Fearnleys Weekly Report

Week 8 - February 24, 2021

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Tankers

Comments

VLCC

There was a slight whiff of optimism in the VLCC market at the end of last week, with emphasis on the Atlantic basin. Rates broke through the mid WS30's for Wafr/China runs, and amid the unprecedented icy spell in the US south USG export cargoes touched USD 4.5 million for the same destination. However, many of the deals concluded last week came to nothing, with ships failing subs left right and center. The MEG market was, and still is dilapidated, kept down by a number of discounted ships with various backgrounds. Rising crude prices has brought with it a hike in bunker prices too, making it difficult to calculate home any positive voyage alternatives.

Suezmax

This week has seen a number of Suezmax fix and/or appraise Aframax stems in North West Europe and the Mediterranean basin. This may hold vessels away from West Africa and provide some short-term stability. In the pre-Covid era, any tightening of the UKC/MED list would have almost certainly firmed Td20, but slap bang in the middle of this pandemic, all it can manage to do is maintain rates. There are some positive signs in the USG where Aframax have firmed and may drag Suezmax into the game, but any benefit from these crossover scenarios is likely to remain highly regionalized. West Africa East trades 130 x WS59 with MEG/East on modern trying to move on from WS55. Td23 has shown some signs of resistance with most owners holding for WS20 S/S.

Aframax

In the Nsea/Baltic market, rates have remained flat the past week. As ice restrictions are extended in the Baltic, owners are ballasting in other areas seeking for higher returns. Activity has been sluggish for the current fixing window of early March with relets putting some pressure on the rates. We expect rates to be maintained at these levels with a downside risk. The upward correction in the Med/Bsea has continued this week as increased cargo activity combined with delays in the straits keep tightening the tonnage list. As long as Suezmaxes do not come into play and cap the Aframax market we expect the market to remain firm in the week to come.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 18.5	0.0 →
MEG/Japan (280 000)	WS 32.5	0.5 ↑
MEG/Singapore (280 000)	WS 32.5	0.5 ↑
WAF/FEAST (260 000)	WS 34.5	0.0 →
WAF/USAC (130 000)	WS 55.0	-2.5 ↓
Sidi Kerir/W Med (135 000)	WS 65.0	-2.5 ↓
N. Afr/Euromed (80 000)	WS 135.0	20.0 ↑
UK/Cont (80 000)	WS 97.5	2.5 ↑
Caribs/USG (70 000)	WS 135.0	50.0 ↑

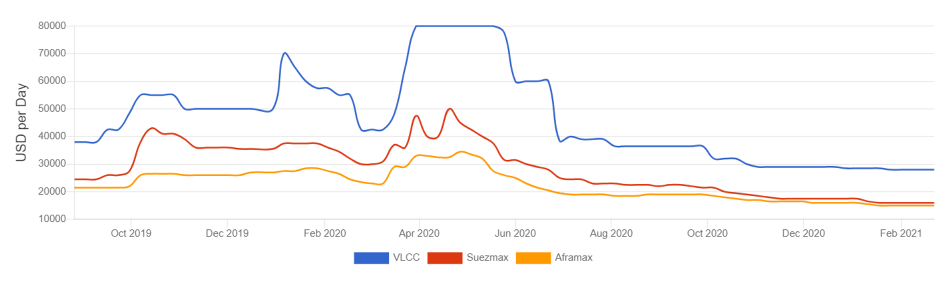
1 Year T/C (USD/Day)

VLCC (Modern)	$28000.0	$0 →
Suezmax (Modern)	$16000.0	$0 →
Aframax (Modern)	$15000.0	$0 →

VLCC

VLCCs fixed in all areas last week	40	6 ↑
VLCCs available in MEG next 30 days	165	11 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Bottom reached for the big ships? Activity still modest as Far East players returning to the scene, with average daily earnings for typical 180,000-tonners down more than 20 pct w-o-w to come in at USD 12k. Area of most concern is fronthaul, where disappointing volumes coupled with growing number of ballasters result in China-Brazil-China value down 40 pct to par with Pacific r/v at USD 10k/day. Far East ore and coal volumes healthy but not sufficient to absorb supply. Some support coming from smaller segments on fire, with substantial number of babycape/postpmax/kamsarmax stems now being covered on Cape tonnage. Period in doldrums, much due cocktailed mismatch spot/ffa's/general expectations.

Panamax

After last week's rally in the Panamax market, this week started off with a more quiet tone. This was expected after the major increase in rates we have experienced. We are now facing a market where chrts and owners are trying to find a common ground. It has been very quiet in the North Atlantic and also in the Pacific. Volumes out of ECSA is still keeping up. P1A is currently yielding in the low/mid 20's while P3A is priced at 20-21k.

Supramax

Market kept the momentum from previous week. BSI raising with magnificent gain on all routes. Strong physical demand in both basins, though the feeling is toppish. Push after Chinese New Year in the Asian market seems still have some room to improve. Rates in the Atlantic reaching high USD 20k and low USD 30k, depends on origin. Supra reporting at USD 28k fixed from Cont to East Med with scrap cargo, and similar rates paid for clinker cargo from East-West Med to West Africa. Rates in the USG for TA is getting close to FH rate USD 31k-33k for Supra-Ultra. It was rumored Ultramax fixed delivery Mobile USD 42k TCT with petcoke to India. Rates in the Indian Ocean were the "winners" of the week. Supra fixing at solid USD 20k for backhaul cargo from MEG to USG. And Ultramax reporting USD 16k plus USD 600k delivery South Africa for TCT to China.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$28,665	-$2,810 ↓
Australia – China	$6.7	-$1.3 ↓
Pacific RV	$10,063	-$5,308 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$22,115	-$5,320 ↓
TCE Cont/Far East	$29,250	-$2,500 ↓
TCE Far East/Cont	$6,104	$280 ↑
TCE Far East RV	$20,922	$1,130 ↑

