www.fearnleys.com

Fearnleys

WEEKLY

Published by Fearnresearch 09. April 2014

TANKERS

CHARTERING

Crude

During last week charterers continued to secure VLCC tonnage at a steady pace and relatively low levels ex MEG. Presently about 116 fixtures are concluded for April as charterers now have moved into 3rd decade still enjoying a fair selection of tonnage controlled by several different owners available within the month. In the Atlantic both Wafr and Caribs enjoyed steady demand but at steadily depressed numbers. Only ex Wafr a recent fragile rebounce has been seen, but all depending on demand whether it will last. Charterers have started working their third decade stems in West Africa but activity has been slow and with ample tonnage available, rates have softened further. The Bsea and Med markets are much the same with little general activity and an absence of demand going east, rates have softened here as well. The major Suezmax activity has been MEG/West. North Sea and Baltic seemed to have some potential last week as a few charterers where caught out. In the Caribs, rates jumped 10 points as owners in position managed to put some pressure on charterers at the end of last week. Ws115 was done, but at the start of this week we see more available tonnage and ships are now being fixed at ws110, and will probably soften further towards the end of the week.

Product

West: The Atlantic MR market has been fairly flat and currently rates stand at ws125 for UKC/TA voyage, down from ws130 last week. Backhaul have regained another few point but looks to remain flat at ws80 for USG/TA, up from ws75 last week. LR1s have seen rates for USAC and WAF discharge drop from ws105 down to today´s levels at around ws95/97.5. Currently we assess the backhaul market on the LR1s to be ws65/67.5. Handies in the MED have had a slow week and rates are looking bleak at ws145 today for a cross-Med voyage, down some 15 points from last week´s level at ws157.5. On the Continent however, Handies are still trading at ws190/195 levels. East: Following from last week, we have seen very little change in the East on LR2s. Throughout the week the market has been flat at ws97.5 for MEG/JPN and currently the potential for firming rates is being held back by a competitive LR1 market inching closer to LR2 levels. Charterers are also drawn to the LR1s for the flexibility they offer with regards to restrictions at certain ports in the East. At ws102.5 MEG/JPN the LR1s have lost even more traction since last week, and are now only 5 points apart from the LR2s. To add assault to injury, westbound LR1 voyages have dropped USD 200k for MEG/UKC down to USD 1750k. MR rates have not seen too many changes, with the exception of SKOR/HK that has dropped USD 40k down to USD 440k.

ACTIVITY LEVEL

VLCC	Suezmax	Aframax	P. E. of Suez	P. W. of Suez
Firmer	Soft	Mixed	Mixed	Soft

RATES		This Week	Last Week	Low 2014	High 2014
DIRTY (Spot WS)					
MEG / West	VLCC	29.0	27.5	27.0	42.0
MEG / Japan	VLCC	42.5	39.5	37.0	72.0
MEG / Singapore	VLCC	41.5	39.0	37.5	70.0
WAF / USG	260,000	50.0	47.5	47.5	75.0
WAF / USAC	130,000	52.5	62.5	52.5	130.0
Sidi Kerir / W Me	135,000	57.5	65.0	57.5	170.0
N. Afr / Euromed	80,000	85.0	92.5	77.5	230.0
UK / Cont	80,000	95.0	95.0	82.5	220.0
Caribs / USG	70,000	112.5	102.5	100.0	300.0
CLEAN (Spot WS)					
MEG / Japan	75,000	97.5	97.5	70.0	97.5
MEG / Japan	55,000	102.5	102.5	85.0	112.5
MEG / Japan	30,000	117.5	117.5	100.0	117.5
Singapore / Japan	30,000	117.5	117.5	100.0	117.5
Baltic T/A	60,000	100.0	100.0	87.5	130.0
UKC-Med / States	37,000	125.0	125.0	112.5	160.0
USG / UKC-Med	38,000	80.0	80.0	72.5	120.0
1 YEAR T/C (usd/day) (theoretical)					
VLCC	(modern)	24,500	24,500	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	16,250	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:	54	previous week:	52
VLCCs avail. in MEG next 30 days:	101	last week:	123

