Fearnleys Weekly Report

Week 9 - March 02, 2022

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Tankers

Commentary

VLCC

Although VLCC rates have all but doubled in the week gone by the MEG position list is still in need of thinning for the owners to move on from pure sentiment to a fundamental change. Baltic and Black Sea aside, rates in general have gone up because owners have been unwilling to fix and sitting on their hands. With galloping bunker prices earnings are still a far cry from any return on capital, but at the same time also a far cry from not even covering voyage related cost, which has been the norm for some time. Owners are not going to give up hard fought gains without a fight, but "last dome" could become more tempting at some stage when the dust settle.

Suezmax

Some participants have been slow to react to fast changing developments in the Suezmax market and were caught up in a "last dome" mind set which has proved costly on some deals as the market speed passed them. With the risk of stating the obvious, we have seen non-Libya freights increasing by over a third on TD20, whilst cross-Med rates have nearly tripled. Azerbaijan Suezmax cargoes continue to fix with little to no issues on the settling side, suggesting units West of Suez will soon find ways to market. Cheap crude always moves, no matter what the perceived risks are. At the time of going to print, we may see some profit taking from some early ships, but next dome is more likely to be in excess of last. MEG/East will trade somewhere in low WS 90's whilst TD20 will share the same price point.

Aframax

Following the tearful events in Ukraine the uncertainty over Russian oil exports is the main driver for both the Naxa and Baltic market. The rates have reached the highest ever levels for a Baltic LWC run as only a handful of owners are willing to call Russian ports. Freight rates for cross-Naxa voyages have increased significantly as some Naxa grades are preferred as a substitute to Russian crude. Moving forward, rates might move unpredictably as further sanctions could arise and change the current market situation. The same can be said about the Med/Black Sea market where rates ex Black Sea have taken an enormous jump for those owners willing to sail Russian ports. The ongoing events have also affected cross-Med voyages where we have seen rates more than double on WS-points since this time last week.

Rates

Clean Tankers (WS 2022)		
MEG/WEST (280 000)	WS 27.0	11.0 ↑
MEG/Japan (280 000)	WS 40.0	27.0 ↑
MEG/Singapore (280 000)	WS 40.0	26.0 ↑
WAF/FEAST (260 000)	WS 57.5	21.5 ↑
WAF/USAC (130 000)	WS 105.0	45.0 ↑
Sidi Kerir/W Med (135 000)	WS 175.0	110.0 ↑
N. Afr/Euromed (80 000)	WS 260.0	152.5 ↑
UK/Cont (80 000)	WS 230.0	127.5 ↑
Caribs/USG (70 000)	WS 165.0	12.5 ↑

1 Year T/C (USD/Day)		
VLCC (Modern)	$210000.0	$0 →
Suezmax (Modern)	$155000.0	$500 ↑
Aframax (Modern)	$108000.0	$0 →

VLCC	
VLCCs fixed in all areas last week	53
VLCCs available in MEG next 30 days	167

1 Year T/C VLCC Chart

Dry Bulk

Commentary

Capesize

Whilst the horrible actions taking place in Ukraine, the market first responded negative as rates were coming off. Later in the week however, rates were up to present average of USD 19,300. Dry shares have been increasing, with expectations linked to coal possibly will replace some of the gas demand.

The number of ships sailing towards Brazil is relatively low, at the same time as Vale is start fixing ships after a rather long inactive period from their side. This may suggest a further increase on the Brazil/ China route. Period ships are still in demand and there is a steady flow of period fixtures.

Panamax

An unsurprising slow start this week given world tensions and the uncertainty created by it all. The Atlantic proved to be the most affected by it all with sizeable corrections on routes P1A and P2A. Asia saw a lethargic opening too; despite a healthy-looking demand book most players appear to be in watch and wait mode with little activity reported so far. Some positive signs on P1A during the end of the week.

Representative fixtures this week:

The Sea Grayson (81,856/2018) Klaipeda spot was said to have fixed for a trip via Murmansk redelivery Continent with rates of USD 20,000 and USD 24,000 rumoured with Sudo.

The Athinoula (82,073/2012) Singapore prompt was rumoured fixed for a trip via EC South America redelivery Far East at USD 24,000 to Bunge.

Tina IV (75,307/2009) Machong I March fixed and published for a trip via Indonesia redelivery Japan at USD 24,500.

Supramax

The overall market trended sideways whilst although it firmed in South America. The Mediterranean is soft and many owners refuse to trade Black Sea.

On the other side. Paper went up 1500 on Q2 and people are still optimistic even if paper went down heavily yesterday. The workhorse of the market is still the Pacific where market went up today.

