Fearnleys Weekly Report

Week 39 - September 29, 2021

Printer version

Tankers

Commentary

WCI

Step by step the market moves up, with MEG-East now reportedly at the WS 42.5 level at the time of writing. West Africa also holds last done at similar levels at WS 42 to feed, attracting modern ballasters around the Cape. Likewise, prompter dates in the USG/Caribs - rumours of USD 5m+ heading East. However, we are a little light on enquiry at present, and with Golden week in a few days, we will need a pre-holiday rush to keep pushing rates upwards, certainly in the MEG. And it is worth noting as little as 20 years ago, charterers may have the tactic to let standards slip a bit. Suddenly an over 15-year vessel becomes workable. Port docks are not so attractive, and sentiment is bucked into a negative direction.

It is easy to get carried away. TCE's are still awful for owners, barely covering Opex, but the improvement is certainly welcome.

Sentiment

Whilst there's a general consensus that the market will continue to improve, the pace of improvement remains pedestrian and dull. The East Suezmax market is unfortunately more VLCC-sensitive than the West, and at the time of going to print, we are very far from seeing any meaningful interplay between the two segments. In the West, the main potential drivers are the highly nuanced Nigerian crude flows, and the Aframax market which has seen considerable ballast tonnage fixed. The Aframax market holds Suezmax tonnage away from West Africa which could create more bottlenecks. Med/East is on sale at WS 80 showing positive market direction whilst MEG/East should challenge low WS 60's for a pure long East. TD23 is an enigma and will possibly hold at sub WS 30. A pre-Golden Week rush may yet occur.

Prices

Spot Market (AVG Route)		
MEG/WEST (250 000)	WS 20.5	1.5 ↑
MEG/Japan (280 000)	WS 41.25	3.8 ↑
WIG/Singapore (280 000)	WS 42.5	4.0 ↑
WAF/FEAST (260 000)	WS 43.0	3.0 ↑
WAF/USAC (130 000)	WS 52.5	2.5 ↑
Sidi Kerir/W Med (135 000)	WS 60.0	0.0 →
N. Afr/Euromed (80 000)	WS 97.5	10.0 ↑
UK/Cont (80 000)	WS 95.0	2.5 ↑
Caribs/USG (70 000)	WS 85.0	-10.0 ↓

1 Year T/C Avg (USD/Day)	
VLCC (Modern)	$25000.0 ↑
Suezmax (Modern)	$16000.0 ↑
Aframax (Modern)	$11000.0 ↑

VLCC
VLCCs fixed in all areas last week	61	1 ↑
VLCCs available in MEG next 30 days	150	-1 ↓

1 Year T/C Avg

Dry Bulk

Commentary

Full speed ahead for the big ships as congestion keeps being a significant factor supporting already very healthy fundamentals. Spot scene hectic as Australian miners struggle to fill early slots, particularly for iron ore. Average daily earnings up 25 pct w-o-w to come in at USD 75k, a level not seen for half a generation. Atlantic spot is close to becoming short of tonnage as number of ballasters is limited and hardly enough to satisfy needs of miners, power plants and steel mills - resulting fronthaul values up to USD 100k/day. China-Brazil-China round up 30 pct to USD 65k, and pushing. Short-term outlook very bull, supported by Pole's. Considerable period interest but considerable gap in bids/offer for fixed price deals - whilst around 10 ships taken by major players during last 5 trading days for about 12 mon duration at indexed rates.

Prospects

The firm market continued into this week with rates continuing to firm up in both hemispheres. However, this took a turn mid-week with tonnage building up in the North Atlantic. PSA is currently priced in the mid 30's while Pacific rounds are trading in region 36/37k levels. The period market has been fairly active with a Kamsarmax reported done at USD 31,500 for 10/12 mos.

Sentiment

The upward continue its rally also this week followed by big sizes, however not at the same pace. We can describe market as well balanced with some less activity due to upcoming Golden Week in China. USG market is improving and rates slowly moving up. Supramax fixing around USD 35k pd and Ultras able to reach USD 40k pd for Atlantic trade. For trips to East, owners are able to achieve close to USD 50k pd - MV Yim Advance (63,509/2019) did USD1 175 Oct trip grains ex China USD 50k. Market in ECSA is stable with limited fixing reports. Tess 58 was rumoured to fix USD 43k pd for one trip to Med. The Continent and Med market is more active this week with improved demand for scrap and clinker orders surfacing. Trip from Continent to USG/ECSA reporting to fix around USD 40k pd, while scrap paying premium around USD 42k pd. Far Eastern markets show resistance despite the pre-holiday mood, and the indexes mile climbing on almost pairs. Supramax delivering North China fixed at USD 34k pd for a trip via the Pacific Pacific port to China, while Ultramax delivering South East Asia able to obtain USD 40,500 pd for a trip via Indonesia to China. Australian trip paying low USD 40k pd on Ultramax and backhaul to the Atlantic around USD 20k pd.

