

# Fearnleys Weekly Report

Week 43 - October 26, 2022

Printer version

Tankers

Comments

VLCC

VLCC rates took a hit this week but only in relative terms, as it is difficult to call making upwards to USD 100k/day weakening. Rates on Monday in the WS 105-110 window before KPC set the tone with a WS 100 fixture, followed by NSRP doing WS 98 for Vietnam, both on modern vessels. Valid reasons for the owner to consider sub WS 100 however, with a short ballast from India, 9 other vessels in the trade, a named voyage 1:1 and most importantly an attractive TCE. This puts an MEG/China run close to the WS 100 mark - which side of that mark depends on where you sit. Current active cargoes aiming double digits, but worth noting near 60 MEG deals and the 2nd decade yet to fly, plenty to come.

The Atlantic a little quieter. A few USG cargoes wdwf but deals Brazil/East up to WS 107.5, albeit prompt dates. It's a tricky market to call.

Suezmax





Within the space of just eight months, the New Atlantic Market has evolved into a beast, creating new trading patterns that apply stresses to the tonnage list that have seldom, if ever, been witnessed before. Each sub-region/load zone starts out devouring its own natural tonnage before turning its attention to ballasters (same algorithm every time). With this in mind, the market continues on a firm footing with West Africa and the Black Sea competing for the same ships with TD20 and TD6 likely to finish off the week at circa WS 190's and WS 210's respectively. The fixing window for both regions is focused on second decade November. The East is quiet but don't get lulled into thinking that it has down side, because unless charterers stump up WS 180's for a MEG/East run, owners will simply ballast to the Atlantic.

Aframax

The Nsea market moved more or less sideways in the last week with earning around USD 55k pd. We do see more owners, who earlier was only concentrating on Russian cargoes, now also looking at loading non-Russian North Sea grades. How this will affect rates remain to be seen. However, we expect the market to remain at current levels as the supply and demand scenario looks fairly balanced at the time of writing. Med/BSea market slowly but steadily moved up to higher levels last week. Returns on a cross-Med run right now are even better than voyages ex CPC with owners trying to earn a tad more on each fixture. 1st decade of November might be a bit slower later this week, but overall, we expect rates to remain strong as supply of vessels is very balanced due to surrounding areas offering good opportunities as well.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 57.0	9.5 
MEG/Japan (280 000)	WS 99.0	-13.5 
MEG/Singapore (280 000)	WS 100.0	-12.5 
WAF/FEAST (260 000)	WS 105.0	-5.0 

WAF/USAC (130 000)	WS 175.0	25.0 <span>↑</span>
Sidi Kerir/W Med (135 000)	WS 180.0	10.0 <span>↑</span>
N. Afr/Euromed (80 000)	WS 237.5	2.5 <span>↑</span>
UK/Cont (80 000)	WS 210.0	-2.5 <span>↓</span>
Caribs/USG (70 000)	WS 380.0	10.0 <span>↑</span>

