# Fearnleys Weekly Report

**Week 22 - May 31, 2022**

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## Tankers

### Overview

#### VLCC

With a holiday in the US yesterday and London off Thursday and Friday for the Golden Jubilee, expectations were for a quieter period ahead of the Pivotonia event that begins next week. While activity has been on the rise and bunkers have continued to firm, any resultant uptick in Worldscale rates has been somewhat subdued, as charterers fight for every quarter point over last done. Therefore, the result barely covers the higher bunkers costs to owners, and contributing to an overall negative to TCE rates at the time of writing.

With some added political tensions in the Middle East (Iranian seizure of two Greek vessels) and a shortened work week ahead of a week that has many traveling, the question is will we see some further upward pressure develop, despite sufficient supply to cover demand?

#### Suezmax

Last week, TD20 had the lock and feel of a market that could trade well past WS 100, but by the time Monday rolled around there was a hint of a stall. A number of Med/long Mediterranean voyages traded up in dollar per day terms (over a TD20 run), but the market tends not to focus on numbers/marks and it was the lower WS rates that grabbed the headlines, ultimately forging market direction. The US Gulf remains the prime driver behind Atlantic rates and as long as cargoes and ships continue to trade in a concentric Atlantic-manner, we will continue to see further volatility. The East remains poor-footing ground for this segment, save for TD23, which provides a free-ticket back to the Med perfectly positioning those owners who trade the Russian market. MEG/East needs testing but should trade circa WS 105.

#### Aframax

European Union leaders agreed in principle on a sixth package of sanctions against Russia preparing to finalize a ban on almost 90% of all Russian oil imports by the end of the year. This means refineries on the Continent will have to source oil in an even greater extent than before. As such we could see more intra-regional trade on some of the hoses grades as more of the Urals could be shipped for East destinations. So far the Aframax market across Europe is moving sideways and with some of the strategic export ports scheduled for maintenance we would need to see more volume before the market will improve.

### Rates

| East/Long Haul (WS 2022) | | |
|---|---|---|
| MEG/WEST (280 000) | WS 26.0 | 1.0 ↑ |
| MEG/Japan (280 000) | WS 44.0 | 1.0 ↑ |
| MEG/Singapore (280 000) | WS 44.5 | 0.5 ↑ |
| WAF/FEAST (260 000) | WS 46.0 | 1.0 ↑ |
| WAF/USAC (130 000) | WS 95.0 | -2.5 ↓ |
| Sidi Kerir/W Med (135 000) | WS 97.5 | 2.5 ↑ |
| N. Afr/Sunomed (80 000) | WS 122.5 | -2.5 ↓ |
| UK/Cont (80 000) | WS 140.0 | 0.0 → |
| Caribs/USG (70 000) | WS 210.0 | 10.0 ↑ |

| 1 Year T/C ($USD/Day) | | |
|---|---|---|
| VLCC (Modern) | $23500.0 | $0 → |
| Suezmax (Modern) | $19000.0 | $0 → |
| Aframax (Modern) | $23500.0 | $0 → |

### TCE

| VLCCs fixed in all areas last week | 46 | -11 ↓ |
|---|---|---|
| VLCCs available in MEG next 30 days | 156 | -3 ↓ |

**1 Year T/C Charts**

## Dry Bulk

### Overview

#### Capesize

A sharp drop in rates over the last week, with average 5 % presently at 22,000 being down from 33,000 in one week. C5 is down from USD 14 to USD 12.50 and C3 is down from USD 36 to USD 31.50 pmt in this period. However, rates are on the rise again from earlier this week when c5 was concluded in the 11s. This may imply rates came off too much too quick. At the same time, forward values are keeping fairly stable with second half of the year still in the mid 30,000s.

#### Panamax

Short week a muted start but the Panamax market continued to hold a cloud of vulnerability as further weakening of rates continued. Little positive news surfacing.

