Fearnleys Weekly Report

Week 35 - September 01, 2021

Printer version

Tankers

Comments

VLCC

There can be no denying a little uptick in activity, with several cargoes on the open market and more vessels finding employment. Maybe some green shoots of recovery, as reports of WS34+ MEG/China are doing the rounds which is likely not too wide of the mark. Modern owners holding for mid WS30's, leaves the older ladies to compete at the WS30+ level, for cargoes that allow. West Africa has been concluded at WS35 heading for India, in line with last done levels, and reports of multiple offers on uncovered enquiries require owners to hold their nerve. Elsewhere in the Atlantic, we've seen one fresh cargo N.Sea/Eastbound, but ships held on subs for over a week and cargoes trading and disappearing unlikely to add much strength for now. US export cargoes has been put on hold due to Hurricane Ida.

Suezmax

When the market has recently traded in such narrow parameters, there was understandably some incredulity amongst participants when Wafr/East started to trade at a discount to Td20. There was a forty eight hour period which could only be described as a disorientated market. The East Suezmax market, or lack of market, to be more precise, singlehandedly created the anomaly that lead to Wafr trading in such an odd manner. The perceived impact of unemployed Eastern ballasters heading to Wafr is the reason for its limited upside. Whether it is now at parity or has returned to its old differential, will be decided by the next pure East run. For now, we are calling both Wafr/East and Td20 in mid WS50's. MEG/China should settle at WS55 given that a short East is on subs at WS57.5, whilst Td23 trades at WS22.5-25 flat'ish.

Aframax

As the tonnage list remains longer than the current cargo activity can satisfy, the Nsea/Baltic market has traded sideways at bottom levels yet another week. Going forwards we expect a bit more cargo activity in the 2nd half of September, however until then we expect the market to continue trading sideways.
Much the same can be said about the Med/Bsea market, where the amount of ships outbalances the weak number of cargoes. We still need to see quite a few more ships be cleared away before we see any significant improvement of rates.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 18.0	0.0 →
MEG/Japan (280 000)	WS 32.0	0.5 ↑
MEG/Singapore (280 000)	WS 32.5	1.0 ↑
WAF/FEAST (260 000)	WS 34.0	1.0 ↑
WAF/USAC (130 000)	WS 57.5	0.0 →
Sidi Kerir/W Med (135 000)	WS 62.5	0.0 →
N. Afr/Euromed (80 000)	WS 87.5	5.0 ↑
UK/Cont (80 000)	WS 92.5	0.0 →
Caribs/USG (70 000)	WS 100.0	17.5 ↑

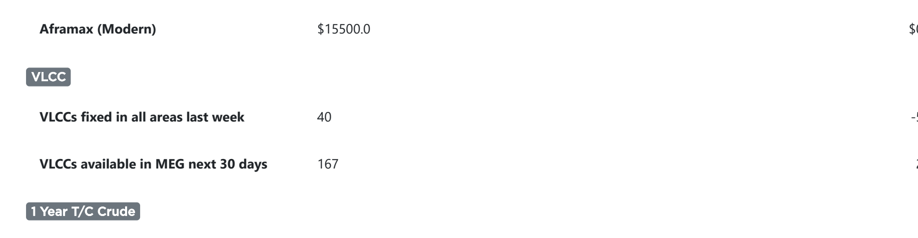
1 Year T/C (USD/Day)

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

VLCC

VLCCs fixed in all areas last week	40	-5 ↓
VLCCs available in MEG next 30 days	167	2 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

As congestion in China eased over the last week with more available tonnage around, the Pacific has been under pressure. Together with a slower Brazilian program this has turned the sentiment negative. However, North Atlantic still fairly tight, while the amount of ballasters headed to Brazil nor very significant. All this mirrored in the index development over the last week with Brazil-China down 8%, Pacific round voyage down 17%, and Atlantic round voyage up 1%.

Panamax

From a booming market when we left last week the trend has turned the opposite direction. With London closed on Monday the start was very quiet, but we see a growing tonnage list in the Atlantic, and less demand.
P1A is currently trading in the 28/29k region. In the Pacific, we still see good activity and rates keeping up for now. Rounds are being concluded in the mid 30's and period activity has been good. Mid-week we do however see some ships failing.

Supramax

A strong rise on Supramax from the beginning of the week faded away due to the FFA correction and uncertainty on the bigger sizes. The BSI TCE climbing to USD 38,246 despite negative FFA forward values. Demand from ECSA and USG was slowing down resulting downwards pressure on the rates. A few Supra and Ultramaxes were fixed for FH at USD 28,000 plus USD 1,800 mil GBB, which is down from 2 mill on GBB. Same patter in USG where rates were reduced slightly. Demand for fertilizers to ECSA from the Mediterranean and the Continent holding rates up. MV Star Cleo (56,600 2013) dop Piraeus tct w/ferts via Damietta to Argentina USD 35,000 pd. No major changes on rates/activity from last week in the Pacific and the Indian Ocean market. Period activity slowed down with charterers withdrawing their last bids again due to the negative FFA trading.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$76,835	-$2,765 ↓
Australia – China	$13.7	-$1.6 ↓
Pacific RV	$41,495	-$8,222 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$29,800	-$5,275 ↓
TCE Cont/Far East	$49,116	-$1,748 ↓
TCE Far East/Cont	$20,199	$1,530 ↑
TCE Far East RV	$35,286	$3,581 ↑

