Fearnleys Weekly Report

Week 15 - April 14, 2021

Printer version

Tankers

Comments

VLCC

As April stems close out, the MEG has warmed up for modern tonnage. It may not be the green shoots of a full recovery, but welcomed by owners nonetheless. We can see the impact of an exodus West around the Cape in recent weeks as it has created a shortage of well badged ships in the MEG. As such we have seen rates move up beyond the mid 30's for end month dates MEG/East. Anything remaining for April dates may get a little sting, as owners react to the last few deals. In the Atlantic, rates have struggled for traction given the tonnage availability, and remain flattish in the low WS30's for Wafr/East. Worth noting that Suezmax a touch softer, certainly in the West, so little support there as we now have the quiet period before the May MEG stems start coming in. Despite this, owners will look to keep this bump rolling.

Suezmax

This week has seen some surprising pockets of resistance in areas where none was expected. A Basrah/East run set the tone when it entered the market on Monday and quickly jumped on a WS62.5. This speedy fixture quite possibly puts a floor under East rates for the time being. Basrah/West has also shown some small signs of resistance, with charterers being forced to slow trade, as opposed to early last week, when owners were just looking to cover exposed positions. As the week has progressed, an improving VLCC market may lend some further psychological support to its diminutive cousin, at least in the East. However, in a tale of two hemispheres, Western markets will continue to be pinned down by a never ending conveyor belt of ballasters, with Wafr/East doomed to low/mid WS60's territory.

Aframax

The North Sea/Baltic market hit its lowest level since early month of February when we had cheaper bunker prices. Despite a few injection stems in the 3rd decade of the Baltic Urals schedule a long tonnage list coupled with less fuel enquiries put charterers in a position to test rates. No surrounding markets provide owners with any better alternatives, so we expect rates to move sideways for now. Much of the same can be said about the Mediterranean/Black Sea market where the mere amount of cargo activity is a far cry from satisfying the long list of prompt ships in the area. Rates have come off this week and we expect this to continue in the week to come, at best moving sideways.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 19.0	0.0 →
MEG/Japan (280 000)	WS 35.0	2.0 ↑
MEG/Singapore (280 000)	WS 36.0	2.0 ↑
WAF/FEAST (260 000)	WS 34.0	0.0 →
WAF/USAC (130 000)	WS 55.0	-5.0 ↓
Sidi Kerir/W Med (135 000)	WS 62.5	-7.5 ↓
N. Afr/Euromed (80 000)	WS 85.0	-25.0 ↓
UK/Cont (80 000)	WS 90.0	-20.0 ↓
Caribs/USG (70 000)	WS 75.0	-5.0 ↓

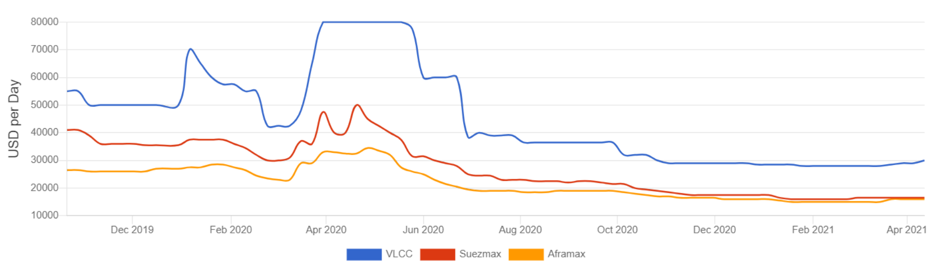
1 Year T/C (USD/Day)

VLCC (Modern)	$30000.0	$1,000 ↑
Suezmax (Modern)	$16500.0	$0 →
Aframax (Modern)	$16000.0	$0 →

VLCC

VLCCs fixed in all areas last week	68	43 ↑
VLCCs available in MEG next 30 days	137	-8 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Big ships doing well. Average daily earnings up 16 pct w-o-w to come in at just over USD 26k. Main driver being continued solid steel and iron ore margins, and major miners are busy covering slots by the dozen to meet industry demand. Lion's share has been on West Australia, but Brazil again picking up speed with resultant triple contribution to tonne-mile. Coal finding new trades due to political deadlocks, substantial congestion in a number of main ports and ongoing quarantine/crew change restrictions all add to reduced fleet efficiency and upward pressure on rates. Limited period activity, as expectations seem to exceed ffa values supporting well in excess of USD 25k on model type tonnage for balance 2021.

