Fearnleys Weekly Report

Week 50 - December 09, 2020

Printer version

Tankers

Comments

VLCC

If not a vaccine, the VLCC market got a vitamin shot this week and rates have inched up in all areas. In part as a result of increased bunker prices, but sheer willpower on the owners' part has been a contributing factor. Initially led by the Atlantic basin, the MEG took up the mantle, sending eastbound rates into the WS30's. The position list is still well stocked, but no one seems to be breaking ranks. A bit of a standoff has followed, with owners looking to push things further up, and charterers holding back and turning every stone not to. Although not spectacular, daily earnings are now covering OPEX from the MEG, and then some, and for long hauls from the Atlantic USD 4-5k more/day. Sentiment is not to be underrated, but it remains to be seen if there are enough left-over volumes to support further strength.

Suezmax

Despite VLCCs being in positive territory, the much anticipated psychological and physical overspill onto Suezmax, has thus far failed to materialize. West Africa and Mediterranean long-haul rates continue to be pinned down by Eastern ballasters, whilst in the MEG there is no respite from a lengthy list of older and modern units. The West African program has a handful of cargoes left in the third decade as the natural Td20 window for early January will commence working at the end of this week/early next, and will trade circa WS40. Black Sea/East is likely covered for the third decade as charterers will start to focus on the January program. MEG/long East has shown some stability in the low WS40's whilst Td23 is likely to trade mid teens as owners look to reposition in the West.

Aframax

In the North Sea we saw a cargo loading ex West Coast Norway push down the market even further from what everyone perceived as "bottom levels". With this, the anticipated firming of the market keeps being pushed back as there is still quite a lot of available tonnage for the current cargo dates in play. We would need to see more fuel oil enquiries for the market to move upwards from the current low levels. In the Mediterranean and Black Sea, delays through Bosporus has offered some optimism although unfortunately for owners not enough to put any pressure on rates yet. Although the holiday season is approaching fast, we are not too optimistic in regard to a significant recovery in the current fixing window.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 17.5	1.0 ↑
MEG/Japan (280 000)	WS 35.5	5.5 ↑
MEG/Singapore (280 000)	WS 36.0	5.0 ↑
WAF/FEAST (260 000)	WS 37.5	3.5 ↑
WAF/USAC (130 000)	WS 37.5	5.0 ↑
Sidi Kerir/W Med (135 000)	WS 40.0	2.5 ↑
N. Afr/Euromed (80 000)	WS 57.5	-2.5 ↓
UK/Cont (80 000)	WS 70.0	-5.0 ↓
Caribs/USG (70 000)	WS 65.0	-30.0 ↓

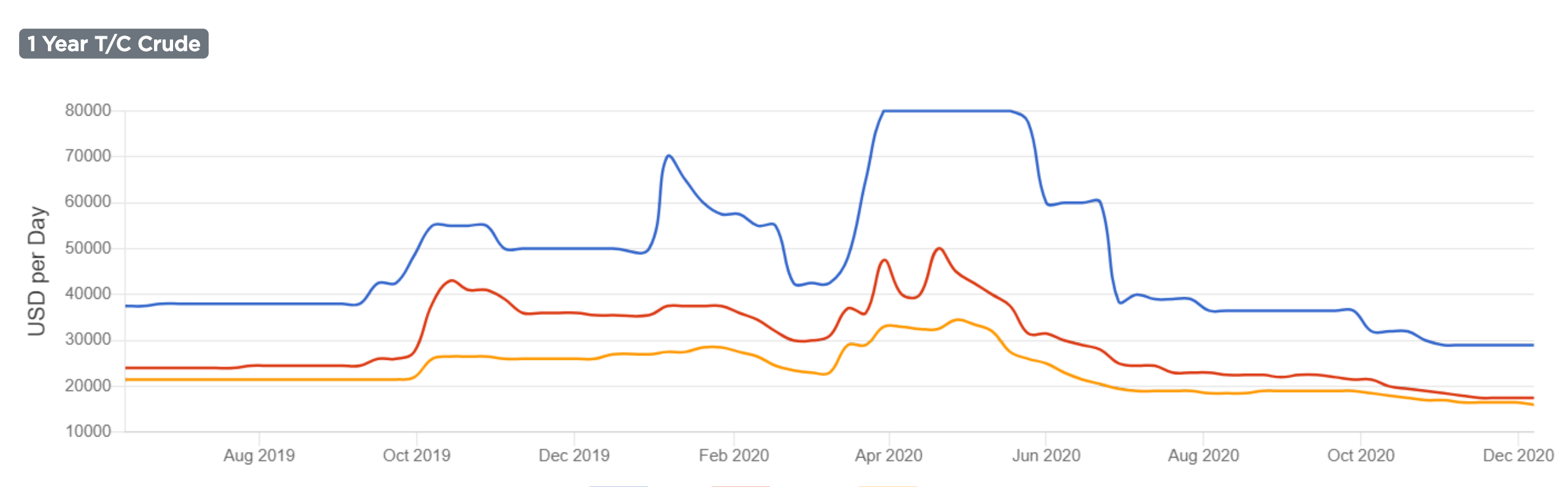
1 Year T/C (USD/Day)

