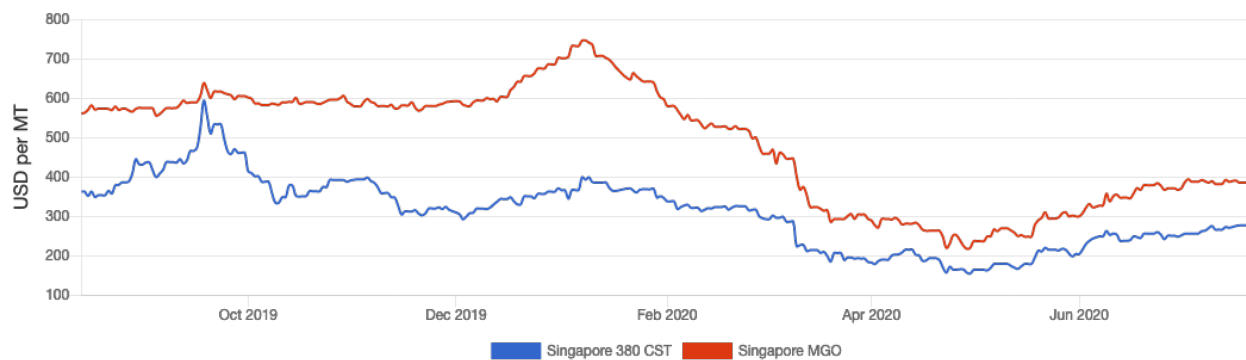
NIBOR NOK (6 months)	0.37%	0.00% →
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Commodity Prices

Brent Spot	\$45.00	-\$0.50 ↓
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Bunkers Prices

Singapore 380 CST	\$286.0	\$10.0 ↑
Singapore Gasoil	\$392.5	\$11.5 ↑
Rotterdam 380 CST	\$268.0	\$4.0 ↑
Rotterdam Gasoil	\$375.0	\$15.0 ↑



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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