Fearnleys Weekly Report

Week 4 - January 26, 2022

Printer version

Tankers

Comments

VLCC

A relatively busy week in the VLCC market in the run up to the Chinese New Year celebrations kicking off next week, although rates have continued their downward trend, hovering in the low to mid-WS 30's for MEG/eastbound cargoes, and a new low set yesterday at WS 36.5 for a Wafr load heading east (albeit W38 if including Nigeria). The light at the end of the tunnel has been visible for quite some time, but right now it feels more like that's a truck coming towards you, as one owner put it. Current levels may just about cover OPEX for those modern-scrubber fitted units, if lucky, whereas it is well into negative territory for those units burning compliant fuels.

Suezmax

Any expectations of a significant rate jump this week have, thus far, failed to materialize. Whilst a few points have been added here and there in the Atlantic, the East market, and in particular the East list that it feeds upon, has acted as a constant rate suppressor. This is a reminder, that without a strong VLCC market, East Suezmax's rarely generate their own momentum. Suezmax confidence was further undermined in the East when a VLCC relet took out an Indian short haul Suezmax cargo, highlighting just how pitiful this market has become. Rising bunker prices also flatter to deceive, with recent rate improvements in the Atlantic, wiped out by firmer oil prices. It's not all doom and gloom however, as the more nuanced USG/TA market just might produce some much needed positivity as natural tonnage becomes scarcer.

Aframax

The NSea and Baltic market took another hit this week as some fixtures got done at new lows in the winter market. The abundance of vessels doesn't help owners whose only choice is to sit idle or fix close to negative returns in order to re-position the ship and hope for an improved market on the next position. Moving forward, we don't expect any dramatic changes, however rates might slightly move upwards as returns are currently close to nothing for some routes. As expected, rates in the Med/Bsea market came off a couple of points more this week, mainly due to the lackluster activity on the cargo side. We do not foresee a significant improvement to this market going into next week as tonnage has again started to pile up in the area.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 17.5	-0.8 ↓
MEG/Japan (280 000)	WS 35.5	-0.5 ↓
MEG/Singapore (280 000)	WS 35.5	-1.0 ↓
WAF/FEAST (260 000)	WS 36.5	-0.5 ↓
WAF/USAC (130 000)	WS 62.5	7.5 ↑
Sidi Kerir/W Med (135 000)	WS 72.5	7.5 ↑
N. Afr/Euromed (80 000)	WS 97.5	-5.0 ↓
UK/Cont (80 000)	WS 92.5	0.0 →
Caribs/USG (70 000)	WS 95.0	-5.0 ↓

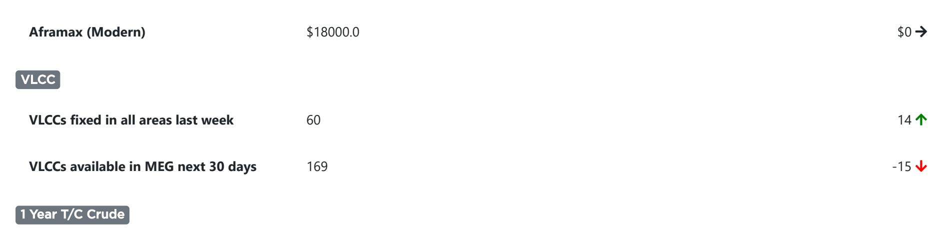
1 Year T/C (USD/Day)

VLCC (Modern)	$24000.0	$0 →
Suezmax (Modern)	$16500.0	$0 →
Aframax (Modern)	$18000.0	$0 →

VLCC

VLCCs fixed in all areas last week	60	14 ↑
VLCCs available in MEG next 30 days	169	-15 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

It's been a dreadful journey since last report with levels declining day by day. The West Australia to China route with iron ore is down by 22% and now giving a time charter return of about USD 1,800. The average of all routes is now USD 5,826 per day, down 43%. On a "positive" note, most of the pressure been on short duration as owners hesitate to sell current levels for a longer time and there is a lot of faith in the forward market. Another dimension is that Chinese New Year is coming up and its very quiet, and the owners with available tonnage just want to get their vessels employed as "nothing" happening.

