Fearnleys Weekly Report

Week 1 - January 06, 2021

Printer version

Tankers

Comments

VLCC

There was hope in the air for the first full trading week of the New Year, with added volumes from OPEC+ and the perception that we were behind the curve on the fixture count. Alas, OPEC did a U-turn and as proceeding got going it transpired that much more had been done quietly under the radar than first thought. Like one politician ones uttered "It feels a bit like someone stole our clothes while we were enjoying a swim". With that, rates have taken a hit in all areas and a continued downward bias is evident. Please note that new 2021 Worldscale flat rates are down 16-17% on average, thus rates are not directly comparable to last years.

Suezmax

A New Year, same old market. Let's start the year off on a positive note. Various vaccines have been successfully developed and given the green light which should see this year's Covid-19 variant brought under partial control, or at least in the countries that can afford to buy it. The downside is that a general malaise in the Suezmax market is going to persist until demand picks up towards the end of the year. It should be noted that attempted terrorist acts in the Red Sea and MEG have had zero affect on rates, which suggests owners will adopt a reactive approach, therefore only attaching a premium to these runs if the unthinkable happens. All Suezmax markets will trade flat/soft for the remainder of the week, with Western markets looking particularly vulnerable to further falls.

Aframax

In the North Sea and Baltic market, rates continue hovering at bottom levels. The market has been dominated by relets and vessels of bigger sizes having absorbed a big portion of the cargoes ex WCN and ECUK. Even with delays in some strategic ports we expect rates to move sideways into next week. However, some ice formation in the Baltic coupled with a busier 3rd decade could add some upward pressure. In the Mediterranean and Black Sea, we are still looking at a long list of prompt ships, and although cargoes are coming into the market we have not seen the necessary activity needed to support a firming trend. In the week to come we expect the market to continue sideways. If anything, one to watch would be if further delays in the Turkish straights and bad weather could stir things up a bit.

Rates

Dirty (Spot WS)

MEG/WEST (280 000)	WS 21.0	2.5 ↑
MEG/Japan (280 000)	WS 41.5	4.5 ↑
MEG/Singapore (280 000)	WS 42.5	5.5 ↑
WAF/FEAST (260 000)	WS 40.0	3.0 ↑
WAF/USAC (130 000)	WS 38.75	6.3 ↑
Sidi Kerir/W Med (135 000)	WS 50.0	7.5 ↑
N. Afr/Euromed (80 000)	WS 70.0	7.5 ↑
UK/Cont (80 000)	WS 82.5	7.5 ↑
Caribs/USG (70 000)	WS 90.0	25.0 ↑

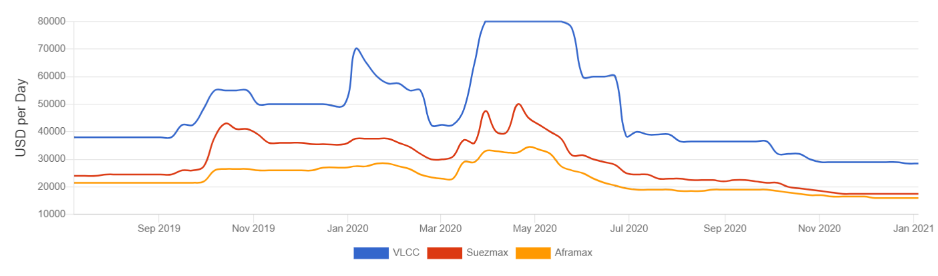
1 Year T/C (USD/Day)

VLCC (Modern)	$28500.0	$0 →
Suezmax (Modern)	$17500.0	$0 →
Aframax (Modern)	$16000.0	$0 →

VLCC

VLCCs fixed in all areas last week	47	18 ↑
VLCCs available in MEG next 30 days	148	18 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

This year started fairly positive with a lot of new requirements in the East, and together with the bad weather currently experienced in China, delaying discharge operations, makes the demand/supply ratio for prompt tonnage very healthy. We see the West Australia to China route up from about USD 8.00 to 8.80 per metric ton week-on-week. The Brazil segment is still pretty busy, but as the prompt dates where we saw a very limited amount of tonnage now been covered, the levels are now slightly lower for index dates. That said, they are still much higher than what was expected only a couple of weeks back. The North Atlantic should also be mentioned being very tight on tonnage, however activity fairly slow so a dramatic push there is yet to be seen.

Panamax

2021 kicked off with firming rates in both hemispheres. The Atlantic is leading on with fresh demand and confident owners raising their fixing ideas. Solid grain demand out of the Americas will most likely push up the Pacific as well and ballasters from Singapore are fixing in the low USD 12k basis delivery DOP for ECSA/Far east rounds. TA's are currently yielding mid 15k. Period fixtures have also regained activity, and a modern Kmax was rumored concluded for 1 year at 13k basis SE Asia delivery.

