Fearnleys Weekly Report

Week 7 - February 16, 2022

Printer version

Tankers

Comments

VLCC

An interesting week on the front pages of the newspapers, but in the VLCC world, has been more of the same. The MEG market has sat in the void between February and March laycans, but even if cargoes were there to work, the sheer volume of ships waiting to take them out remains a concern. New lows, with a fixture at WS 32-32.5 for MEG/China, after the charterer received 13 offers. If you have a scrubber these returns are not good. Without a scrubber, they don't bear thinking about. The Atlantic remains a little more interesting, with West Africa working mid-month and a 10-point premium achieved on a prompter laycan for Indonesia, but unreflective of any market swing, however. The USG has ticked up by a USD 100k or so per successive fixture, but with bunker prices where they are, it's the smallest of solaces for owners.

Suezmax

Curiously, just as the situation in Ukraine looks like it's slowly diffusing, the Joint War Committee has decided to add the Black Sea to their list of High Risk Areas. A few weeks too late maybe? Bizarrely, Black Sea rates have traded fairly flat during this period, which makes shipping the sole outlier, in global markets, not to have reacted to the threat of conflict. Elsewhere, US Gulf /TA has traded 145kt x WS 65 which underlines that the Atlantic market doesn't have a backhaul trade anymore as everything has become fronthaul. In the East, there's a fairly steady feel as TD23 is likely to repeat last done levels as fixing dates move into first decade March. MEG/East is still at the mercy of a very long list where rates will remain around the WS 60-62.5 mark for the balance of the week.

Aframax

Yet another week in the Nsea/Baltic market without any positive changes to write home about. Some owners are desperately putting up some resistance, but slow activity and an abundant tonnage list neutralizes any attempts to push rates. However, a firm USG/Caribs market is offering an alternative for those owners willing to ballast. This might have a positive effect on the Nsea/Baltic market. Till then, rates are expected to move sideways moving into the next week. Much of the same can be said about the Med/Bsea market where there are enough prompt ships around to repeat the rate levels we have seen since last week. Any attempt from owners' side to hold back on rates is replied by charterers taking ships out quietly off the market. Also, in the Med/Bsea we expect rates to move sideways in the short term.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 16.5	-0.5 ↓
MEG/Japan (280 000)	WS 32.5	-1.5 ↓
MEG/Singapore (280 000)	WS 33.0	-1.0 ↓
WAF/FEAST (260 000)	WS 32.5	-1.5 ↓
WAF/USAC (130 000)	WS 60.0	0.0 →
Sidi Kerir/W Med (135 000)	WS 65.0	-5.0 ↓
N. Afr/Euromed (80 000)	WS 97.5	0.0 →
UK/Cont (80 000)	WS 92.5	-2.5 ↓
Caribs/USG (70 000)	WS 150.0	25.0 ↑

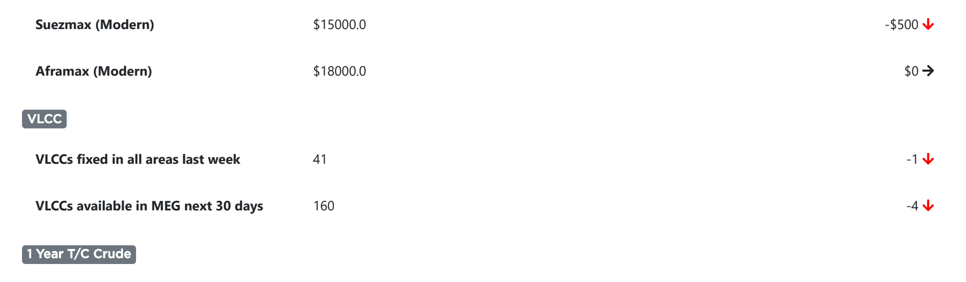
1 Year T/C (USD/Day)

VLCC (Modern)	$21000.0	$0 →
Suezmax (Modern)	$15000.0	-$500 ↓
Aframax (Modern)	$18000.0	$0 →

