

Fearnleys Weekly Report

Week 10 - March 08, 2023

Printer version

Tankers

Comments

VLCC

Frenzied activity at the start of the week and continuing to the time of writing. The Atlantic set the mood, with multiple cargoes ex USG pushing rates to Ningbo close to the USD 11m level. As such, owners with the option at Galle headed West to benefit from the improved TCE's. However, not to be outdone, the MEG list, stripped of a number of modern units began to look a little threadbare. With a lot of ships picked off market in both the East and West, charterers coming to the market were left with fewer options. TD3C now sits in the WS 80's with likelihood of higher numbers imminent, as March still has 20-25 cargoes to come. However, the current heat in the market is encouraging some to work earlier than they may otherwise do. So, that quiet zone between March and April dates may stretch longer and test owners resolve.

Suezmax

The West African Suezmax market has been volatile to say the least. TD20 peaked in the WS 140s last week with last done Kribi/UKCM now reported on subjects today at WS 132.5 (albeit not technically a TD20 run, it's a bellwether for direction). Steep/deep downside is possibly capped by firmer VLCC/AFRAMAX, but rate wise, this could easily fall to WS 117.5-125/TD20 before this cap kicks in. The Black Sea is offering little in the way of support and with northbound Turkish straits delays collapsing to 2-3 days we expect TD6 to correct downwards into the WS 150s, reflecting general sentiment and tonnage availability. In the East, firmer VLCCs should maintain a degree of stability with MEG/East Suezmax trading WS 135-140 on modern and TD23 requiring a test but we are freighting it WS 60s.

Aframax

The Aframax list in the North Sea is thinning out as more owners ballast or fix away from the area. This could eventually put an upward pressure on rates in the North Sea unless Suezmax vessels start interfering lifting Aframax stems for the next fixing window 16th March onwards. Also, we have seen less activity in the area which could entice some owners to do less than last done for the right dates and the right voyage. So, sentiments are a bit mixed at the time of writing. CPC-Med rates decreased last week, delays in the straits were at a minimum and charterers' relets were fixed out/programmed. Cross Med gained some strength on the back of replacement jobs and lack of natural candidates. Some momentum built as USG market remains firm and owners trying to push surrounding markets higher, upside potential might be limited.

Rates

Dirty (Spot WS 2023)

| | | |
|-----------------------------|---------|--|
| MEG/WEST (45.0) | WS 45 | 3.0 ↑ |
| MEG/Japan (77.5) | WS 77.5 | 7.5 ↑ |
| MEG/Singapore (78.5) | WS 78.5 | 6.0 ↑ |
| WAF/FEAST (77.0) | WS 77 | 7.0 ↑ |
| WAF/USAC (130.0) | WS 130 | -17.5 ↓ |

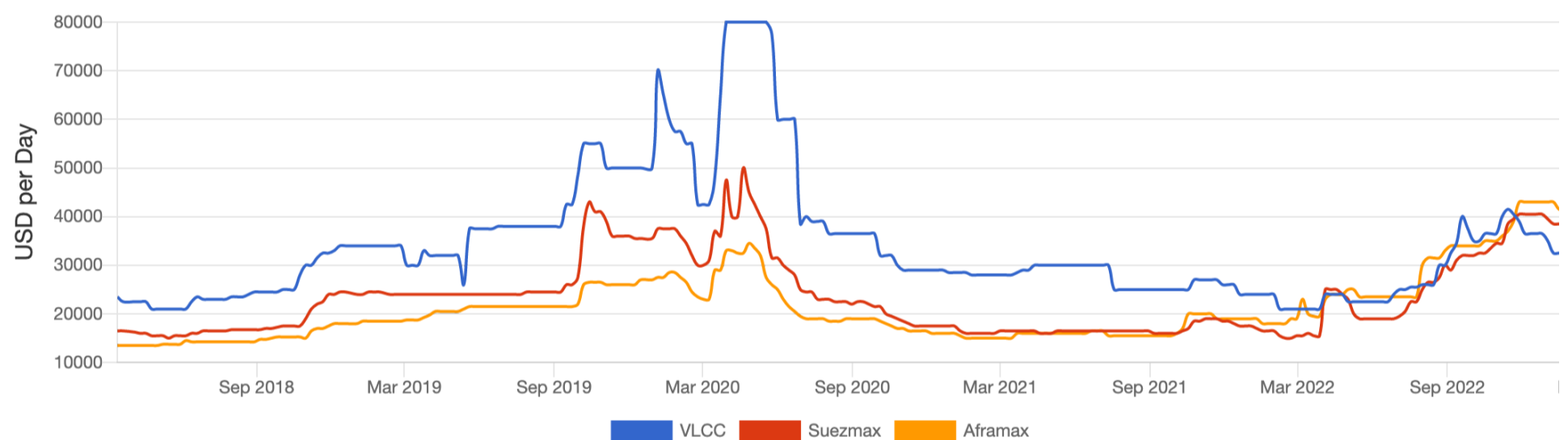
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|---------------------------------|----------|---------|
| Sidi Kerir/W Med (137.5) | WS 137.5 | -15.0 ↓ |
| N. Afr/Euromed (195.0) | WS 195 | 15.0 ↑ |
| UK/Cont (180.0) | WS 180 | 15.0 ↑ |
| Caribs/USG (375.0) | WS 375 | 40.0 ↑ |

