



POTEN & PARTNERS

SHIPPING RATES & BUNKERS (9:15 am ET)

Wednesday, July 11, 2018

DIRTY TANKER (KT - \$/day)	Voyage	Spot TCE earnings	2018 avg. rate	10 day trend
VLCC, 270	AG-FE	9,900	9,300	
Suezmax, 130	WAF-UKC	2,000	1,000	
Aframax, 70	CAR-USG	1,600	6,400	
Panamax, 50	CAR-USG	4,900	6,600	
CLEAN TANKER (KT - \$/day)	Voyage	Spot TCE earnings	2018 avg. rate	10 day trend
MR, 37	UKC-USAC	-	7,700	
MR, 38	USG-UKC	(600)	1,400	
TIME CHARTER (KDWT)	1yr eco vessel rate (\$/day)	Yearly trend	Newbuild price (\$M)	Secondhand 5yr old price (\$M)
VLCC, 200+	26,000		88.0	61.5
Suezmax, 130-200	17,750		60.0	41.0
Aframax, 80-130	16,500		48.0	30.0
LR2, 80-130	16,750		50.0	31.0
LR1, 60-80	13,750		42.0	28.0
MR, 42-60	13,750		35.5	26.5
Handymax, 30-42	12,750		33.0	23.0
US FLAG (KT - \$/day)	Voyage	Weekly spot rate	2018 avg. rate	10 week trend
Handy, 38	USG-USAC	60,039	63,811	
LNG (\$/day)	Weekly spot rate	Sentiment	Current month rate	2018 avg. rate
160M3 Tri-fuel diesel electric (West)	76,000	Flat	76,000	65,185
138-150M3 Steam turbine (West)	58,000	Flat	58,000	44,481
160M3 Tri-fuel diesel electric (East)	65,000	Flat	65,000	54,222
138-150M3 Steam turbine (East)	45,000	Flat	45,000	35,407
LPG (KT)	Last posted spot rate (\$/mt)	Spot TCE rate (\$/day)	1yr time charter rate (\$/day)	
VLGC, 44 (AG-Japan)	38.93	18,092	16,447	
BUNKERS (\$/mt)	IFO 380	10 day trend	MDO	10 day trend
US Gulf	461.5		681.0	
Rotterdam	446.0		643.5	
Singapore	476.5		674.5	

DEVELOPMENTS

Natural gas-fired electricity generation to near record highs this summer. According to the EIA, natural gas-fired power plants are expected to provide 37% of domestic electricity generation in the US during June through Aug. Meanwhile, the share of generation from coal-fired plants will continue its declining trend with a slight drop to 30% in the summer. These trends are primarily a result of sustained natural gas prices, increases in natural gas-fired capacity and retirement of coal-fired generating capacity. In 2015-2017, the cost of natural gas delivered to electric generators averaged \$3.16 MMBtu, compared to \$7.97 MMBtu in 2006-2008. Power plant operators added 5.4 GW of new natural gas-fired generating capacity during the first four months 2018 with an additional 15 GW to come online by year-end.

[EIA July 11, 2018](#)

Libyan NOC announces reopening of key oil export terminals. The company said four export terminals were being reopened after eastern factions handed over the ports. This marks the end of a standoff that had shut down most of the country's oil output. However, the restart at key terminals Es Sider and Ras Lanuf, where workers were evacuated and storage tanks damaged will be gradual. The disruption caused by political turmoil threatened to keep offline as much as 850,000 bpd of Libyan oil, from previous production of a little over 1 mbpd.

[Reuters July 11, 2018](#)

India cuts oil imports from Iran in June, ahead of US sanctions. India's oil imports from Iran fell to 529,000 bpd in June, a 16% decline from May. However, India's overall oil imports last month are up 10% from a year ago. After the US announced its planned pull-out of the nuclear deal, the Indian government, being Tehran's second biggest customer, asked refiners to prepare for drastic reduction or even zero Iranian oil imports. This signifies the seriousness of US efforts to pressure countries into reducing their Iranian oil imports to zero. In order to maintain their access to the US financial system, the refiners will want to comply with the limits.

