Fearnleys Weekly Report

Week 38 - September 22, 2021

Printer version

Tankers

Commentary

VLCC

A week with much promise for owners. Rumours and counter rumours of successive higher rates reported, but little actually confirmed at the time of writing. A busy Atlantic is attracting modern ballasters from the East and a busy looking October MEG program is encouraging many to stay in that region. Owners face the decision of fixing long and looking in much their written market now, or staying shorter for two bites at the cherry. Most are agreed we will see higher numbers in the short term, but markets move in steps and thus far MEG/China remains in the mid-high WS 30's with owners looking to push the WS 40. West Africa to China is already past the WS 40 level, and with more enquiry in the USG and UKC, we are likely heading up from here too. The UKC-East sth is open and there remains demand for the sweet crudes in the East.

Suezmax

A firmer VLCC market is likely to feed into Suezmax's at some point as owners look to recoup losses and buck recent historical lows. Simply counting ships versus cargoes may catch some participants by surprise because as we start to hurl down the layest quarter, you have to add "expectation" into the algorithm, which hasn't necessarily formed part of the market playbook during the last year. Another vital ingredient, MEG Suezmax enquiry, has made a return, with ships disappearing in bulk and thus trending owners additional options, as opposed to debut ballasting on spec' to West Africa. TD23 has fixed a wedge of rates at WS 25, but this number is likely to uptick. MEG/East will threaten the WS 60 to within the next week whilst TD20 owners will be pushing for mid 50's.

Aframax

Another week in the Nsea/Baltic Aframax market with rates remaining at bottom levels. Even with some prompt replacement jobs, rates didn't move upwards as charterers had plenty of tonnage to choose from. However, with the preliminary Ural schedule for October looking a bit more promising, owners have higher expectations going forward. But we expect rates to move sideways for now and owners will have to wait for the Ural schedule to firm up before they can start to push rates.
Much the same can be said about the Med/Black sea region where we still see charterers quietly taking out ships off market at repeat levels. This will most likely continue as long as we can count a dozen or more ships prompt open and free of cargo in the area. We expect the market to continue moving sideways at these levels in the week to come.

Freight

Clean Spot Rates (Worldscale)

MEG/WEST (280 000)	WS 19.0	0.5 ↑
MEG/Singapore (280 000)	WS 37.5	2.5 ↑
MEG/Singapore (280 000)	WS 38.5	2.5 ↑
WAF/FEAST (260 000)	WS 40.0	4.0 ↑
WAF/USAC (130 000)	WS 50.0	2.5 ↑
Sidi Kerir/W Med (135 000)	WS 60.0	0.0 →
N. Afr/Ruwais (80 000)	WS 87.5	0.0 →
UK/Cont (80 000)	WS 92.5	0.0 →
Cerbs/USG (70 000)	WS 95.0	-25.0 ↓

Time S/C (USD/Day)

VLCC (Modern)	$25000.0	$0 →
Suezmax (Modern)	$16000.0	$0 →
Aframax (Modern)	$13000.0	$0 →

VLCC

VLCCs fixed in all areas last week	60	-24 ↑
VLCCs available in MEG next 30 days	153	-9 ↓

Time S/C Curve

Dry Bulk

Commentary

Capesize

It has been an exciting week for the Capesize segment as there is a very limited amount of available tonnage to meet the continuing health volume of cargoes. Especially the result from West Australia to China with iron ore has increased significantly, now 22% higher than it was a week ago. This obvious strengthened the already positive sentiment, pushing the average of all routes up by 12%, which now being almost USD 60,000 per day earnings. The coming days and weeks look to be very interesting as the FEAST seems to drain most vessels opening, meaning there is a very limited number of vessels heading for Brazil and Atlantic. That said, it's expected to be more valuable tonnage going forward which probably will carry down the market a bit, but the market floor continuously increase.

Panamax

With holidays in China this week, the activity has come down, but it is still a firm underlying tone in general. In the Atlantic, we still see a good demand for minerals and a well-balanced tonnage book. PM is currently trading in the region of USD 37k.
In the eastern hemisphere, Indo rounds are being traded at similar levels i.e. 38.75%, while several candidates have been fixed retro SE Asia for trips via Black Sea or USG back to Asia.

Supramax

Slow start of the week mainly due to the holidays in Asia with high volatility on FFA trading, but it all subsided to flat and unexcited market across the borders at the time of writing. Rates from Med to West Africa reaching USD 40,000 pd. Continent is tight on tonnage with grain cargo to Med paying USD 45,000 pd and slightly less on fertiliser run from Continent to ECSA. USG been lacking action with natural disaster disturbances. Building up tonnage list few weeks had a negative effect on the rates, however the situation is starting to look better and rates have improved for all directions. TA paying mid USD 30,000 pd and PM above USD 30,000 pd. Indo market remains quiet with rates at USD 32,000 pd for 58 dwt and USD 33,000 pd for 58 dwt. Pacific and Indian Ocean market remain stable with rates as per "last done" and some premium. Young Harmony 2010/57 dwt, 2014 open Kwangyang 24/28 Sep trip via Indonesia redel Thailand USD 41,000 pd. On period market owners seeking mid/high USD 30,000 pd for 6-8 months and low USD 30,000 pd for 9-11 months.