Rates

Capesize (USD/Day) (USD/Tonne)		
TCE Cont/Far East (180 DWT)	$36,975	-$2,225 ↓
Australia - China	$19.4	$0.1 ↑
Pacific RV	$16,375	-$867 ↓

Panamax (USD/Day) (USD/Tonne)		
Transatlantic RV	$20,611	$10,256 ↑
TCE Cont/Far East	$31,585	$9,285 ↑
TCE Far East/Cont	$13,993	$1,850 ↑
TCE Far East RV	$24,405	$7,256 ↑

Supramax (USD/Day)		
Atlantic RV	$20,690	-$642 ↓
Pacific RV	$29,143	$1,286 ↑
TCE Cont/Far East	$24,317	-$6,133 ↓

1 Year T/C (USD/Day)		
Newcastlemax (208 000 dwt)	$34,000	$2,000 ↑
Capesize (180 000 dwt)	$29,000	$2,000 ↑
Kamsarmax (82 000 dwt)	$27,500	$500 ↑
Panamax (75 000 dwt)	$25,500	$0 →
Ultramax (64 000 dwt)	$30,000	$0 →
Supramax (58 000 dwt)	$28,000	$0 →
Baltic Dry Index (BDI)	$2,137	

1 Year T/C Dry Bulk

Gas

Chartering

EAST

With East previously trading at a large discount to the West - spot fixing for the first half of March ended up being active in the Middle East. The West premium has now fallen down to just a few dollars, and we expect the second half of March will be slightly less busy. Having said that, we have seen a good amount of inquires this week both out of Australia and Middle Eastern ports. With freight in dollar per ton terms looking to find a floor around 42-43 levels the TCE levels keeps dropping due to the seemingly ever increasing bunker prices.

WEST

Lack of March cargoes and subsequent waiting time, increasing bunker prices and prompt vessels in the USG seems to be a thing of the moment. Finally though, there are currently several freight enquiries both and March and first decade April as the US, which hopefully reduces some of the March left-over's rather quickly. Having said that, it remains to be seen if there are enough uncovered cargoes left for the balance of March to absorb all of this length and cure the 'hangover' without too much waiting time imposed on those left span. First half April fixing will soon be well under way, and we expect the next couple of weeks to see gradually increasing activity and rates.

LPG Rates

Spot Market (USD/Month)		
VLGC (84 000 cbm)	$460,000	-$300,000 ↓
LGC (60 000 cbm)	$750,000	$0 →
MGC (38 000 cbm)	$910,000	$0 →
HDY SR (22-22 000 cbm)	$765,000	$0 →
HDY ETH (17-22 000 cbm)	$790,000	$0 →
ETH (8-12 000 cbm)	$530,000	$0 →
SR (6 500 cbm)	$450,000	$0 →
COASTER Asia	$285,000	$0 →
COASTER Europe	$320,000	$0 →

LPG/VOO Rates - Propane (USD/Tonne)		
FOB North Sea/ANSI	$792	$111 ↑
Saudi Arabia/CP	$895	$120 ↑
MT Belvieu (US Gulf)	$753	-$19 ↓
Sonatrach/Bethioua	$830	$125 ↑

LPG/VOO Rates - Butane (USD/Tonne)		
FOB North Sea/ANSI	$851	$59 ↑
Saudi Arabia/CP	$920	$145 ↑
MT Belvieu (US Gulf)	$729	$35 ↑
Sonatrach/Bethioua	$860	$60 ↑

LNG Rates		
Spot Market (USD/Day)		
East of Suez 155-165 000 cbm	$35,000	$6,000 ↑
West of Suez 155-165 000 cbm	$35,000	$8,500 ↑
1 Year T/C 155-160 000 cbm	$76,000	$1,000 ↑

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC		
VLCC	$111.0	$0.0 →
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 (MSS5) (cbm)	$217.5	$0.0 →

Sale & Purchase

Prices

VLCC 5 yr		
Capesize	$46.0	$0.0 →
Kamsarmax	$34.0	$0.1 ↑
Ultramax	$33.0	$0.0 →

Dry 10 yr		
Capesize	$32.0	$0.0 →
Kamsarmax	$25.0	$0.0 →
Ultramax	$27.0	$0.0 →

Wet 15 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	$0.0 →
Suezmax	$33.0	$0.0 →
Aframax / LR2	$27.0	$0.0 →
MR	$20.0	$0.0 →

Market Brief

Currency Rates

USD/JPY	115.16	0.77 ↑
USD/NOK	1184.75	2.15 ↑
USD/NOK	8.82	-0.02 ↓
EUR/USD	1.14	0.00 →

Interest Rates

LIBOR USD (6 months)	0.76%	-0.04% ↓
NIBOR NOK (6 months)	1.36%	-0.04% ↓

Commodity Prices

Brent Spot	$105.00	$8.50 ↑

Bunkers Prices

Singapore 380 CST	$561.5	$16.5 ↑
Singapore Gasoil	$887.0	$18.5 ↑
Rotterdam 380 CST	$553.0	$11.5 ↑
Rotterdam Gasoil	$923.5	$96.0 ↑

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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