Fearnleys Weekly Report

Week 48 - November 30, 2022

Printer version

Tankers

Comments

VLCC

It’s been a sluggish week for VLCC owners as November draws to an end, with MEG/East rates now dipped well below the psychologically important WS 100 barrier courtesy of a MEG/Korea fixture concluded at WS 91.5. Charterers have shown great restraint, just drip feeding the odd cargo into the market and chipping away on owner’s confidence. The Atlantic basin - having previously underpinned other areas - has seen more failures than fixtures over the past few days adding insult to injury. That said, returns are still healthy with T/C equivalents ranging from USD 60-70k/day pending on propulsion and the voyage in question. Alas, that also means owners have more to lose than gain by digging their heals in. Time to “get out of Dodge” for those who can and do not have multiple ships coming up behind.

Suezmax

The global Suezmax market has a softer feel to it this week with bearish Aframax and VLCC segments not really providing any support. In the MEG, it's been a very quiet week with the occasional fuel oil enquiry, but otherwise dead. TD23 will do well to keep its head above WS 100 whilst MEG/East will trade somewhere in the WS 190's on modern tonnage, but needs a test. Focusing on the Atlantic, West Africa is almost done for the second decade, save the odd straggler cargo and with a number of vessels missing the fixing window rates will trade down to somewhere in the WS 190's, but this region needs a proper, open market test. The USG has been very quiet and has failed to wake up from its Thanksgiving slumber, but given the lack of activity and tonnage beginning to build, USG/TA will trade touch below WS 200.

Aframax

North Sea Aframax rates hit all-time high levels last week as owners did their best to push for higher rates on the back of surrounding alternatives paying significantly better. Supply of vessels in the area is very thin in the current fixing window. Moving forward we expect rates to remain firm. However, the possibility of Suezmaxes being booked for local runs could cool off the Aframax market slightly. On the other side, Med-BSea market took a step back, seeing a downward correction, but still owners are enjoying hefty returns. Charterers managed to cool off the market a bit by using own tonnage for their cargoes and at the same time cargo programs aren’t that busy for 1st decade December. We will possibly see rates coming off a bit more next week, but overall market fundamentals don’t indicate a freefall of the rates.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 62.5	-5.0 ↓
MEG/Japan (280 000)	WS 95.0	-22.5 ↓
MEG/Singapore (280 000)	WS 95.0	-22.5 ↓
WAF/FEAST (260 000)	WS 97.5	-22.5 ↓
WAF/USAC (130 000)	WS 192.5	-27.5 ↓

Sidi Kerir/W Med (135 000)	WS 235.0	-35.0 ↓
N. Afr/Euromed (80 000)	WS 385.0	-30.0 ↓
UK/Cont (80 000)	WS 325.0	25.0 ↑
Caribs/USG (70 000)	WS 560.0	-15.0 ↓