Freight

Panamax (USD/Day - USD/Tonne)

TCE Cont/Far East (180 DWT)	$76,944	$494 ↑
Australia - China	$19.8	$4.1 ↑
Pacific RV	$65,189	$19,030 ↑

Panamax (USD/Day - USD/Tonne)

Transatlantic RV	$36,835	$9,860 ↑
TCE Cont/Far East	$51,586	$4,715 ↑
TCE Far East/Cont	$20,714	$476 ↑
TCE Far East RV	$35,086	-$187 ↓

Supramax (USD/Day)

Atlantic RV	$36,294	$1,466 ↑
Pacific RV	$35,586	$315 ↑
TCE Cont/Far East	$33,533	-$542 ↓

Time S/C (USD/Day)

Newcastlemax (208 000 dwt)	$36,000	$2,500 ↑
Capesize (180 000 dwt)	$30,000	$2,500 ↑
Kamarmax (82 000 dwt)	$29,000	$1,000 ↓
Panamax (75 000 dwt)	$27,000	$1,000 ↓
Ultramax (64 000 dwt)	$32,000	$1,000 ↑
Supramax (58 000 dwt)	$29,000	$0 →

Baltic Dry Index (BDI)

Baltic Dry Index (BDI)	$4,560	

Time S/C Dry Bulk

Gas

Commentary

EAST
The East market is still lagging behind the West both in terms of activity and earnings. Having said that, we now start to see a few deals being talked about also in the Middle East. Adding further to that, an Indian PSU spot tender is due on Thursday and there is already some chatter about a few more similar upcoming tender quotes. As of now, there's ample supply of competitive rates available in the MEG and it seems like freight is set to remain at a discount to the West for time being.

WEST
After last week's fixing activity as the US, there are few owner controlled vessels left for October dates. Throughout the week we have, however, seen a handful of rates emerging within the third decade of October. In combination with a tight ahb trade a damper to any sudden increase in freight rates. A couple of deals has been concluded this week just shy of USD 85 Houston/Chiba basis. According to our data, we anticipate more than a handful deals yet to be concluded in US off October dates.

LPG Tonnes

Spot Market (USD/Month)

VLGC (84 000 cbm)	$600,000	$100,000 ↑
LGC (60 000 cbm)	$725,000	$0 →
MGC (38 000 cbm)	$750,000	$0 →
HDY SR (20-22 000 cbm)	$640,000	$0 →
HDY ETH (17-22 000 cbm)	$750,000	$0 →
ETH (8-12 000 cbm)	$465,000	$0 →
SR (4-500 cbm)	$375,000	$0 →
COASTER Asia	$280,000	$5,000 ↑
COASTER Europe	$270,000	$5,000 ↑

LPG/VCM Prices (Houston (USD/Tonne)

FOB North Sea/ARA	$621	$0 →
Saudi Arabia/CP	$665	$0 →
MT Belview (US Gulf)	$692	$65 ↑
Sonatrach/Bethioua	$640	$0 →

LPG/VCM Prices (Bahrain (USD/Tonne)

FOB North Sea/ARA	$653	$0 →
Saudi Arabia/CP	$665	$0 →
MT Belview (US Gulf)	$671	$26 ↑
Sonatrach/Bethioua	$670	$0 →

LNG Tonnes

Spot Market (US$/Day)

East of Suez 155-165 000 cbm	$58,500	$0 →
West of Suez 155-165 000 cbm	$61,500	$0 →
1 Year T/C 155-160 000 cbm	$93,000	$0 →

Newbuilding

Activity Level

Tankers	Moderate	Moderate
Dry Bulkers	Moderate	Moderate
Others	Strong	Strong

Prices

VLCC	$103.0	$1.0 ↑
Suezmax	$70.5	$0.5 ↑
Aframax	$57.5	$0.5 ↑
Product	$40.0	$0.0 →
Newcastlemax	$61.0	$0.0 →
Kamarmax	$34.0	$0.5 ↑
Ultramax	$31.5	$0.0 →
LNGC (MEGI) (cbm)	$206.0	$1.0 ↑

Sale & Purchase

Tankers

Dwt 5 yrs

Capesize	$47.5	$0.5 ↑
Kamarmax	$33.5	$2.5 ↑
Ultramax	$30.5	$0.5 ↑

Dwt 10 yrs

Capesize	$34.0	$0.0 →
Kamarmax	$25.0	$1.0 ↑
Ultramax	$24.5	-$0.5 ↓

Dwt 20 yrs

VLCC	$74.0	$0.0 →
Suezmax	$47.5	$0.0 →
Aframax / LR2	$40.0	$0.0 →
MR	$28.0	$0.0 →

Dwt TCP yrs

VLCC	$51.5	$0.0 →
Suezmax	$33.0	$1.0 ↑
Aframax / LR2	$26.0	$0.0 →
MR	$18.0	$0.0 →

Market Brief

Exchange Rates		
USD/JPY	109.66	-0.47 ↓
USD/KRW	1170.85	4.50 ↑
USD/NOK	8.63	-0.09 ↓
EUR/USD	1.18	0.00 →
Interest Rates		
LIBOR USD (6 months)	0.15%	0.00% ↑
NIBOR NOK (6 months)	0.95%	0.25% ↑
Commodity Prices		
Brent Spot	$74.50	-$1.00 ↓
Bunker Prices		
Singapore 380 CST	$470.0	$3.0 ↑
Singapore Gasoil	$608.0	$8.0 ↑
Rotterdam 380 CST	$417.5	$2.5 ↑
Rotterdam Gasoil	$604.0	$10.0 ↑

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.

Disclaimer