VLCC

VLCCs fixed in all areas last week	41	-1 ↓
VLCCs available in MEG next 30 days	160	-4 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Winter doldrums not yet over for the big ships, and spot values presently stuck at close to half that of Supras/Panamaxes. Average daily earnings flat w-o-w at USD low 12k's as both major-volume trades West Australia/China and Brazil/Feast fail to meet expectations. Brazilian miners still battling weather-related production- and shipping delays, causing concern for a growing number of ballasters looking for March fronthaul alternatives - and owners discounting heavily quick Far East rounds in anticipation of better times to come. Only bright spot being the West Africa/Far East trades, compensating for part of the missing Atlantic commodity flows. Period interest and activity lives its own life as most experienced takers well aware this is the time of year when bargains are secured. Levels reflect present forward views, and representative fixtures include 180,000 dwt, built 2012, fetching USD 27,300 basis 9-13 months and 179,000 dwt, built 2011, done for 19-22 months at USD 26,500.

Panamax

Sentiment and overall views of the market in the Atlantic continued to be a little mixed this week when writing. APS fixtures surfacing for the early tonnage undermining the bears view who reckoned there were some better numbers. Asia by contrast continued to hold steady with solid demand and little change in numbers exchanged.

Some representative fixtures this week:
Min Sheng I (81,659/2012) Gibraltar 22 February for a Kamsar round voyage at USD 19,000 Oldendorff.
The scrubber fitted Ultra Serval (81,606/2020) San Ciprian 17/19 February for a trip via Kamsar redelivery Skaw-Gibraltar at USD 22,500 with the scrubber benefit going to charterers.
RB Jordana (81,301/2016) retro sailing La Coruna 10 February was heard to have fixed a trip via NC South America option US Gulf redelivery Far East at USD 29,500 to unnamed Chinese charterers.
TBN was said to have fixed a 70,000/10 coal lift ex Hay Point to Praia Mole 1/10 March shipment dates at approximately USD 23.50 fio with ArcelorMittal.

Supramax

As the tension further escalated between Russia and Ukraine, the market reacts with intense volatility. Though strong demand for coal shipments on Indonesia-India routes pushes Asian market with high speed. Atlantic market has also shown improvement in main loading areas and pushed rates up between USD 3,000-5,000 pd from a week ago. Today's levels are in the low USD 20,000 pd for TARV on Supra and with few thousand premium for Ultras. Black Sea to Far East fixing in the low USD 30,000 pd on Tess 58. We see good number of fresh order out of ECSA with fixtures been reported Supra USD 30,000 pd loading in Brazil for one trip with grains in the Cont/Med range. Trips from ECSA to EC India-China range fixed around low USD 20,000 pd plus USD 900,000 GBB. We expect and foresee a further improvement in Atlantic Basin.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$32,600	-$1,900 ↓
Australia – China	$7.6	-$1.4 ↓
Pacific RV	$6,450	-$5,796 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$17,290	$2,050 ↑
TCE Cont/Far East	$30,136	$4,613 ↑
TCE Far East/Cont	$13,913	$1,194 ↑
TCE Far East RV	$23,122	$6,034 ↑

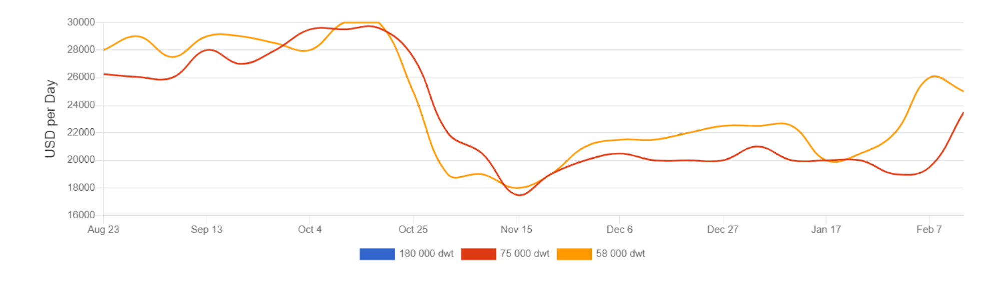
Supramax (USD/Day)

