

Fearnleys Weekly Report

Week 47 - November 18, 2020

Printer version

Tankers

Comments

VLCC

The December MEG program has kicked off with a yawn. The Chinese are “programming” Chinese ships under so called “COA” terms, so far needing little aid from third party VLCC owners. The position list, albeit well stocked, has thinned somewhat of modern unrestricted units. One owner “scored” yesterday, fixing a W28.5 for a replacement job MEG/China off a prompt laycan. Alas, it was the exception that confirms the rule, as later laycans are likely priced closer to W25 - with a couple of points off for older and/or ex d/d types. In the Atlantic our own Equinor also got a premium for one of their relets, fixing a USG/China run at \$5 million lumpsum, well up from last done - but again off a laycan where the competition was limited. Time will tell, but we doubt it is going to move the market in any significant manner.

Suezmax

Those participants who started the week with a sense of optimism may be feeling a little short changed. Td20 has spent a week flirting with W40, but attempts to push rates further have been thwarted by Charterers slow trading every cargo. Whilst the WAFR December program is fairly lean, the main physical and psychological support may yet come from the Black Sea and Libya. The December Russian Black Sea program is noticeably bigger than November, which has encouraged Charterers to reach forward, creating date-convergence with the West African fixing window. This has held a number of vessels on the Continent and West Mediterranean away from WAFR, creating some balance . MEG/East has taken a breather for now with rates likely to settle at 130KT x W45 on modern whilst Basrah/Med trades 140kt x W20-22.5.

Aframax

With other surrounding markets offering a better alternative, we had quite a few ships ballasting away from the Nsea/Baltic. With less tonnage supply in the area Owners were filled with some more confidence to push for higher rates. However, this momentum didn't last as cargo volumes weren't great enough to support any upward pressure. Going forward, we might see some weather delays and we could see the market gain a few points on back of ships getting delayed. Activity has slowed down again in the Med/Bsea, and with a growing tonnage list we have seen a slight downwards correction in rates. Although the December cargo program out of Bsea is lighter than previous months, Libyan export activity is contributing in a positive manner. In the short run however we expect the market continue to trade at current low levels.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 15.0	0.0 →
MEG/Japan (280 000)	WS 26.0	0.0 →
MEG/Singapore (280 000)	WS 26.5	0.0 →
WAF/FEAST (260 000)	WS 29.5	0.0 →
WAF/USAC (130 000)	WS 35.0	0.0 →

Sidi Kerir/W Med (135 000)	WS 40.0	0.0 →
N. Afr/Euromed (80 000)	WS 62.5	-2.5 ↓
UK/Cont (80 000)	WS 70.0	0.0 →
Caribs/USG (70 000)	WS 80.0	30.0 ↑

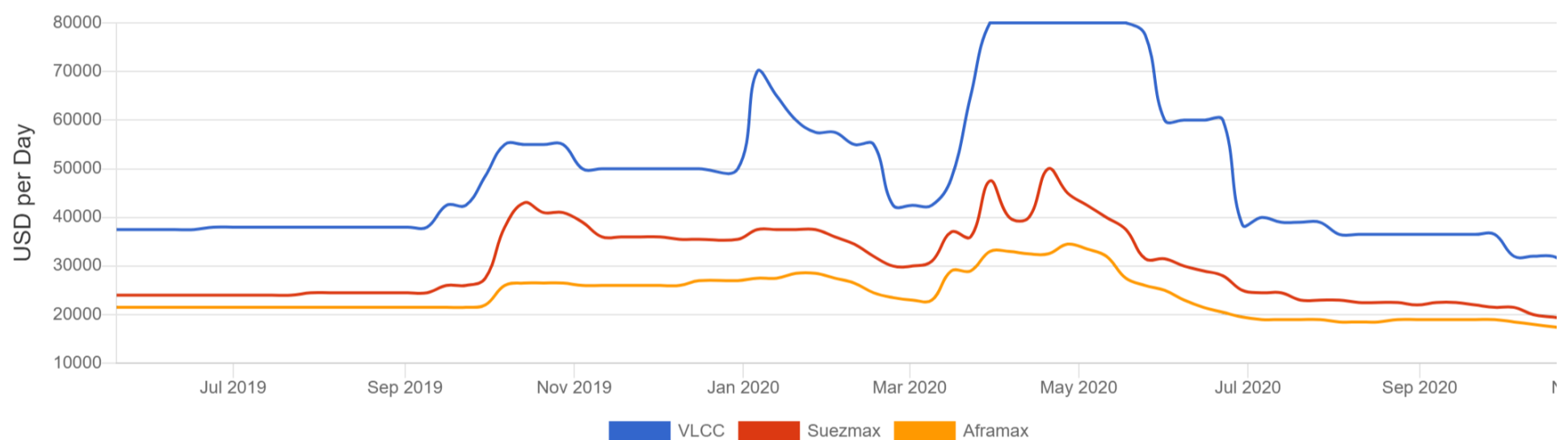
1 Year T/C (USD/Day)