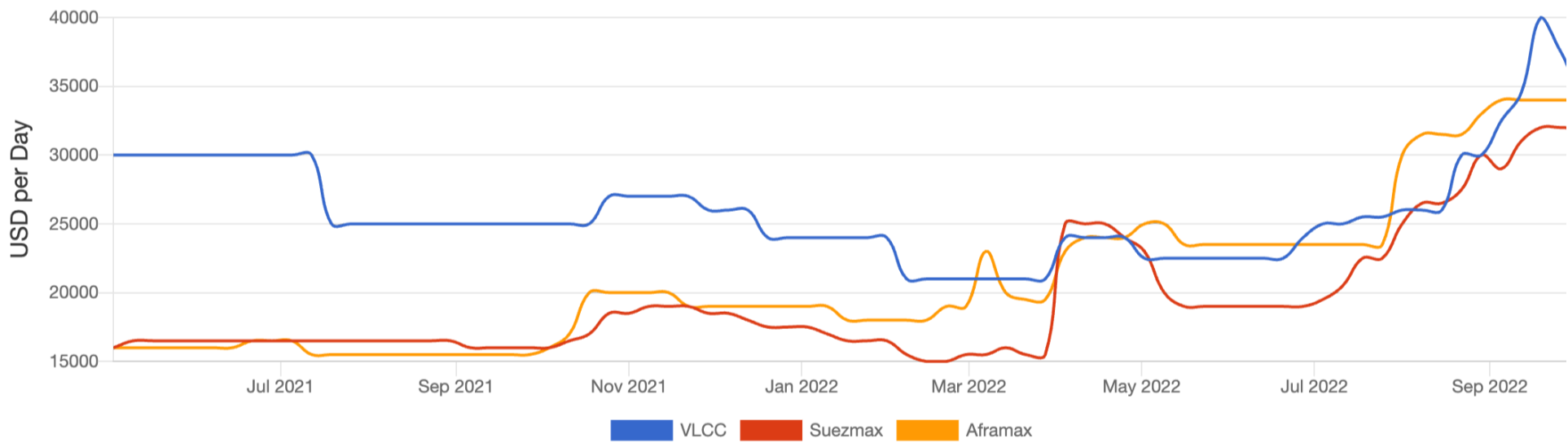
1 Year T/C (USD/Day)

VLCC (Modern)	\$36500.0	\$0 <span>→</span>
Suezmax (Modern)	\$33500.0	\$1,000 <span>↑</span>
Aframax (Modern)	\$35000.0	\$0 <span>→</span>

VLCC

VLCCs fixed in all areas last week	46	-16 <span>↓</span>
VLCCs available in MEG next 30 days	144	4 <span>↑</span>

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Still no seasonal rally in sight for the big units, and speculations on possible recession do little to fire up a segment which is presently characterized as dull and without direction. Daily average earnings down 15 pct w-o-w to come in at below USD 16k. Milk route Brazil/Far East remains the one trade most clearly not living up to expectations, as major iron ore miners' spot output keep falling below predictions - subsequently forcing also value for ballasters doing China-Brazil-China well below USD 10k/day. Resultant Pacific supply surplus has so far not pressed levels on the healthier West Australia/China conference ore trade significantly, and Pacific rounds are only marginally down to a still uninspiring USD 12-13k/day. Period activity negligible, as forward-looking values offer little or no premium to spot - and far below levels required by owners to consider.

Panamax

Week started with holidays in parts of Asia. Minimal activity emerged most of the week. More tonnage in North Atlantic with few on ballasters combined with low volume of cargo, giving a softer tone to the ailing market as rates continue to slide below last done. The prompter committed tonnage in USG have suffered due to lack of prompt cargo, fixing with way below market to take cover. Mineral volume is low/handful which does not help. The tonnage in East Med finds it difficult to find cover due to current situation in Black sea with only ballast option towards Gib. The ECSA has also dropping due to lengthy tonnage and lack of cargo.

Market is sliding.

Supramax

Last week we saw the Atlantic market dominating with good cargo flow, now it's a very positional market. Base trading with Russian and Ukrainian commodities pays a premium. The Continent slid slowly down. Ultramax fixed with grain cargo delivery from Antwerp to Egypt at USD 23,500. Grains from main loading areas missing volumes and prompt tonnage building up. MV Gant Muse 56' dwt open USG fixed USD 25,000 for a trip to China. Supply from Asia remains subdued with the limited fresh inquiry.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$34,469	-\$3,281 ↓
Australia – China	\$8.9	-\$0.2 ↓
Pacific RV	\$12,432	-\$318 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$17,985	-\$1,500 ↓
TCE Cont/Far East	\$26,518	-\$1,668 ↓
TCE Far East/Cont	\$14,575	-\$371 ↓
TCE Far East RV	\$18,069	-\$958 ↓

Supramax (USD/Day)

Atlantic RV	\$21,247	\$45 ↑
Pacific RV	\$13,944	-\$462 ↓
TCE Cont/Far East	\$25,133	\$229 ↑