SALE AND PURCHASE

Vessel	Size	Built	Buyer	Price	Comm.
Venture Spirit	298 287	2003	Navios	43,70	
Forward Venture	115 567	2006	Eastern Pacific	31,50	
Bunga Balsam	45 612	2010	UACC	35,50	Marineline
Bunga Bakawali	45 553	2010		35,50	Marineline
Bunga Kantan Satu	19 774	2005	Sinochem	20,30	StSt
Bunga Kantan Dua	19 766	2005		20,30	StSt
Bunga Kantan Tiga	19 734	2005		20,30	StSt

DRY BULK

CHARTERING

Handy

No difference for the players in the Supra section - market is in a steady decent in both hemispheres there is nowhere to hide. Rumors of cancelled grain requirements from ECSA to China adding fuel to the negative sentiment. Atlantic is suffering from lack of fresh business and ships are ending spot. Standard scarp buiz to Turkey now giving owners returns in the low/mid-teens, that is for those who find it. Bl.Sea to USG pays 4k/day but fronthaul candidates may get 16k + depending on direction and duration. 2-3 laden legs done around 11k within the Atlantic, bss APS NCSA. ECSA 14k done APS for trip to Wafr, less to Med and 13 + 350 to FEast. NOPAC fxd 11k but rates under pressure. Indo rounds to India at about same money and heading in the same direction. Period activity is slow and low.

Panamax

The negative trend from last week continued this week, Atlantic still very slow and rates pending best case around 2-3k. Many ships idle waiting for employment or simply don´t justify sailing at present levels. Pacific hemisphere also corrected down but not in the same way as Atlantic. Pacific rounds hovering in the low/mid 8k. Fronthaul under pressure as well and paying now in the 13 + 300k bonus range. Limited period activity last week but despite the poor spot market owners ask 13-14k for typically 12 months . Both hemispheres need fresh new cargoes and requirements in order to recover. On the supply side the newbuilding still popping out from the yards.

Capesize

Rates have been under pressure for all routes and although the west Australian miners have been fairly active, volume has not been sufficient to avoid a total collapse in the Cape market. There is still a lack of TA cargoes, with bids presently around USD 6000/day. This combined with no Brazil/China cargoes for weeks, reflected in the fact that last done is close to mid-20s, whilst present bid is in the USD 18-19 pmt region. In addition coal markets have been difficult and the Panamaxes are under even more pressure, i.e. the overall picture presently looks dark.

ACTIVITY LEVEL

Capesize	Panamax	Handysize
Soft	Slow	Weakening

RATES		This Week	Last Week	Low 2014	High 2014
CAPESIZE (usd/day, usd/tonne)					
TCT Cont/Far East (172´ dwt)		27,650	35,000	25,000	53,500
Tubarao / R.dam (Iron ore)		9.22	10.20	7.80	17.00
Richards Bay/R.dam		9.50	10.40	7.40	11.30
PANAMAX (usd/day, usd/tonne)					
Transatlantic RV		2,600	3,000	2,600	18,000
TCT Cont / F. East		12,900	13,500	12,900	24,500
TCT F. East / Cont		1,295	1,300	1,000	2,750
TCT F. East RV		8,250	9,000	8,250	12,000
Murmansk b.13-ARA 15/25,000 sc		5.60	5.75	5.60	10.00
Murmansk b.13-L.pool 15/25,000 sc		6.15	6.30	6.15	10.85
HANDYSIZE (usd/day)					
Atlantic RV		8,000	9,100	8,000	20,290
Pacific RV		9,750	11,000	5,500	13,400
TCT Cont / F. East		16,000	17,500	16,000	22,680
1 YEAR T/C (usd/day)					
Capesize	150,000 dwt	18,000	19,000	13,500	22,500
Capesize	170,000 dwt	23,500	24,500	18,000	28,000
Panamax	75,000 dwt	12,900	13,000	12,500	14,000
Handysize	53,000 dwt	12,000	12,500	11,750	13,000

