Fearnleys Weekly Report

Week 49 - December 02, 2020

Printer version

Tankers

Comments

VLCC

As we turn the page to a new month, we are past the halfway point count wise for December already. The MEG remains quiet and with a good two weeks before we see January dates appearing, once again we don't expect much change in fortunes short term. On paper the east-bound market remains in the upper WS 20's for modern units, but with increased bunker prices daily earning is still well below USD 10k/day. The Atlantic has fared a little better. A combination of tighter dates/positions, longer commitments, increased bunkers and less wiggle room tonnage wise, and rates have moved up into the low-mid WS 30's, yielding above break-even levels – if only just. That said, it is likely closer to the peak than the beginning of a continues upward trend.

Suezmax

Steady enquiry levels have failed to prevent further rate-slippage in the West. TD15 should have acted as a support mechanism for TD20, at least psychologically, but it has continued to exhibit underlying weakness. Suezmax owners have not bought into the narrative of VLCCs coming to the rescue anytime soon, as the stark prospect of a light third decade in Wafr, coupled with an onslaught of Eastern ballasters, continues to cannibalize rates. Eastern ballasters remain the chief culprit in the Med-Black Sea as there seems to be no end of willing candidates. Prior to Covid-19, this would have made a significant dent in the East list, but in this pandemic scenario, the list remains long. MEG/East will trade 130 x WS 40-42.5 on modern whilst TD23 may struggle to maintain high teens. TD20 will trade mid WS 30's.

Aframax

For another week the North Sea/Baltic market didn't escape its vicious cycle and kept hoovering at around bottom levels. A tight window gave owners the opportunity to ask for slightly higher rates, but the upward correction didn't really manifest itself. For the time being, fuel oil inquiries with East options are the main driver for this market. We expect rates to drift sideways in the current fixing window, before we might see an improvement in rates moving into the 3rd decade fixing window. In the Med/Bsea, cross-Med voyages remain flat, while voyages out of the Bsea have picked up 5 points or so since last week. This is mainly due to delays in Bosporus, and it will be interesting to see if this combined with the increasing activity out of Libya can be a driving force towards a firmer market in the week to come.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 16.5	1.5 ↑
MEG/Japan (280 000)	WS 30.0	3.0 ↑
MEG/Singapore (280 000)	WS 31.0	3.5 ↑
WAF/FEAST (260 000)	WS 34.0	5.0 ↑
WAF/USAC (130 000)	WS 32.5	-5.0 ↓

Sidi Kerir/W Med (135 000)	WS 37.5	-7.5 ↓
N. Afr/Euromed (80 000)	WS 60.0	2.5 ↑
UK/Cont (80 000)	WS 75.0	0.0 →
Caribs/USG (70 000)	WS 95.0	-5.0 ↓

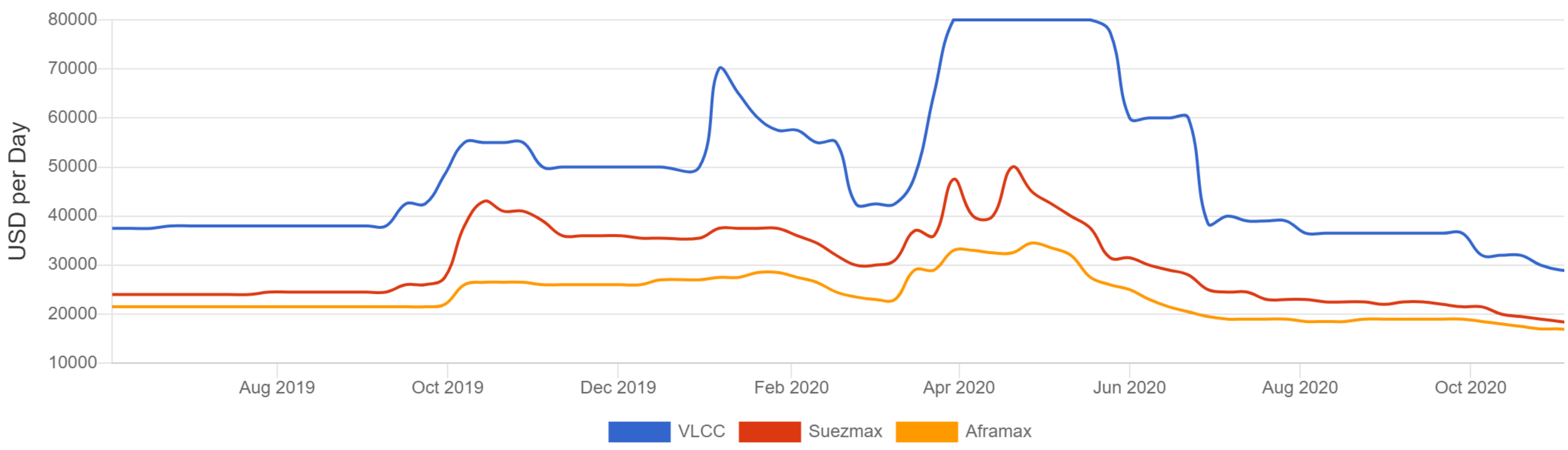
1 Year T/C (USD/Day)

VLCC (Modern)	$29000.0	$0 →
Suezmax (Modern)	$17500.0	$0 →
Aframax (Modern)	$16500.0	$0 →

VLCC

VLCCs fixed in all areas last week	43	-13 ↓
VLCCs available in MEG next 30 days	149	11 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

There has been a further pressure in the Pacific and lack of Brazil requirements, resulting in a depressive mood for the Capesizes. The present average index value is at USD 12,000 and there is potential as well as expectations for a further drop. After a long inactive period on the period front, there has however been some more activity recently, in line with ffa values.

