Fearnleys Weekly Report

Week 10 - March 10, 2021

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Tankers

Comments

VLCC

Once again, another week of higher bunker prices and ever lower Worldscale rates taking its toll on owners returns. Coupled with the disappointing outcome of last week's decision by OPEC to essentially maintain the status quo and not inject the expected 1.5m barrels into the global supply chain, certainly compounds the misery. In a market awash with Oil Company relets, whose desire to keep the vessels moving and thus minimize losses, applies pressure on the independent owners to compete. Quiet mutterings of warm layup remain mutterings at present, but with continued current conditions, these may increase in volume. Certainly if you lack a scrubber. But we should not forget that there remains plenty of optimism for the summer and beyond, as the world (and our market) hopefully returns to a form of normality.

Suezmax

Whatever the underlying reason(s), the appetite for eastbound Suezmax moves continues to grow. This naturally brings increased tonne miles and rocketing bunker prices head to head. Owners can only mitigate rising bunker levels by demanding higher freight. This is a particularly burning issue for non-scrubber vessels. Rate wise, there has been a moderate uptick in Suezmax freights over the last week or so, but unfortunately this has done very little to improve an owner's bottom line. USG and West Africa rates have steadily firmed with Td20 trading WS57.5 with a firm outlook. East markets have started to absorb this firmer sentiment as owners are talking low WS60's for MEG/East whilst Td23 should trade WS18-20. Owners will continue to hedge further bunker volatility by asking for more money.

Aframax

The Aframax market in the North Sea and Baltic have been firmer this week, and rates are still under upward pressure. A decent cargo volume in the North Sea for the 2nd decade coupled with a busier 3rd decade ex Baltic left owners with expectations that they could push for higher rates. The tonnage list is already quite slim in the North Sea basin and with the Caribs and Mediterranean offering viable alternatives, we expect rates to stay firm in the week to come. In the Med/Black Sea we have seen a small downwards correction in rates over the course of the week before stabilizing at current levels. A number of West Mediterranean positions have started to ballast towards Caribs in order to take part in the firm market there, resulting in a tighter list of Black Sea players. In the week to come we expect mainly the Black Sea to be the driving force of this market.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 18.0	-0.5 ↓
MEG/Japan (280 000)	WS 29.0	-1.0 ↓
MEG/Singapore (280 000)	WS 29.0	-2.0 ↓
WAF/FEAST (260 000)	WS 32.5	-1.5 ↓
WAF/USAC (130 000)	WS 65.0	10.0 ↑
Sidi Kerir/W Med (135 000)	WS 72.5	2.5 ↑
N. Afr/Euromed (80 000)	WS 102.5	-7.5 ↓
UK/Cont (80 000)	WS 110.0	15.0 ↑
Caribs/USG (70 000)	WS 175.0	30.0 ↑

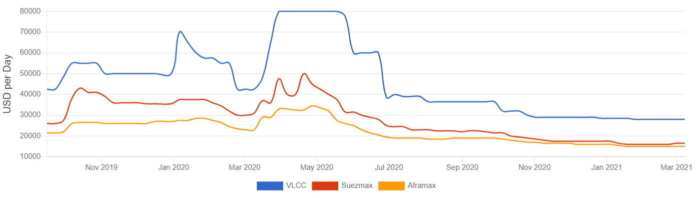
1 Year T/C (USD/Day)

VLCC (Modern)	$28000.0	$0 →
Suezmax (Modern)	$16500.0	$0 →
Aframax (Modern)	$15000.0	$0 →

VLCC

VLCCs fixed in all areas last week	35	-25 ↓
VLCCs available in MEG next 30 days	152	-8 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Capes saw further improvement in the Pacific with c5 route up 13% from last week. This was also resulting in less ships ballasting towards Brazil, and from Friday there were signs indicating freight rates would move up. Present c3, Tubarao to China route, is at USD 20 pmt, which is up 21% from last week. Over the past few years a c3 market excess USD 20 has been considered strong, but perhaps this will be the new normal for this year?

Panamax

The week started off with a firming Pacific market much lead by ECSA and NoPac grains. This however took a turn on Tuesday when charterers and owners were uncertain on where the logical market price should be. A big bid/offer gap was evident. P3 is currently priced at around 22k. In the Atlantic, the demand has been low for some time now and the tonnage list is still growing. Mid-week we see some more demand in the North Atlantic, yet the P1A is yielding in the 17k region.

