Fearnleys Weekly Report

Week 51 - December 16, 2020

Printer version

Tankers

Comments

VLCC

A quiet week on the surface so far in the VLCC segment, however, more has been happening on under the radar than meets the eye and brings with it unanswered questions. Numerically it seems the December MEG fixture count will come in 15%+ over the previous months. It begs the question of possible “stretching” of the production quotas, although it’s year end, prices have been rising and a bit of profit taking is not unsurprising. Increased volumes have so far failed to have a significant effect on rates, but bodes well for January, with a substantially less tonnage roll over, especially from the modern fraternity. Most of the Chinese fleet is also tied up well into first half of the month which dictates more need for third party tonnage. Short term demand is still blurry, but 2021 looks better rigged than for some time.

Suezmax

The traditional pre-Christmas rush has thus far failed to materialize. Owners will need a busy back end of the week if they are to make any headway, as hopes of an end of year bonus slip away. Furthermore, the quizzical delta, between VLCC and Suezmax rates, has failed to converge, leaving many participants scratching their heads. West Africa/East continues to be blighted by an ever ready stream of ballasters and is likely to finish the first decade January languishing in the low/mid WS40's, whilst Black Sea/East is similarly handicapped. The one possible glimmer of hope may lie in the East, which has seen sustained enquiry up to the mid-point of this week. Charterers have been aiming sub WS40's for MEG/East, but owners may be able to make some gains if they start to dig their heels in.

Aframax

It has been a very quiet week in the North Sea and Baltic Aframax market. As there are still quite a few relets in position in the current fixing window, and not too many stems left for December to cover, we expect the market to move sideways also into next week. In the Mediterranean and Black Sea we have seen a rush of cargoes enter the market at the beginning of the week, however the rates have stayed flat due to the long list of available ships in the area. With the approaching holiday being an x-factor, we may see a small firming of rates towards the end of this week. However, we do not believe in a notable recovery of the market this side of Christmas.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 17.0	-0.5 ↓
MEG/Japan (280 000)	WS 33.0	-2.5 ↓
MEG/Singapore (280 000)	WS 34.0	-2.0 ↓
WAF/FEAST (260 000)	WS 34.0	-3.5 ↓
WAF/USAC (130 000)	WS 37.5	0.0 →
Sidi Kerir/W Med (135 000)	WS 42.5	2.5 ↑
N. Afr/Euromed (80 000)	WS 60.0	2.5 ↑
UK/Cont (80 000)	WS 72.5	2.5 ↑
Caribs/USG (70 000)	WS 52.5	-12.5 ↓

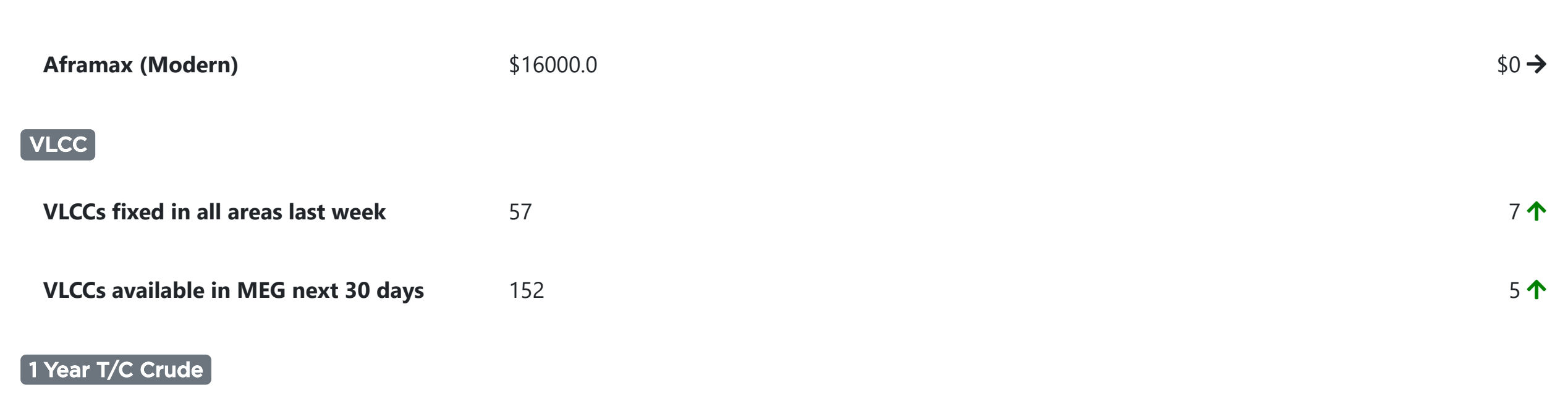
1 Year T/C (USD/Day)

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

VLCC

VLCCs fixed in all areas last week	57	7 ↑
VLCCs available in MEG next 30 days	152	5 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Over the last week the market has improved by 34% for the basket of all the routes. Especially the Brazil to China route with iron ore have recovered significant with 27% as the ballasters are fairly few and the volume not as poor as previously expected. While writing this report we see some mixed signals with slow activity on spot fixtures, but holding. This while demand for period tonnage is growing, increasing the forward expectations.

