

# Fearnleys Weekly Report

Week 29 - July 21, 2021

Printer version

Tankers

Comments

VLCC

The week gone by has yielded little of note in the VLCC market, with rates sliding sideways and ships largely trading close to or at negative returns. The only positive news in this summer doldrum is bunker prices going down, courtesy of dropping oil prices. Barring some Chinese “scheduling”, some oil company internal programming and a tad of under the counter fixing the August MEG program has yet to kick off in earnest, but as and when it does tonnage supply is more than sufficient to cover demand. However, looking forward the uptick in volumes should continue through the year now that OPEC+ has come to an agreement on reducing production cuts, hopefully balancing the books in the not too distant future.

Suezmax

With news of an OPEC+ agreement there are grounds for optimism towards the end of the year, however, in the immediate short term we need to see how this impacts general sentiment and expectation levels and whether owners will wait to catch “that wave” or mount some late Northern Summer resistance. We are unlikely to see rates go much lower than they presently are with any variables firmly in the hands of those paid to make commercial decisions. Td20 is showing some sort of floor in the low/mid ws50’s which may apply some upward pressure to Wafr/East which will challenge the W60 mark. In the East we have seen multiple Suezmax’s fixing Afra parcels, but the list is too long for this to impact rates this side of the weekend. MEG/East trades low ws50’s flat and Td23 will continue to bounce between ws25-27.5.

Aframax

The Nsea/Baltic Aframax market continued to be under downward pressure. However, some owners courageously put up the necessary resistance in order to achieve higher rates on some specific voyages in order to achieve a small surplus for lifting the oil. Unfortunately, with other areas not offering any better alternatives, and August dates already being fixed on bigger sizes, we expect rates to move sideways in the week to come. As for the Med/Bsea market the summer doldrums have continued since last week and at the time of writing TD19 is trading sub-ws90 levels, leaving frustrated owners with a poor return of about USD 3,000 pd. There is some optimism the market may firm a few points in the following days, but as we have seen before this summer we are pushing close to rate levels where Suezmaxes will come into play.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 18.5	0.0 →
MEG/Japan (280 000)	WS 31.5	0.0 →
MEG/Singapore (280 000)	WS 32.5	0.0 →
WAF/FEAST (260 000)	WS 34.5	-0.5 ↓
WAF/USAC (130 000)	WS 52.5	2.5 ↑

Sidi Kerir/W Med (135 000)	WS 57.5	0.0 →
N. Afr/Euromed (80 000)	WS 87.5	-2.5 ↓
UK/Cont (80 000)	WS 92.5	0.0 →
Caribs/USG (70 000)	WS 80.0	2.5 ↑

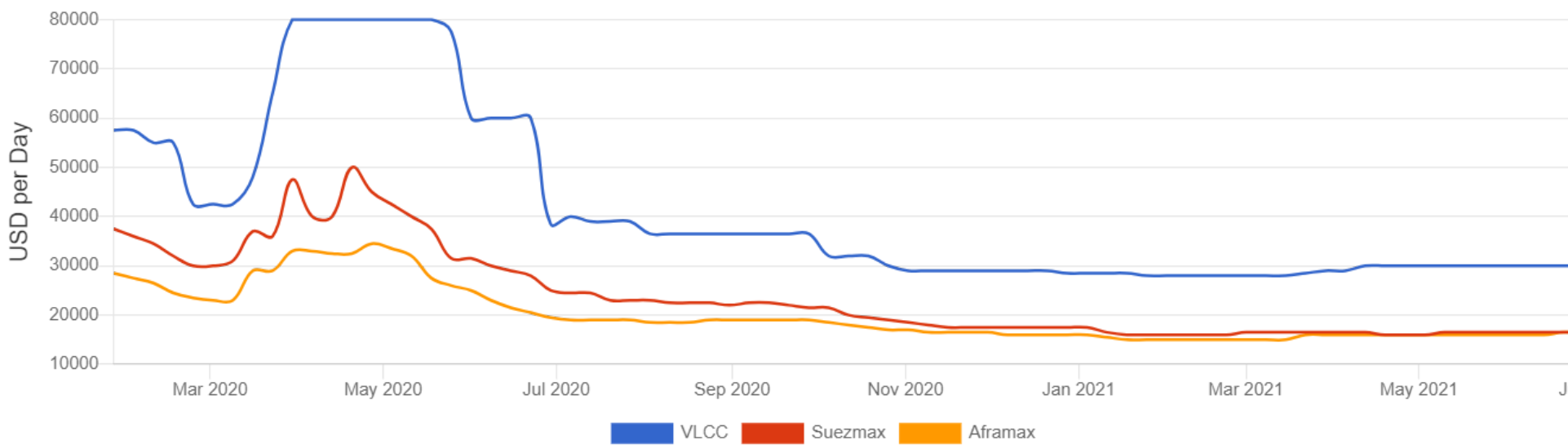
1 Year T/C (USD/Day)