Supramax

The first full week after holidays across many countries with gaps between owners' and charterers' expectations as the market is trying to find some common ground. From the USG strong numbers still being discussed, with TA around USD 20,000 and FH around USD 25,000. The fixing levels are under pressure from the Continent and the Mediterranean, where FH paying close to USD 20,000 ex Baltic and around USD 18,000 fm Emed, while Mediterranean to USG in the low 9k. Further East, CIS coal RV fixing in the low-mid USD 9k, while Indo coal RV to China trading in the low teens.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$29,560	$1,525 ↑
Australia – China	$8.8	$0.6 ↑
Pacific RV	$20,813	$2,530 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$15,695	$1,060 ↑
TCE Cont/Far East	$22,095	$2,054 ↑
TCE Far East/Cont	$4,263	$65 ↑
TCE Far East RV	$11,237	$144 ↑

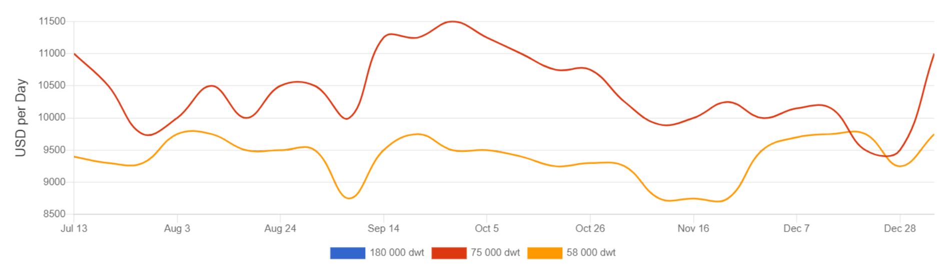
Supramax (USD/Day)

Atlantic RV	$16,708	$15 ↑
Pacific RV	$9,093	-$357 ↓
TCE Cont/Far East	$18,993	-$1,157 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$19,000	$750 ↑
Capesize (180 000 dwt)	$15,750	$750 ↑
Kamsarmax (82 000 dwt)	$12,250	$1,750 ↑
Panamax (75 000 dwt)	$11,000	$1,500 ↑
Ultramax (64 000 dwt)	$11,250	$250 ↑
Supramax (58 000 dwt)	$9,750	$500 ↑
Baltic Dry Index (BDI)	$1,425	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
After a quiet Christmas the VLGC market is getting back to life in the MEG with a few fixtures done both on end January and early February dates this week. January is now left with only two potential ships and availability for early Feb dates is becoming increasingly tight. It can be expected that charterers will ask for early Feb lifting dates from their suppliers in view of the current backwardation in the FEI, potentially creating an even firmer market. Last done is now being reported around 112, although unconfirmed, we see a clear upward trend in freight.

WEST
As we embark on the New Year, the West market is more or less halfway through Q1 already in terms of fixtures. Vessel availability is tight for February dates and slowly but surely the market players look set to start covering the second half of the month. Although most owners are preoccupied with making sure their commitments fixed at the end of last year for the first half of February, we have seen a couple of deals done during the second decade at rates in the mid/low USD 170's H/C basis. The fear of even the slightest delay in arriving and exiting the load-port may have severe effects and is keeping everyone on their toes. The short-term market outlook is strong.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$3,100,000	$100,000 ↑
LGC (60 000 cbm)	$1,500,000	$200,000 ↑
MGC (38 000 cbm)	$1,150,000	$75,000 ↑
HDY SR (20-22 000 cbm)	$700,000	$0 →
HDY ETH (17-22 000 cbm)	$750,000	$0 →
ETH (8-12 000 cbm)	$450,000	$0 →
SR (6 500 cbm)	$360,000	$0 →
COASTER Asia	$260,000	$0 →
COASTER Europe	$150,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$461	$99 ↑
Saudi Arabia/CP	$550	$100 ↑
MT Belvieu (US Gulf)	$417	$37 ↑
Sonatrach/Bethioua	$485	$110 ↑

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$426	$51 ↑
Saudi Arabia/CP	$530	$70 ↑
MT Belvieu (US Gulf)	$361	$43 ↑
Sonatrach/Bethioua	$490	$70 ↑

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$150,000	$0 →
West of Suez 155-165 000 cbm	$160,000	$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	102.79	-0.45 ↓
USD/KRW	1087.65	1.35 ↑
USD/NOK	8.51	-0.02 ↓
EUR/USD	1.23	0.00 ↓

Interest Rates

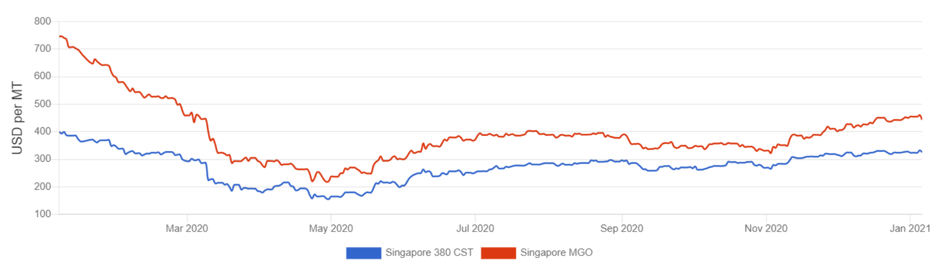
LIBOR USD (6 months)	0.26%	0.00% ↓
NIBOR NOK (6 months)	0.43%	-0.02% ↓

Commodity Prices

Brent Spot	$53.50	$1.50 ↑

Bunkers Prices

Singapore 380 CST	$325.5	-$2.0 ↓
Singapore Gasoil	$443.0	-$10.0 ↓
Rotterdam 380 CST	$305.0	-$5.5 ↓
Rotterdam Gasoil	$433.5	-$12.0 ↓



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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