

Fearnleys Weekly Report

Week 40 - October 05, 2022

Printer version

Tankers

Comments

VLCC

It's been a week where the pendulum swung firmly in Charterers favour. Perhaps the size of the swing taking some by surprise. Charterers have played it well, albeit helped by the lack of 10-20 Oct Meg enquiry (sub 40 fixtures, 10 fewer than Sept). But, with active cargoes obtaining multiple offers, Owners are grabbing a number and running for the hills. However, even with the recent decline, daily earnings remain at a healthy level - High \$50's on all bells and whistles, and still approx. \$35k on a non scrubber - a world away from close to \$0 earlier this year.

It seems there is a dichotomy in the markets, with a softening AG, but a USG & Brazil that has re-ignited. Plenty of Atlantic enquiry and Owners will be hoping , as per the past few months, it is the West that arrests the slide and drives the market upwards.

Suezmax

Don't confuse a lack of noise in the market with inactivity . This week has witnessed a chunk of East ships fix off market with the early side of the MEG list extremely tight on modern, well approved units. Whilst the list does even out towards the back end of the second decade, there does appear to be a degree of stability. In the Atlantic, Td20 appears to be defying the fundamentals as Exxon is reported on subjects 130KT X WS127.5 on a 2007blt unit against a fairly healthy list. In the Mediterranean, some Aframax cargoes have been catching a ride on Suezmax, which may cap that market but it will offer a reprieve to the odd Suezmax that has missed the natural fixing window. USG/TA trades 145KT X WS115-120

Aframax

Rates in the NSea moved sideways early this week as Charterers were fixing tight to secure last-done levels and using their relets for own program. However, the list is still tight in the normal fixing window due to a combination of delays in strategic ports and bad weather, Charterers paid higher or fixed afra stems on bigger sizes to secure tonnage. Moving forward we expect tightness of supply to persist and rates to remain healthy as many Owners still focus solely on Russian business for as long as they can. Same trend in the Med/BSea market which continued climbing even if CPC program doesn't contain any afra stems for Oktober. Delays in some strategic ports and Owners ballasting away resulting in tight supply as well. We don't see any downward potential in this market especially when Afra stems will be back ex CPC.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 45.0	-5.0 ↓
MEG/Japan (280 000)	WS 77.5	-15.0 ↓
MEG/Singapore (280 000)	WS 79.0	-14.5 ↓
WAF/FEAST (260 000)	WS 82.5	-10.0 ↓
WAF/USAC (130 000)	WS 125.0	-10.0 ↓

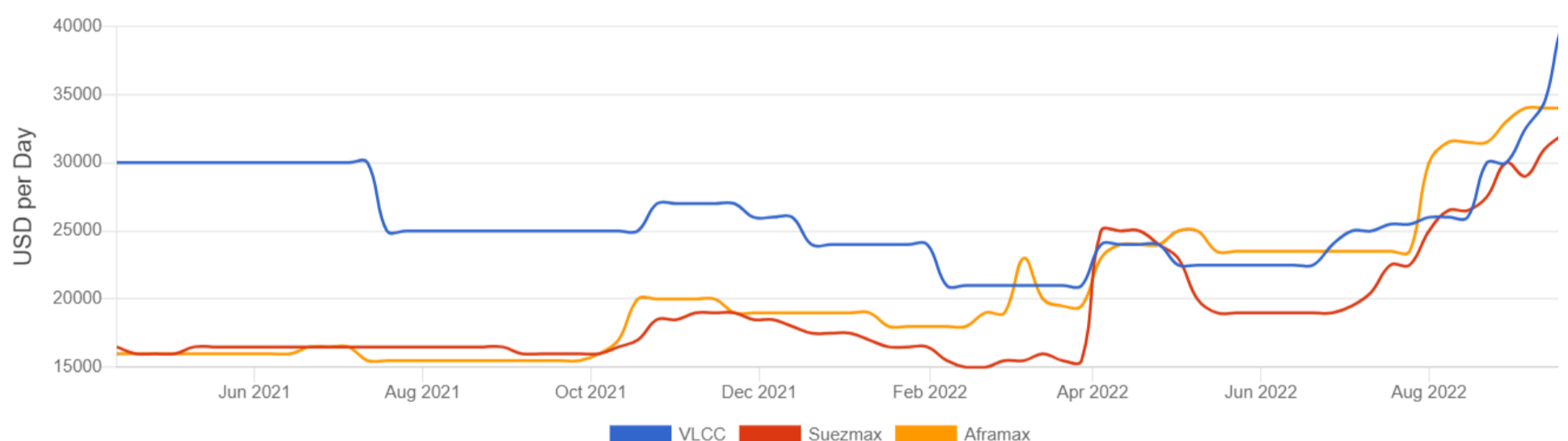
Sidi Kerir/W Med (135 000)	WS 135.0	-12.5 ↓
N. Afr/Euromed (80 000)	WS 230.0	30.0 ↑
UK/Cont (80 000)	WS 202.5	-7.5 ↓
Caribs/USG (70 000)	WS 195.0	-40.0 ↓