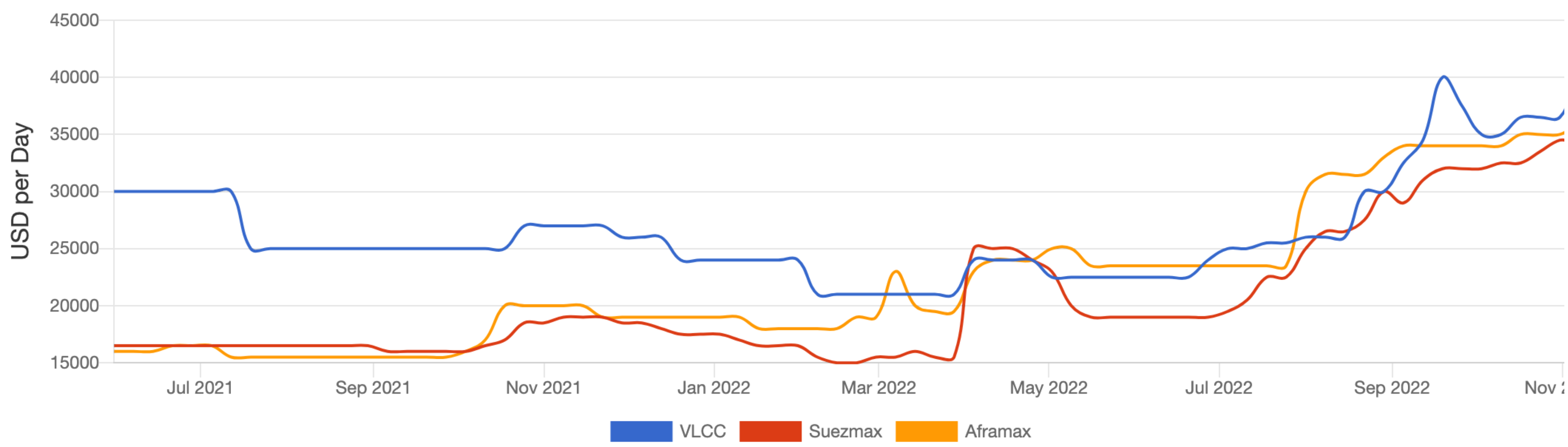
1 Year T/C (USD/Day)

VLCC (Modern)	$39000.0	-$1,500 ↓
Suezmax (Modern)	$40500.0	$1,000 ↑
Aframax (Modern)	$43000.0	$4,000 ↑

VLCC

VLCCs fixed in all areas last week	42	-4 ↓
VLCCs available in MEG next 30 days	144	6 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Market extremely volatile and nervous with rates going up and down as a rollercoaster. The underlying sentiment is very poor, but the fact is that there is a shortage of spot ships, and the prompt dates are being paid well and the average of all routes are up by 35% week on week. However, there is not a lot of excitement as the tonnage shortage is mainly driven by ships stuck due to bad weather and that the same ships will come back to the market as soon as weather improves, and probably by a decent number.

Panamax

In the Pacific, there has been some fresh orders in past few days giving a positional gain to the market, but we are still seeing a build of tonnage going to be open next week. The South Pacific however is struggling to find support with aggressive levels concluded particularly for short round voyages. In the Atlantic, the market has been firm, and levels are reaching to mid-teens for transatlantic and low 20s for fronthaul - this is due flow of both grain and mineral combined with lack of prompt tonnage. The ECSA has been stable so far, but due to weaker Pacific particularly in South for past two weeks, we are seeing more tonnage coming open in

Singapore/India range next two weeks, therefore we don't see changes to that area. The Ukraine grain flow has been down considerably after renewed safe passage agreement due to increasing congestion and inspection delay, but we are still optimistic for December shipment.

Supramax

Not too much to brag, no real support on fresh inquiries. USG picking slightly up with improved levels, where fhaul on Ultramax was discussed at USD 30,000. From the Continent, Supramax was fixed at USD 18,500 with scrap to India. From the East, Indo China round was done at USD 10,500. On the period front, Ultramax open in North China was fixed at USD 11,500 for short period.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$29,250	$2,219 ↑
Australia – China	$8.6	$0.4 ↑
Pacific RV	$12,786	$2,722 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$15,285	$1,950 ↑
TCE Cont/Far East	$23,000	$1,341 ↑
TCE Far East/Cont	$8,688	-$315 ↓
TCE Far East RV	$10,993	$410 ↑

Supramax (USD/Day)

Atlantic RV	$17,780	-$906 ↓
Pacific RV	$9,025	$769 ↑
TCE Cont/Far East	$21,138	-$1,754 ↓

