www.fearnleys.com

Fearnleys

WEEKLY

Published by Fearnresearch 02. April 2014

TANKERS

CHARTERING

Crude

The VLCC market in the MEG has suffered with an overtonnaged situation for some time. Activity is however increasing as we have concluded some 80 deals for April. Owners have steadily tried to boost the rates, but charterers seem to resort to take the ´lesser´ types of ships to avoid paying even slightly more than last done. The activity in the MEG has increased and the same is for Wafr/East. The resistance is however fierce from the charterers and it is not easily achieved to push rates up through the ws40 mark for MEG/East. MEG/West volumes remain thin for the time being whilst increased activity Caribs/East, but rates have softened on the back of a long list of tonnage. In West Africa charterers started looking well forward on dates with a rather long list of tonnage in hand. Rates came under pressure and started to soften. In both Black Sea and Med activity has been slow and rates have corrected down in these areas as well. The previously high demand for Suezmax both ex Black Sea and Med for East has slowed down considerably. The Nsea and Baltic Aframax market saw plenty of activity last week and the tonnage list became limited for certain dates. At time of writing there are expectations that the market will gain strength on the back of the momentum created. Med and Black Sea sentiment was a bit softer as one Black Sea cargo loading off mid-month dates attracted as many as 9 offers. Rates are still in the ws90 levels, but we expect the market to come off a couple more points before it will stop dropping on the back of a firmer North Sea market. The Caribs up coast Aframax market continued in a steady trend with the market only gaining about 2.5ws points from last week.

Product

WEST: The T/A MR market is showing signs of fatigue and rates have dropped some 5 ws points. However, the backhaul rates ex USG to UKC have increased by some ws5 points. The TC R/V result incl combination of Cont/States followed by US Gulf/Cont have improved the earnings of about USD 1.500/day to about USD 13k/day. The LR1s are unchanged from last week at around ws105 level for States and W.Africa, but with slightly lower activity. Handies trading cross UKC are still maintaining; rates around the 195 level. Clean market in the Med has slowed somewhat and rates basis 30k for cross-Med is today 160 level down from 167.5. EAST: LR2 rates continued to firm up and are close to hit the ws100 barrier. Increased naphtha volumes MEG-East have reduced availability of tonnage upto end April. Last spot fixture concluded was ws97.5 bss 75kt naphtha from MEG to Japan. The cpp backhaul cargoes ex SKorea to Spore/Indo have been under pressure with surplus of tonnage open SKorea/Japan range. Last fixture reported indicates the rates are down some USD 50´ to abt USD 600 ´. LR1 owners in the east have been struggling to maintain the rate levels. Latest fixture reported is ws105 which equals to abt USD 11k/day on R/V basis. We expect the weak rates to remain at present levels in near future. The gap between LR2 and LR1 rates are less than ws10 points and we expect the rates could be close to ws100 in both segments by end of this week. Another factor is Owners of LR2s, are less interested to lift part cargoes (MR) since owners are now pursuing long haul cargoes at present rate levels.

ACTIVITY LEVEL

VLCC	Suezmax	Aframax	P. E. of Suez	P. W. of Suez
Stable	Soft	Mixed	-	-

RATES		This Week	Last Week	Low 2014	High 2014
DIRTY (Spot WS)					
MEG / West	VLCC	27.5	27.0	27.0	42.0
MEG / Japan	VLCC	39.5	37.0	37.0	72.0
MEG / Singapore	VLCC	39.0	37.5	37.5	70.0
WAF / USG	260,000	47.5	47.5	47.5	75.0
WAF / USAC	130,000	62.5	65.0	52.5	130.0
Sidi Kerir / W Me	135,000	65.0	70.0	62.5	170.0
N. Afr / Euromed	80,000	92.5	100.0	77.5	230.0
UK / Cont	80,000	95.0	100.0	82.5	220.0
Caribs / USG	70,000	102.5	100.0	100.0	300.0
CLEAN (Spot WS)					
MEG / Japan	75,000	95.0	95.0	70.0	95.0
MEG / Japan	55,000	107.5	107.5	85.0	112.5
MEG / Japan	30,000	110.0	110.0	100.0	112.5
Singapore / Japan	30,000	115.0	115.0	100.0	115.0
Baltic T/A	60,000	105.0	105.0	87.5	130.0
UKC-Med / States	37,000	130.0	130.0	112.5	160.0
USG / UKC-Med	38,000	75.0	75.0	72.5	120.0
1 YEAR T/C (usd/day) (theoretical)					
VLCC	(modern)	24,500	24,000	24,000	25,500
Suezmax	(modern)	19,000	19,000	17,000	20,000
Aframax	(modern)	15,000	15,000	13,500	15,000
LR2	105,000	16,250	16,000	16,000	16,250
LR1	80,000	15,250	15,250	15,000	15,500
MR	47,000	14,750	14,750	14,500	15,500

