Fearnleys Weekly Report

Week 5 - February 02, 2022

Printer version

Tankers

Comments

VLCC

With Chinese New Year celebrations in full swing, unsurprisingly the VLCC market has not been firing on all cylinders. The MEG market remains flat, and uninspiring, with rates mired in the mid WS 30's for MEG/China runs. West Africa/East has also come down in parity. With Suezmaxes showing a little more fight (relets aside) for TD20, there is a danger the VLCC's may start raining on their smaller sister's parade, as co-load opportunities present themselves.
Still, with a healthy number of deals ex MEG for the last 6 months or so and a busier Atlantic, the volume is there. It is more likely a combination of owners lacking the fight, as sentiment remains as low as it can get, coupled with the abundance of relets - the charterers Trojan horse. More of the same in the short term.

Suezmax

Just when you thought a positive news story was in the offing, along comes a relet to ruin the ending. A Wafr/East cargo managed to pay five points less than a TD20 run last night, which defies the commonly held belief that it pays a premium over TD20. Whether regular owners bite on this as a "next done" rate, remains to be seen. Suezmax owners also have VLCC's to contend with as crossover levels in the Atlantic bring Suezmax stems within their crosshairs. Elsewhere, the East market remains quiet with CNY in full swing and likely to remain fairly unremarkable for the remainder of the week MEG/East should trade WS 62.5-65 on modern whilst TD23 hovers around the WS 30 mark.

Aframax

Despite extremely adverse weather conditions we have had another lacklustre week in the Nsea/Baltic market with rates hovering around bottom levels. Some owners are trying to find an 'escape' card as the weak cargo program in the Nsea for the month of February doesn't really give owners any encouragement to push for higher rates in the current fixing window. Also, the current ice class tonnage availability gives charterers plenty of options to choose from. We expect rates to move sideways for the next week. In the Med/Bsea the few cargoes coming into the market are taking out the prompt ships on the tonnage list, resulting in a balanced market where the rates are moving sideways. One to keep an eye on is the weather in the area the next couple of days, where rough weather may lead to delays and replacement jobs.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 17.5	0.0 →
MEG/Japan (280 000)	WS 35.0	-0.5 ↓
MEG/Singapore (280 000)	WS 35.5	0.0 →
WAF/FEAST (260 000)	WS 35.0	-1.5 ↓
WAF/USAC (130 000)	WS 70.0	7.5 ↑
Sidi Kerir/W Med (135 000)	WS 75.0	2.5 ↑
N. Afr/Euromed (80 000)	WS 100.0	2.5 ↑
UK/Cont (80 000)	WS 92.5	0.0 →
Caribs/USG (70 000)	WS 100.0	5.0 ↑

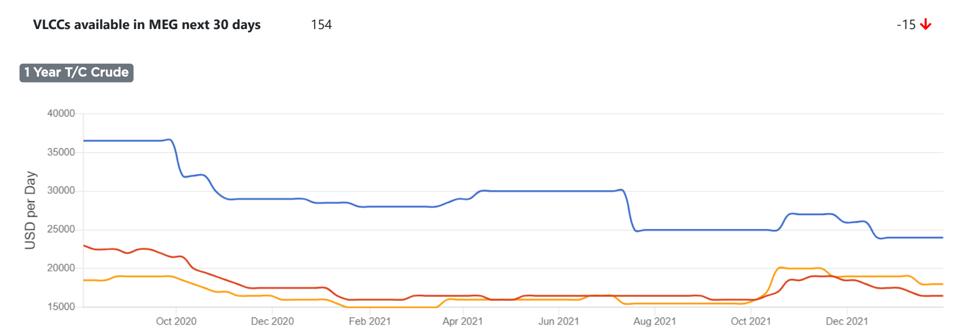
1 Year T/C (USD/Day)

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

VLCC

VLCCs fixed in all areas last week	29	-31 ↓
VLCCs available in MEG next 30 days	154	-15 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

A floor was eventually found beginning of this period, as index was turning from red to green on Thursday last week. Over the week, the average TC rate almost doubled, from upper 5,000s to upper 10,000s. Australia to China has been the most active route, and there are also signs of a more active Brazilian market with c3 freight again excess of USD 20 pmt. Obviously the Chinese New Year and the celebration of the Tiger has put a lid on activity levels, but expectations are positive for the near future when the holiday comes to an end.