VLCC (Modern)	\$25000.0	-\$5,000 ↓
Suezmax (Modern)	\$16500.0	\$0 →
Aframax (Modern)	\$15500.0	\$0 →

VLCC

VLCCs fixed in all areas last week	45	-1 ↓
VLCCs available in MEG next 30 days	165	-1 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Spot market for the big ships fascinatingly stable at robust levels although moderate volumes – virtually no change w-o-w as average daily earnings stand at around USD 29k. Continued high demand for iron ore remains the main driver, fleet utilization healthy. From being almost at par, gap between Pacific rounds (gaining USD 6k to come in at USD 32k/day) and the 3 times longer China-Brazil-China rounds (losing USD 1k to come in at USD 25,500/day) has again widened materially, indicating relatively less push on fronthaul. Same could be very temporary as substantial Brazil/China volumes concluded between numerous operators and main miner for q3/q4, coming in addition to what the latter will handle themselves on spot. Period activity modest as fixed-prices levels struggle to match forward expectations/FFA, but with a few index-linked ships concluded.

Panamax

A rather slow and uneventful week is behind us with diminishing numbers on all routes. Finally the fall in rates is beginning to level out the last day or so (and for long ECSAM RVs from the Pacific the numbers even turned slightly green). FFA numbers, on the other hand, has recovered somewhat the last few days. A quiet market became even more so on Tuesday and Wednesday due to the Id holidays. However there seem to be a bit of optimism in the Pacific basin going forward. Period activity has been rather limited.

Supramax

The Supramax market picked up after a slow start of the week and sentiment indeed remains strong. 30k on Supramax is fixed out of East Coast India for repositioning. Handies out of ECSA fixing around 40k for Atlantic business while fronthaul on Ultramax remains 37+1.7 million for trip out of Brazil.

We expect next week to remain strong.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$52,400	-\$2,575 ↓
Australia – China	\$11.8	\$1.2 ↑
Pacific RV	\$31,708	\$5,562 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$33,800	-\$8,300 ↓
TCE Cont/Far East	\$51,155	-\$4,163 ↓
TCE Far East/Cont	\$17,628	-\$1,125 ↓
TCE Far East RV	\$28,564	-\$3,440 ↓

Supramax (USD/Day)

