

Fearnleys Weekly Report

Week 51 - December 21, 2022

Printer version

Tankers

Comments

VLCC

A negative swing for VLCC owners this past week, as rates have taken a 10-point dive across the board. A couple of deals done on ships that only have to calculate one leg (i.e., sold and delivered at the completion of discharge). Nonetheless, each enquiry received a dozen offers, and therefore each fixture will have 11 or so disappointed candidates. "Special reasons" or not the market is now set in the low-mid WS 70's for MEG/East. Charterers' current tactics of sitting on hands and drip-feeding cargoes is working in their favour, hoping for someone to break ranks yet again as Christmas moves closer. However, judging from the January fixture count, and moving closer on the curve laycan wise, charterers could be creating a bottleneck for themselves with enquiry shoe-horned into the days between Christmas and New Year.

Suezmax

The Suezmax market has seen significant downward corrections in the Atlantic basin with most notably TD20 now trading at WS 147.5. Further softening is possibly on the cards as several vessels are on the verge of missing the fixing window with owners unlikely to want FOC vessels languishing over the festive period. The USG looks to have bottomed as a number of TA deals concluded in and around WS 145 x WS 130's with some potential upside in the offing. TD6 is all but done for the year with charterers bizarrely not willing to test the market despite the enormous differential with neighboring markets. In the East, it's worth noting that the list is deceptively tight on the early side for modern tonnage, which possibly puts a floor under MEG/China at WS 170 and a TD23 run not leaving much change from WS 85.

Aframax

The Nsea Aframax market slowed down on the back of increased Suezmax and VLCC tonnage fixing stems ex East Coast UK and West Coast Norway leaving less volumes to lift for their smaller siblings. Rates have started to come off and we expect this soft sentiment to continue into the new year fixing window. More of the same in the Med/BSea market as a mix of Suezmaxes fixing Aframax stems, oversupply of Afras, and slower activity cut around 100 WS points for local runs. Owners accepted their fate and fixed lower, however they still earn decent returns. Last week of the year might be busy with charterers reaching forward and owners having the chance to prevail rates from losing more ground.

Rates

Dirty (Spot WS 2021)

| | | |
|--------------------------------|----------|---------|
| MEG/WEST (280 000) | WS 52.5 | -4.5 ↓ |
| MEG/Japan (280 000) | WS 75.0 | -7.5 ↓ |
| MEG/Singapore (280 000) | WS 77.5 | -6.0 ↓ |
| WAF/FEAST (260 000) | WS 77.0 | -5.5 ↓ |
| WAF/USAC (130 000) | WS 145.0 | -22.5 ↓ |

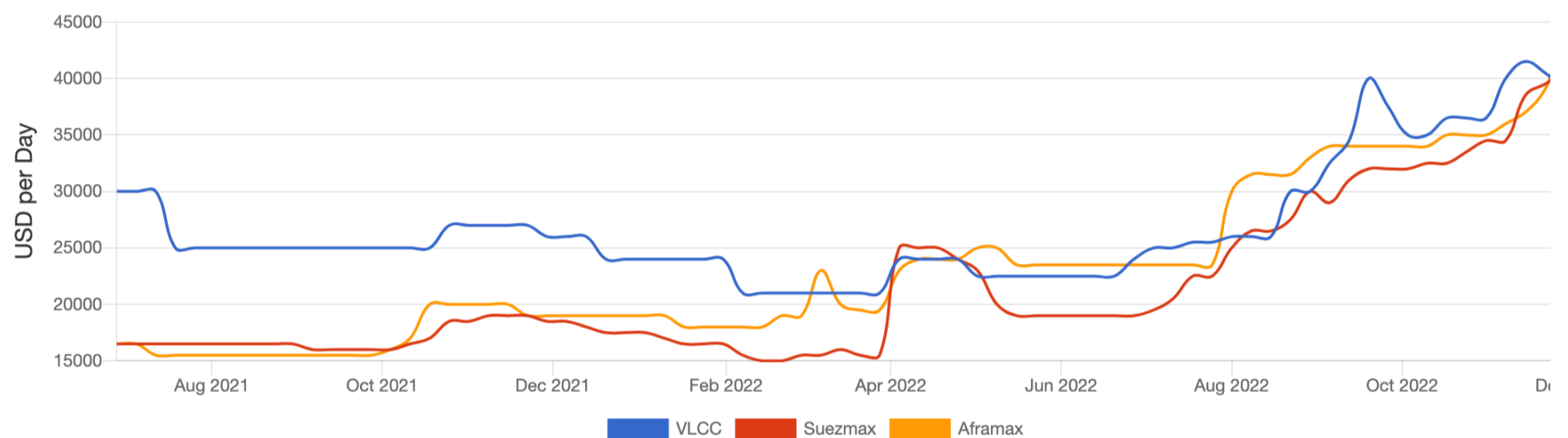
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|-----------------------------------|----------|----------|
| Sidi Kerir/W Med (135 000) | WS 180.0 | -35.0 ↓ |
| N. Afr/Euromed (80 000) | WS 250.0 | -120.0 ↓ |
| UK/Cont (80 000) | WS 255.0 | -70.0 ↓ |
| Caribs/USG (70 000) | WS 240.0 | 20.0 ↑ |