VLCC (Modern)	$29000.0	$0 →
Suezmax (Modern)	$17500.0	$0 →
Aframax (Modern)	$16000.0	-$500 ↓

VLCC

VLCCs fixed in all areas last week	50	7 ↑
VLCCs available in MEG next 30 days	147	-2 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Levels for the big ships still depressed as major Brazilian iron ore miners remain far behind production/export targets - average daily earnings down close to 20 pct w-o-w to come in at just over USD 10k. China's ongoing boycott of Australian coal is partly offset by their alternative sourcing and increased appetite from Indian utilities. A very dull fronthaul route has cut value of the China-Brazil-China round in half during last 5 trading days, now at a sub-opex level of USD 6300/day. Ballasters and units open India have been seen turning back to Far East trades, where activity remains fair. Resistance is felt and bottom seems reached for the Waust/China conference trades, Pacific rounds not expected to fall further from present USD high 11k's. Period candidates are plentiful, but conclusions limited as FFA levels give little support for expectations - representative fixtures include high-spec 181,000 dwt, built 2015 China, prompt done for 14-16 months at USD 15,500.

Panamax

A quiet start to the week in the Atlantic while healthy volumes in the Pacific holding rates in the 12k region. Indo coal is at high demand and keeps rates steady. The Atlantic market took a turn mid-week, where mineral demand yet again appeared in the market, and the tonnage list is shorter than last weeks. TA's are currently yielding mid/high 14k.

Supramax

Continent and USG area showing the way with a positive upwards trend. Tight tonnage in Cont, usual scrap runs being fixed at USD 20k, trip to USG paying ca USD 13k. Many fresh orders from USG area where coal runs to Continent are paying ca USD 17k and grain runs to Far East close to USD 23k. Tight tonnage supply also goes for the Med, where fhauls being concluded at low USD 20k's. Supras from West Africa to China being fixed at USD 19k. From the same area Ultras could get USD 13,500 for trip to Med. Less activity from East, where Pacific round voyage paying USD 9,000. India to MEG one could achieve USD 9,500 and bhaul from Indonesia to Cont 6k. Many are entering the market with period requirements. Supra for 1 year being covered at USD 9,700 this week.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$24,430	-$2,335 ↓
Australia – China	$6.5	-$0.8 ↓
Pacific RV	$11,692	-$3,096 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$14,785	$770 ↑
TCE Cont/Far East	$20,309	$204 ↑
TCE Far East/Cont	$4,266	$34 ↑
TCE Far East RV	$12,743	$567 ↑