1 Year T/C (USD/Day)

| | | |
|-------------------------|----------|-----------|
| VLCC (Modern) | \$35,000 | \$0 → |
| Suezmax (Modern) | \$41,000 | \$0 → |
| Aframax (Modern) | \$42,000 | \$1,500 ↑ |

VLCC

| | | |
|---|-------|--------|
| VLCCs fixed in all areas last week (Modern) | \$88 | \$45 ↑ |
| VLCCs available in MEG next 30 days (Modern) | \$148 | -\$4 ↓ |

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

Big gains, admittedly from very poor levels, for the big ships. Volumes of major commodities iron ore, coal, and bauxite significantly up on most relevant routes, jacking average daily earnings for standard units up 67 pct w-o-w to come in at a still modest USD 13k. Particular interest is on (north) Atlantic, seeing the most expressed recovery on the back of a dramatically improved supply/demand ratio. Further steady climbs expected as positive macro-economical projections combine with tight tonnage supply across the board. Period interest very high but fixing activity still limited as both sides await strike prices to match justifiable levels and forward expectations/FFA values.

Panamax

A slower week for the Panamax market with no real clear sign nor direction in market, the trend seemed positive in start of week to sideways at best. In the Atlantic, limited transatlantic trade, whilst in the South end March arrival window ex South America offers remained discounted to index but little action of note for index dates. Asia appeared mixed in places however the overriding sentiment remained positive, both routes P3A and P5 making modest.

Supramax

Supramax and Ultramax markets in the Atlantic gave good encouragement to the firming market. FFA is back in the game pushing the forward curve up. A good number of fresh inquiries in most loading areas, supporting higher rates. TA RV from USG and ECSA fixing around USD 15,000 pd on Tess 58 and fronthaul at low USD 20,000 pd. North Atlantic sees more cargo flow with rates increased by USD 3,000 pd in a week's time. Several stems with scrap from the Continent to Turkey surfaced in the market for March dates, and the last done was USD 13,000 pd. The Black Sea market started the week with a strong push for all sizes and keeps pushing further up. We see fixtures done close to USD 20,000 pd for Supramax and charterers willing to pay more for Ultramax. The Pacific market keeps increasing with charterers chasing owners to repeat last done. A 63,000 dwt with delivery China was reported at USD 13,500 pd for a trip via Indonesia to China, while similar trips but delivery Southeast Asia paid USD 20,000 pd.

Rates**Capesize (USD/Day, USD/Tonne)**

| | | |
|------------------------------------|----------|--------------|
| TCE Cont/Far East (180 DWT) | \$27,531 | \$1,281 ↑ |
| Australia – China | \$8 | \$0 ↑ |
| Pacific RV | \$12,191 | \$105 ↑ |

Panamax (USD/Day, USD/Tonne)

| | | |
|--------------------------|----------|---------|
| Transatlantic RV | \$12,165 | -\$55 ↓ |
| TCE Cont/Far East | \$21,491 | \$55 ↑ |
| TCE Far East/Cont | \$8,588 | \$415 ↑ |
| TCE Far East RV | \$14,940 | \$350 ↑ |