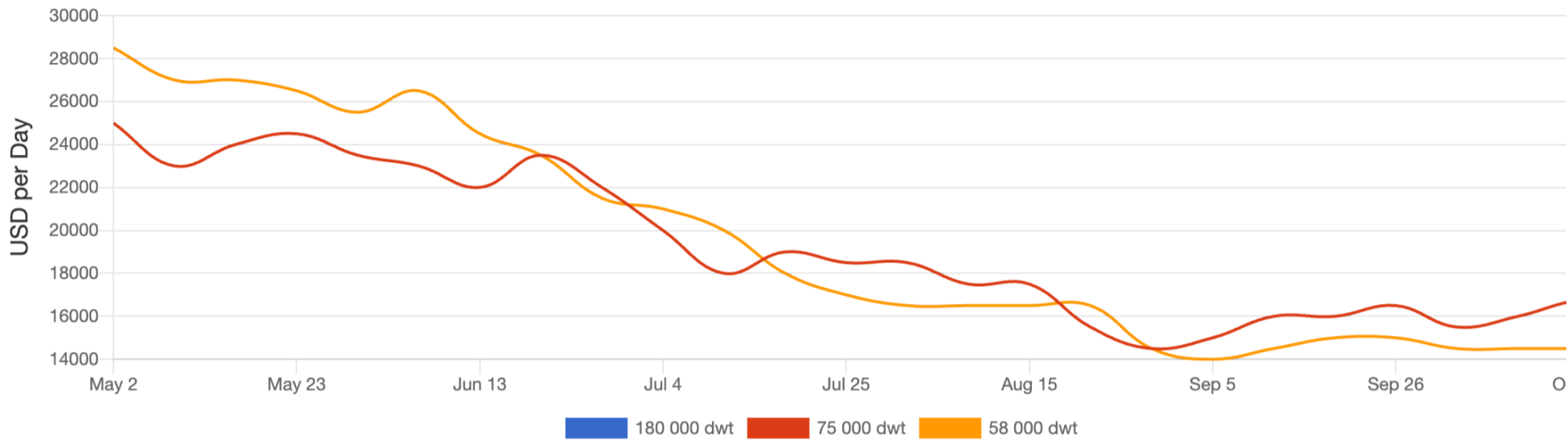
1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$17,500	-\$250 ↓
Capesize (180 000 dwt)	\$13,500	-\$500 ↓
Kamsarmax (82 000 dwt)	\$18,250	\$0 →

Panamax (75 000 dwt)	\$16,750	\$0 →
Ultramax (64 000 dwt)	\$17,000	-\$500 ↓
Supramax (58 000 dwt)	\$14,500	\$0 →

Baltic Dry Index (BDI)	\$1,706
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1 Year T/C Dry Bulk



Gas

Chartering

EAST

Due to Public Holidays in Singapore and India on Monday, the week came off to a slow start. The Eastern market has now moved on to mid November dates as we see last done at low USD 100s RT/C against a tender in MEG. A strong East premium could be a sign we are reaching a peak in freight rates, however the count of available vessels for the remaining of November does not cause any immediate concern. Some delays may continue in India/China due to port congestion and bad weather.

WEST

When entering this week there were 6 available vessels left in November seeking employment opportunities. At the time of writing, 5 of those have been programmed and we therefore only see 1 vessel left for November dates. With latest sub fixtures considered we count 30 spot fixtures in total out of the USG/USEC for November which is what the average have been for a calendar month so far this year in the US. Last fixture concluded in the West is done at high USD 130s H/C which is a big discount compared to last done in the East. Going forward into December market looks very tight as congestions in Panama is making scheduling uncertain. Having a firm itinerary therefore seems to be a big advantage.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$2,100,000	\$0 →
LGC (60 000 cbm)	\$1,200,000	\$0 →
MGC (38 000 cbm)	\$900,000	\$0 →
HDY SR (20-22 000 cbm)	\$750,000	\$0 →
HDY ETH (17-22 000 cbm)	\$830,000	\$0 →
ETH (8-12 000 cbm)	\$500,000	\$10,000 ↑