Atlantic RV	$20,727	$2,243 ↑
Pacific RV	$26,929	$3,036 ↑
TCE Cont/Far East	$29,817	$2,734 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$29,500	-$1,750 ↓
Capesize (180 000 dwt)	$24,500	-$1,500 ↓
Kamsarmax (82 000 dwt)	$25,500	$4,000 ↑
Panamax (75 000 dwt)	$23,500	$4,000 ↑
Ultramax (64 000 dwt)	$29,000	$500 ↑
Supramax (58 000 dwt)	$25,000	-$1,000 ↓
Baltic Dry Index (BDI)	$1,896	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
After a slower than usual month for February fixing with 'only' 13 deals concluded in the MEG, March has gotten off to a hot start and we currently count 10 deals fixed (or still on subs) for 1st decade March loading. Nevertheless, last done rates still remain in the mid USD 40s Baltic region, as we are still left with a good variety of owners and traders relets even after more activity in market. Going forward the focus will be on the pending Saudi acceptances, and there are also a couple of fob tenders from Middle Eastern suppliers for mid and end March.

WEST
With freight rates seemingly stable for now we find the West premium comfortably around USD 10 pmt before waiting in the Panama Canal and last done fixture concluded at USD mid/low 90s Houston/Chiba range. It seems that February and first decade March enquiries ex USG is more or less spoken for, and for the first time in ages there is a prompt open vessel available in the US Gulf. With that said, it remains to be seen if there are enough cargos for the vessels coming open first half March in the USG.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$900,000	-$50,000 ↓
LGC (60 000 cbm)	$850,000	$0 →
MGC (38 000 cbm)	$930,000	$0 →
HDY SR (20-22 000 cbm)	$670,000	$0 →
HDY ETH (17-22 000 cbm)	$790,000	$0 →
ETH (8-12 000 cbm)	$530,000	$10,000 ↑
SR (6 500 cbm)	$430,000	$0 →
COASTER Asia	$285,000	$0 →
COASTER Europe	$300,000	$5,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$681	$0 →
Saudi Arabia/CP	$775	$0 →
MT Belvieu (US Gulf)	$644	$0 →
Sonatrach/Bethioua	$705	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$792	$0 →
Saudi Arabia/CP	$775	$0 →
MT Belvieu (US Gulf)	$684	$9 ↑
Sonatrach/Bethioua	$800	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$26,500	$0 →
West of Suez 155-165 000 cbm	$26,500	$0 →
1 Year T/C 155-160 000 cbm	$75,000	-$5,000 ↓

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$111.0	$1.0 ↑
Suezmax	$77.0	$0.0 →
Aframax	$62.0	$0.0 →
Product	$42.0	$0.0 →
Newcastlemax	$64.0	$0.0 →
Kamsarmax	$36.0	$0.0 →
Ultramax	$34.0	$0.0 →
LNGC (MEGI) (cbm)	$217.5	$2.5 ↑

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$46.0	$0.0 →
Kamsarmax	$33.0	$0.0 →
Ultramax	$30.0	$0.0 →

Dry (10 yr)

Capesize	$32.0	$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	$51.0	$1.0 ↑
Suezmax	$33.0	$1.0 ↑
Aframax / LR2	$27.0	$0.0 →
MR	$20.0	$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

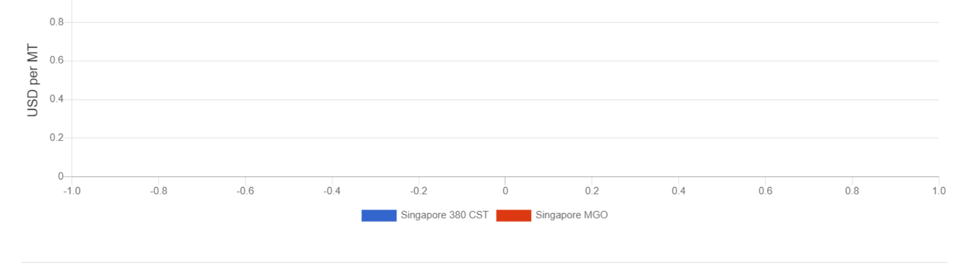
LIBOR USD (6 months)	0.38%	0.03% ↑
NIBOR NOK (6 months)	1.28%	0.04% ↑

Commodity Prices

Brent Spot	$93.50	-$1.00 ↓

Bunkers Prices

Singapore 380 CST	$539.0	$13.0 ↑
Singapore Gasoil	$854.0	$35.5 ↑
Rotterdam 380 CST	$527.0	$16.0 ↑
Rotterdam Gasoil	$847.0	$21.5 ↑



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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