Some representative fixtures this week:

Guiz Yuan 91 (75,915/2021) Vizag 2/7 Jun lcl via ECSA relet Spore-Japan USD 26,000 – Cargill.

Magic Twilight (80,283/2010) (ST Shipping) Amsterdam 1 Jun fxd +tbl.

TBN 70,000/10 (ex Bolivar/Tamaqina 20/29 Apr) DC/DODSOC USD 24.40 fcs – Enel.

Marco (81,393/2009) Yeosu 29 May lcl via PolPac redel Spore-Japan USD 22,000 – cnr.

Sirocco (81,610/2014) Taiwan lcl via Indonesia redel Malaysia USD 20,000 – cnr.

#### Supramax

Short week starting and ending with holidays around the world. Very little being reported. A Supramax was fixed from North coast South America to Turkey at USD 40,000.

Weaker sentiment from the East, Indo-India and Indo-China rounds losing the ground most. A Supramax from CJK was fixed for a trip to Bangladesh at very low USD 30,000.

From the period front, an Ultramax was fixed for 4 to 6 months trading at high USD 30,000 with scrubber benefit for charterer's account.

### Rates

| Capesize ($USD/Day, USD/Tonne) | | |
|---|---|---|
| TCE Cont/far East (180 DWT) | $42,915 | -$12,207 ↓ |
| Australia - China | $12.6 | -$1.5 ↓ |
| Pacific RV | $35,125 | -$10,817 ↓ |

| Panamax ($USD/Day, USD/Tonne) | | |
|---|---|---|
| Transatlantic RV | $29,175 | -$650 ↓ |
| TCE Cont/far East | $39,845 | -$829 ↓ |
| TCE Far East/Cont | $22,513 | $250 ↑ |
| TCE Far East RV | $29,521 | $600 ↑ |

| Supramax ($USD/Day) | | |
|---|---|---|
| Atlantic RV | $28,537 | -$493 ↓ |
| Pacific RV | $29,029 | -$1,042 ↓ |
| TCE Cont/far East | $25,508 | -$5 ↓ |

| 1 Year T/C ($USD/Day) | | |
|---|---|---|
| Newcastlemax (208 000 dwt) | $36,000 | -$1,000 ↓ |
| Capesize (180 000 dwt) | $29,000 | -$1,000 ↓ |
| Kamsarmax (82 000 dwt) | $24,500 | -$2,500 ↓ |
| Panamax (75 000 dwt) | $23,500 | -$1,000 ↓ |
| Ultramax (64 000 dwt) | $28,000 | -$2,000 ↓ |
| Supramax (58 000 dwt) | $25,500 | -$1,000 ↓ |
| Baltic Dry Index (BDI) | $2,366 | |

**1 Year T/C by Bulk**

## Gas

### Overview

#### EAST

One producer has been driving much of the activity in the Middle East lately, and they still keep active into the beginning of this week. A persistently large disparity between East and West freight is tempting some traders to evaluate sending more vessels East, which could soften some of the pressure in the market towards the end of June. That said, we are seeing a distressed cargo in the works which could end up being fixed at a large premium and have a certain impact on general sentiment for next deals.

#### WEST

The Western market keeps up the pace and vessels are fixed for July liftings as US oil rates which are slowly but surely creeping upwards. The shipping balance remains relatively tight and in control of few players and this is likely to continue as July fixing moves on. With the observance of a US holiday at the start of this week and with an upcoming UK holiday Thursday and Friday this week, it is expected that the players in need for shipping coverage in the first and second decade will bring some further action to an already hot market. Last concluded fixture on USG is around USD 140 Houston/Chiba and around USD 80 Houston/Flushing.