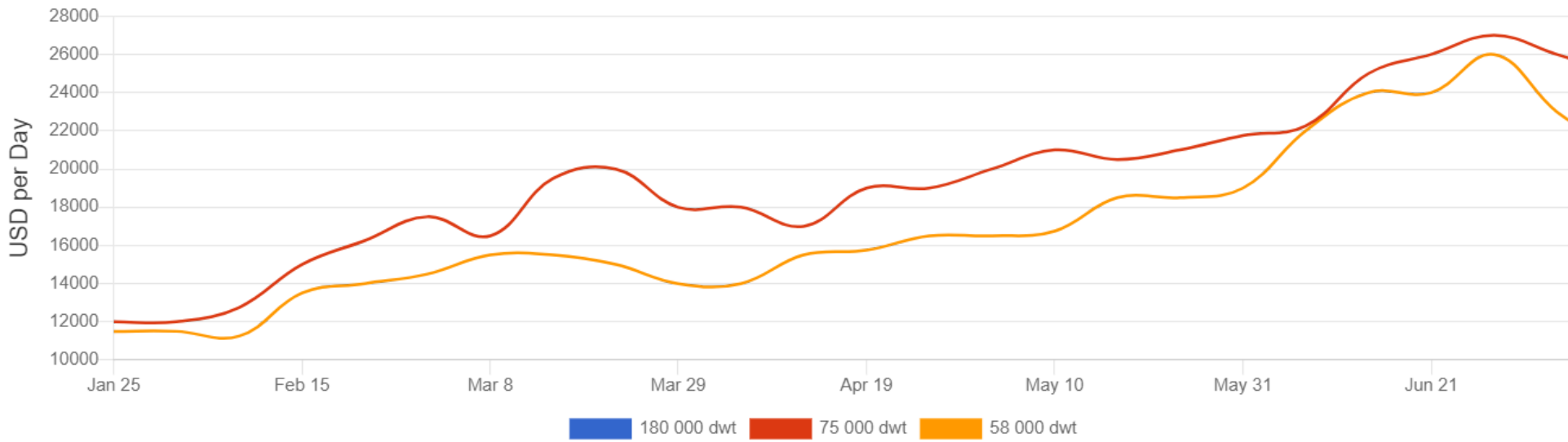
Atlantic RV	\$31,677	\$889 ↑
Pacific RV	\$27,950	\$100 ↑
TCE Cont/Far East	\$52,868	\$482 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$34,000	-\$1,000 ↓
Capesize (180 000 dwt)	\$27,500	-\$2,000 ↓
Kamsarmax (82 000 dwt)	\$26,750	-\$250 ↓
Panamax (75 000 dwt)	\$24,750	-\$250 ↓
Ultramax (64 000 dwt)	\$25,250	\$250 ↑
Supramax (58 000 dwt)	\$22,000	\$1,000 ↑

<b>Baltic Dry Index (BDI)</b>	\$3,058
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1 Year T/C Dry Bulk



Gas

Chartering

**EAST**  
Indian charterers have been keeping things alive in the Middle East this week, and so far 3 ships have been fixed on subs for 1H Aug loading. There is currently one more cargo in play that has not been fixed yet, and there are also talks of potentially 1-2 additional cargos that has yet been quoted to the market. As a result of all this development, freight rates for the current fixing window is on the rise again, and last done deal is reported in the mid-40s Baltic. We are however yet to see any non-Indian requirements in the market, but with several public holidays happening in Asia this week we do not expect to see much further activity until next week onwards.

**WEST**  
With an East market showing signs of recovery and the last reported waiting time in the Panama Canal at 8 days north/10 days south, the West premium is slowly diminishing. Simultaneously, there has been little fixing activity to mention so far this week out of the US and freight ideas seems stable in the mid/high 70s. A few additional charter relets appearing around last decade August fixing window, however this has yet to put any real pressure on freight.

LPG Rates

Spot Market (USD/Month)

<b>VLGC (84 000 cbm)</b>	\$750,000	\$0 →
<b>LGC (60 000 cbm)</b>	\$800,000	\$0 →
<b>MGC (38 000 cbm)</b>	\$800,000	\$0 →
<b>HDY SR (20-22 000 cbm)</b>	\$650,000	\$0 →
<b>HDY ETH (17-22 000 cbm)</b>	\$770,000	\$0 →
<b>ETH (8-12 000 cbm)</b>	\$475,000	\$0 →
<b>SR (6 500 cbm)</b>	\$390,000	\$0 →
<b>COASTER Asia</b>	\$270,000	\$0 →
<b>COASTER Europe</b>	\$275,000	\$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$585	\$0 →
Saudi Arabia/CP	\$620	\$0 →
MT Belvieu (US Gulf)	\$546	-\$27 ↓
Sonatrach/Bethioua	\$595	\$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$576	\$0 →
Saudi Arabia/CP	\$620	\$0 →
MT Belvieu (US Gulf)	\$530	-\$31 ↓
Sonatrach/Bethioua	\$605	\$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$55,000	\$0 →
West of Suez 155-165 000 cbm	\$65,000	\$0 →
1 Year T/C 155-160 000 cbm	\$93,000	\$500 ↑