Panamax

Beginning of the week, the Panamax market continued its positive trend from last week in both hemispheres. Strong numbers have been reported and especially for the shorter Baltic runs were breach of INL premium is starting to come into effect. We still see a healthy mineral demand in the North Atlantic, however the tonnage list is increasing. TA’s are currently yielding 17k, however mid-week we do feel the market is a bit “toppish”. Less activity in Asia, but still rates are somewhat holding up at time of writing. Pacific rounds are priced at 13-14k depending on delivery.

Supramax

By mid-week, the Supramax segment market remained positive although flattening out prior the upcoming holidays. Coal imports to China and congestion and bad weather at Chinese ports being the main driver in the Pacific, whereby in the Atlantic still shortage of tonnage seen in key areas including USG, Cont and Emed. Short periods basis redelivery Atlantic is trading around USD 13,000. From the USG vessels are fetching around USD 18,000 and USD 24,000 for TA and FH respectively, while similar levels obtained from Cont to Emed and FH. Further East, ships open India fixing around USD 14,000 for tct to China basis delivery WCI. In the Far East, the short periods are fixing in the low-mid 11k, while for Nopac rv's levels around USD 9,250 which is similar to vessels fixing for Indo coal back to China basis CJK delivery.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$26,575	$2,045 ↑
Australia – China	$7.0	$0.2 ↑
Pacific RV	$13,829	$1,033 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$16,200	$840 ↑
TCE Cont/Far East	$21,109	$318 ↑
TCE Far East/Cont	$4,361	$54 ↑
TCE Far East RV	$13,066	-$3 ↓

Supramax (USD/Day)

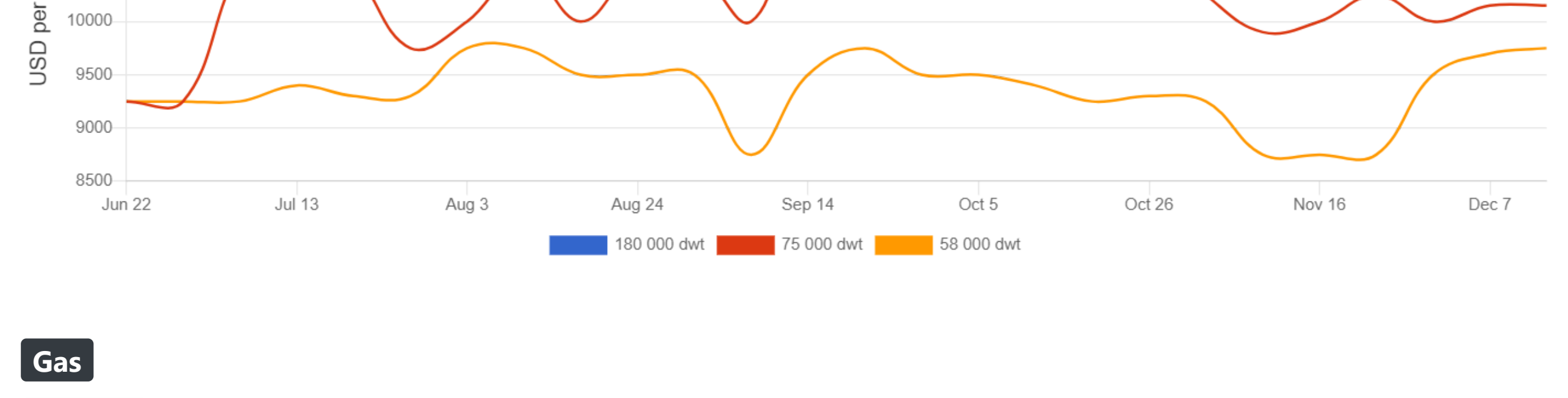
Atlantic RV	$15,815	$667 ↑
Pacific RV	$9,650	$243 ↑
TCE Cont/Far East	$21,564	$710 ↑

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	$0 →
Panamax (75 000 dwt)	$10,150	$0 →
Ultramax (64 000 dwt)	$11,000	-$500 ↓
Supramax (58 000 dwt)	$9,750	$50 ↑

Baltic Dry Index (BDI)	$1,413	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
Seeing increasing risk for catching big waiting time both north and south through Panama in the West and currently lucrative freight premiums in the East, we have seen charterers showing relet positions adding a healthy number of open ships to the MEG positions list. This has given ease to those who may have been considering chartering in vessels prior the release of Saudi acceptances, which at the time of writing are yet to be released. With a somewhat ample looking supply of relets freight has come under pressure and we did see the first deal fixed sub index for the first time in a long while. The question remaining now is how much life Saudi dates can spark into the market and if some of the now shown as open relets will be absorbed before an eventual further dip in freight rates.