VLCC (Modern)	\$29000.0	\$0 →
Suezmax (Modern)	\$17500.0	-\$500 ↓
Aframax (Modern)	\$16500.0	\$0 →

VLCC

VLCCs fixed in all areas last week	55	1 ↑
VLCCs available in MEG next 30 days	144	-12 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Optimistic mid-term outlook, but still drifting, dull and without much direction for the big ships. Spot values down some 15 pct w-o-w to come in at USD 11700/day. Mixed developments, with Far East pt outperforming Atlantic by a fair bit. All major miners on the west australia/china conference trade keep actively picking ships whilst Australian coal seeks others destinations following china trade ban, lifting average daily returns marginally to approach usd 14k basis 35-50 days duration. In grim comparison, the 100-day China-Brazil-China round is down 10 pct to come in at just over usd 10k/day. Fronthaul and transatlantic trades keep being an impotent mixture of limited iron ore/coal/bauxite flows ex Brazil/usec/wafr against a notable number of ballasters. With high commodity prices and closing of books, expectations are to see sharply increased demand on these routes in few weeks to come. Period activity limited as ffa fail to support, present value for very modern/eco 180000-tonners basis about 12 month estimated at usd mid 15k's. Best option for the period-minded owners not willing make such sacrifice being index-linked, for which around BCI AVE5TC + 21 pct just rumoured concluded.

Panamax

The week started off on a positive note with fresh mineral cargoes entering the Atlantic market. Especially the North Atlantic with Baltic rounds being concluded at higher than last done and Kmaxes achieving ard Usd 15k for a round. In the eastern hemisphere we also see rates gaining - however the bid/ask gap is big, but an underlying

positive trend makes rates firming. NoPac rounds are yielding mid/high 10k. With the current soft trend for the Capesize mrkt, it will be interesting to see how long this firming Pmax market will last.

Supramax

The week started quietly with limited offers. By mid week almost all routes were pushing up. Especially USG in Atl, where trip to Far east was paying close to USD22,000 and to Continent direction rates were closed to USD16,000. Grain runs from Brazil to China where concluded at USD12,000 + 400k bb on Ultramax. Ships with fertz dop Cont to USG fixed at USD11-12,000 and usual scrap round could pay USD17,000.

In Pacific basin all in all not many fresh orders. VsIs from South Africa to China went at USD12,000k + 200 k bb. Trip from AG to Bangladesh at USD12,500. Business from WCI to China was paying USD11,000 and steel run from ECI to China at low USD13,000 on ultra.

Less attractive trading on the period front where supras were covered at 8700 for 11-12 mos redel ww.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$24,075	-\$3,475 ↓
Australia – China	\$6.8	\$0.2 ↑
Pacific RV	\$13,563	\$480 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$13,550	\$2,045 ↑
TCE Cont/Far East	\$19,709	\$1,093 ↑
TCE Far East/Cont	\$4,009	\$144 ↑
TCE Far East RV	\$10,791	\$696 ↑

Supramax (USD/Day)