### Rates

| LPG Rates | | |
|---|---|---|
| East Rates ($USD/Month) | | |
| VLGC (84 000 cbm) | $2,100,000 | $100,000 ↑ |
| LGC (60 000 cbm) | $1,200,000 | $0 → |
| MGC (38 000 cbm) | $1,000,000 | $60,000 ↑ |
| HDY SR (22-22 000 cbm) | $710,000 | $0 → |
| HDY ETH (17-22 000 cbm) | $635,000 | $0 → |
| ETH (8-12 000 cbm) | $115,000 | -$10,000 ↓ |
| SR (6-500 cbm) | $470,000 | $0 → |
| CO&FTER Asia | $270,000 | $0 → |
| CO&FTER Europe | $380,000 | $5,000 ↑ |

| LPG/FOB Prices - Propane ($USD/Tonne) | | |
|---|---|---|
| FOB North Sea/ARA | $730 | $0 → |
| Saudi Arabia/CP | $850 | $0 → |
| MT Belview (US Gulf) | $650 | $31 ↑ |
| Sonatrach/Bethioua | $730 | $0 → |

| LPG/FOB Prices - Butane ($USD/Tonne) | | |
|---|---|---|
| FOB North Sea/ARA | $849 | $0 → |
| Saudi Arabia/CP | $860 | $0 → |
| MT Belview (US Gulf) | $598 | $58 ↑ |
| Sonatrach/Bethioua | $835 | $0 → |

| LNG Rates | | |
|---|---|---|
| East of Suez (DES) | | |
| East of Suez 155-165 000 cbm | $69,000 | $0 → |
| West of Suez 155-165 000 cbm | $77,000 | $0 → |
| 1 Year T/C 155-160 000 cbm | $110,000 | $0 → |

## Newbuilding

### Activity Levels

| | | |
|---|---|---|
| Tankers | Slow | Slow |
| Dry Bulkers | Slow | Slow |
| Others | Moderate | Moderate |

### Prices

| | | |
|---|---|---|
| VLCC | $119.0 | $1.0 ↑ |
| Suezmax | $80.0 | $0.0 → |
| Aframax | $63.0 | $0.0 → |
| Product | $43.0 | $0.0 → |
| Newcastlemax | $66.0 | $0.0 → |
| Kamsarmax | $37.0 | $0.0 → |
| Ultramax | $35.0 | $0.0 → |
| LNGC (MEGI) (cbm) | $227.0 | $2.0 ↑ |

## Sale & Purchase

### Prices

| Dry 5 yrs | |
|---|---|
| Capesize | $32.0 |
| Kamsarmax | $26.5 |
| Ultramax | $25.0 |

| Dry 10 yrs | |
|---|---|
| Capesize | $27.0 |
| Kamsarmax | $21.5 |
| Ultramax | $21.0 |

| Wet 5 yrs | |
|---|---|
| VLCC | $76.0 |
| Suezmax | $52.5 |
| Aframax / LR2 | $41.0 |
| MR | $32.0 |

| Wet 10 yrs | |
|---|---|
| VLCC | $54.0 |
| Suezmax | $39.0 |
| Aframax / LR2 | $32.5 |
| MR | $22.5 |

## Market Brief

### Exchange Rates

| | | |
|---|---|---|
| USD/JPY | 118.50 | 2.53 ↑ |
| USD/KRW | 1235.50 | 7.25 ↑ |
| USD/NOK | 8.92 | -0.03 ↓ |
| EUR/USD | 1.10 | 0.00 → |

### Interest Rates

| | | |
|---|---|---|
| LIBOR USD (6 months) | 2.09% | 0.01% ↑ |
| NIBOR NOK (6 months) | 1.70% | -0.03% ↓ |

### Commodity Prices

| | | |
|---|---|---|
| Brent Spot | $121.50 | $2.00 ↑ |

### Bunker Prices

| | | |
|---|---|---|
| Singapore 380 CST | $633.5 | -$27.5 ↓ |
| Singapore Gasoil | $1,239.5 | $122.0 ↑ |
| Rotterdam 380 CST | $671.5 | $13.0 ↑ |
| Rotterdam Gasoil | $1,221.0 | $115.5 ↑ |

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.

Disclaimer