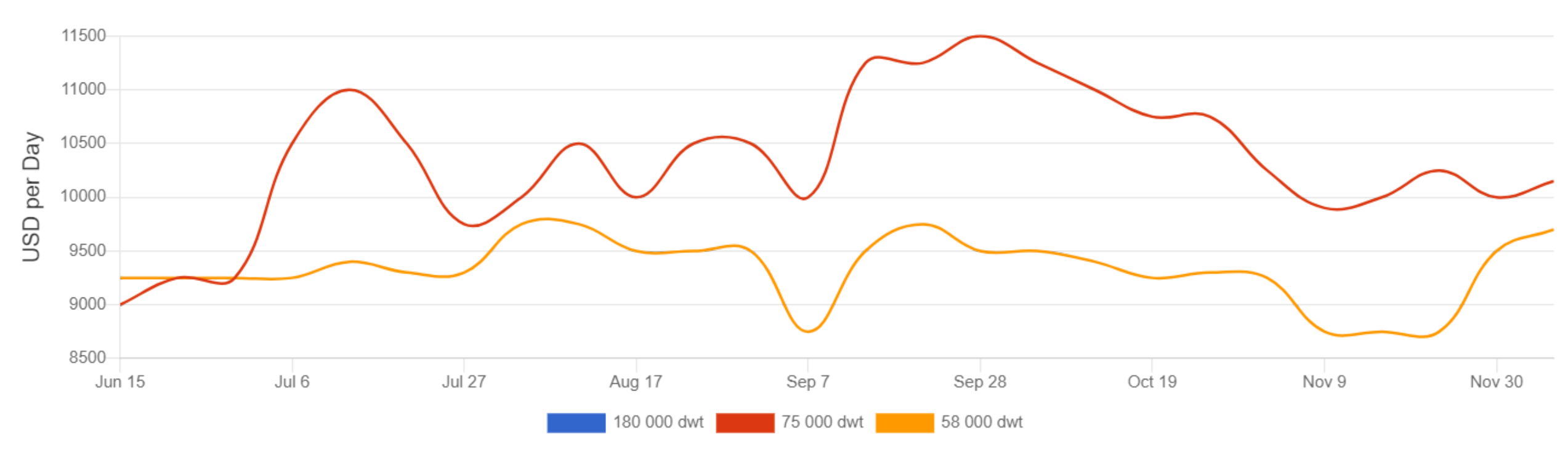
Supramax (USD/Day)

Atlantic RV	$14,989	$288 ↑
Pacific RV	$9,386	-$114 ↓
TCE Cont/Far East	$20,486	$1,518 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$16,500	$0 →
Capesize (180 000 dwt)	$13,500	$0 →
Kamsarmax (82 000 dwt)	$11,150	$150 ↑
Panamax (75 000 dwt)	$10,150	$150 ↑
Ultramax (64 000 dwt)	$11,500	$500 ↑
Supramax (58 000 dwt)	$9,700	$200 ↑
Baltic Dry Index (BDI)	$1,413	

1 Year T/C Dry Bulk



Gas

Chartering

EAST

The shipping market has continued its momentum from recent weeks, and all deals concluded lately have mostly been done at premium levels to the last deal. Tonnage availability during 1H January in the Middle East currently looks very tight, and all players whom have been short shipping for the same period have already covered their position even if we are still awaiting the Adnoc and Aramco acceptances for January. Meanwhile we continue to see strong demand for ships in other load regions such as WAF and the US, and this could potentially pull more ships back West via Cape. Needless to say, this would be bull shipping and we expect this trend to continue for at least the short term.

WEST

The shipping market has continued its momentum from recent weeks, and all deals concluded lately have mostly been done at premium levels to the last deal, both East and West of Suez. Tonnage availability during 1H January in the Middle East currently looks very tight, and all players whom have been short shipping for the same period have already covered their position even if we are still awaiting the Adnoc and Aramco acceptances for January. Meanwhile, we continue to see strong demand for ships in other load regions such as WAF and the US, and this could potentially pull more ships back West via Cape. Needless to say, this would be bull shipping and we expect this trend to continue for at least the short term. Currently, fixtures are being concluded at or around USD 155 H/C, and seem there is potential for even a further increase.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$2,900,000	$400,000 ↑
LGC (60 000 cbm)	$1,300,000	$300,000 ↑
MGC (38 000 cbm)	$1,075,000	$150,000 ↑
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	$155,000	-$5,000 ↓