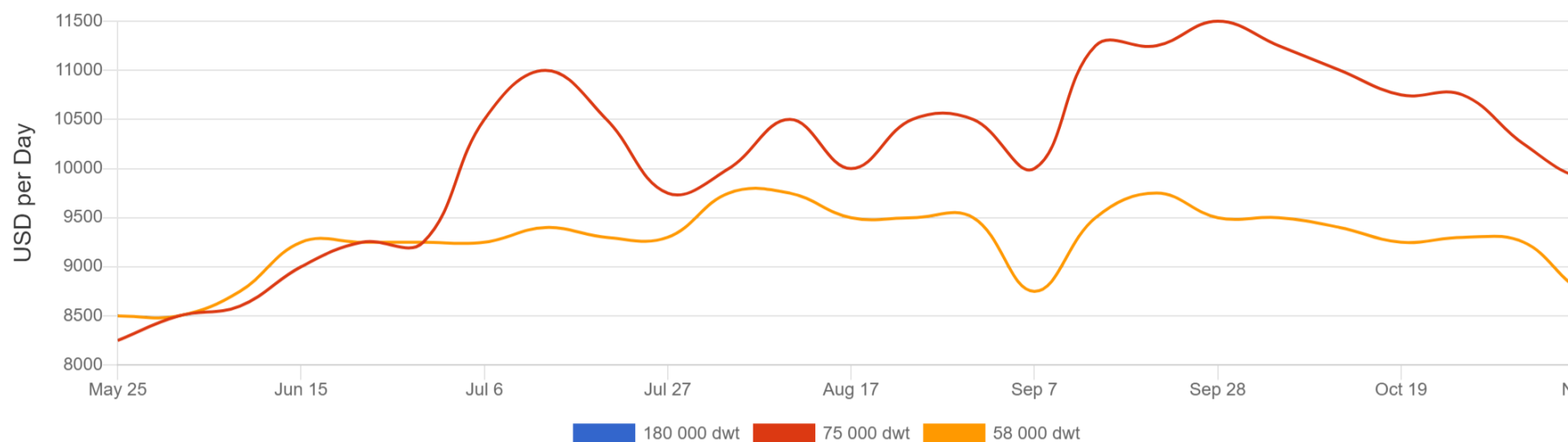
Atlantic RV	\$13,355	\$395 ↑
Pacific RV	\$8,267	\$87 ↑
TCE Cont/Far East	\$17,789	-\$440 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$16,000	\$0 →
Capesize (180 000 dwt)	\$14,000	\$0 →
Kamsarmax (82 000 dwt)	\$11,000	\$100 ↑
Panamax (75 000 dwt)	\$10,000	\$100 ↑
Ultramax (64 000 dwt)	\$10,250	\$0 →
Supramax (58 000 dwt)	\$8,750	\$0 →

Baltic Dry Index (BDI)

\$1,413

1 Year T/C Dry Bulk**Gas****Chartering****EAST**

The Eastern market has pretty much been in waiting mode all week as we are still waiting for the Aramco acceptances to be announced. One vessel was booked for a 09-10 Dec laycan in the AG yesterday, but otherwise, there is not too much activity to report. We are still left with a decent amount of open trader relets during 1H December basis the AG, but some of these ships may ultimately end up being programmed elsewhere unless finding employment out here in the East. Thus, we do not expect freight rates to come off by much over the next deals done.

WEST

West of Suez the market remains tight on vessel supply apart from a couple of first half December vessels. There are still some uncovered cargoes during last decade December that are yet to be sorted shipping-wise and early January has actually come into play. We are likely to see some early January fixtures concluded within this week, however, some of the vessels which are early January lifting candidates haven't even loaded. Last done for an East only fixture ex US is USD 107-108 and although owners trying to pull the market further up towards USD 110, the momentum is currently not there yet.

LPG Rates**Spot Market (USD/Month)**

VLGC (84 000 cbm)	\$1,600,000	\$0 →
LGC (60 000 cbm)	\$1,000,000	\$0 →
MGC (38 000 cbm)	\$875,000	\$0 →
HDY SR (20-22 000 cbm)	\$650,000	\$0 →
HDY ETH (17-22 000 cbm)	\$700,000	\$0 →
ETH (8-12 000 cbm)	\$420,000	\$0 →
SR (6 500 cbm)	\$350,000	\$0 →
COASTER Asia	\$255,000	\$0 →
COASTER Europe	\$170,000	\$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$347	\$0 →
Saudi Arabia/CP	\$430	\$0 →
MT Belvieu (US Gulf)	\$281	-\$8 ↓
Sonatrach/Bethioua	\$360	\$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$368	\$0 →
Saudi Arabia/CP	\$440	\$0 →
MT Belvieu (US Gulf)	\$316	-\$4 ↓
Sonatrach/Bethioua	\$400	\$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$112,000	\$0 →
West of Suez 155-165 000 cbm	\$112,000	\$0 →
1 Year T/C 155-160 000 cbm	\$47,000	-\$1,000 ↓