1 Year T/C (USD/Day)

| | | |
|-------------------------|-----------|-------|
| VLCC (Modern) | \$36500.0 | \$0 → |
| Suezmax (Modern) | \$40500.0 | \$0 → |
| Aframax (Modern) | \$43000.0 | \$0 → |

VLCC

| | | |
|--|-----|-----|
| VLCCs fixed in all areas last week | 80 | 8 ↑ |
| VLCCs available in MEG next 30 days | 152 | 5 ↑ |

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

As often seen before the market is pushing before the holidays as owners already covered themselves in a typical healthy Q4 and charterers seeking to cover as most of the market participants take a week off. Week on week the market has gained a significant amount of USD 8904 (62%), and there is still a lot of prompt cargo around to be covered. That said, forward predictions are still very limited compared to index, and we do see a strong interest from ships with slightly forward dates trying to take advantage of the spike. Hence it's hard to see that the current levels will maintain for a longer time.

Panamax

Holiday feel to the market mostly, however in places there appeared minor signs of life according to some sources. The North Atlantic remained varied with limited fresh cargo resulting in charterers reducing bids, however the tonnage count remained slim, especially on the nearby position hence some owners with early tonnage appeared to be holding firm in the hope of catching someone with tight cancelling prior holidays. Asia

saw some improved activity from yesterday, a supported Indonesian market has led to some marginally better bids, whilst there appeared pockets of resistance on some of the longer round voyages on deferred dates but still the early tonnage count appeared to overshadow further out following a day of mixed sentiment.

Supramax

A softer undertone continued across all basins in the Supramax market, with few fresh inquiries and Christmas holidays approaching. The Atlantic is still much more active compared to the Pacific, where rates dropped in average USD 8,000 pd. The USG market paying TA trading with rates around USD 25,000 pd for Supramax and around USD 29,000 for TCT to China on Ultramax. ECSA TA fixing on Ultramax close to USD 28,000 pd. Far East markets slowed down even further, and rates keep dropping. A Supra dely Thailand was reported fixed at USD 7,000 pd for a trip via Indonesia to China, a 57,000 dwt dely Indonesia was done at USD 8,000 pd for a trip via Indonesia to the Philippines, and a 55,000 dwt dely mid-China took USD 7,500 pd for a trip to Atlantic.

Rates

Capesize (USD/Day, USD/Tonne)

| | | |
|------------------------------------|----------|---------------|
| TCE Cont/Far East (180 DWT) | \$49,125 | \$13,906 ↑ |
| Australia – China | \$9.1 | \$0.4 ↑ |
| Pacific RV | \$16,568 | \$2,563 ↑ |

Panamax (USD/Day, USD/Tonne)

| | | |
|--------------------------|----------|-------------|
| Transatlantic RV | \$17,825 | -\$700 ↓ |
| TCE Cont/Far East | \$24,059 | -\$596 ↓ |
| TCE Far East/Cont | \$8,222 | -\$337 ↓ |
| TCE Far East RV | \$10,547 | -\$411 ↓ |

