Fearnleys Weekly Report

Week 41 - October 13, 2021

Printer version

Tankers

Comments

VLCC

The VLCC market has been threatening to improve for the past month or so, but with a number of false dawns so far. Charterers have found a cheaper vessel, a relet, or a date re-arrangement and the market has continued sideways. At the time of writing, we are seeing quite a build up of Atlantic cargoes. Some may be tender business or rumour, but there is no smoke without fire. The MEG, quieter by comparison, is still unfinished for October and we are closing in on a healthy 120 cargoes for the month. We understand 8 offers in to a Formosa cargo, but modern 'unhandicapped' vessels are likely to steer well clear. With bunkers heading North of USD 600/mt, owners will need to push the market just to maintain current TCE's. Higher numbers look likely in the near term, but charterers will be using all the tricks in their armoury.

Suezmax

A deluge of Atlantic basin VLCC enquiry, coupled with a very interesting USG Aframax market, has created a potentially volatile road map for Suezmaxes. A key factor in assessing market trajectory, is the time it takes to fix a cargo, with one particular Black Sea stem reportedly still there after five days. Slow trading has been the order of the day with last done rates being rather difficult for charterers to attain, hence why we will soon see Td6 flirt with WS 80's levels. USG-ECM/TA is no longer back haul business and is 145KT x WS 57.5 with a firm outlook, which logically dictates that Td20 which will soon challenge the WS 70+ mark and likely to push on. In the East, rates have been moving at a slower pace, but there is room for further optimism with Td23 last done at WS 40 and MEG/East threatening WS 70.

Aframax

It has been a busy week in the Nsea/Baltic market with rates climbing to the highest level since May. The split of VL and Suez stems into Aframax size increased the demand for vessels and the owners showed the necessary resistance in order to push for more. For the time being, market looks steady and moving forward we expect rates to remain under upward pressure as sentiment is high and cargo programs are healthy enough to support this.
Following last week's excitement in the Med/Bsea with enough activity to see a pick-up in rates, charterers started holding back on cargoes prior to the weekend and as a result the list is getting longer and rates have come off a tad again. In wait for further activity we expect the market to remain steady at current rate levels, if anything with a softening potential.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 21.0	0.0 →
MEG/Japan (280 000)	WS 40.5	-0.5 ↓
MEG/Singapore (280 000)	WS 41.0	-0.5 ↓
WAF/FEAST (260 000)	WS 42.5	0.0 →
WAF/USAC (130 000)	WS 67.5	10.0 ↑
Sidi Kerir/W Med (135 000)	WS 72.5	7.5 ↑
N. Afr/Euromed (80 000)	WS 100.0	-7.5 ↓
UK/Cont (80 000)	WS 107.5	2.5 ↑
Caribs/USG (70 000)	WS 132.5	50.0 ↑

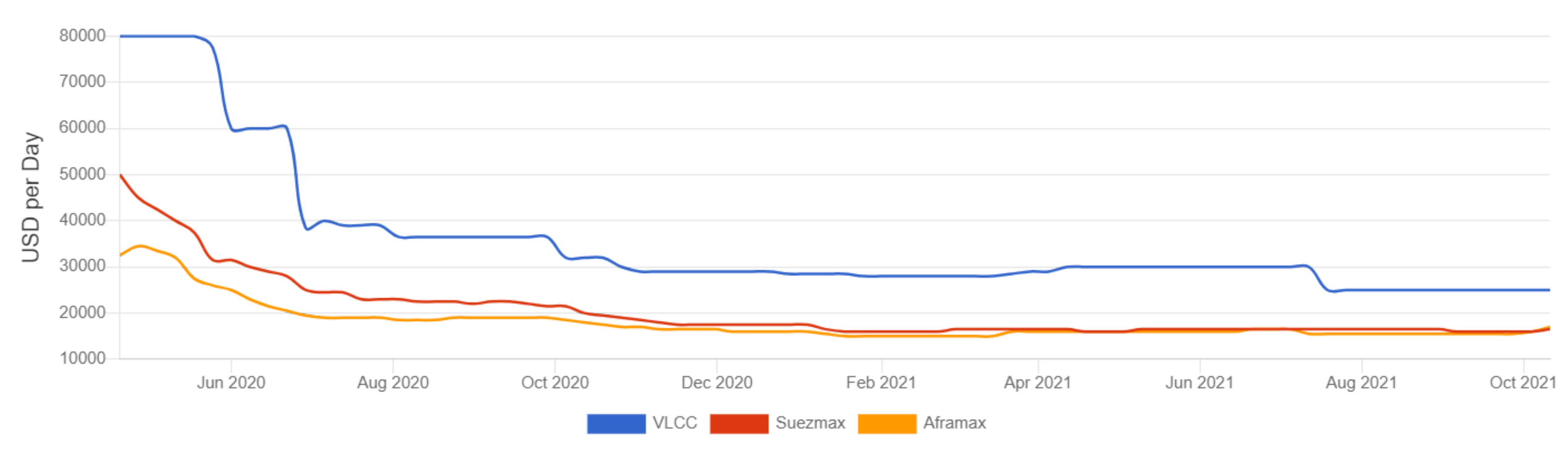
1 Year T/C (USD/Day)