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$362	$0 →
Saudi Arabia/CP	$450	$0 →
MT Belvieu (US Gulf)	$303	$0 →
Sonatrach/Bethioua	$375	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$376	$0 →
Saudi Arabia/CP	$460	$0 →
MT Belvieu (US Gulf)	$250	-$42 ↓
Sonatrach/Bethioua	$420	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$115,000	$1,500 ↑
West of Suez 155-165 000 cbm	$115,000	$3,000 ↑
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	104.13	-0.46 ↓
USD/KRW	1085.40	-15.45 ↓
USD/NOK	8.77	-0.07 ↓
EUR/USD	1.21	0.00 ↑

Interest Rates

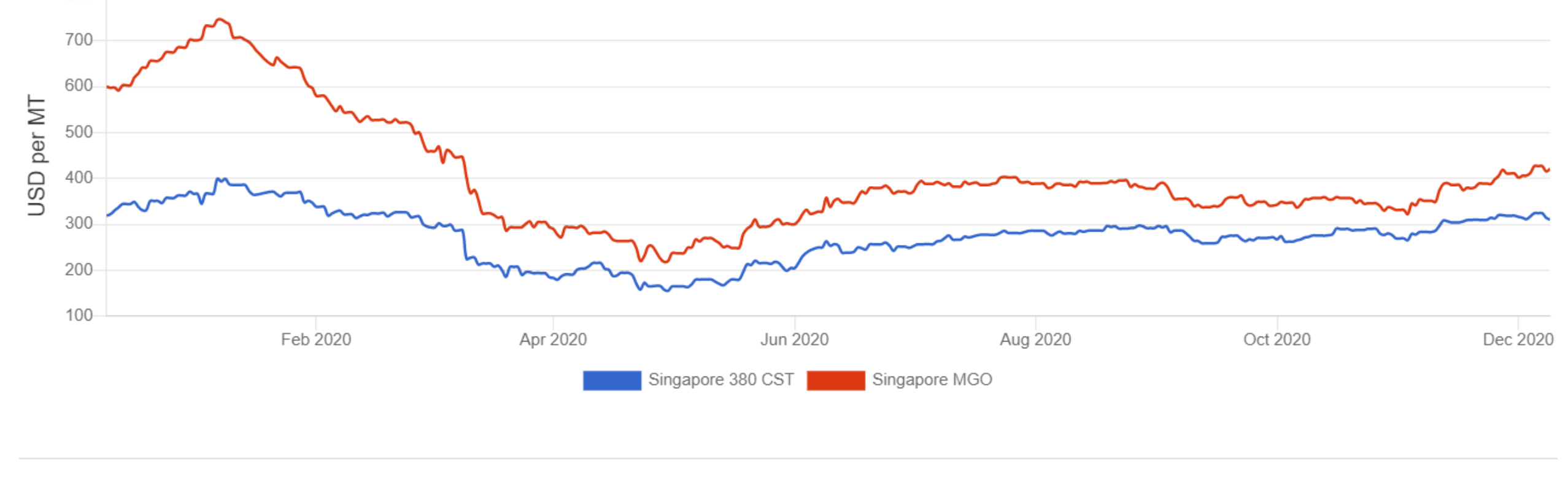
LIBOR USD (6 months)	0.25%	-0.01% ↓
NIBOR NOK (6 months)	0.44%	0.03% ↑

Commodity Prices

Brent Spot	$49.00	-$0.50 ↓

Bunkers Prices

Singapore 380 CST	$310.5	-$4.0 ↓
Singapore Gasoil	$421.0	$15.0 ↑
Rotterdam 380 CST	$291.5	$3.5 ↑
Rotterdam Gasoil	$417.0	$15.5 ↑



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.

Disclaimer