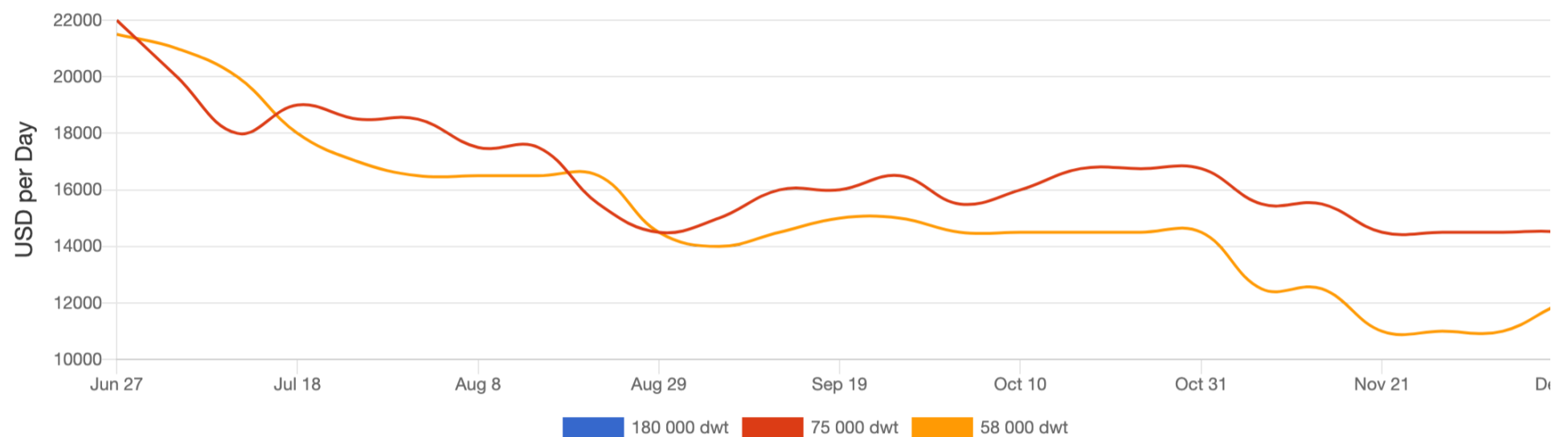
Supramax (USD/Day)

| | | |
|--------------------------|----------|---------------|
| Atlantic RV | \$17,911 | -\$1,172 ↓ |
| Pacific RV | \$7,888 | -\$687 ↓ |
| TCE Cont/Far East | \$18,575 | -\$588 ↓ |

1 Year T/C (USD/Day)

| | | |
|-----------------------------------|----------|-------------|
| Newcastlemax (208 000 dwt) | \$18,500 | \$0 → |
| Capesize (180 000 dwt) | \$14,500 | \$0 → |
| Kamsarmax (82 000 dwt) | \$15,500 | -\$500 ↓ |

| | | |
|-------------------------------|----------|--------------|
| Panamax (75 000 dwt) | \$14,000 | -\$500 ↓ |
| Ultramax (64 000 dwt) | \$15,000 | \$1,000 ↑ |
| Supramax (58 000 dwt) | \$12,500 | \$500 ↑ |
| Baltic Dry Index (BDI) | \$1,723 | |

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

The Saudi acceptances were posted over the weekend, and the current count of January deals now stands at 6 with a couple other potential cargoes in play. The fixing window is still mainly concentrated around mid-January, and the sentiment on freight continue to come off which is mainly due to lack of activity previously. Last done out of the Middle East concluded at mid USD 120s Baltic equivalent.

WEST

We are currently witnessing a “wait and see” game as the sentiment is softening a bit in the western freight market. Having said that, the market is somewhat date-dependent because of certain loading dates with fixtures concluded at above Baltic levels due to tight vessel supply. For last decade January ex USG, would-be charterers are holding back on any fixing with the expectation that freight is falling. The position list for the rest of January is dominated by pure shipowners - specifically one owner with 5 available ships.

We count 22 spot fixtures ex USG so far for January - only 4 fixed in 2H Jan. Last done January fixture concluded at high USD 190s H/C.

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

| | | |
|--------------------------------|-------------|-----------------|
| VLGC (84 000 cbm) | \$3,650,000 | -\$50,000 ↓ |
| LGC (60 000 cbm) | \$2,000,000 | \$0 → |
| MGC (38 000 cbm) | \$1,400,000 | -\$100,000 ↓ |
| HDY SR (20-22 000 cbm) | \$800,000 | \$0 → |
| HDY ETH (17-22 000 cbm) | \$875,000 | \$0 → |

| | | |
|---------------------------|-----------|---------------|
| ETH (8-12 000 cbm) | \$520,000 | \$0 → |
| SR (6 500 cbm) | \$470,000 | \$0 → |
| COASTER Asia | \$270,000 | \$0 → |
| COASTER Europe | \$350,000 | \$10,000 ↑ |

LPG/FOB Prices - Propane (USD/Tonne)

| | | |
|-----------------------------|-------|---------|
| FOB North Sea/ANSI | \$560 | \$0 → |
| Saudi Arabia/CP | \$650 | \$0 → |
| MT Belvieu (US Gulf) | \$334 | -\$22 ↓ |
| Sonatrach/Bethioua | \$572 | \$0 → |

LPG/FOB Prices - Butane (USD/Tonne)

| | | |
|-----------------------------|-------|--------|
| FOB North Sea/ANSI | \$566 | \$0 → |
| Saudi Arabia/CP | \$650 | \$0 → |
| MT Belvieu (US Gulf) | \$418 | -\$6 ↓ |
| Sonatrach/Bethioua | \$590 | \$0 → |