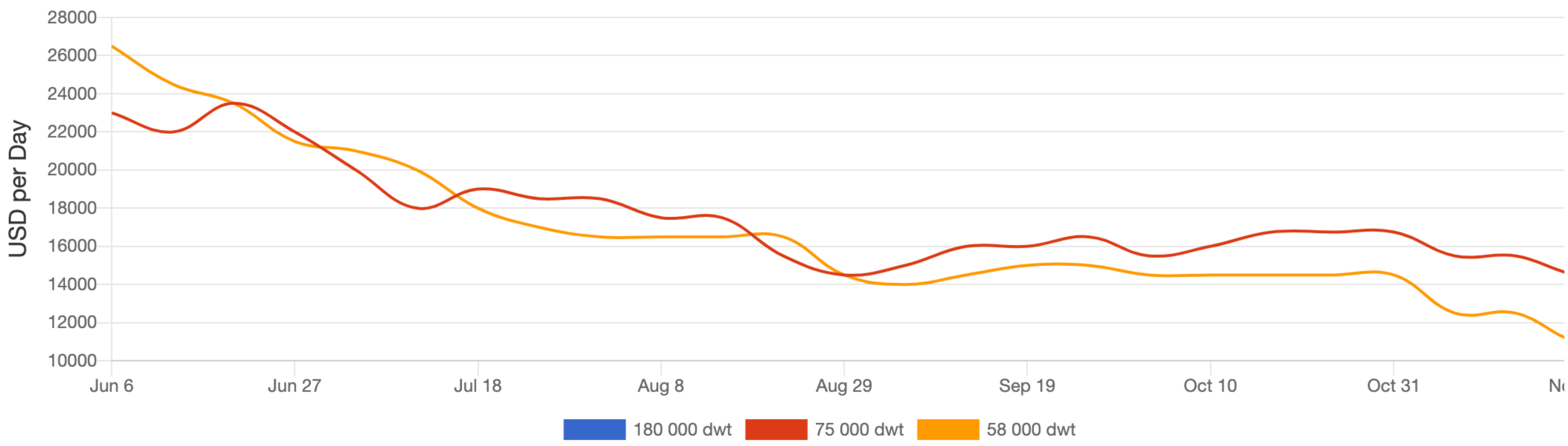
1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$16,250	-$750 ↓
Capesize (180 000 dwt)	$12,500	-$500 ↓
Kamsarmax (82 000 dwt)	$15,500	$0 →
Panamax (75 000 dwt)	$14,500	$0 →
Ultramax (64 000 dwt)	$13,000	$0 →

Supramax (58 000 dwt)	$11,000	$0 →

Baltic Dry Index (BDI)	$1,355

1 Year T/C Dry Bulk



Gas

Chartering

EAST
We have seen 4 spot fixtures so far this week in MEG, all done in the last decade of December. Last done deals done around mid-high USD 130s RT/C and most owners' ideas now climbing towards USD 140 RT/C. We currently count 23 spot deals done for December in the Middle East compared to an average of about 30 deals per month for the last 4 months. With uncovered cargoes still in play, both in mid and end Dec, we expect freight rates to remain firm.

WEST
At the time of writing we count 9 spot fixtures out of the USG for January with 4 of them done this week. Freight continues looking very tight for early Jan and further into mid-month dates. We see the current US-position list being dominated by Panamaxes and vessels coming via Suez/Cape as the Neo-canal still causing delays which is forcing some players to pay up big money in the auction to reach their laycans. Currently the projected waiting are 19 days northbound and 22 days southbound in the Neo Panama Canal for non-booked vessels. The last fixture concluded ex USG done at mid USD 200s H/C and we expect this to maintain.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$3,700,000	-$100,000 ↓
LGC (60 000 cbm)	$2,000,000	$0 →
MGC (38 000 cbm)	$1,125,000	$0 →
HDY SR (20-22 000 cbm)	$800,000	$0 →
HDY ETH (17-22 000 cbm)	$860,000	$0 →
ETH (8-12 000 cbm)	$500,000	$0 →
SR (6 500 cbm)	$450,000	$0 →
COASTER Asia	$270,000	$0 →
COASTER Europe	$300,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$557	$0 →
Saudi Arabia/CP	$610	$0 →
MT Belvieu (US Gulf)	$411	-$22 ↓
Sonatrach/Bethioua	$572	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$588	$0 →
Saudi Arabia/CP	$610	$0 →
MT Belvieu (US Gulf)	$430	-$17 ↓
Sonatrach/Bethioua	$590	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$180,000	-$85,000 ↓
West of Suez 155-165 000 cbm	$220,000	-$55,000 ↓
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	$44.0	$0.0 →
Kamsarmax	$31.0	$0.0 →
Ultramax	$27.5	-$1.0 ↓