VLCCs fixed all areas last week:	52	previous week:	47
VLCCs avail. in MEG next 30 days:	123	last week:	123

SALE AND PURCHASE

Vessel	Size	Built	Buyer	Price	Comm.
Knock Clune	164 028	2010	Eastern Pacific	48,00	
10 x SPP Goseong Resales S1178	50 100	2014	BW Shipping	379,00	
Hellas Constellation	46 162	2000	Union Maritime	12,00	

DRY BULK

CHARTERING

Handy

A further weaker sentiment for the Supras as well in both hemispheres this week with oversupply of tonnage being the major headline. Transatlantic buiz scarce and sliding. Fronthaul paying around 17k from the Continent but ECSA runs now well under the 14 + 400 mark bss APS. In the Far East Indo rounds were paying low teens with redel SE Asia and S.China and mid teens for trips to N.China /Japan. Vessel open in the MEG able to achieve closer to mid-teens for trips to India and low teens for Feast. Period activity low, with Owners talking high 13k for about 1 year and Chrtrs willing to pay high 12k.

Panamax

Players in the Panamax sector are watching a severe drop in rates all across the block without any imminent signs of support or market finding a floor. The Atlantic is overwhelmed by prompt tonnage facing close to zero return on voyage and 2-4k on T/C depending on trade and duration. Fresh requirements are few with Charterers able to select from a wide range of candidates. Some Owners holding back to avoid fixing at current levels idling and waiting for a better tomorrow. Fronthaul has come down further, to 37 pmt or just above 14 + 400 bss APS ECSA to Far East. The Eastern Hemisphere has gradually followed the trend in the Western by a significant loss of activity. Perhaps a glimpse of light in the Indo/India coal trading with more stable levels and volumes. Average Pac rounds in the 9-10k range. The future, or the forward curve, is in steep decent leaving period takers sidelined for obvious reasons. Rates and levels for tonnage will head further South.

Capesize

Another negative week for the big ships, characterized by significant losses in Atlantic and stability in Pacific. T/A rates have seen some USD 12k, or 50%, wiped off their value since the beginning of last week, highlighting the lack of cargoes in the basin and also the relatively quiet fronthaul market. West Australia rates have stabilized, albeit not recovered, from last week´s big sell off. At the time of writing, the market rate is between $10.3 and $10.5 PMT. Fixing volume on this route has been high and could see the tonnage supply balance in the Pacific tipped in owners favour if the good volume continues. All in all, the 4TC index has ended down some $4,100 w-o-w to $17.7k, whilst paper has stayed relatively flat. Period activity has been noticeably quieter amidst a rather unpredictable near-term outlook.

ACTIVITY LEVEL

Capesize	Panamax	Handysize
Soft	Slower	-

RATES		This Week	Last Week	Low 2014	High 2014
CAPESIZE (usd/day, usd/tonne)					
TCT Cont/Far East (172´ dwt)		35,000	39,000	25,000	53,500
Tubarao / R.dam (Iron ore)		10.20	12.40	7.80	17.00
Richards Bay/R.dam		10.40	11.20	7.40	11.30
PANAMAX (usd/day, usd/tonne)					
Transatlantic RV		3,000	4,500	3,000	18,000
TCT Cont / F. East		13,500	15,000	13,500	24,500
TCT F. East / Cont		1,300	1,750	1,000	2,750
TCT F. East RV		9,000	10,400	8,600	12,000
Murmansk b.13-ARA 15/25,000 sc		5.75	6.10	5.75	10.00
Murmansk b.13-L.pool 15/25,000 sc		6.30	6.70	6.30	10.85
HANDYSIZE (usd/day)					
Atlantic RV		9,100	10,500	9,100	20,290
Pacific RV		11,000	13,000	5,500	13,400
TCT Cont / F. East		17,500	18,800	17,500	22,680
1 YEAR T/C (usd/day)					
Capesize	150,000 dwt	19,000	20,000	13,500	22,500
Capesize	170,000 dwt	24,500	26,000	18,000	28,000
Panamax	75,000 dwt	13,000	13,600	12,500	14,000
Handysize	53,000 dwt	12,500	12,750	11,750	13,000
Baltic Dry Index (BDI):		This Week: 0		Last week: 1496	