Panamax

Gong xi fa cai - "Congratulations and may you be prosperous." Year of the Tiger

The week started with further losses seen on the BPI 5TC average as holidays in Asia as well as spot/prompt tonnage continued to impact market. The north Atlantic continued to appear still extremely underwhelming with pressure continuing to apply on the ballaster and committed tonnage, whilst in Asia, despite holidays some talk of a bottom to the market being found but with so little information or activity it was hard to gauge precisely.
Some representative fixtures this week:
Uniper controlled Golden Brilliant (74,232/2013) was reported fixing a 75,000/10 coal lift ex Ventspils to Amsterdam at USD 6.50 fio with Jera.
Navios Libertas (75,511/2007) was heard fixing delivery Aps US Gulf 17/20 February for a trip redelivery dop Egypt at USD 17,500 with Louis Dreyfus.
Junior (92,995/2012) delivery aps ECSA 15/20 February was rumored fixed for a trip redelivery SE Asia at USD 19,000+USD 900,000.
My Vision (81,502/2015) Xinsha 1 February was alleged fixed for a trip via Australia redelivery India at USD 19,000 but further details had yet to come to light.

Supramax

As the bigger sizes the Supramax/Ultramax size segment is continued to be bearish, with the BSI finishing at USD 17,354 losing USD 100 pd on a daily basis. Atlantic experiencing more the downward pressure, while some may notice a marginal improvement in Asian markets despite the CNY holidays. The fact of seasonal market development can suggest that we will soon see the recovery in the Atlantic. The period market and fixtures reporting are quite limited, Norden fixed Tess 58 delivery East Med just below USD 25,000 pd for 1-year charter and Ultramax for 2-years period was fixed to Grain House at USD 21,400 pd. USG and ECSA are lacking fresh orders which reflecting in slow pace and subdued rates. Elsewhere in the Atlantic we see prompt tonnage building up. MV Pan Spirit (56,891/2011) on subs for Black Sea trip Egypt spot USD 13,500. MV Aphros (56,108/2013) open Black Sea heard on subs USD 15,000 dop to Israel.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$28,444	$3,194 ↑
Australia – China	$7.8	$1.3 ↑
Pacific RV	$8,777	$5,556 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$10,375	-$16,850 ↓
TCE Cont/Far East	$22,300	-$13,609 ↓
TCE Far East/Cont	$12,143	-$5,181 ↓
TCE Far East RV	$17,169	-$6,033 ↓

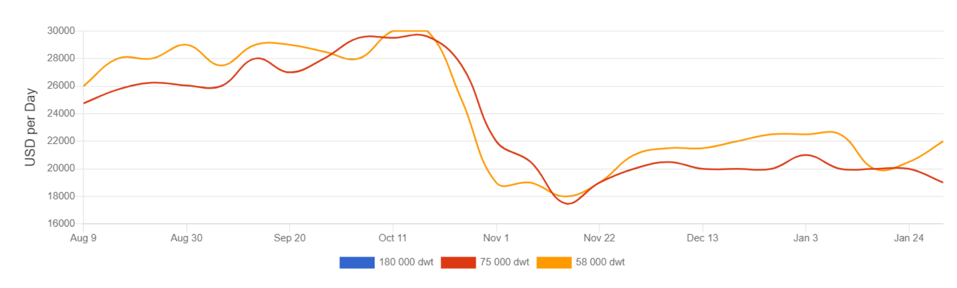
Supramax (USD/Day)