VLCC (Modern)	$25000.0	$0 →
Suezmax (Modern)	$16500.0	$500 ↑
Aframax (Modern)	$17000.0	$1,000 ↑

VLCC

VLCCs fixed in all areas last week	58	8 ↑
VLCCs available in MEG next 30 days	159	-6 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Fundamentals generally unchanged whilst spot rates adjust - average daily earnings down 15 pct w-o-w to come in at a still very healthy USD 75k. Chinese, Indian, and partly European energy crisis with consequent desperate need for coal at moment not sufficient to compensate for a sudden drop in prompt iron ore volumes. Only one major miner active on key route West Australia/China, with value for Pacific rounds in turn losing almost 20 pct to stand at USD 65k. Similarly, but slightly less dramatic for the Brazil/China conference trade, where transactions few and far between. Congestion, however, remains significant - and number of ballasters at a historical low, leaving a delicate supply/demand balance where tonnage actually workable keeps being very limited. Operators remain very keen on any available period candidate, last representative fixtures include 176,000 dwt, built 2010, done for about 12 months at USD 33k.

Panamax

After last week's softening in rates for the P1A it seems to have bottomed out this week. A clear out of prompt positions much helped by Cape splits the supply/demand seems more balanced for now.
TA's are currently trading around USD 30k. In the Pacific, the market has been more stable and now strengthening WOW with Pacific rounds priced at 38/39k level.

Supramax

Slight uptick in vessels heading to the major loading countries in Asia. We could see this increase further going forward due to the desperate need for coal. In the Atlantic, sentiment remaining strong from USG. Grains from USG to Far East were fixed closer to USD 55,000 and trips to the Continent covered around mid 40s. Ultramax for Continent round was fixed at USD 43,000. Bauxite run from Kamsar to North Continent at USD 34,000. From the East, more Indonesian coal coming into market. A Supramax open Bohai Bay was rumoured fixed in the low USD 30,000s for trip to SE Asia. Bigger Handy was covered around USD 43,000 for Indo/China round. On the period front, Ultramaxes were discussed at low USD 30,000 for 1 year and low 40s for 4-6 months.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$106,400	-$15,600 ↓
Australia – China	$18.9	-$4.0 ↓
Pacific RV	$66,750	-$17,565 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$29,600	-$6,065 ↓
TCE Cont/Far East	$48,123	-$3,354 ↓
TCE Far East/Cont	$22,579	$968 ↑
TCE Far East RV	$38,073	$730 ↑

