Fearnleys Weekly Report

Week 46 - November 17, 2021

Printer version

Tankers

Comments

VLCC

Much of the recent news about oil production and consumption remains very up-beat, barring the odd Covid hiccup. However, inside of our VLCC market bubble, the positivity is yet to spill in to owners' daily returns. As the week has progressed, rates have been steady and soft, with charterers able to pull a point or so from the MEG/East rates (down to WS 42.5 for TD3C), helped by the full prior to the December slam date release. The Atlantic has promised much, yet stuttered and failed to spring to life (Westport Kalo) to test in the mid WS 40's). Some owners are ballasting modern vessels in that direction on speculation of an improvement. December usually heralds better returns, but nothing has been close to normal in the last few years. Charterers need to keep what they are doing, and owners need to keep the faith.

Sentiment

The fourth quarter is failing to deliver and it all feels very bleak. Owners haven't helped their cause by maintaining a code of silence, despite a large tranche of vessels going on subjects in the last twenty four hours. DTC markets thrive on loose tongues otherwise the benchmarking process of the underlying spot market is significantly compromised. Additionally, VLCCs have only the fentiest of pulses, and without the threat of "rate crossover" East Suezmax markets have no short-term chance of sparking into life. Lots remain long in all regions and rates could take a further dive if present enquiry levels persist. TD23 is fighting to hang onto high WS 40's while VLAK/East will do well to stay above WS 70. TD23 trades about the WS 30 mark and MEG/East is showing signs of weakness in the mid/high WS 60's range.

Attachés

Aframax activity in the North Sea and Baltic came to a halt this week. Inevitably rates came off on the back of a longer tonnage list and less cargoes quoted in the market. Going forward we expect the market to remain soft, and we could also see a further decrease in rates. Much of the same can be said about the Mediterranean/Black Sea market where rates have come off due to there are not being enough cargoes to satisfy the tonnage build-up which is currently keeping the rates in favor of charterers. Neither in the Mediterranean/Black Sea we expect rates to firm in the short run.

Rates

Clean Crude (WS 2022)		
MEG/WEST (280 000)	WS 27.5	0.0 ➔
MEG/Japan (280 000)	WS 42.5	-1.5 ➔
MEG/Singapore (280 000)	WS 42.5	-2.0 ➔
WAF/FEAST (260 000)	WS 44.5	-0.5 ➔
WAF/USAC (130 000)	WS 65.0	-7.5 ➔
Sidi Kerir/W Med (135 000)	WS 80.0	0.0 ➔
N. Afr/Euromed (80 000)	WS 120.0	-5.0 ➔
UK/Cont (80 000)	WS 110.0	0.0 ➔
Caribs/USG (70 000)	WS 122.5	-5.0 ➔

1 Year TC'C/VLCC(Net)		
VLCC (Modern)	$27000.0	$0 ➔
Suezmax (Modern)	$19000.0	$0 ➔
Aframax (Modern)	$13000.0	$0 ➔

VLCC

VLCCs fixed in all areas last week	46	-7 ↓
VLCCs available in MEG next 30 days	154	-1 ➔

1 Year TC'C Chart

Dry Bulk

Comments

Capesize

After last week's positive start sentiment changed as more available tonnage came into the market with owners chasing charterers' attention with lower and lower freight. The iron ore route from West Australia to China is down by 17% and iron ore from Brazil to China down 8%. The combination of all time charter routes down USD 4685. On a positive note, we see there is very few ballasters left for Brazil and a very healthy list of vessels preferring West Australia to China. This indicates that the massive amount of vessels that came open after the congestion drop now is employed.

Sentiment

From balancing to have found a logical bottom last week, the Panamax market has continued to slide into this week. Even though we see more demand in the North Atlantic, it is not enough to absorb the growing tonnage list. PNA is currently priced in the mid 20's. Shorter Murmansk rounds have although been concluded in the low 30's. The Pacific has taken a beating this week, especially the Aussie rounds. The Pacific rounds are currently priced around 20k.

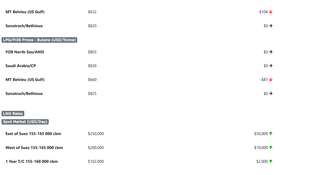
Sentiment

Supramax spot remains down from previous week with rate reductions as much as 25% in the Atlantic and more than 50% in the Far East. The period activity is close to zero as both owners and charterers waiting to see where the market will land. Rates from the Med and Black Sea was falling with less activity as one would expect during this season. The Continent seems more balanced, and rates are still at reasonable levels. Scrap cargo to the Med paying USD 38k pd, trips to USG/ECSA in the mid USD 30k pd, and front haul, which is not a lot, still paying above USD 40k pd. USG and ECSA have been more active and indexes climbing up slightly. Levels are stable with some premium been paid for front hauls. Fixtures reported high USD 40k pd going East and mid USD 30k for Atlantic round voyages. The Indian Ocean has been under pressure, however rates were more stable compared to the Far Eastern markets. Trips from MEG to China paid USD 25k pd on Supra. The Pacific market feared worst, and there were rumours that Supra fixing below USD 15k pd.