Panamax

After a few positive weeks with firming rates in both hemispheres, we have entered into this week on a much softer note. Less demand and more available tonnage have caused some correction to rates. The gap between bid/offer is increasing and P1a is currently priced in the 14k region. In the Pacific we see some support to the SE Asia and Aussie rounds but also here we feel a softer tone is underway. Pacific rounds are currently yielding mid 12k.

Supramax

Positive sentiment and a good amount of cargo flow kept the momentum going for the Supramax market. Though the spot market remains healthy in the main loading areas, there is some uncertainty going forward. The increased activity and stronger rates in the Pacific pushed indexes until yesterday, when we saw small decline. Huge volumes of grain exports from the Black Sea and Continent pushed the market considerably up in those areas. Rates from Continent to East Med paying USD 19,000 pd. Clinker from Mediterranean to West Africa reported to fix in region USD 20,000 pd for Ultra and USD 17,000 APS on a 55,000 dwt. USG market is firm and lacking prompt December loaders. TA round voyages from USG to Skaw – Passero was reported fixed USD 18,000 on Ultramax APS SW Pass. ECSA remaining firm with fixtures reported USD14,000 plus USD 400,000 GBB for trip to Spore - Japan. The Pacific market is driven by coal demand for Indo - India and Australia markets. Pacific RV from China via Indo reported fixed USD 9,000 on Supramax. NOPAC RV close to USD 11,000 on Ultramax and USD 9,000 on Supramax.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$27,115	$1,420 ↑
Australia – China	$6.7	-$0.4 ↓
Pacific RV	$13,558	-$1,582 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$14,420	-$725 ↓
TCE Cont/Far East	$20,491	-$723 ↓
TCE Far East/Cont	$4,262	$4 ↑
TCE Far East RV	$12,384	$19 ↑

Supramax (USD/Day)

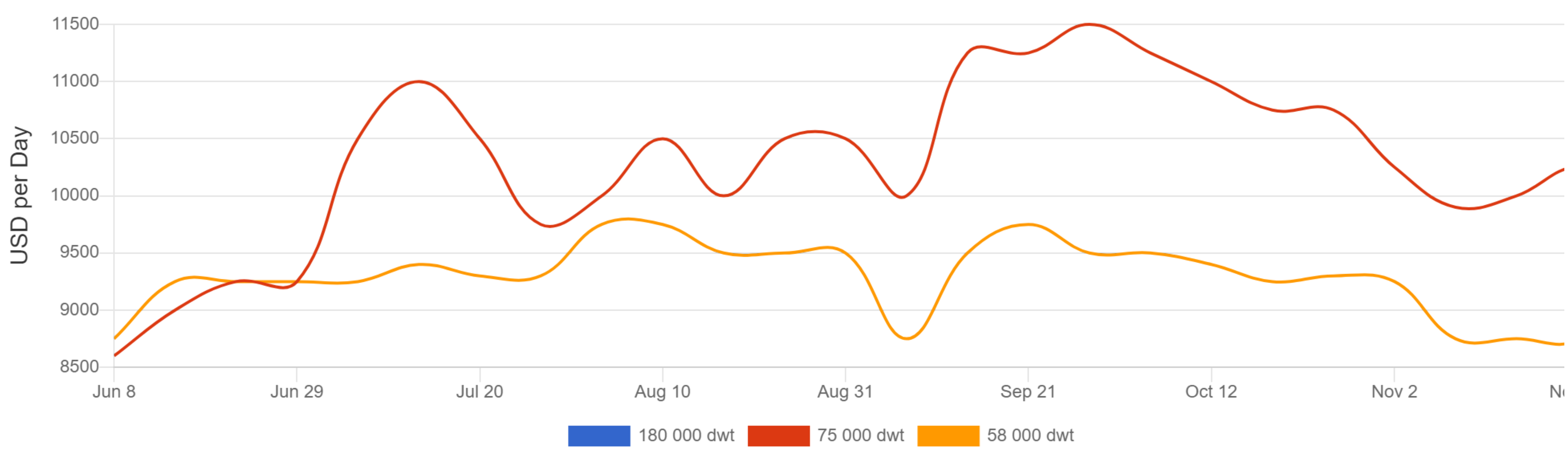
Atlantic RV	$14,644	$325 ↑
Pacific RV	$9,607	$24 ↑
TCE Cont/Far East	$18,671	$1,117 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$16,500	-$500 ↓
Capesize (180 000 dwt)	$13,500	-$500 ↓
Kamsarmax (82 000 dwt)	$11,000	-$250 ↓
Panamax (75 000 dwt)	$10,000	-$250 ↓
Ultramax (64 000 dwt)	$11,000	$750 ↑
Supramax (58 000 dwt)	$9,500	$750 ↑

Baltic Dry Index (BDI)	$1,413

1 Year T/C Dry Bulk



Gas

Chartering

EAST
There are still a couple of vessels available on December dates in the MEG. One Indian cargo is still to be covered for end December, and we will probably see little or no overhang going into next month parallel to focus slowly but surely shifting to January liftings. QP released their lifting program for January yesterday evening, which at the time of writing have not boosted lots of interest for January fixing apart from one Indian cargo tendered in the market.