Atlantic RV	$15,234	-$1,656 ↓
Pacific RV	$17,493	$293 ↑
TCE Cont/Far East	$24,700	-$1,171 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$27,750	$0 →
Capesize (180 000 dwt)	$23,000	$0 →
Kamsarmax (82 000 dwt)	$20,500	-$1,000 ↓
Panamax (75 000 dwt)	$19,000	-$1,000 ↓
Ultramax (64 000 dwt)	$24,000	$1,000 ↑
Supramax (58 000 dwt)	$22,000	$1,500 ↑
Baltic Dry Index (BDI)	$1,419	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
The Eastern freight rate has taken quite a big hit with the last done India fixture below USD 50 Baltic equivalent while the Chinese New Year festivities keeps being the main focus. That put aside, the Middle East Gulf had a very strong month in January lifting-wise with over 60 liftings. Compared to recent months this is the highest number with a good margin. Approximately 70% of the liftings is heading to either China or India. A third of the liftings in January are spot fixtures. At the time of writing we count 11 spot fixtures out of the MEG in February.

WEST
The US continues to see healthy exports with 85 liftings in January, seven of them LGCs. This is the second strongest month compared to the last four, only behind November which saw 91 liftings in total. In January, 67% of the liftings sailed East and 33% sailed West – the lowest East percentage compared to the previous 4 months.
A strong crude price is usually affecting the arbitrage in a positive way, but with the current cold weather in the US and draws on inventories, propane and natural gas prices are being pushed higher and effectively limiting arb trades. This means there is very little interest in discussing shipping at current freight rates of around $100 east. Shipping has so far come off around $20 for a US/East voyage, but at the same time shipping is also being hit by rising bunker costs and waiting time in the Panama Canal makes scheduling, causing more ships to run late for laycans.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,000,000	-$100,000 ↓
LGC (60 000 cbm)	$1,000,000	-$100,000 ↓
MGC (38 000 cbm)	$930,000	-$20,000 ↓
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	$681	$26 ↑
Saudi Arabia/CP	$775	$35 ↑
MT Belvieu (US Gulf)	$676	$49 ↑
Sonatrach/Bethioua	$705	$5 ↑

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$792	$89 ↑
Saudi Arabia/CP	$775	$65 ↑
MT Belvieu (US Gulf)	$750	$28 ↑
Sonatrach/Bethioua	$800	$85 ↑

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$26,500	-$2,000 ↓
West of Suez 155-165 000 cbm	$26,500	-$3,500 ↓
1 Year T/C 155-160 000 cbm	$87,000	-$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

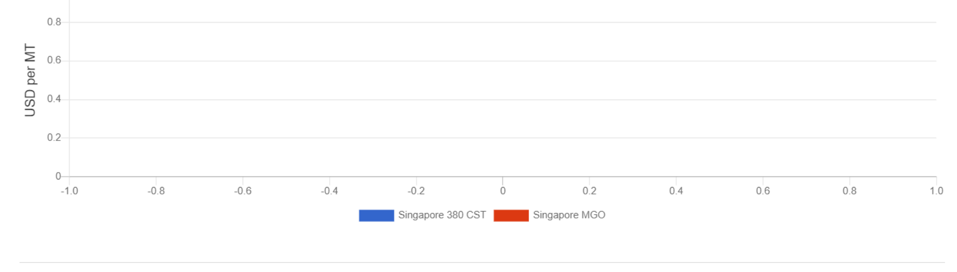
LIBOR USD (6 months)	0.38%	0.03% ↑
NIBOR NOK (6 months)	1.28%	0.04% ↑

Commodity Prices

Brent Spot	$89.00	-$1.00 ↓

Bunkers Prices

Singapore 380 CST	$527.0	$26.5 ↑
Singapore Gasoil	$797.0	$33.0 ↑
Rotterdam 380 CST	$512.0	$18.5 ↑
Rotterdam Gasoil	$800.0	$23.0 ↑



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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