Dry (10 yr)

Capesize	$30.0	$0.0 →
Kamsarmax	$23.5	$0.0 →
Ultramax	$22.0	-$1.0 ↓

Wet (5 yr)

VLCC	$91.0	$0.0 →
Suezmax	$62.0	$0.5 ↑
Aframax / LR2	$56.0	$0.0 →
MR	$40.0	$0.0 →

Wet (10 yr)

VLCC	$66.0	$0.0 →
Suezmax	$45.0	$0.0 →
Aframax / LR2	$42.0	$0.0 →
MR	$30.0	$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)	5.21%	-0.01%
NIBOR NOK (6 months)	2.58%	0.00%

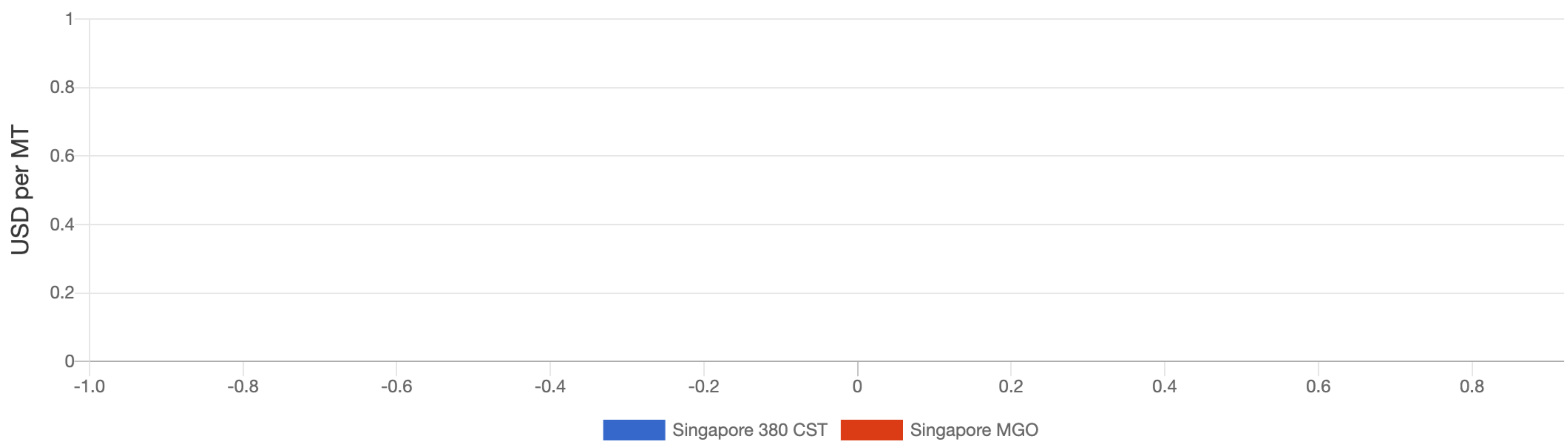
Commodity Prices

Brent Spot	$83.00	-$0.50

Bunkers Prices

Singapore 380 CST	$405.5	-$21.0
Singapore Gasoil	$970.5	-$55.5

Rotterdam 380 CST	$370.5	-$21.0
Rotterdam Gasoil	$867.5	-$54.0



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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