Panamax

The negative trend in the Panamax market continued into this week – however this seems to have taken a turn mid-week. Maybe we have found a logical bottom for now.
P1A is currently priced in the mid/upper 12's. In the eastern hemisphere we see Pacific rounds yielding 18/19k depending on delivery.

Supramax

The BSI turned North for the first time in two weeks of negative movement. We see big difference in two basins where Pacific firming up and Atlantic keep dropping. Good level and healthy fixtures being concluded both on TCT and short period trading in Pacific. Mv Hanton Trader, 63,000 dwt, open Manila, reported to be fixed 2/3 LL USD 24k to Chinese operator. Ultramax delivery China fixed TCT via Australia at USD 22k with grains to Singapore-Japan. A 55,000-dwt open Indonesia fixing a trip via Indonesia to China at healthy USD 25k. South Africa and Indian Ocean have same trend from last week, slightly under pressure due to the lack of fresh requirement and prompt ships building up. Not many fixtures been reported but owners were able to obtain for Tess 58 type in region of USD 13k plus USD 500k GBB for trip from South Africa to Far East. Atlantic market in general under pressure and rates sliding further down. The Baltic Sea market is still going down with tonnage building up. Clinker cargo is fixing in region of USD 18k-20k basis APS load port to West Africa. Continent has the same trend to Med-Black Sea market – under pressure and rates are flat. The US Gulf is suffering most as rates dropped dramatically to all destinations. Ultramax fixing USD 22k's for trips to India and USD 14k with petcoke to Mediterranean. Trips from Brazil and Argentina were very inactive and little fresh inquiries lead to lower fixtures. On Supra 56,000 dwt delivery ECSA chrts offering USD 17k APS load port with grains to Continent. We expect flat market in Atlantic and firm tone in Pacific.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$45,325	$2,765 ↑
Australia – China	$11.1	$0.8 ↑
Pacific RV	$29,938	$3,350 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$13,800	-$4,411 ↓
TCE Cont/Far East	$26,532	-$4,623 ↓
TCE Far East/Cont	$11,494	-$2,048 ↓
TCE Far East RV	$19,107	-$4,053 ↓

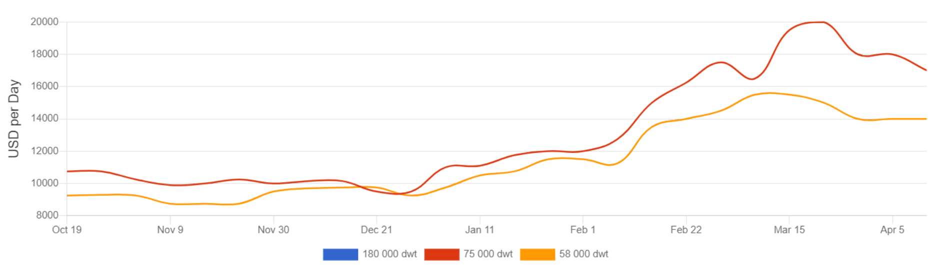
Supramax (USD/Day)

Atlantic RV	$15,691	-$387 ↓
Pacific RV	$22,100	$521 ↑
TCE Cont/Far East	$26,107	-$447 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$25,500	-$1,000 ↓
Capesize (180 000 dwt)	$23,000	$0 →
Kamsarmax (82 000 dwt)	$19,000	-$1,000 ↓
Panamax (75 000 dwt)	$17,000	-$1,000 ↓
Ultramax (64 000 dwt)	$18,000	$2,500 ↑
Supramax (58 000 dwt)	$15,500	$1,500 ↑
Baltic Dry Index (BDI)	$2,178	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
With vessel supply in the West looking balanced to tight for that of May ex USG, we foresee the MEG market to remain relatively strong going forward as we expect owners to send the majority of their vessels back to the West. At time of writing there has already been six spot fixtures ex MEG for the first decade of May, and depending on the Aramco acceptances, focus might be shifting towards second decade soon. Further into May with delayed Adnoc dates we could see increased activity which should absorb most of the ships not sailing West, and we therefore expect current rates to maintain or come off slightly.