LNG Rates**Spot Market (USD/Day)**

| | | |
|-------------------------------------|-----------|----------------|
| East of Suez 155-165 000 cbm | \$155,000 | \$0 → |
| West of Suez 155-165 000 cbm | \$150,000 | -\$35,000 ↓ |
| 1 Year T/C 155-160 000 cbm | \$173,000 | -\$3,000 ↓ |

Newbuilding**Activity Levels**

| | | |
|-----------------|----------|----------|
| Tankers | Slow | Slow |
| Dry Bulk | 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 | \$43.0 | -\$1.0 ↓ |
| Kamsarmax | \$31.0 | \$0.0 → |
| Ultramax | \$29.0 | \$0.0 → |

Dry (10 yr)

| | | |
|------------------|--------|----------|
| Capesize | \$29.0 | -\$1.0 ↓ |
| Kamsarmax | \$23.0 | -\$0.5 ↓ |
| Ultramax | \$22.5 | -\$0.5 ↓ |

Wet (5 yr)

| | | |
|----------------------|--------|---------|
| VLCC | \$91.0 | \$0.0 → |
| Suezmax | \$63.0 | \$1.0 ↑ |
| Aframax / LR2 | \$57.0 | \$1.0 ↑ |
| MR | \$40.0 | \$0.0 → |

Wet (10 yr)

| | | |
|----------------------|--------|---------|
| VLCC | \$68.5 | \$2.5 ↑ |
| Suezmax | \$47.0 | \$2.0 ↑ |
| Aframax / LR2 | \$43.0 | \$1.0 ↑ |
| MR | \$30.0 | \$0.0 → |

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

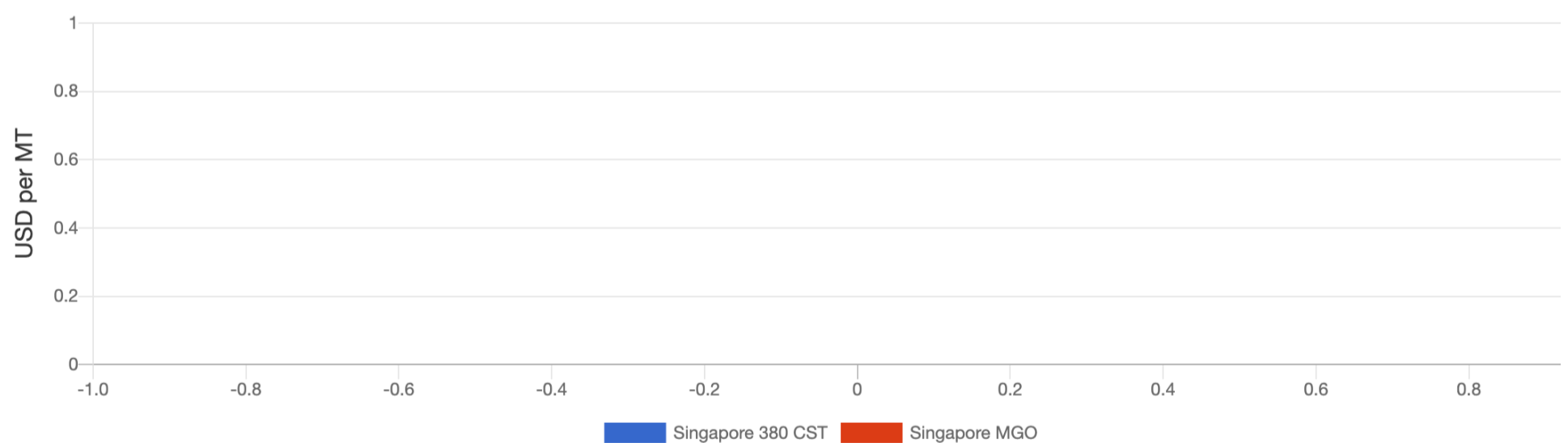
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|----------------------|-------|---------|
| LIBOR USD (6 months) | 5.15% | 0.00% ↓ |
| NIBOR NOK (6 months) | 3.12% | 0.54% ↑ |

Commodity Prices

| | | |
|------------|---------|----------|
| Brent Spot | \$80.00 | \$0.50 ↑ |
|------------|---------|----------|

Bunkers Prices

| | | |
|-------------------|---------|----------|
| Singapore 380 CST | \$369.5 | -\$5.0 ↓ |
| Singapore Gasoil | \$914.0 | \$31.5 ↑ |
| Rotterdam 380 CST | \$447.5 | \$86.5 ↑ |
| Rotterdam Gasoil | \$859.5 | \$59.0 ↑ |



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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