Fearnleys Weekly Report

Week 31 - August 04, 2021

Printer version

Tankers

Comments

VLCC

Halfway into the first week of August and the summer doldrums continues – lacklustre, tonnage in abundance, and rates hovering well below OPEX even for the best of them. Although rates have shed 0.25/0.5 points a floor of sorts has been found mainly due to owners' resistance to lock in negative returns, but fundamentals show little change, and the supply-demand equation will take a time to balance. On a positive note, bunker prices have shown a downward trend in tandem with weaker oil prices.

Suezmax

The Suezmax market in the West is still lacking activity. Owners want to fix short, and ships taken off the list tend to return quickly. If we look for positives, the list in the North Sea is looking tighter, but with the activity we have seen up there lately there should be enough to cover what's there. Brazil exports also been stable at a higher level for some time now, giving owners an option other than West Africa. In the East we are seeing some upward pressure on MEG/East rates. Several cargoes being worked in the same window, and a tighter front-end of the position list has given owners something to work with. We believe the market will keep on in the same track as we have seen going forward, with a possibility of a slight improvement in the East.

Aframax

Activity in the area was moderate for another week as bigger sizes and relets have taken a significant amount of stems so far in August. Supply of vessels is building up, and the rates are persisting at bottom levels. Moving forward, we expect rates to remain flat as we don't expect any fundamental changes. In the Med/Bsea there is a drought of cargoes coming into the market as the tonnage list keeps getting longer. We have only seen one or two cargoes being dripped into the market per day this week, easily being fixed at repeat levels – if not chipping off a point or two. Benchmark voyages are giving owners a return of less than USD 1,000 pd, and we expect the market to remain soft in the week to come.

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 32.0	0.0 →
WAF/FEAST (260 000)	WS 33.0	-2.0 ↓
WAF/USAC (130 000)	WS 47.5	-5.0 ↓
Sidi Kerir/W Med (135 000)	WS 55.0	-2.5 ↓
N. Afr/Euromed (80 000)	WS 85.0	-2.5 ↓
UK/Cont (80 000)	WS 95.0	2.5 ↑
Caribs/USG (70 000)	WS 75.0	0.0 →

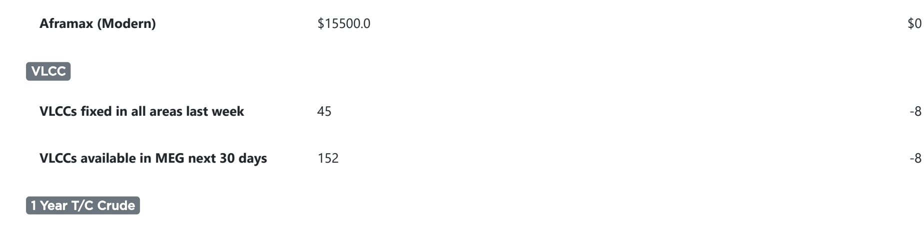
1 Year T/C (USD/Day)

VLCC (Modern)	$25000.0	$0 →
Suezmax (Modern)	$16500.0	$0 →
Aframax (Modern)	$15500.0	$0 →

VLCC

VLCCs fixed in all areas last week	45	-8 ↓
VLCCs available in MEG next 30 days	152	-8 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Delays in Chinese ports due to weather factors and time consuming crew-change procedures result in less tonnage available and consequently firmer markets. West Australia c5 is up, close to USD 15s, c3 around USD 30 pmt and average 5tc is gradually approaching USD 40,000 mark! It is more tricky to get hold of period tonnage, due to the positive and firm sentiment.

Panamax

The week started off in line with last week's uneventful trend. Little fresh demand in both hemispheres caused rates to slip further. This took a turn mid-week when several of the major charterers entered the market with bot minerals and grain cargos. P1A is currently priced in the upper 20's while fronthauls are being fixed in region of USD 48k. In the Pacific, the longer rounds are priced similar to P1A while Indo rounds are fetching around 32k.

Supramax

The upward continue its rally also this week. Strong demand all across the borders and the BSI raising on a daily basis makes owner's confidence to boost. USG market is stable with more activity reported compared to last week. Transatlantic RV fixing in the low USD 30,000 pd and Ultras are in the high USD 30,000 pd. For trips to the East, owners are able to achieve mid-hi USD 40,000 pd. ECSA also firming up from end last week. Little info surfaced. Ultra was rumoured put on subs USD 30,000 pd plus USD 1.6 mil GBB for trip to Far East. The Continent and Mediterranean market well supported with lots of resistance from owners to go to West Africa due to the recent pirate attacks. Trips to the Med pays around USD 35,000 pd on Supra and trip to the East hi USD 40,000 pd. The Black Sea market is still very active. Fronthaul trips pays anything from USD 55,000 to USD 60,000 pd depends on position and vessel's specs. East of South Africa market remains firm and stable. Due to lack of tonnage and strong demand in India-MEG range, vessels fixing DOP SE Asia for trips via South Africa at USD 38,000 pd. The Pacific market is stable with fixtures done as per "last" Supra 55,000 dwt delivering South Vietnam took USD 32,500/pd via Malaysia to China, and smaller vessel 53,000 dwt delivering mid China was fixed sub USD 30,000 pd for Pacific RV.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$53,750	-$700 ↓
Australia – China	$14.7	$0.7 ↑
Pacific RV	$44,728	$3,553 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$28,700	-$4,225 ↓
TCE Cont/Far East	$47,268	-$3,582 ↓
TCE Far East/Cont	$17,264	-$449 ↓
TCE Far East RV	$27,668	-$1,058 ↓