WEST
Worldwide activity in the VLGC market has been relatively slow during the course of the last week. Relets from various traders/importers have been and are being marketed both East and West of Suez, and consequently, this has given a somewhat softer outlook of what to expect from the market short term. In the MEG, we are still awaiting the release of the Saudi acceptances for January. West of Suez the market remains tight overall and although the above-mentioned relets being marketed for last decade January may seem to threaten that of a continued increase in freight rates, the last concluded fixtures ex the US or even WAF are at or above Baltic levels. First decade February fixing ex USG/USEC is likely due to kick off soon as the world is gearing up for the holidays.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$3,000,000	$100,000 ↑
LGC (60 000 cbm)	$1,300,000	$0 →
MGC (38 000 cbm)	$1,075,000	$0 →
HDY SR (20-22 000 cbm)	$700,000	$50,000 ↑
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	$260,000	$5,000 ↑
COASTER Europe	$155,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$362	$0 →
Saudi Arabia/CP	$450	$0 →
MT Belvieu (US Gulf)	$319	$13 ↑
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)	$278	$19 ↑
Sonatrach/Bethioua	$420	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$150,000	$8,500 ↑
West of Suez 155-165 000 cbm	$160,000	$45,000 ↑
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	103.74	-0.47 ↓
USD/KRW	1093.35	8.70 ↑
USD/NOK	8.74	-0.08 ↓
EUR/USD	1.22	0.01 ↑

Interest Rates

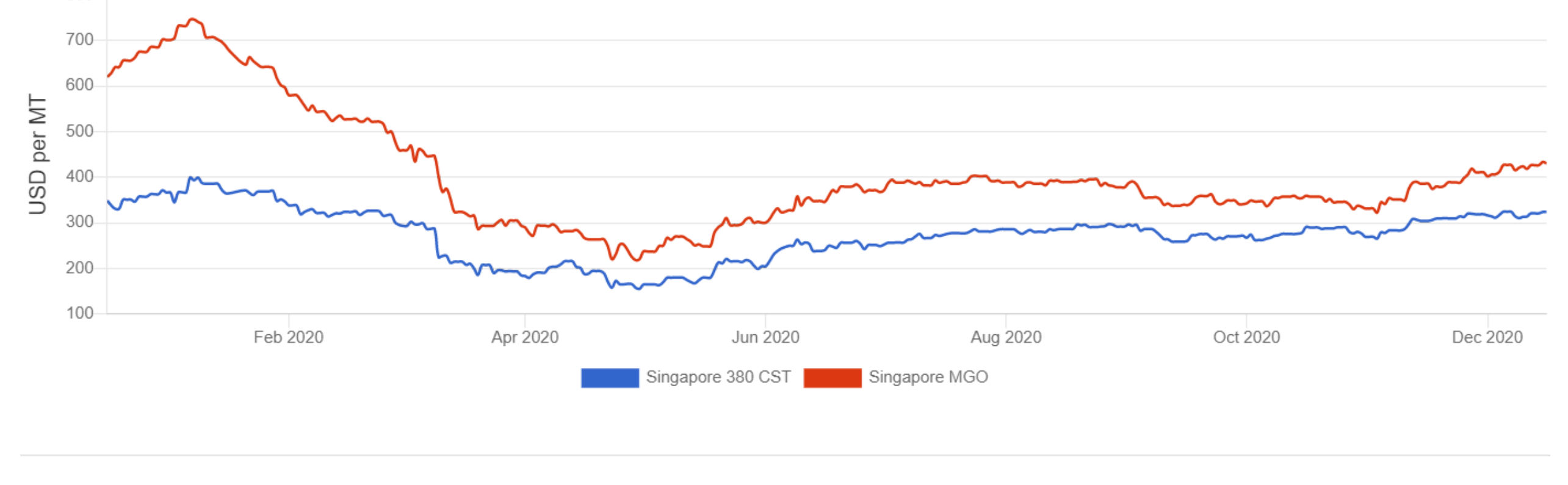
LIBOR USD (6 months)	0.25%	0.00% ↓
NIBOR NOK (6 months)	0.42%	-0.03% ↓

Commodity Prices

Brent Spot	$50.50	$0.50 ↑

Bunkers Prices

Singapore 380 CST	$324.5	$14.0 ↑
Singapore Gasoil	$430.5	$9.5 ↑
Rotterdam 380 CST	$298.5	$7.0 ↑
Rotterdam Gasoil	$436.0	$19.0 ↑



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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