Panamax

A muted start to the week for the Panamax market, Pacific market on a tick positive note. Atlantic remained stagnant both in the North and the South with early tonnage count continuing to build along with a lean looking cargo book especially for the early arrivals. In Asia, a healthier looking Indonesia demand continued to grow along with cautious optimism and better sentiment although it remains to be seen whether these cargoes maintain scheduling ahead of incoming holidays in the region.

Some representative fixtures this week:
Elena Ve (75,750/2010), Amsterdam end Jan was rumored to have fixed a Suek cargo ex Murmansk to Rotterdam on voyage basis at USD 8.75 fio.
De Ming Hai (76,432/2008) delivery Aps Itaqui 15 February was fixed for a trip redelivery Skaw-Gibraltar at USD 27,000 to Messrs Olam.
Cargill were linked fixing the HSL Varna (82,000/2022) Incheon 27 January for a trip via NoPac redelivery Singapore-Japan at USD 18,500, whilst the Pan Viva (75,026/2010) Kushiro 27 January went for a Pacific round trip rumored via NoPac at USD 17,000.
S'hail Al Rayan (76,629/2006) (Klaveness) Yosu 29 Jan fixed tct via NoPac redel Spore-Japan intn grains USD 14,500 – Bunge.

Supramax

The BSI-58 10T/C route falling further down, continues the same pattern for the last 25 days. A generally quiet week for Supra segment. Despite some good news and raised optimism about Indonesian coal export, we do not see the evidence yet. South China trip via Indonesia paying around USD 15,000 pd. West Coast Indian trips into East Coast India with clinker were reported at the level of USD 22,000 pd. Persian Gulf trips into East Coast India were fixed around USD 20,000 pd. EC India was drying out mainly due to Indo coal and many vessels had to ballast towards Singapore. In Atlantic we see similar trend with rates falling further down. USG–EC South America declined due to the luck of fresh requirement and building up tonnage with ballasters from the East. West African trips to India-China destination with fertilizers were fixed as low as mid USD 20,000 pd, which is about USD 10,000 pd less compared to a month ago. On the period front, seems there is still demand from the grain houses and large-size operators; an Ultramax was reported fixed in the USD 20,000 pd for 11/13 months employment basis delivery Continent, and Japanese-built Ultramax delivery Q1 MEG-Japan was fixed at USD 24,750 pd, which is way above forward FFA value.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$25,560	-$3,790 ↓
Australia – China	$6.0	-$1.0 ↓
Pacific RV	$1,838	-$3,829 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$15,240	-$7,610 ↓
TCE Cont/Far East	$25,523	-$6,818 ↓
TCE Far East/Cont	$12,719	-$2,389 ↓
TCE Far East RV	$17,088	-$3,056 ↓

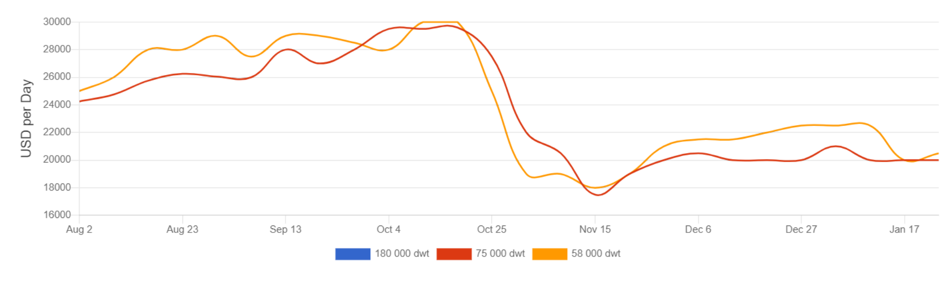
Supramax (USD/Day)

Atlantic RV	$18,685	-$4,422 ↓
Pacific RV	$17,107	-$222 ↓
TCE Cont/Far East	$26,592	-$1,837 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$27,750	-$750 ↓
Capesize (180 000 dwt)	$23,000	-$500 ↓
Kamsarmax (82 000 dwt)	$21,500	$0 →
Panamax (75 000 dwt)	$20,000	$0 →
Ultramax (64 000 dwt)	$23,000	$500 ↑
Supramax (58 000 dwt)	$20,500	$500 ↑
Baltic Dry Index (BDI)	$1,296	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
We have seen increased activity on shipping in the East this week (together with various product buy tenders), as market players are getting ready for the upcoming CNY festivities. However, freight rates continue to be under pressure and each cargo traded have all had a selection of ships to choose from. Going forward, the big question remains where we will find a floor, but with about a USD 7.00 East discount compared to West on last posted Baltic, one could expect that there is less downside in the East for now.