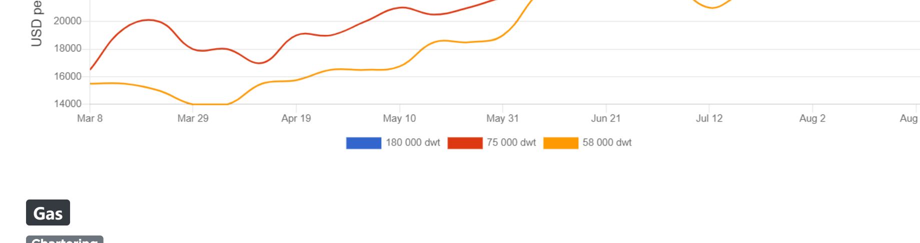
Supramax (USD/Day)

Atlantic RV	$36,359	-$174 ↓
Pacific RV	$36,750	$500 ↑
TCE Cont/Far East	$58,063	$496 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$35,500	-$500 ↓
Capesize (180 000 dwt)	$29,750	-$1,250 ↓
Kamsarmax (82 000 dwt)	$28,050	-$200 ↓
Panamax (75 000 dwt)	$26,050	-$200 ↓
Ultramax (64 000 dwt)	$31,000	$1,000 ↑
Supramax (58 000 dwt)	$29,000	$1,000 ↑
Baltic Dry Index (BDI)	$4,013	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
Slight downward pressure on freight in the East and last reported non-Indian deal in the market was fixed at a discount to Baltic. We have seen about 16 spot deals concluded from the Middle East in September thus far, but we expect there is a handful more uncovered cargos during 20-30 September before we can close the month off. Freight ideas from owners going forward is in the mid $40s territory, however some might still be there to consider slightly less against firm cargos.

WEST
At the time of writing, there are three vessels left open for the balance of September in the USG. There is also a handful of FOBs for sale from various terminals which in theory could leave September wiped out on shipping availability, however, the mismatch between owners' and charterers' freight ideas and terminals' selling ideas is strangling any momentum to get deals done. Uncertainty around Panama southbound slot delays is one of the contributing factors as to why the bids and offers doesn't get to terms. Most deals concluded during the last week for end September and beginning October laycans have been done around mid USD 80's Houston/Chiba basis and mid/low USD 40s Houston/Flushing basis. Freight is seemingly quite resilient at or around this level and going further into October any vessels with firm northbound Panama slot may be preferred and thus fetch a dollar or so premium to non-booked vessels. Inefficiencies are expected to prevail and may tilt the market up or down a notch depending on vessel availability on certain laycans.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$800,000	-$50,000 ↓
LGC (60 000 cbm)	$725,000	$0 →
MGC (38 000 cbm)	$775,000	-$25,000 ↓
HDY SR (20-22 000 cbm)	$650,000	$0 →
HDY ETH (17-22 000 cbm)	$750,000	$0 →
ETH (8-12 000 cbm)	$465,000	$0 →
SR (6 500 cbm)	$390,000	$0 →
COASTER Asia	$270,000	$0 →
COASTER Europe	$265,000	-$5,000 ↓

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$621	$13 ↑
Saudi Arabia/CP	$665	$5 ↑
MT Belvieu (US Gulf)	$596	-$2 ↓
Sonatrach/Bethioua	$640	$20 ↑

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$653	$21 ↑
Saudi Arabia/CP	$665	$10 ↑
MT Belvieu (US Gulf)	$605	-$2 ↓
Sonatrach/Bethioua	$670	$20 ↑

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$65,000	-$1,000 ↓
West of Suez 155-165 000 cbm	$65,000	-$5,000 ↓
1 Year T/C 155-160 000 cbm	$93,000	$0 →

Newbuilding

Activity Levels

Tankers	Moderate	Moderate
Dry Bulkers	Moderate	Moderate
Others	Strong	Strong

Prices

VLCC	$100.0	$0.0 →
Suezmax	$69.0	$0.0 →
Aframax	$56.5	$0.0 →
Product	$39.5	$0.0 →
Newcastlemax	$60.0	$0.0 →
Kamsarmax	$32.5	$0.0 →
Ultramax	$31.0	$0.0 →
LNGC (MEGI) (cbm)	$203.0	$0.0 →

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	109.86	-0.24 ↓
USD/KRW	1159.45	-8.60 ↓
USD/NOK	8.71	-0.13 ↓
EUR/USD	1.18	0.01 ↑

Interest Rates

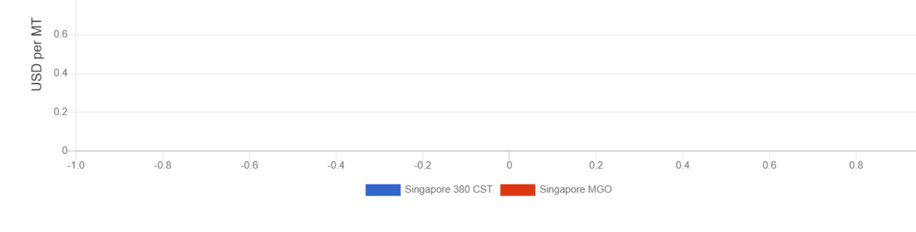
LIBOR USD (6 months)	0.15%	-0.01% ↓
NIBOR NOK (6 months)	0.67%	0.01% ↑

Commodity Prices

Brent Spot	$73.00	$0.50 ↑

Bunkers Prices

Singapore 380 CST	$447.0	$26.0 ↑
Singapore Gasoil	$583.5	$22.0 ↑
Rotterdam 380 CST	$412.5	$18.0 ↑
Rotterdam Gasoil	$588.0	$28.5 ↑



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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