1 Year T/C (USD/Day)

VLCC (Modern)	\$35000.0	-\$2,500 ↓
Suezmax (Modern)	\$32000.0	\$0 →
Aframax (Modern)	\$34000.0	\$0 →

VLCC

VLCCs fixed in all areas last week	44	-8 ↓
VLCCs available in MEG next 30 days	147	7 ↑

1 Year T/C Crude**Dry Bulk****Comments****Capesize**

Big ships enjoying better times on limited prompt supply and somewhat healthier demand – daily spot earnings up some 25 pct w-o-w to come in at usd 21k, and expected to continue the climb. Atlantic, although close to negligible in volume, keeps standing out as the hotspot with miners, steel mills, utilities, traders and operators absorbing most early units as they open. With transatlantic paying usd 26k/day, almost usd 11k better than Far East rounds, indications are of further upward pressure also for the West Australia/China milk route – so far up only 10 pct in value last 5 trading days. No fronthaul autumn rally yet to be seen, although both predictions for Brazilian iron ore export targets and Chinese financial measures are expected to translate into higher volumes + levels.

Panamax

A two-tiered basin again for the Panamax market with the Atlantic building up a head of steam particularly for the front haul trips with improved demand seen in the market. The trans-Atlantic saw less activity however rates were now getting impacted as tonnage appeared tighter on a Cont/Mediterranean delivery with rates seemingly following suit. Golden Week holidays again impacted trade with a slow market this week

Supramax

The Atlantic market is improving, while the Pacific is easing off considering Golden week holidays in Asian countries.

A Supramax open Germany was rumored to be fixed TCT to USG \$20,000pd. Scrap is paying similarly but Owners resist and demand a premium.

The Mediterranean market shows good resistance due to grain exports increasing from Ukraine and Russia.

Owners asking above \$20,000pd for TCT to West Africa. The tonnage list for vessels open in the Mediterranean is short thus giving owners the opportunity to obtain better levels.

ECSA and USG have good activity levels and rates keep climbing North. FH from USG paying \$27,000pd and TA trips \$25,000pd

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$43,750	\$4,687 ↑
Australia – China	\$9.6	\$1.2 ↑
Pacific RV	\$15,418	\$4,613 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$20,045	\$2,295 ↑
TCE Cont/Far East	\$30,155	\$2,769 ↑
TCE Far East/Cont	\$13,704	-\$95 ↓
TCE Far East RV	\$16,998	-\$102 ↓

Supramax (USD/Day)