WEST
There are signs of increased activity in the Western hemisphere with focus not only on the US but also on a few February cargoes ex Algeria which are in play. At the time of writing, the latest fixture ex USG was concluded at USD mid/low 100s and about mid 50s Houston/Flushing, however, the question remains unanswered as to whether this is the bottom or not. There are seemingly ample supply of vessels in the US during February, however, it appears as if we are moving into a date dependent market for February where owners are resisting to participate in the downward spiral.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,100,000	-$100,000 ↓
LGC (60 000 cbm)	$1,100,000	$0 →
MGC (38 000 cbm)	$950,000	$15,000 ↑
HDY SR (20-22 000 cbm)	$650,000	$0 →
HDY ETH (17-22 000 cbm)	$790,000	$0 →
ETH (8-12 000 cbm)	$530,000	$0 →
SR (6 500 cbm)	$430,000	$0 →
COASTER Asia	$285,000	$0 →
COASTER Europe	$290,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$655	$0 →
Saudi Arabia/CP	$740	$0 →
MT Belvieu (US Gulf)	$606	-$8 ↓
Sonatrach/Bethioua	$700	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$703	$0 →
Saudi Arabia/CP	$710	$0 →
MT Belvieu (US Gulf)	$669	-$9 ↓
Sonatrach/Bethioua	$715	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$30,000	$0 →
West of Suez 155-165 000 cbm	$30,000	$0 →
1 Year T/C 155-160 000 cbm	$89,000	-$2,000 ↓

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$109.0	$0.0 →
Suezmax	$76.0	$0.0 →
Aframax	$61.0	$0.0 →
Product	$41.5	$0.0 →
Newcastlemax	$64.0	$0.0 →
Kamsarmax	$36.0	$0.0 →
Ultramax	$34.0	$0.0 →
LNGC (MEGI) (cbm)	$207.0	$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$47.5	$0.0 →
Kamsarmax	$33.0	$0.0 →
Ultramax	$30.0	$0.0 →

Dry (10 yr)

Capesize	$35.0	$0.0 →
Kamsarmax	$23.5	$0.0 →
Ultramax	$24.0	$0.0 →

Wet (5 yr)

VLCC	$74.0	$0.0 →
Suezmax	$47.5	$0.0 →
Aframax / LR2	$42.0	$0.0 →
MR	$30.0	$0.0 →

Wet (10 yr)

VLCC	$50.0	$0.0 →
Suezmax	$32.0	$0.0 →
Aframax / LR2	$27.0	$0.0 →
MR	$21.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	115.63	0.47 ↑
USD/KRW	1201.50	12.75 ↑
USD/NOK	8.86	0.04 ↑
EUR/USD	1.13	0.00 ↓

Interest Rates

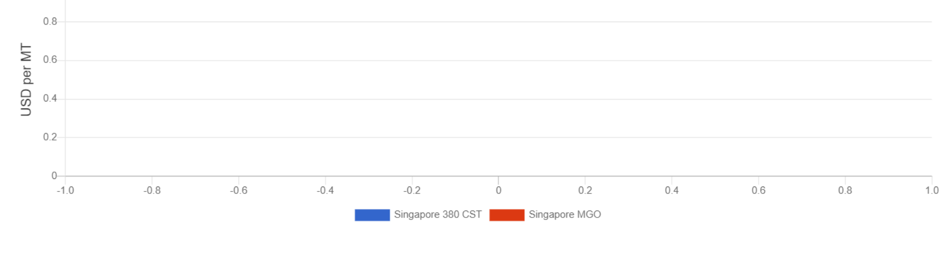
LIBOR USD (6 months)	0.38%	0.03% ↑
NIBOR NOK (6 months)	1.28%	0.04% ↑

Commodity Prices

Brent Spot	$88.00	$0.50 ↑

Bunkers Prices

Singapore 380 CST	$500.5	-$0.5 ↓
Singapore Gasoil	$764.0	-$7.5 ↓
Rotterdam 380 CST	$493.5	$5.0 ↑
Rotterdam Gasoil	$777.0	$13.0 ↑



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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