Supramax

Sentiment remained strong and BSI continued positive while Panamax saw a smaller correction. We have seen decent period activity with Supramax delivery Far East being fixed mid 15k for a year. Furthermore, Ultramax open WC India/MEG area are seeing above 40k for a trip to Far East and mid 20s for a trip to the Atlantic. The Pacific basin seem to maintain strong while the Atlantic remains as of last week after a smaller correction. We do expect another positive week ahead with rates for 1 year + to keep climbing.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$31,825	$3,765 ↑
Australia – China	$9.6	$1.3 ↑
Pacific RV	$22,133	$5,341 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$17,295	-$1,550 ↓
TCE Cont/Far East	$26,741	-$23 ↓
TCE Far East/Cont	$6,029	$215 ↑
TCE Far East RV	$22,030	$2,310 ↑

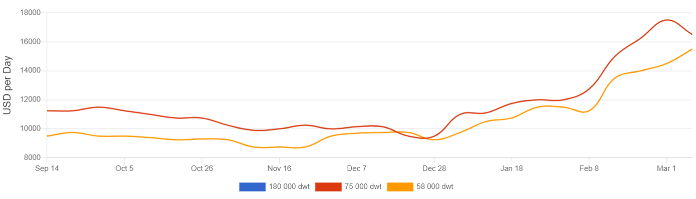
Supramax (USD/Day)

Atlantic RV	$26,505	-$244 ↓
Pacific RV	$20,671	$2,671 ↑
TCE Cont/Far East	$33,629	-$450 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$23,500	$1,250 ↑
Capesize (180 000 dwt)	$20,000	$1,250 ↑
Kamsarmax (82 000 dwt)	$18,000	-$1,000 ↓
Panamax (75 000 dwt)	$16,500	-$1,000 ↓
Ultramax (64 000 dwt)	$16,500	$500 ↑
Supramax (58 000 dwt)	$15,500	$1,000 ↑
Baltic Dry Index (BDI)	$1,980	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
The sentiment on freight seems about to turn in the East on the back of more requirements in the market, and subsequently, fewer ships are available on a prompt basis. March fixing in the MEG seems pretty much done, and a handful of players have already started working freight for April loading. The Adnoc acceptances were just published earlier today, and the only pending acceptances for April (Aramco) are expected early next week.

WEST
A long-awaited activity increase has finally resurfaced in the West VLGC market, albeit the majority of vessels fixed this week were off first half April dates rather than that of March. Several vessels have been fixed at rates hovering OPEX and there are still some uncovered cargoes left for both end March and the first half of April, however, it seems inevitable that we will see a handful of vessel-overhang as March enquiries wipe out and all eyes turn to April.

In other news, this week following a newbuilding order at the end of last year, one of the largest VLGC owners in the market has declared options for three more VLGCs for delivery in 2023. That is bringing the total order book up to 44 vessels.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$260,000	$0 →
LGC (60 000 cbm)	$900,000	$0 →
MGC (38 000 cbm)	$750,000	$0 →
HDY SR (20-22 000 cbm)	$650,000	$0 →
HDY ETH (17-22 000 cbm)	$780,000	$0 →
ETH (8-12 000 cbm)	$475,000	$0 →
SR (6 500 cbm)	$390,000	$0 →
COASTER Asia	$265,000	$5,000 ↑
COASTER Europe	$200,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$537	$0 →
Saudi Arabia/CP	$625	$0 →
MT Belvieu (US Gulf)	$481	-$27 ↓
Sonatrach/Bethioua	$545	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$517	$0 →
Saudi Arabia/CP	$595	$0 →
MT Belvieu (US Gulf)	$469	-$25 ↓
Sonatrach/Bethioua	$535	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$30,000	$0 →
West of Suez 155-165 000 cbm	$34,000	$4,000 ↑
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	$38.0	$2.0 ↑
Kamsarmax	$25.0	$0.8 ↑
Ultramax	$23.0	$1.5 ↑

Dry (10 yr)

Capesize	$24.0	$1.0 ↑
Kamsarmax	$18.0	$1.0 ↑
Ultramax	$16.0	$2.0 ↑

Wet (5 yr)

VLCC	$65.5	$0.5 ↑
Suezmax	$45.5	$2.0 ↑
Aframax / LR2	$37.0	$3.0 ↑
MR	$26.0	$0.0 →

Wet (10 yr)

VLCC	$45.0	$0.0 →
Suezmax	$30.0	$0.0 →
Aframax / LR2	$22.0	$0.5 ↑
MR	$17.5	$0.0 →

Market Brief

Exchange Rates

USD/JPY	108.79	1.83 ↑
USD/KRW	1140.25	19.90 ↑
USD/NOK	8.49	0.00 ↑
EUR/USD	1.19	-0.02 ↓

Interest Rates

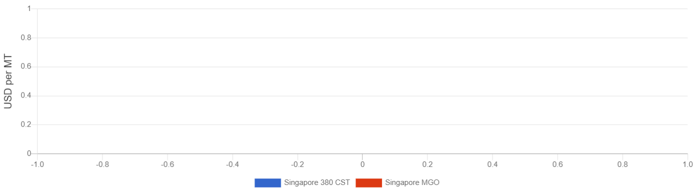
LIBOR USD (6 months)	0.20%	-0.01% ↓
NIBOR NOK (6 months)	0.48%	0.00% →

Commodity Prices

Brent Spot	$67.50	-$2.00 ↓

Bunkers Prices

Singapore 380 CST	$420.5	$32.0 ↑
Singapore Gasoil	$557.5	$18.5 ↑
Rotterdam 380 CST	$396.5	$22.5 ↑
Rotterdam Gasoil	$546.5	$20.0 ↑



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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