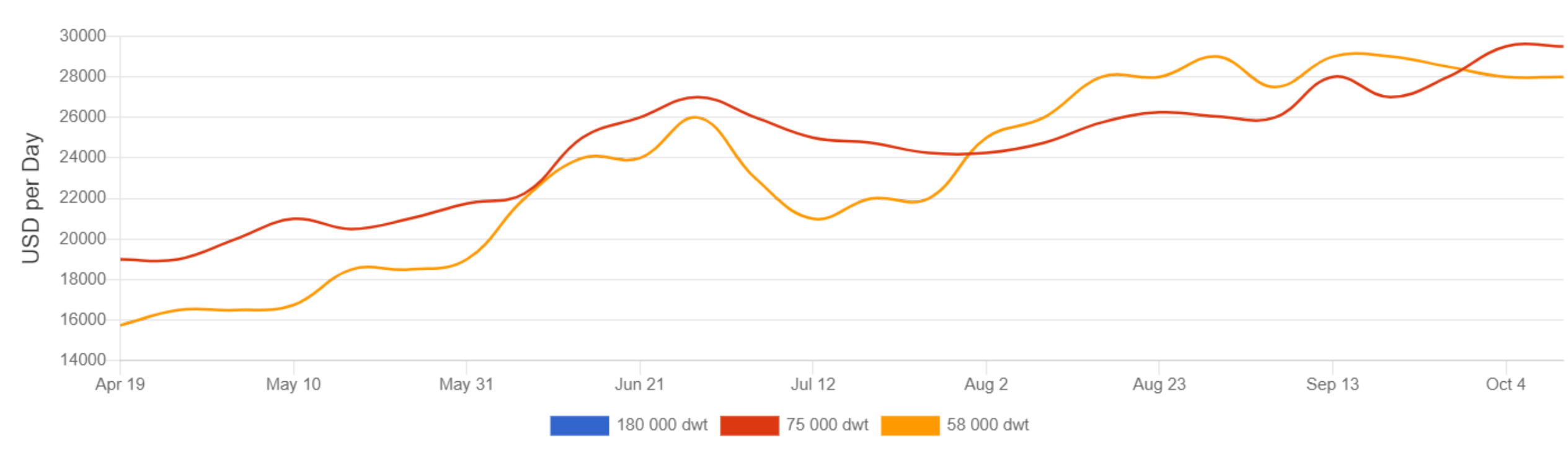
Supramax (USD/Day)

Atlantic RV	$44,076	$4,199 ↑
Pacific RV	$35,529	$215 ↑
TCE Cont/Far East	$52,383	$1,000 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$37,000	-$1,000 ↓
Capesize (180 000 dwt)	$32,000	-$1,000 ↓
Kamsarmax (82 000 dwt)	$32,000	$0 →
Panamax (75 000 dwt)	$29,500	$0 →
Ultramax (64 000 dwt)	$32,000	$1,000 ↑
Supramax (58 000 dwt)	$30,000	$2,000 ↑
Baltic Dry Index (BDI)	$5,206	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
Since our Shipping Weekly report last Wednesday, the RT/C Baltic benchmark has climbed just a few cents shy of three dollars. Although there has been lots of chatter and various traders looking to buy spot FOBs, market has mostly been focused on end October Indian PSU cargoes which has been paying hefty premiums to the Baltic. Last round of acceptances for November is expected to be published on Sunday or early next week. In view of steadily increasing freight ideas from those controlling open vessels in the first half of November, we would not be surprised to see some November fixing kicking off already this week.

WEST
With first half of November largely covered on freight, there are still more than a handful relets available within 2nd decade November. The freight market is showing signs of being long as freight rates essentially gone from USD 86-87 last week to USD 84-85. At the same time as we are seeing a small decrease in freight rates, it's not helping owners' earning levels as bunker prices keeps increasing in tandem with crude. Neo Panama Canal is currently not experiencing anything near the amount of congestion we saw last year this time. It is however too early to conclude that we won't have congestion increasing for the VLGC's as we come closer to Christmas and container ships starts claiming their space through the canal.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$790,000	$65,000 ↑
LGC (60 000 cbm)	$750,000	$25,000 ↑
MGC (38 000 cbm)	$780,000	$0 →
HDY SR (20-22 000 cbm)	$650,000	$10,000 ↑
HDY ETH (17-22 000 cbm)	$760,000	$10,000 ↑
ETH (8-12 000 cbm)	$500,000	$25,000 ↑
SR (6 500 cbm)	$385,000	$0 →
COASTER Asia	$285,000	$0 →
COASTER Europe	$270,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$773	$0 →
Saudi Arabia/CP	$800	$0 →
MT Belvieu (US Gulf)	$757	-$29 ↓
Sonatrach/Bethioua	$808	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$725	$0 →
Saudi Arabia/CP	$795	$0 →
MT Belvieu (US Gulf)	$732	-$6 ↓
Sonatrach/Bethioua	$742	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$130,000	$15,000 ↑
West of Suez 155-165 000 cbm	$120,000	$0 →
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	$104.0	$0.0 →
Suezmax	$72.0	$0.0 →
Aframax	$58.0	$0.0 →
Product	$40.0	$0.0 →
Newcastlemax	$62.0	$0.0 →
Kamsarmax	$34.5	$0.0 →
Ultramax	$32.0	$0.0 →
LNGC (MEGI) (cbm)	$207.0	$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$47.5	$0.0 →
Kamsarmax	$33.5	$0.0 →
Ultramax	$30.5	$0.0 →