Baltic Dry Index (BDI):	This Week: 1061	Last week: 0

SALE AND PURCHASE

Vessel	Size	Built	Buyer	Price	Comm.
Shagangfirst Era	181 447	2010	Cargill	54,50	
Lian Fu Star	172 091	1997	Vista	21,00	
Pacific Enterprise	149 363	1996	Moundreas	13,50	
Pacific Challenger	149 210	1995		12,50	
Jiangsu Newyangzi Resale	82 000	2016	Euroseas	59,00	Enbloc
Jiangsu Newyangzi Resale	82 000	2016			
Pipavav P017	73 500	2012	Undisclosed	28,00	
Tanager Bulker	58 500	2011	Danish	29,20	
Tess Bulker	57 991	2011		29,20	
Alam Mesra	46 446	2000	Undisclosed	14,50	
Romea	38 852	1995	Turkish	8,00	
Citrus Venus	28 492	2001	Greek	13,30	

GAS

CHARTERING

In the VLGC market the lights are still on indeed and the Baltic VLGC index has continued its climb into new record levels every single day. However, the activity level is more moderate than what one would think - primarily because the vessels are miles away or haven´t loaded the cargoes (and don´t know the discharge ports) yet that will tell when they are next open. It has truly been a while since the VLGC spot market last was in such a condition where the next open vessels were four weeks or more ahead. The Baltic index has reached and passed the USD 110 mark and could very well continue its race despite the 10/12 USD lead of the highest confirmed fixture. Today the panellists are supposed to assess the level of the next fixture MEG/Japan to load in a window starting 19th April and ending 19th May, and that loading span looks extremely tight on shipping. Several charterers sit back and wait for MEG suppliers´ acceptances of the lifters´ May loading nominations which should be known in about a week´s time.

ACTIVITY LEVEL

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

RATES	This Week	Last Week	Low 2014	High 2014
SPOT MARKET (usd/month***)				
82.000 cbm / FR	2,720,000	2,300,000	525,000	2,720,000
57.000 cbm / FR	1,300,000	1,100,000	875,000	1,300,000
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	240,000	245,000	240,000	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	61,000	58,000	58,000	95,000
1 yr TC 138-145´cbm	54,000	54,000	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)	570.50	574.18	607.48
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	11
2013 total:	23	7	24

SOLD FOR DEMOLITION

Vessel name	Size	Ldt	Built	Buyer	Price
CONT MCS Socotra	63 179	24 500	1995	Indian	492
MV Maori Maiden	37 695	7 500	1984	Bangladeshi	467
MV Jin Hai Yuan	26 354	6 485	1981	Bangladeshi	(As is Fujian incl 100T bunkers) 356
RORO City Of Nordic	5 080	2 987	1985	Indian	473

NEWBUILDING

GENERAL COMMENT

The market seems to be «out for lunch» for the time being with just a few fresh contracts hitting the headlines. Croatian yard Uljanik secured a pair of MR type product carriers from domestic owners. In another MR deal, d´Amico went to HMD Vietnam for two units for delivery in 2016 at a price reflecting close to 5 pct rebate compared with Korea.

ACTIVITY LEVEL

Tankers	Dry Bulkers	Others
Moderate	Moderate	Low

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.
PC	2	49500 dwt	Uljanik	Trogir Maritime	2015/16		
PC	2	50000 dwt	HMD Vietnam	D´Amico	2016	36,6	
BC	1	208000 dwt	Yangzijiang	Oldendorff	2017		opt.decl.
BC	2	206000 dwt	Yangfan	Trafigura			opt.decl.

MARKET BRIEF

Rate of exchange		This Week	Last Week	Low 2014	High 2014
JPY/USD		102.02	103.75	101.36	104.83
KRW/USD		1041.55	1056.60	1041.55	1078.63
NOK/USD		5.95	5.97	5.95	6.25
USD/EUR		1.38	1.38	1.35	1.39
Interest rate					
Eurodollar 12 mnths		0.55	0.55	0.55	0.59
EuroNOK 12 mnths		1.85	1.85	1.73	1.85
Commodity prices					
Brent spot (USD)		107.79	104.76	104.76	110.37
Bunker prices					
Singapore	180 CST	603.00	603.00	603.00	630.00
	380 CST	586.00	586.00	586.00	622.00
	Gasoil	913.00	908.00	904.00	963.00
Rotterdam	180 CST	605.00	603.00	589.00	630.00
	380 CST	580.00	578.00	561.00	586.00
	Diesel	865.00	860.00	853.00	990.00

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

DNV NORWEGIAN ACCREDITATION No. 569 NS-EN ISO 9002 CERTIFICATED FIRM