SR (6 500 cbm)	\$450,000	\$10,000 ↑
COASTER Asia	\$270,000	\$0 →
COASTER Europe	\$310,000	\$15,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$532	\$0 →
Saudi Arabia/CP	\$590	\$0 →
MT Belvieu (US Gulf)	\$442	\$30 ↑
Sonatrach/Bethioua	\$550	\$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$553	\$0 →
Saudi Arabia/CP	\$560	\$0 →
MT Belvieu (US Gulf)	\$424	\$8 ↑
Sonatrach/Bethioua	\$545	\$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$325,000	\$0 →
West of Suez 155-165 000 cbm	\$375,000	\$0 →
1 Year T/C 155-160 000 cbm	\$185,000	\$0 →

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 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$48.0	\$0.0 →
Kamsarmax	\$31.0	-\$1.0 ↓
Ultramax	\$30.0	\$0.0 →

Dry (10 yr)

Capesize	\$33.0	\$0.0 →
Kamsarmax	\$25.0	\$1.0 ↑
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	\$0.0 →

Market Brief

Exchange Rates

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

Interest Rates

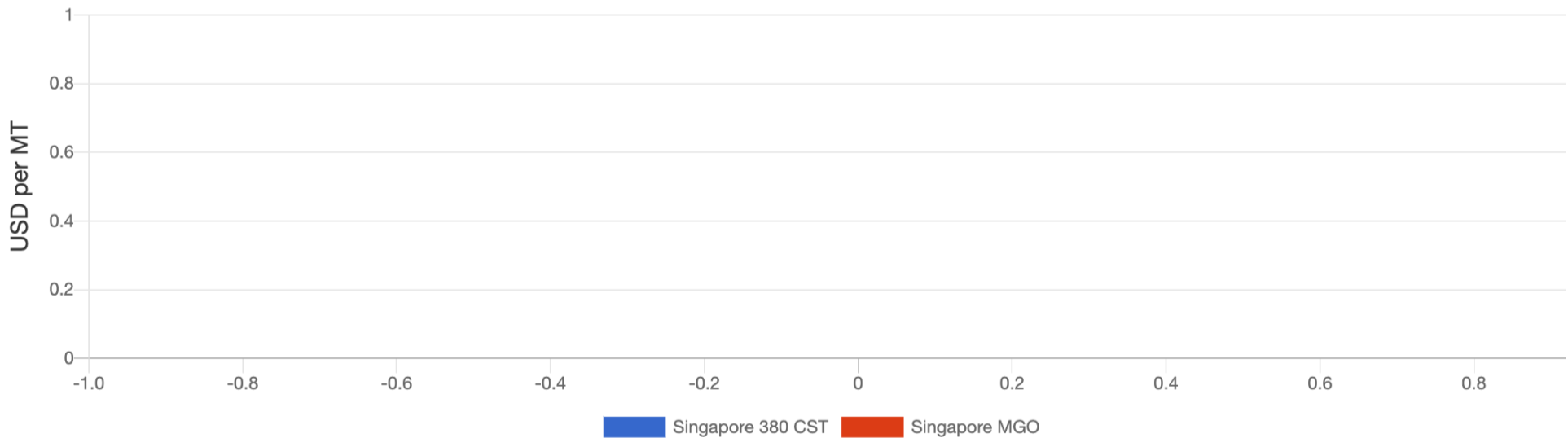
LIBOR USD (6 months)	4.92%	0.08% <span>↑</span>
NIBOR NOK (6 months)	2.58%	0.00% <span>→</span>

Commodity Prices

Brent Spot	\$93.50	\$0.00 <span>→</span>
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Bunkers Prices

Singapore 380 CST	\$389.5	\$15.0 <span>↑</span>
Singapore Gasoil	\$1,043.0	-\$28.0 <span>↓</span>
Rotterdam 380 CST	\$377.0	\$2.5 <span>↑</span>
Rotterdam Gasoil	\$1,015.0	-\$69.5 <span>↓</span>



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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