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Increasing	Increasing

Prices

VLCC	\$96.0	\$0.0 →
Suezmax	\$65.0	\$0.0 →
Aframax	\$54.0	\$0.0 →
Product	\$37.5	\$0.0 →
Newcastlemax	\$58.0	\$0.0 →
Kamsarmax	\$31.0	\$0.0 →
Ultramax	\$28.5	\$0.0 →
LNGC (MEGI) (cbm)	\$193.0	\$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$43.0	\$0.0 →
Kamsarmax	\$28.5	\$0.0 →
Ultramax	\$26.0	\$0.0 →

Dry (10 yr)

Capesize	\$30.5	\$0.0 →
Kamsarmax	\$21.0	\$0.0 →
Ultramax	\$20.0	\$0.0 →

Wet (5 yr)

VLCC	\$74.0	\$0.0 →
Suezmax	\$47.5	\$0.0 →
Aframax / LR2	\$40.0	\$0.0 →
MR	\$28.0	\$0.0 →

Wet (10 yr)

VLCC	\$51.5	\$0.0 →
Suezmax	\$32.0	\$0.0 →
Aframax / LR2	\$26.0	\$0.0 →
MR	\$18.0	\$0.0 →

Market Brief

Exchange Rates

USD/JPY	110.95	0.44 ↑
USD/KRW	1131.75	3.20 ↑
USD/NOK	8.57	0.02 ↑
EUR/USD	1.19	0.00 ↓

Interest Rates

LIBOR USD (6 months)	0.16%	0.00% ↑
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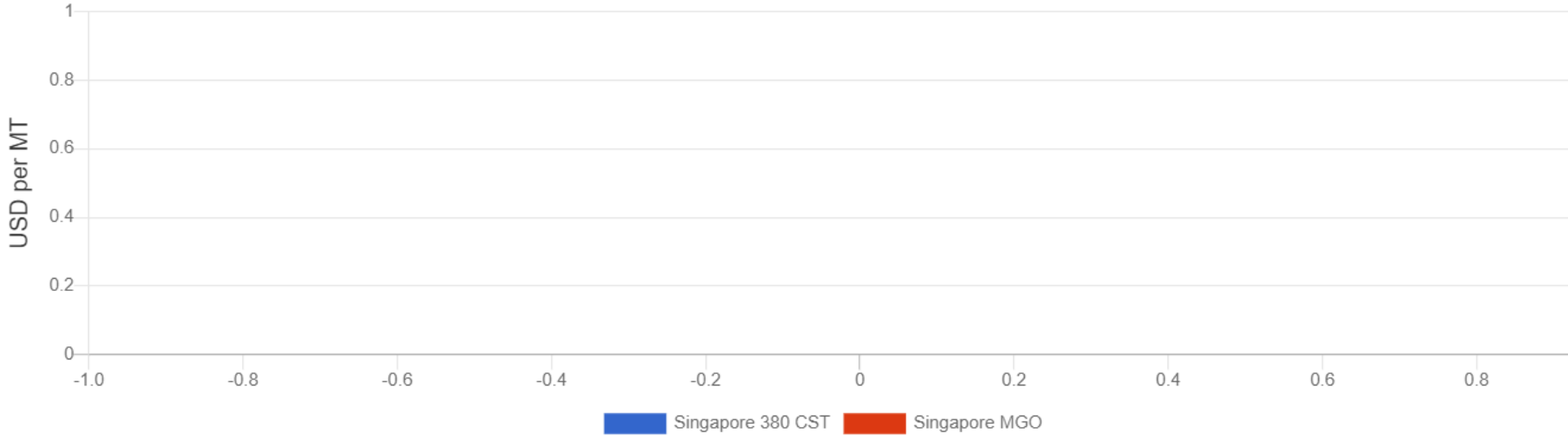
NIBOR NOK (6 months)	0.68%	-0.01% ↓
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Commodity Prices

Brent Spot	\$69.50	-\$3.00 ↓
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Bunkers Prices

Singapore 380 CST	\$411.5	-\$15.0 ↓
Singapore Gasoil	\$583.0	-\$20.0 ↓
Rotterdam 380 CST	\$390.5	-\$27.0 ↓
Rotterdam Gasoil	\$557.5	-\$49.0 ↓



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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