Supramax (USD/Day)

| | | |
|--------------------------|----------|--------------|
| Atlantic RV | \$12,404 | \$670 ↑ |
| Pacific RV | \$11,869 | \$181 ↑ |
| TCE Cont/Far East | \$17,004 | \$2,562 ↑ |

1 Year T/C (USD/Day)

| | | |
|-----------------------------------|----------|--------------|
| Newcastlemax (208 000 dwt) | \$24,000 | \$1,250 ↑ |
| Capesize (180 000 dwt) | \$19,250 | \$1,000 ↑ |
| Kamsarmax (82 000 dwt) | \$16,500 | \$0 → |
| Panamax (75 000 dwt) | \$15,500 | \$0 → |
| Ultramax (64 000 dwt) | \$17,000 | \$1,500 ↑ |

| | | |
|-------------------------------|----------|--------------|
| Supramax (58 000 dwt) | \$15,500 | \$2,000 ↑ |
| Baltic Dry Index (BDI) | 1327 | |

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

With many players attending the Tokyo LPG conference the week has gotten off to a slow start in both the East and the West. At the time of writing, we have seen a couple of spot fixtures in the Middle East with last done concluded at high 90s RT/C. Although April fixing in the East is already well underway, we still find a few open ships that can make end March laycans, but some of them might end up ballasting to the West. Currently the vessel supply in early April is looking tight, but it is likely we will see more ships appearing as discharge schedules are still not confirmed.

WEST:

The position list is looking tight at the front of April, but further into mid and end April there are more ships from both the owners and the traders. In total we have seen 15 spot fixtures concluded so far in April ex USG/USEC (6 first decade, 8 second decade, and 1 last decade). For reference the monthly average for spot fixtures has been 28-29 the last three months. Using latest Baltic print we get close to a 10-dollar discount in the West before waiting in the Panama Canal which now is showing 17 days northbound for Neo-VLGCs. Last deal done ex USG concluded at around mid-150s H/C and high 80s H/F.

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

| | | |
|--------------------------------|-------------|-----------------|
| VLGC (84 000 cbm) | \$2,400,000 | -\$100,000 ↓ |
| LGC (60 000 cbm) | \$1,800,000 | \$0 → |
| MGC (38 000 cbm) | \$1,200,000 | \$0 → |
| HDY SR (20-22 000 cbm) | \$800,000 | \$0 → |
| HDY ETH (17-22 000 cbm) | \$890,000 | \$15,000 ↑ |
| ETH (8-12 000 cbm) | \$540,000 | \$10,000 ↑ |
| SR (6 500 cbm) | \$490,000 | \$0 → |

| | | |
|-----------------------|-----------|----------------|
| COASTER Asia | \$280,000 | \$0 → |
| COASTER Europe | \$390,000 | -\$10,000 ↓ |

LPG/FOB Prices - Propane (USD/Tonne)

| | | |
|-----------------------------|-------|---------|
| FOB North Sea/ANSI | \$613 | -\$94 ↓ |
| Saudi Arabia/CP | \$720 | -\$70 ↓ |
| MT Belvieu (US Gulf) | \$463 | \$34 ↑ |
| Sonatrach/Bethioua | \$640 | -\$80 ↓ |

LPG/FOB Prices - Butane (USD/Tonne)

| | | |
|-----------------------------|-------|---------|
| FOB North Sea/ANSI | \$675 | \$59 ↑ |
| Saudi Arabia/CP | \$740 | -\$50 ↓ |
| MT Belvieu (US Gulf) | \$438 | -\$92 ↓ |
| Sonatrach/Bethioua | \$690 | \$50 ↑ |

LNG Rates

Spot Market (USD/Day)

| | | |
|-------------------------------------|-----------|---------------|
| East of Suez 155-165 000 cbm | \$78,000 | \$0 → |
| West of Suez 155-165 000 cbm | \$65,000 | -\$3,000 ↓ |
| 1 Year T/C 155-160 000 cbm | \$152,000 | \$0 ↓ |

Newbuilding

Activity Levels

| | | |
|-----------------|----------|--|
| Tankers | Slow | |
| Dry Bulk | Slow | |
| Others | Moderate | |