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	\$86.0	\$0.0 →
Suezmax	\$56.0	\$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	\$36.0	\$0.0 →
Kamsarmax	\$22.0	\$0.0 →
Ultramax	\$19.5	\$0.0 →

Dry (10 yr)

Capesize	\$19.5	\$0.0 →
Kamsarmax	\$15.0	\$0.0 →
Ultramax	\$11.0	\$0.0 →

Wet (5 yr)

VLCC	\$67.0	\$0.0 →
Suezmax	\$45.0	\$0.0 →
Aframax / LR2	\$36.0	\$0.0 →
MR	\$26.0	\$0.0 →

Wet (10 yr)

VLCC	\$45.5	\$0.0 →
Suezmax	\$31.0	\$0.0 →
Aframax / LR2	\$25.0	\$0.0 →
MR	\$17.5	\$0.0 →

Market Brief**Exchange Rates**

USD/JPY	104.22	-1.41 ↓
USD/KRW	1106.65	-3.30 ↓
USD/NOK	9.07	-0.02 ↓
EUR/USD	1.19	0.01 ↑

Interest Rates

LIBOR USD (6 months)	0.25%	0.00% ↑
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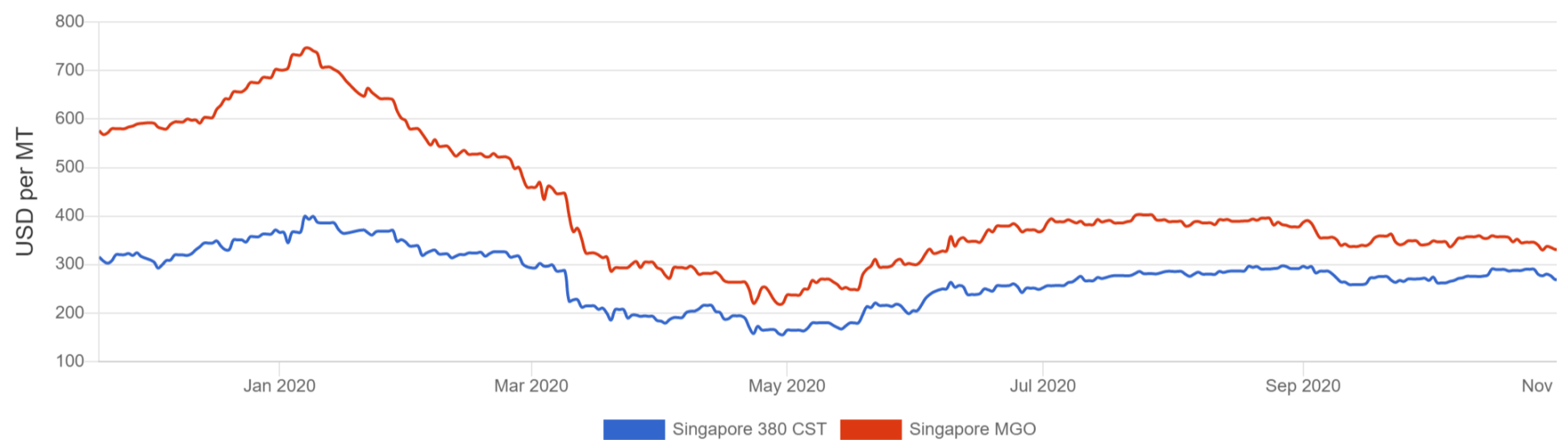
NIBOR NOK (6 months)	0.43%	-0.01% ↓
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Commodity Prices

Brent Spot	\$44.00	\$1.00 ↑
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Bunkers Prices

Singapore 380 CST	\$309.5	\$12.5 ↑
Singapore Gasoil	\$380.0	\$6.0 ↑
Rotterdam 380 CST	\$272.0	-\$1.5 ↓
Rotterdam Gasoil	\$362.0	\$4.5 ↑



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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