WEST
Although activity has been subdued this week, freight is persistent around mid USD 80 per ton Houston/Chiba basis. The balance of May in terms of vessel availability looks to be somewhat balanced to tight in the USG, however, currently there is no real momentum in either direction. The East market is trading at a premium to the West something we can partly relate to the increased Panama Canal costs, in which owners have yet been able to pass on in full to the charterers. We don't expect a huge rise in freight rates in the short term, thus the somewhat unusual western discount may carry on for a short while. The West rarely trades at a discount to the East market for long and how the gap is closed remains to be seen, but we believe it's likely that East rates could come off slightly and West remains flat'ish to slightly positive.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,075,000	$25,000 ↑
LGC (60 000 cbm)	$800,000	$0 →
MGC (38 000 cbm)	$800,000	$0 →
HDY SR (20-22 000 cbm)	$650,000	$0 →
HDY ETH (17-22 000 cbm)	$750,000	-$10,000 ↓
ETH (8-12 000 cbm)	$465,000	$0 →
SR (6 500 cbm)	$390,000	-$10,000 ↓
COASTER Asia	$265,000	$0 →
COASTER Europe	$230,000	-$5,000 ↓

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$487	$0 →
Saudi Arabia/CP	$560	$0 →
MT Belvieu (US Gulf)	$411	-$50 ↓
Sonatrach/Bethioua	$500	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$491	$0 →
Saudi Arabia/CP	$530	$0 →
MT Belvieu (US Gulf)	$334	-$72 ↓
Sonatrach/Bethioua	$510	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$40,000	$4,000 ↑
West of Suez 155-165 000 cbm	$53,000	$13,500 ↑
1 Year T/C 155-160 000 cbm	$61,000	$1,000 ↑

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	$87.0	$0.0 →
Suezmax	$57.0	$0.0 →
Aframax	$47.5	$0.0 →
Product	$35.5	$0.0 →
Newcastlemax	$49.0	$0.0 →
Kamsarmax	$27.5	$0.0 →
Ultramax	$25.5	$0.0 →
LNGC (MEGI) (cbm)	$187.0	$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$38.0	$0.0 →
Kamsarmax	$28.0	$0.0 →
Ultramax	$23.0	$0.0 →

Dry (10 yr)

Capesize	$28.0	$0.0 →
Kamsarmax	$21.0	$0.0 →
Ultramax	$18.0	$0.0 →

Wet (5 yr)

VLCC	$65.5	$0.0 →
Suezmax	$46.0	$0.0 →
Aframax / LR2	$39.0	$0.0 →
MR	$28.0	$0.0 →

Wet (10 yr)

VLCC	$47.0	$0.0 →
Suezmax	$31.0	$0.0 →
Aframax / LR2	$23.5	$0.0 →
MR	$18.5	$0.0 →

Market Brief

Exchange Rates

USD/JPY	109.21	-0.42 ↓
USD/KRW	1125.85	9.70 ↑
USD/NOK	8.51	0.06 ↑
EUR/USD	1.19	0.00 ↑

Interest Rates

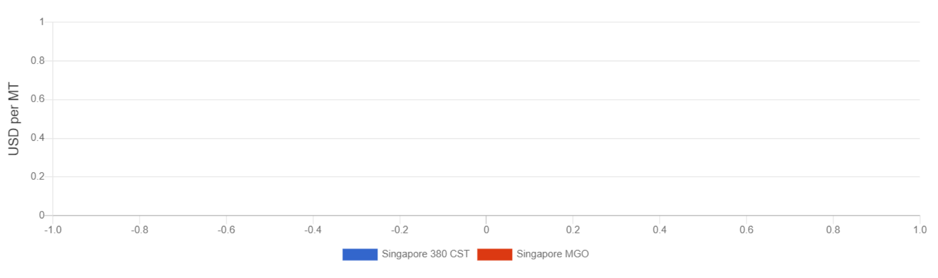
LIBOR USD (6 months)	0.21%	0.00% ↑
NIBOR NOK (6 months)	0.45%	0.00% →

Commodity Prices

Brent Spot	$63.50	$0.50 ↑

Bunkers Prices

Singapore 380 CST	$371.5	$0.5 ↑
Singapore Gasoil	$517.0	$0.5 ↑
Rotterdam 380 CST	$359.0	$4.0 ↑
Rotterdam Gasoil	$504.0	$6.0 ↑



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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