[Reuters July 11, 2018](#)

Turkey faces energy loans of \$51B. Turkish power producers are quickly becoming one of the country's biggest risks to domestic banks following significant spending over the last 15-years on new power generation, distribution projects and deals. But, with the lira depreciating faster than they can raise electricity prices, some utilities earn less annually than what they have to repay in foreign-currency loans. Since 2010, the lira has fallen 69% against the dollar. Ultimately, of the \$95B invested in the power sector since 2003, slightly more than 50% still needs to be repaid. This is 15% of the \$340B owed by non-financial companies in foreign liabilities.

[Bloomberg July 11, 2018](#)

COMMODITIES, (9:21 am ET)

CRUDE	Source	Unit	Last price	Δ Prior day close
Brent	ICE	\$/bbl	77.20	↓ -1.66
WTI	NYMEX	\$/bbl	73.29	↓ -0.82
Dubai (Spot)	Bloomberg	\$/bbl	74.38	↓ -1.87
PRODUCTS	Source	Unit	Last price	Δ Prior day close
RBOB Gasoline	NYMEX	¢/gal	212.94	↓ -3.09
Heating Oil	NYMEX	¢/gal	218.86	↓ -3.32
NATURAL GAS	Source	Unit	Last price	Δ Prior day close
US Henry Hub	NYMEX	\$/MMBtu	2.80	↑ 0.02
UK National Balancing Point	ICE	\$/MMBtu	7.77	↓ -0.06
NATURAL GAS LIQUIDS	Source	Last Price (¢/gal)	Last Price (\$/mt)	Δ Prior day close (¢/gal)
US Mont Belvieu Propane (Spot)	Bloomberg	97.88	510.22	↑ 1.75
PRICE SPREADS (\$/bbl)	Source	Last price	Δ Prior day close	
Brent 3-2-1 Crack	ICE	12.54	↑ 0.30	

MARKET ANALYSIS

Asphalt: East Coast barge prices were firmer on a delivered basis last week, with FOB pricing steady.

LNG: Although the market was quiet last week, there were several new firm and tentative requirements in the Pacific as well as Middle East and Atlantic, both on the back of Project/Portfolio structural needs and FOB/DES tenders.

LPG: With the Baltic up by around \$5pmt last week, traders have turned their Far-East-open tonnage towards the AG to avail of these premiums.

Oil prices fall as Libyan ports reopen.
European stocks drop by most in 2 weeks as US-China tensions escalate.

MARKETS, (9:21 am ET)

EQUITIES	Region/Country	Last value	Δ Prior day close
S&P 500	United States	2,793.84	↑ 9.67
FTSE 100	United Kingdom	7596.96	↓ -95.08
DAX	Germany	12,422.93	↓ -186.92
Nikkei	Japan	21932.21	↓ -264.68
SH Composite	China	2,777.77	↓ -49.85
CURRENCIES	Region/Country	Last value	Δ Prior day close
£/\$	United Kingdom	1.33	↓ 0.00
€/\$	European Union	1.17	↑ 0.00
\$/JPY ¥	Japan	111.16	↑ 0.16
\$/CNY ¥	China	6.67	↑ 0.04

POTEN EVENTS WORLD EVENTS

POTEN EVENTS	WORLD EVENTS
Sept. 17-20: Gastech, Barcelona, Poten sponsoring.	July 6: Baker Hughes Rig Count, 1:00pm, ET.
	July 11: EIA Petroleum Status Report, 10:30am, ET.

VESSLS ON ORDER KDWT (2018-2019+ delivery)	Share of current fleet	Vessel	Share of current fleet
VLCC, 200+	15%	Panamax, 60-80	6%
Suezmax, 130 - 200	9%	LR1, 60-80	6%
Aframax, 80-130	11%	MR, 42-60	10%
LR2, 80-130	9%	Handymax, 30 - 42	3%

5-YEAR OLD VESSEL PRICES (July 2014 - June 2018)