Prices

Capesize (USD/Day, USD/Tonne)		
TCE Cape/East East (180 DWT)	$18,750	$17,535 ↑
Australia - China	$22.9	$2.7 ↑
Pacific RV	$82,854	$12,112 ↑
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$35,665	$2,813 ↑
TCE Cont/far East	$31,477	$2,268 ↑
TCE Far East/Cont	$21,611	$1,771 ↑
TCE Far East RV	$37,343	$3,441 ↑
Supramax (USD/Day)		
Atlantic RV	$37,634	$1,922 ↑
Pacific RV	$35,014	$14 ↑
TCE Cont/Far East	$33,629	$1,879 ↑
Ultra TC (USD/Day)		
Newcastlemax (205 000 dwt)	$38,000	$2,000 ↑
Capesize (180 000 dwt)	$33,000	$3,000 ↑
Kamsarmax (82 000 dwt)	$30,000	$1,000 ↑
Panamax (75 000 dwt)	$28,000	$1,000 ↑
Ultramax (64 000 dwt)	$31,500	-$500 ↓
Supramax (58 000 dwt)	$28,500	-$500 ↓
Baltic Dry Index (BDI)	$5,197	

1 Year T/C Avg (USD)

Gas

Commentary

EAST

The East Baltic benchmark jumped up on the back of last done ex MEG at USD 44 this Tarura/China which was concluded earlier the week. Seeing that the 'pure' owners are inclined to send their vessels in ballast towards the West in search for higher earnings, it may have a knock-on effect on the MEG market. Of a vessel line-up consisting of about ten vessels (gas or take) left open for the balance of October, about half of these are relets. The market is awaiting the release of the Saudi CP for November as well. Something which normally until it is out, reduces activity.

WEST

In the western hemisphere, eyes are slowly but surely turning towards November enquiries and subsequently, what's in store. The typhoon currently passing the Pacific Ocean seems not to have any severe impact to the shipping supply both in the MEG and in the USG. End October has during the course of the week seen a handful of relets appearing on the horizon, however, these vessels have yet to affect the market significantly and the last concluded Houston/Chiba rate was in the very low USD 80's off early November dates. October has about six or seven vessels left and seeking employment opportunities and hopes are that after the US stats are released today, there will be an incentive.

Prices

LPG Rates		
Spot Market (AVG Monthly)		
VLGC (84 000 cbm)	$725,000	$125,000 ↑
LGC (48 000 cbm)	$725,000	$0 →
MGC (38 000 cbm)	$780,000	$30,000 ↑
HDY SR (20-22 000 cbm)	$640,000	$0 →
HDY ETH (17-22 000 cbm)	$750,000	$0 →
ETH (8-12 000 cbm)	$475,000	$10,000 ↑
SR (6 500 cbm)	$385,000	$10,000 ↑
COASTER Asia	$280,000	$0 →
COASTER Europe	$270,000	$0 →
LPG/FOB Prices - Propane (USD/Tonne)		
FOB North Sea/ANSI	$621	$0 →
Saudi Arabia/CP	$665	$0 →
MT Belview (US Gulf)	$740	$10 ↑
Sonatrach/Bethioua	$640	$0 →
LPG/FOB Prices - Butane (USD/Tonne)		
FOB North Sea/ANSI	$653	$0 →
Saudi Arabia/CP	$665	$0 →
MT Belview (US Gulf)	$707	$10 ↑
Sonatrach/Bethioua	$670	$0 →

Time Charter		
Spot Market (USD/Day)		
East of Suez 55-60 000 cbm	$62,000	$1,500 ↑
West of Suez 55-60 000 cbm	$80,000	$18,500 ↑
1 Year T/C 55-60 000 cbm	$55,000	$0 →

Newbuilding

Activity Levels

Tankers	Moderate	Moderate
Dry Bulkers	Moderate	Moderate
Others	Strong	Strong

Prices

VLCC		
VLCC	$104.0	$1.0 ↑
Suezmax	$72.0	$1.5 ↑
Aframax	$58.0	$0.5 ↑
Product	$45.0	$0.0 →
Newcastlemax	$62.0	$1.0 ↑
Kamsarmax	$34.5	$0.5 ↑
Ultramax	$32.0	$0.5 ↑
LNGC (MEGI) (cbm)	$207.0	$1.0 ↑

Sale & Purchase

Prices

Last 30 yrs		
Capesize	$41.5	$0.0 →
Kamsarmax	$33.5	$0.0 →
Ultramax	$30.5	$0.0 →
Old 20 yrs		
Capesize	$34.0	$0.0 →
Kamsarmax	$25.0	$0.0 →
Ultramax	$24.5	$0.0 →
Mid 10 yrs		
VLCC	$74.0	$0.0 →
Suezmax	$47.5	$0.0 →
Aframax / LR2	$40.0	$0.0 →
MR	$28.0	$0.0 →
Mid 15 yrs		
VLCC	$51.5	$0.0 →
Suezmax	$33.0	$0.0 →
Aframax / LR2	$26.0	$0.0 →
MR	$18.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	111.44	1.81 ↑
USD/KRW	1184.35	9.46 ↑
USD/NOK	8.66	0.04 ↑
EUR/USD	1.17	-0.01 ↓

Interest Rates

LIBOR USD (6 months)	0.16%	0.00% ↑
NIBOR NOK (6 months)	0.96%	0.01% ↑

Commodity Prices

Brent Spot	$79.00	$1.00 ↑

Bunkers Prices

Singapore 380 CST	$560.5	$30.5 ↑
Singapore Gasoil	$655.0	$47.0 ↑
Rotterdam 380 CST	$452.5	$35.5 ↑
Rotterdam Gasoil	$649.0	$45.0 ↑

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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