SALE AND PURCHASE

Vessel	Size	Built	Buyer	Price	Comm.
Bulk China	179 109	2013	Knightsbridge	55,00	
Ocean Lily	76 585	2006	Sanko	25,00	DD due
Orsolina Bottiglieri	75 413	2001	Far Eastern	18,75	
Giant Pescadores	71 671	1998	Chinese	12,00	
Chengxi Resale 0639	64 000	2015	European	29,70	
Chengxi Resale 0640	64 000	2015		29,70	
Anna Oldendorff	52 466	2002	Undisclosed	18,50	Incl 2-3 years TC back
Crown Princess	52 347	2005	Chinese	23,00	
Asian Excelsior	45 190	1996	Greek	11,00	
Orient Singapore	33 688	2011	Greek	23,00	
Ho Xin	24 823	2007	Greek	13,00	

GAS

CHARTERING

A combination of events; several VLGCs booked for longhaul voyages from the West to the East, quite a few vessels in ballast from the East to West to cover fleet shortage, roughly 10 VLGCs awaiting discharge at Indian ports and a surprisingly strong cargo demand has led to the highest spot market ever in nominal terms now that the USD 100 pmt barrier is reached for the MEG/Far East benchmark route. This record-breaking market may very well continue for a few weeks more as freeing up vessels and making them available to the market inevitably will take some time, and at the moment the market does not look vulnerable at all. The market is supported by the fleet balance, the ample supply of LPG from the East and the West as well as a CFR market that has adjusted itself to the "new" transportation costs for now. One (out of the 4 available) Panamax 75,000 cbm vessel has been booked at all-time high timecharter rate exceeding USD 60,000 per day for a 2 years´ TC (plus options) commencing in January 2015.

ACTIVITY LEVEL

COASTER	15-23,000 cbm	82,000 cbm
Low	Firm	Strong

RATES	This Week	Last Week	Low 2014	High 2014
SPOT MARKET (usd/month***)				
82.000 cbm / FR	2,300,000	1,800,000	525,000	2,300,000
57.000 cbm / FR	1,100,000	1,000,000	875,000	1,100,000
35.600 cbm / FR	875,000	875,000	850,000	875,000
20.000 cbm / SR*	950,000	950,000	950,000	980,000
10.000 cbm ETH**	600,000	600,000	530,000	600,000
6.500 cbm / SR	455,000	455,000	450,000	485,000
COASTER Europe	245,000	255,000	245,000	260,000
COASTER Asia	220,000	220,000	220,000	250,000

* 20,000 cbm s/r reflects average spot market, LPG and Petchems (segment 15,000 / 23,000 cbm)

** 10,000 cbm eth reflects average spot market, Petchems and LPG (segment 8,200 / 12,500 cbm)

*** Excl. waiting time, if any

LNG	This Week	Last Week	Low 2014	High 2014
SPOT MARKET (usd/day)				
East of Suez 138-145´cbm	55,000	55,000	55,000	85,000
West of Suez 138-145´cbm	58,000	58,000	58,000	95,000
1 yr TC 138-145´cbm	54,000	56,000	54,000	70,000

LPG/FOB prices (usd/tonne)	Propane	Butane	ISO
FOB North Sea / ANSI	752.50	792.00	
Saudi Arabia / CP	770.00	845.00	
MT Belvieu (US Gulf)	550.96	565.80	599.25
Sonatrach : Bethioua	755.00	805.00	

SALE AND PURCHASE

Vessel	Cbm	Type	Built	Buyers	Price	Misc
No reportable sales this week						

DEMOLITION

Vessels sold for demolition

	VLCC/VLOO	SUEZMAX	CAPE/OBO
Year to date 2014:	4	0	4
Year to date 2013:	4	2	9
2013 total:	23	7	24