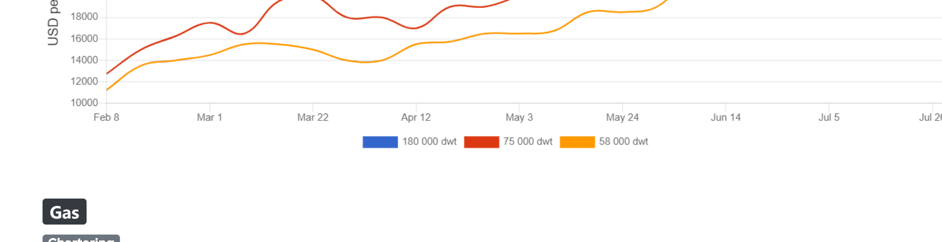
Supramax (USD/Day)

Atlantic RV	$34,898	$773 ↑
Pacific RV	$29,907	$693 ↑
TCE Cont/Far East	$55,214	$614 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$36,000	$2,000 ↑
Capesize (180 000 dwt)	$30,000	$2,500 ↑
Kamsarmax (82 000 dwt)	$26,250	$0 →
Panamax (75 000 dwt)	$24,250	$0 →
Ultramax (64 000 dwt)	$27,500	$2,250 ↑
Supramax (58 000 dwt)	$25,000	$3,000 ↑
Baltic Dry Index (BDI)	$3,318	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
We have seen close to 20 spot deals concluded from the Middle East in August which is well above the usual average seen in previous months. A majority of these deals have been done by Indian majors, but we have also seen various traders booking ships for last decade August since last week. Initially, some of these deals were done in the low 40s Baltic, but as the Western premium continue to rise on the back of a more active US market, owners are not there to consider anything less that mid-low 40s in the MEG at the moment. Time of writing there are 2 uncovered Indian cargos for end August, and meanwhile we are still waiting for further September acceptances before we can start to focus on next month's program.

WEST
In the Western hemisphere, vessel supply has cleared out for August and thus, all eyes are on September.
Freight rates are showing signs of improvement from last week's concluded deals, albeit the September market is date dependant to some extent. Current rates are hovering around mid USD 80's on Houston/Chiba basis and mid to mid/low USD 40s Houston/Flushing basis. Increasing waiting time for South- and Northbound transits through the Panama Canal seems to be putting a lid on freight. We are bound to see more deals concluded for September ex USG and there is potential for further increases in rates due to amongst others various inefficiencies, however, it all depends on the product market.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$900,000	$100,000 ↑
LGC (60 000 cbm)	$750,000	-$50,000 ↓
MGC (38 000 cbm)	$800,000	$0 →
HDY SR (20-22 000 cbm)	$650,000	$0 →
HDY ETH (17-22 000 cbm)	$770,000	$0 →
ETH (8-12 000 cbm)	$475,000	$0 →
SR (6 500 cbm)	$390,000	$0 →
COASTER Asia	$270,000	$0 →
COASTER Europe	$270,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$608	$23 ↑
Saudi Arabia/CP	$660	$40 ↑
MT Belvieu (US Gulf)	$569	$1 ↑
Sonatrach/Bethioua	$620	$25 ↑

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$632	$57 ↑
Saudi Arabia/CP	$655	$35 ↑
MT Belvieu (US Gulf)	$564	-$9 ↓
Sonatrach/Bethioua	$650	$45 ↑

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$57,000	$2,000 ↑
West of Suez 155-165 000 cbm	$65,000	$0 →
1 Year T/C 155-160 000 cbm	$93,000	$0 →

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Increasing	Increasing

Prices

VLCC	$97.0	$1.0 ↑
Suezmax	$66.0	$1.0 ↑
Aframax	$55.5	$1.5 ↑
Product	$38.0	$0.5 ↑
Newcastlemax	$59.0	$1.0 ↑
Kamsarmax	$31.5	$0.5 ↑
Ultramax	$29.0	$0.5 ↑
LNGC (MEGI) (cbm)	$196.0	$3.0 ↑

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$43.0	$0.0 →
Kamsarmax	$30.0	$0.0 →
Ultramax	$27.0	$0.0 →

Dry (10 yr)

Capesize	$30.5	$0.0 →
Kamsarmax	$23.0	$0.0 →
Ultramax	$21.0	$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

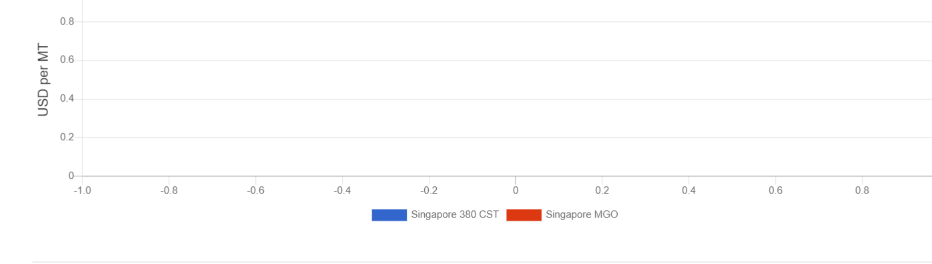
LIBOR USD (6 months)	0.16%	0.00% ↑
NIBOR NOK (6 months)	0.68%	-0.01% ↓

Commodity Prices

Brent Spot	$72.50	-$4.00 ↓

Bunkers Prices

Singapore 380 CST	$426.0	$4.5 ↑
Singapore Gasoil	$588.0	-$6.0 ↓
Rotterdam 380 CST	$414.0	$2.5 ↑
Rotterdam Gasoil	$598.0	$6.5 ↑



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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