Dry (10 yr)

Capesize	$34.0	$0.0 →
Kamsarmax	$25.0	$0.0 →
Ultramax	$24.5	$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	$33.0	$0.0 →
Aframax / LR2	$26.0	$0.0 →
MR	$18.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	113.61	2.37 ↑
USD/KRW	1198.80	6.55 ↑
USD/NOK	8.54	-0.06 ↓
EUR/USD	1.15	0.00 ↑

Interest Rates

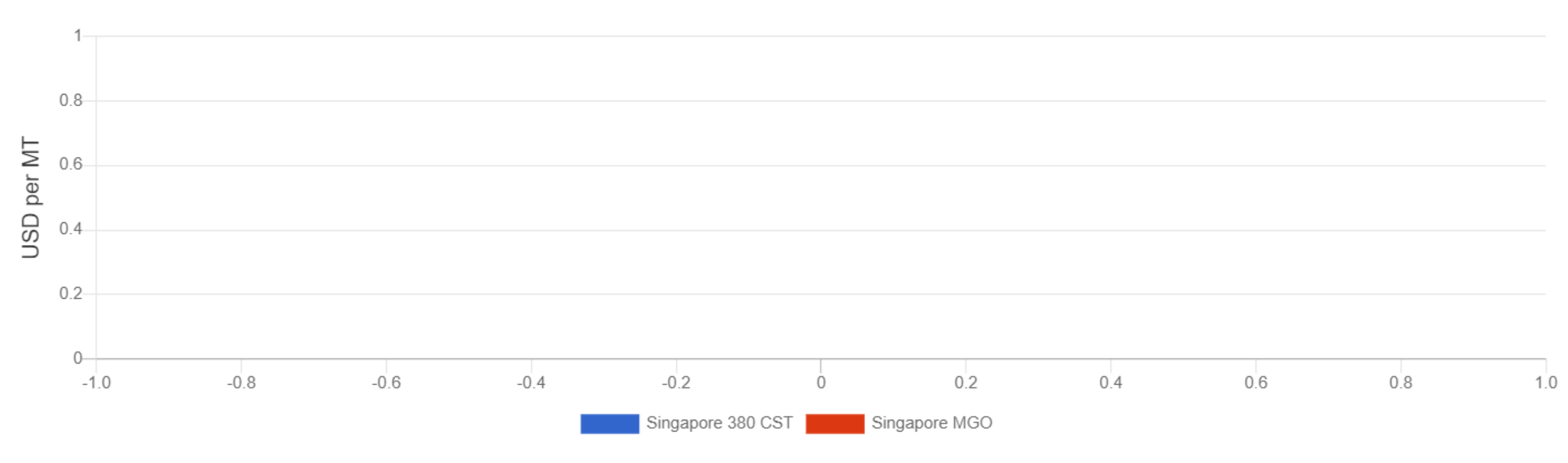
LIBOR USD (6 months)	0.16%	0.00% ↑
NIBOR NOK (6 months)	1.00%	0.00% ↑

Commodity Prices

Brent Spot	$83.50	$1.00 ↑

Bunkers Prices

Singapore 380 CST	$530.5	$16.5 ↑
Singapore Gasoil	$720.5	$42.0 ↑
Rotterdam 380 CST	$491.5	$16.5 ↑
Rotterdam Gasoil	$714.0	$16.5 ↑



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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