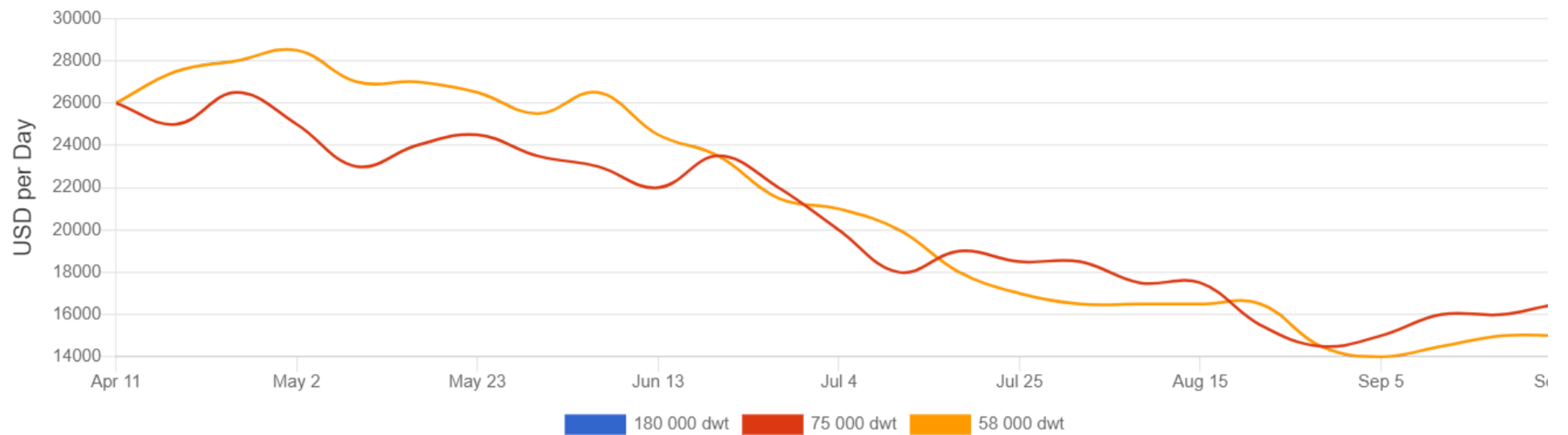
Atlantic RV	\$19,716	\$672 ↑
Pacific RV	\$15,875	-\$388 ↓
TCE Cont/Far East	\$20,483	\$879 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$19,500	\$500 ↑
Capesize (180 000 dwt)	\$15,750	\$500 ↑
Kamsarmax (82 000 dwt)	\$17,500	-\$500 ↓
Panamax (75 000 dwt)	\$15,500	-\$1,000 ↓
Ultramax (64 000 dwt)	\$17,500	-\$500 ↓
Supramax (58 000 dwt)	\$14,500	-\$500 ↓

Baltic Dry Index (BDI)

\$1,996

1 Year T/C Dry Bulk**Gas****Chartering****EAST**

East fixing has taken a breather so far this week but we expect to see more activity from Indian Charterers end October, and potentially a handful of cargos from other Charterers before November fixing begins. With less waiting time in Panama, a widening arb, and a current 6 dollar West premium - we don't expect East market to come off in the near future. Freight rates have stabilized around the \$80 RT/C mark with last done deals concluded at \$80 and \$81 respectively.

WEST

Much of the same story goes for the Western freight market as we have only seen a couple of fixtures so far this week in the USG. Rates however are remaining strong as we have seen mid \$130s H/C been fixed lately and around \$70s H/F. In total we have seen over 15 spot fixtures so far for November and close to all of them have been fixed in 1-10 November range. Fixing focus is now set to shift towards a tight mid-month, although some still looking early Nov dates, and with a supporting arb we expect today's strong rates to maintain going forward.

LPG Rates**Spot Market (USD/Month)**

VLGC (84 000 cbm)	\$1,800,000	\$0 →
LGC (60 000 cbm)	\$1,200,000	\$0 →
MGC (38 000 cbm)	\$900,000	\$0 →
HDY SR (20-22 000 cbm)	\$750,000	\$25,000 ↑
HDY ETH (17-22 000 cbm)	\$780,000	\$0 →
ETH (8-12 000 cbm)	\$490,000	\$0 →
SR (6 500 cbm)	\$440,000	\$0 →
COASTER Asia	\$270,000	\$0 →
COASTER Europe	\$300,000	-\$10,000 ↓

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$532	-\$103 ↓
Saudi Arabia/CP	\$590	-\$60 ↓
MT Belvieu (US Gulf)	\$445	-\$9 ↓
Sonatrach/Bethioua	\$550	-\$90 ↓

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$553	-\$47 ↓
Saudi Arabia/CP	\$560	-\$70 ↓
MT Belvieu (US Gulf)	\$452	\$29 ↑
Sonatrach/Bethioua	\$545	-\$67 ↓

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$230,000	\$20,000 ↑
West of Suez 155-165 000 cbm	\$230,000	\$30,000 ↑
1 Year T/C 155-160 000 cbm	\$180,000	\$15,000 ↑