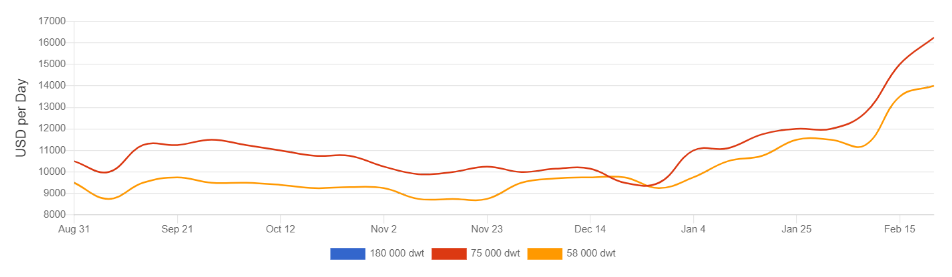
Supramax (USD/Day)

Atlantic RV	$26,490	$3,239 ↑
Pacific RV	$16,786	$3,286 ↑
TCE Cont/Far East	$33,004	$2,865 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$20,000	-$3,250 ↓
Capesize (180 000 dwt)	$17,000	-$2,500 ↓
Kamsarmax (82 000 dwt)	$17,500	$1,000 ↑
Panamax (75 000 dwt)	$16,250	$1,250 ↑
Ultramax (64 000 dwt)	$15,500	$1,500 ↑
Supramax (58 000 dwt)	$14,000	$500 ↑
Baltic Dry Index (BDI)	$1,709	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
February was overall quite dull in terms of spot activity in the MEG. With a weak start to March fixing and reportedly no Saudi cargoes nor any Indian requirements for the first 10 days of March, spot freight is still tumbling downwards. We have seen a few cargoes being mentioned for second decade March dates, but with a market getting a little bit weaker by the day and availability still remaining long, charterers seem to be in no rush for now.

WEST
US Gulf is experiencing delays at the load terminals and uncertainties with more fog approaching is keeping freight markets on hold. We are fast approaching OPEX earnings for the owners, but even at these earnings, there are arguably not enough cargoes to be lifted ex-US in March to employ all the ships coming open.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$350,000	-$200,000 ↓
LGC (60 000 cbm)	$900,000	$0 →
MGC (38 000 cbm)	$800,000	-$50,000 ↓
HDY SR (20-22 000 cbm)	$650,000	-$30,000 ↓
HDY ETH (17-22 000 cbm)	$780,000	$0 →
ETH (8-12 000 cbm)	$475,000	$0 →
SR (6 500 cbm)	$390,000	$10,000 ↑
COASTER Asia	$260,000	$0 →
COASTER Europe	$200,000	$5,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$466	$0 →
Saudi Arabia/CP	$605	$0 →
MT Belvieu (US Gulf)	$499	-$9 ↓
Sonatrach/Bethioua	$495	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$458	$0 →
Saudi Arabia/CP	$585	$0 →
MT Belvieu (US Gulf)	$419	-$16 ↓
Sonatrach/Bethioua	$510	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$38,000	-$2,000 ↓
West of Suez 155-165 000 cbm	$38,000	-$10,000 ↓
1 Year T/C 155-160 000 cbm	$48,000	$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	$24.25	$2.3 ↑
Ultramax	$21.5	$0.0 →

Dry (10 yr)

Capesize	$23.0	$0.0 →
Kamsarmax	$17.0	$1.5 ↑
Ultramax	$14.0	$0.0 →

Wet (5 yr)

VLCC	$65.0	$0.0 →
Suezmax	$43.5	$0.0 →
Aframax / LR2	$34.0	$0.0 →
MR	$26.0	$0.0 →

Wet (10 yr)

VLCC	$45.0	$0.0 →
Suezmax	$30.0	$0.0 →
Aframax / LR2	$21.5	$0.0 →
MR	$17.5	$0.0 →

Market Brief

Exchange Rates

USD/JPY	105.12	-0.81 ↓
USD/KRW	1110.65	3.15 ↑
USD/NOK	8.48	-0.05 ↓
EUR/USD	1.22	0.01 ↑

Interest Rates

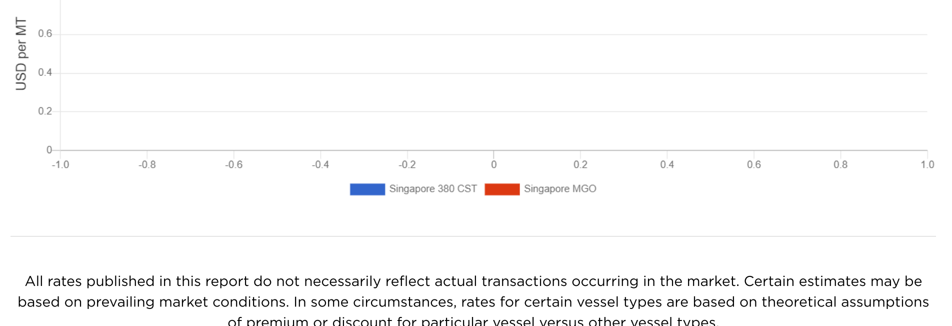
LIBOR USD (6 months)	0.20%	0.01% ↑
NIBOR NOK (6 months)	0.46%	-0.01% ↓

Commodity Prices

Brent Spot	$65.50	$2.50 ↑

Bunkers Prices

Singapore 380 CST	$396.5	$8.0 ↑
Singapore Gasoil	$541.5	$3.5 ↑
Rotterdam 380 CST	$369.0	-$0.5 ↓
Rotterdam Gasoil	$541.5	$18.5 ↑



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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