Rates

Capesize (USD/Day, USD/Tonne)		
TCE Cont/Far East (180 DWT)	$45,200	-$4,625 ↓
Australia - China	$10.5	-$2.6 ↓
Pacific RV	$23,196	-$10,175 ↓
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$30,550	-$7,190 ↓
TCE Cont/Far East	$48,818	-$11,200 ↓
TCE Far East/Cont	$18,199	-$6,935 ↓
TCE Far East RV	$23,074	-$15,485 ↓
Supramax (USD/Day)		
Atlantic RV	$33,637	$881 ↑
Pacific RV	$16,757	$86 ↑
TCE Cont/Far East	$40,408	-$1,813 ↓
Handy (USD/Day)		
Newcastlemax (208 000 dwt)	$26,250	-$2,750 ↓
Capesize (180 000 dwt)	$25,750	-$2,250 ↓
Kamsarmax (82 500 dwt)	$19,000	-$3,000 ↓
Panamax (75 000 dwt)	$17,500	-$3,000 ↓
Ultramax (64 000 dwt)	$21,000	-$2,000 ↓
Supramax (58 000 dwt)	$18,000	-$1,000 ↓
Baltic Dry Index (BDI)	$2,430	

1 Year T/C Dry Bulk



Gas

Comments

EAST

Saudi acceptances were released on Tuesday with no cuts being reported. We are starting to see some additional rates emerging on the East position lists, which for the short term could soften the recent increase in freight rates. That said, we are entering the winter period where we typically face more delays and inefficiencies, much of which we indeed already start to take note of.

WEST

As we are over halfway through November it seems like the last uncovered cargoes mid December have been absorbed. At the same time last decade December fixing is well underway. We only see a couple of rates left this period while most of the available ships are owner controlled. The freight rates continue to increase with last concluded fixture done at USD low 110s and USD 115 Houston/Chiba on cubs. Congestions in the neo-Panama Canal is finally decreasing a bit to thirteen days Northbound and twelve days Southbound after seeing as much as nineteen days last week, but there is still an uncertainty for vessels without a pre booked slot.

Rates

Spot Rates (USD/Month)		
VLGC (84 000 cbm)	$1,250,000	$150,000 ↑
LGC (60 000 cbm)	$825,000	$0 ➔
MGC (38 000 cbm)	$660,000	$15,000 ↑
HDY SR (22-22 000 cbm)	$650,000	$0 ➔
HDY ETH (17-22 000 cbm)	$790,000	$0 ➔
ETH (8-12 000 cbm)	$500,000	$0 ➔
SR (6 500 cbm)	$400,000	$0 ➔
COASTER Asia	$290,000	$0 ➔
COASTER Europe	$280,000	-$5,000 ↓
LPG/VCM Prices (Monthly) (USD/Tonne)		
FOB North Sea/ANSI	$710	$0 ➔
Saudi Arabia/CP	$870	$0 ➔
MT Belview (US Gulf)	$632	-$106 ↓
Sonatrach/Bethioua	$820	$0 ➔
LPG/VCM Prices (Bulkers) (USD/Tonne)		
FOB North Sea/ANSI	$803	$0 ➔
Saudi Arabia/CP	$830	$0 ➔
MT Belview (US Gulf)	$660	-$87 ↓
Sonatrach/Bethioua	$825	$0 ➔

LNG Rates		
East Market (USD/Day)		
East of Suez 155-165 000 cbm	$250,000	$10,000 ↑
West of Suez 155-165 000 cbm	$200,000	$10,000 ↑
1 Year T/C 155-160 000 cbm	$102,000	$2,000 ↑

Newbuilding

Recent Orders

Tankers	Increasing	Increasing ↑
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$107.0	$0.0 ➔
Suezmax	$75.0	$0.0 ➔
Aframax	$60.5	$0.0 ➔
Product	$41.5	$0.0 ➔
Newcastlemax	$63.5	$0.0 ➔
Kamsarmax	$35.0	$0.0 ➔
Ultramax	$33.0	$0.0 ➔
LNGC (MEGI) (cbm)	$206.0	$0.0 ➔

Sale & Purchase

Recent

Last 5 yrs		
Capesize	$45.5	$0.0 ➔
Kamsarmax	$34.5	$0.0 ➔
Ultramax	$31.0	$0.0 ➔
Last 10 yrs		
Capesize	$36.0	$0.0 ➔
Kamsarmax	$25.0	$0.0 ➔
Ultramax	$25.0	$0.0 ➔
Last 15 yrs		
VLCC	$74.0	$0.0 ➔
Suezmax	$47.5	$0.0 ➔
Aframax / LR2	$40.0	$0.0 ➔
MR	$28.0	$0.0 ➔
Last 20 yrs		
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	114.58	0.67 ➔
USD/KRW	1179.95	-1.00 ➔
USD/NOK	8.71	0.11 ➔
EUR/USD	1.14	-0.02 ➔

Interest Rates

LIBOR USD (6 months)	0.23%	0.00% ➔
NIBOR NOK (6 months)	1.29%	-0.04% ➔

Commodity Prices

Brent Spot	$82.50	$0.56 ➔

Bunker Prices

Singapore 380 CST	$469.0	-$4.0 ➔
Singapore Gasoil	$696.0	-$17.5 ➔
Rotterdam 380 CST	$440.0	-$3.0 ➔
Rotterdam Gasoil	$682.0	-$13.5 ➔

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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