Prices

| | | |
|----------------|-------|-------|
| VLCC | \$121 | \$0 → |
| Suezmax | \$81 | \$0 → |
| Aframax | \$64 | \$0 → |
| Product | \$44 | \$0 → |

| | | |
|--------------------------|-------|-------|
| Newcastlemax | \$66 | \$0 → |
| Kamsarmax | \$38 | \$0 → |
| Ultramax | \$36 | \$0 → |
| LNGC (MEGI) (cbm) | \$240 | \$0 → |

Sale & Purchase

Prices

Dry (5 yr)

| | | |
|------------------|------|--|
| Capesize | \$44 | |
| Kamsarmax | \$30 | |
| Ultramax | \$29 | |

Dry (10 yr)

| | | |
|------------------|------|--|
| Capesize | \$30 | |
| Kamsarmax | \$23 | |
| Ultramax | \$23 | |

Wet (5 yr)

| | | |
|----------------------|-------|--|
| VLCC | \$100 | |
| Suezmax | \$67 | |
| Aframax / LR2 | \$63 | |

Wet (10 yr)

| | | |
|----------------------|------|--|
| VLCC | \$77 | |
| Suezmax | \$52 | |
| Aframax / LR2 | \$50 | |

Market Brief

Exchange Rates

| | | |
|----------------|---------|---------|
| USD/JPY | 136.09 | 2.53 ↑ |
| USD/KRW | 1303.50 | 7.25 ↑ |
| USD/NOK | 10.50 | -0.01 ↓ |
| EUR/USD | 1.07 | 0.00 ↓ |

Interest Rates

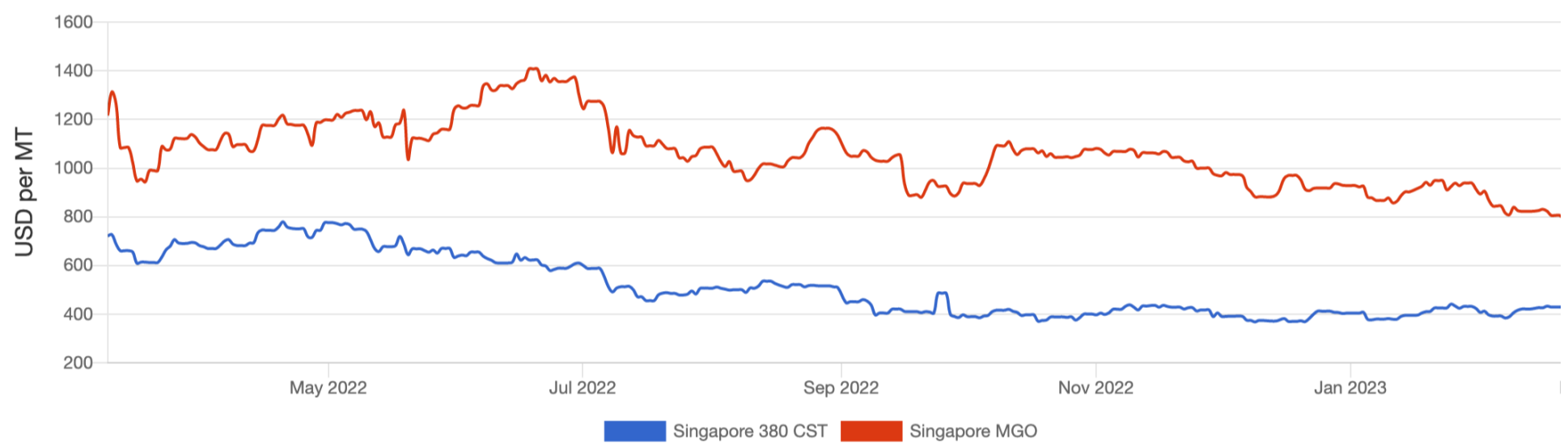
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| LIBOR USD (6 months) | 5.20 | 0.06 ↑ |
| NIBOR NOK (6 months) | 3.12 | 0.00 → |

Commodity Prices

| | | |
|------------|-------|---------|
| Brent Spot | 83.50 | -2.50 ↓ |
|------------|-------|---------|

Bunkers Prices

| | | |
|-------------------|--------|---------|
| Singapore 380 CST | 469.50 | 39.50 ↑ |
| Singapore Gasoil | 814.50 | 19.00 ↑ |
| Rotterdam 380 CST | 433.00 | 30.00 ↑ |
| Rotterdam Gasoil | 818.00 | 25.00 ↑ |



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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