WEST
After a very hectic week last week, it seems charterers have taken a step back to review their options, before going forward with covering their next requirements. The availability of ships is still very scarce for the relevant fixing window the market is focusing on now, and as such if one should find a ship it would be difficult to get the economics to add up. The most recent rates for the transpacific runs have returned close to USD 86k per day and reflects a freight premium of around 3-5% to the Baltic.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$2,500,000	$100,000 ↑
LGC (60 000 cbm)	$1,000,000	$0 →
MGC (38 000 cbm)	$925,000	$0 →
HDY SR (20-22 000 cbm)	$650,000	$0 →
HDY ETH (17-22 000 cbm)	$750,000	$0 →
ETH (8-12 000 cbm)	$430,000	$0 →
SR (6 500 cbm)	$350,000	$0 →
COASTER Asia	$255,000	$0 →
COASTER Europe	$160,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$362	$15 ↑
Saudi Arabia/CP	$450	$20 ↑

MT Belvieu (US Gulf)	$296	$16 ↑
Sonatrach/Bethioua	$375	$15 ↑

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$376	$8 ↑
Saudi Arabia/CP	$460	$20 ↑
MT Belvieu (US Gulf)	$312	$21 ↑
Sonatrach/Bethioua	$420	$20 ↑

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$112,000	-$5,000 ↓
West of Suez 155-165 000 cbm	$112,000	$0 →
1 Year T/C 155-160 000 cbm	$47,000	$0 →

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	104.49	0.08 ↑
USD/KRW	1106.15	-2.70 ↓
USD/NOK	8.84	-0.02 ↓
EUR/USD	1.20	0.01 ↑

Interest Rates

LIBOR USD (6 months)	0.26%	0.00% ↑
NIBOR NOK (6 months)	0.41%	0.00% →

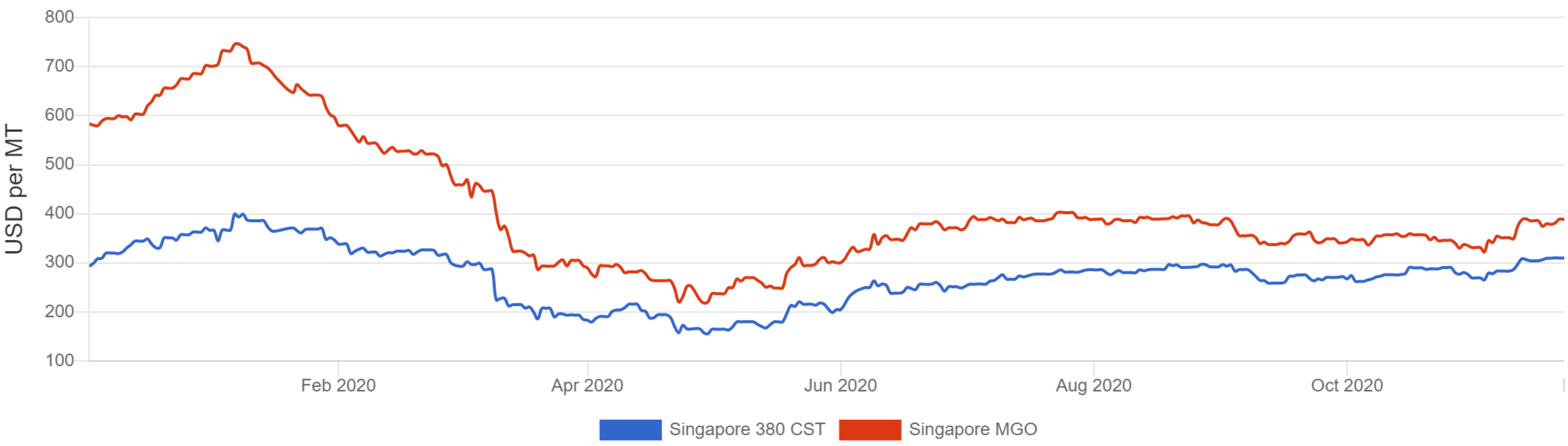
Commodity Prices

Brent Spot	$47.50	-$0.50 ↓

Bunkers Prices

Singapore 380 CST	$314.5	$1.5 ↑
Singapore Gasoil	$406.0	$8.0 ↑

Rotterdam 380 CST	$288.0	$8.5 ↑
Rotterdam Gasoil	$401.5	$14.5 ↑



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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