SOLD FOR DEMOLITION

Vessel name	Size	Ldt	Built	Buyer	Price
MT Eagle Otome	95 663	15 898	1994	Undisclosed	(As is Malaysia) 472
CONT Athens Trader	35 534	11 000	1995	Undisclosed	(As is Jebel Ali, incl bunkers ROB + heavy propeller) 495
MT Ermar	34 999	8 653	1989	Pakistani	492
CONT Finisterre	33 221	13 341	1991	Indian	504
CONT Kota Wijaya	24 689	6 800	1991	Indian	525
MV Amira Mariam	23 791	5 947	1982	Indian	467
RORO Jolly Bianco	21 334	13 480	1982	Undisclosed	(As is Jebel Ali) 458
LPG Gaz Symphony	8 136	4 756	1987	Indian	(As is Fujairah, incl 500T bunkers ROB) 468

NEWBUILDING

GENERAL COMMENT

Newbuilding prices seems to have stabilized somewhat. A shortfall and bleak outlook for offshore newbuilding orders forces yards to look harder at pure shipbuilding activity, shifting their exposure to their core business. Although too early to say, prices might be taking a breather after the hefty contracting activity in 2nd half of 2013, going sideways for the rest of the year. On the other side, there is an impressive list of ships reported this week, many of which are options declared by owners who signed contracts back in 2013.

ACTIVITY LEVEL

Tankers	Dry Bulkers	Others
Stable	Active	Slower

Average Far Eastern Prices

PRICES (mill usd)		This Week	Last Week	Low 2014	High 2014
VLCC	300´dwt	102.0	102.0	96.0	102.0
Suezmax	150´dwt	68.0	68.0	64.0	68.0
Aframax	110´dwt	54.0	54.0	52.0	54.0
Product	50´dwt	37.5	37.5	36.0	37.5
Capesize	180´dwt	56.0	56.0	55.0	56.0
Panamax	82´dwt	31.5	31.5	30.0	31.5
Handymax	64´dwt	28.0	28.0	28.0	28.0

NEWBUILDING CONTRACTS

Type	No	Size	Yard	Owner	Del	Mill$	Comm.
BC	1	33000 dwt	Shin Kurushima	Sesoda	2016		
BC	3	38500 dwt	Huatai	Interlink	2016		
BC	3	37300 dwt	Nanjing Dongze	Nordic Hamburg	2015		options declared
BC	2	82000 dwt	YZJ	T. Klaveness	2014/ 2017		options declared
BC	1	80500 dwt	Zhejiang Ouhua	T. Klaveness	2017		
BC	2	84000 dwt	Sasebo	Santoku	2016		
CO	2	10000 teu	Jiangsu Yangzi Xinfu	Seaspan	2016	100	options declared
CO	2	10000 teu	YZJ	Seaspan	2016	100	options declared
Chem	5+5	25000 dwt	Dingheng	Genmar	2016	42/43	
LPG	1	83000 cbm	MHI	Astomos	2016		
MT	4	112700 dwt	DSME Mangalia	Tsakos	2016-2017	51	

MARKET BRIEF

Rate of exchange		This Week	Last Week	Low 2014	High 2014
JPY/USD		103.75	102.43	101.36	104.83
KRW/USD		1056.60	1074.91	1051.60	1078.63
NOK/USD		5.97	6.04	5.97	6.25
USD/EUR		1.38	1.38	1.35	1.39
Interest rate					
Eurodollar 12 mnths		0.55	0.56	0.55	0.59
EuroNOK 12 mnths		1.85	1.80	1.73	1.85
Commodity prices					
Brent spot (USD)		104.76	107.14	104.76	110.37
Bunker prices					
Singapore	180 CST	603.00	608.00	603.00	630.00
	380 CST	586.00	594.00	586.00	622.00
	Gasoil	908.00	905.00	904.00	963.00
Rotterdam	180 CST	603.00	599.00	589.00	630.00
	380 CST	578.00	575.00	561.00	586.00
	Diesel	860.00	863.00	853.00	990.00

NS-EN ISO 9002 CERTIFICATED FIRM

FEARNLEYS AS
P.O BOX 1158 SENTRUM
0107 OSLO
PHONE: + 47 22 93 60 00

www.fearnleys.com

FEARNRESEARCH
fearnresearch@fearnleys.no
Telefax: 22 93 61 10

FEARNTANK
fearntank@fearnleys.no
Telefax: 22 93 62 48

FEARNBULK
fearnbulk@fearnleys.no
Telefax: 22 93 62 50

FEARNGAS
fearngas@fearnleys.no
Telefax: 22 93 61 30

FEARNSALE
fearnsale@fearnleys.no
Telefax: 22 93 61 50

ADMINISTRATION
Telefax: 22 93 61 20