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Moderate	Moderate

Prices

VLCC	\$121.0	\$0.0 →
Suezmax	\$81.0	\$0.0 →
Aframax	\$63.5	\$0.0 →
Product	\$43.5	\$0.0 →
Newcastlemax	\$66.0	\$0.0 →
Kamsarmax	\$37.5	\$0.0 →
Ultramax	\$35.5	\$0.0 →

LNGC (MEGI) (cbm)	\$240.0	\$0.0 →
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Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$48.0	\$0.0 →
Kamsarmax	\$32.0	\$0.0 →
Ultramax	\$30.0	\$0.0 →

Dry (10 yr)

Capesize	\$33.0	\$0.0 →
Kamsarmax	\$24.0	\$0.0 →
Ultramax	\$22.5	\$0.0 →

Wet (5 yr)

VLCC	\$85.0	\$0.0 →
Suezmax	\$60.0	\$0.0 →
Aframax / LR2	\$56.0	\$0.0 →
MR	\$40.0	\$0.0 →

Wet (10 yr)

VLCC	\$64.0	\$0.0 →
Suezmax	\$45.0	\$0.0 →
Aframax / LR2	\$42.0	\$0.0 →
MR	\$29.5	\$0.5 ↑

Market Brief

Exchange Rates

USD/JPY	118.50	2.53 ↑
USD/KRW	1235.50	7.25 ↑
USD/NOK	9.24	-0.01 ↓
EUR/USD	1.10	0.00 ↓

Interest Rates

LIBOR USD (6 months)	4.24%	0.03% ↑
NIBOR NOK (6 months)	2.58%	0.00% →

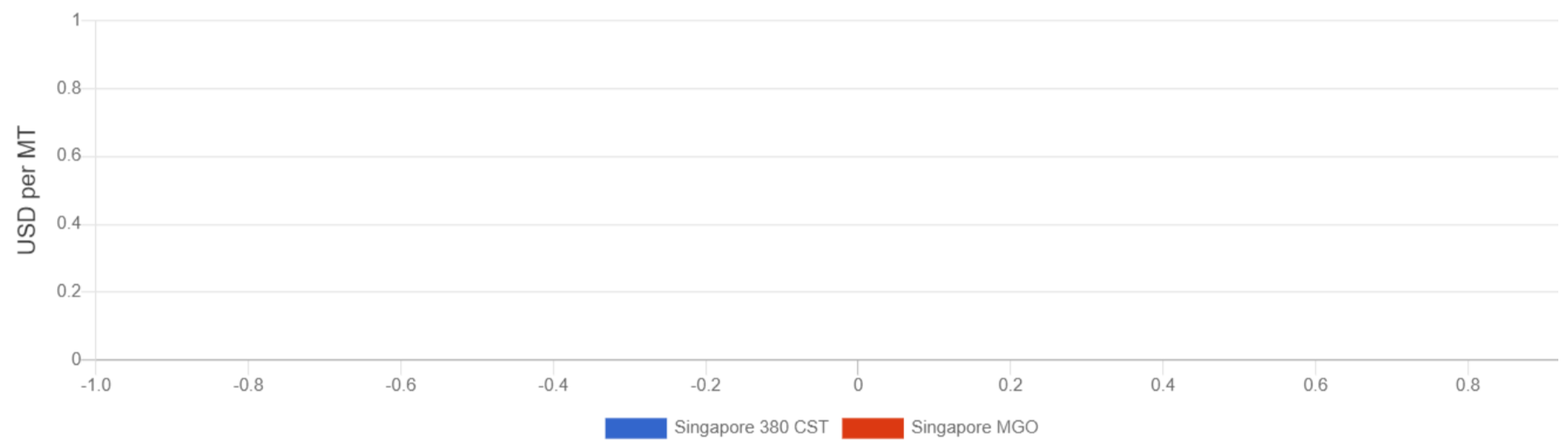
Commodity Prices

Brent Spot	\$92.00	\$4.00 ↑
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Bunkers Prices

Singapore 380 CST	\$392.5	\$2.0 ↑
Singapore Gasoil	\$954.5	\$69.0 ↑

Rotterdam 380 CST	\$417.5	\$4.0 ↑
Rotterdam Gasoil	\$984.0	\$37.5 ↑



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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