Fearnleys Weekly Report

Week 42 - October 20, 2021

Printer version

Tankers

Commentary

MEG

There is a palpable feel in the VLCC market that we are heading in to a firmer winter market, as sentiment amongst owners continues to build. So far, no major jumps, as the MEG has continued in the same vein, despite other areas pushing an upward trend. So far charterers have been able to find an alternative, be it an ex dis, or a vintage vessel etc. But, we have had 2 months of 120+ fixtures and November looks healthy. Still, the Atlantic is leading the charge. On the LHC, traders chasing tons off ppt-ish dates (VLC's working same dates as Ahs's). If no VL's are there at the right price, we could see Afra/Suez rates jump further as stems are pulled. More Atlantic volume will encourage modern ships to ballast from the East on speculation, giving the MEG a tighter feel it has not had in a while. An interesting week ahead.

Sentiment

All load zones are set for further rates rises this week due to a combination of circumstances that will catch some participants off guard. We are seeing Black Sea and TSZO became converging, which is nothing out of the ordinary during the Northern Winter months, but at this time of year, it has traditionally been a bellwether of volatility, especially when combined with delays in the straits. This forces charterers to pick from the same pool of FOC ships which can easily stress the list. The East is also offering up similar distractions for owners, as a firmer outlook may well hold Eastern tonnage away from West Africa, to some degree at least. With VLCCs and Aframaxes also looking firmer, this market is exhibiting all the signs of further volatility and next done is likely to be higher than last done.

Outlook

Noea/Baltic rates remained steady last week as well as into the start of this week. TC earnings on local runs are still weak compared to the other two Western markets in the Med and the US. Overall activity is looking healthier and Russian exports for November are expected to be at the highest since the start of the pandemic. Moving forward a step back is not expected for this market but rather an upward correction in rates as we move into November dates.
In the Med/Baka market we have seen a fair balance of carpoes and available ships this week, allowing owners to be able to maintain the current rate levels. The general consensus is that the market is trading sideways but with a firming potential, and we expect this to continue going into next week.

Rates

Clean (Dual MR 38K)		
MEG/WEST (280 000)	WS 21.0	0.0 ➔
MEG/Japan (280 000)	WS 41.5	1.5 ➔
MEG/Singapore (280 000)	WS 42.5	1.5 ➔
WAF/FEAST (260 000)	WS 45.0	2.5 ➔
WAF/USAC (130 000)	WS 77.5	10.0 ➔
Sidi Kerir/W Med (135 000)	WS 82.5	10.0 ➔
N. Afr/Euromed (80 000)	WS 102.5	2.5 ➔
UK/Cont (80 000)	WS 107.5	0.0 ➔
Caribs/USG (70 000)	WS 150.0	17.5 ➔

1 Year S/C(USD/Day)		
VLCC (Modern)	$20000.0	$0 ➔
Suezmax (Modern)	$17000.0	$500 ➔
Aframax (Modern)	$13000.0	$3,000 ➔

VLCC		
VLCCs fixed in all areas last week	58	0 ➔
VLCCs available in MEG next 30 days	164	5 ➔

1 Year S/C Crude

Dry Bulk

Commentary

Capesizes slowly improving again after a big correction over the last week. C5 found support in the low 16s and is now getting closer to USD 17 pmt. C3 is trading on this number and is shaped at USD 39 whilst waiting for more prompt ships is in the low to mid 40s. The average TC is at 60,000 which is still a solid number, but certainly expected higher.

Sentiment

The Panamax market continued its positive trend from last week and we see better than last done being concluded in both hemispheres. The PX has gained about USD 5k w-o-w and now trading in the mid 30's region. In the Pacific, Nopac rounds are being concluded at above 40k basis North China delivery.

Outlook

Global congestion levels continue to drop slightly over the previous weeks but remains as a very high level. USG still trading firm with limited supply of tonnage. Supra from USG was covered around 65k for trip to WCCA with grains. Flaut with grains to Far East covered around 60k, tick higher levels for petcoke to India. Supar runs from ECSA to SE Asia fixed around 30k + 1.6 m bb. Scrap runs from Baltic to Med fixed around 40k. From Pacific basin, trip via Indo to South China covered at USD 45,000. Trip from Indonesia to MEG around 40k. From period side, Supra for 1 year was discussed around high 20s. Forward looking the last few years, November has either gone sideways or down compared to October. This year, we believe November will end at a similar spot market average as October.

Rates

Capesize (USD/Day, USD/Tonne)		
TCE Cont/Far East (160 DWT)	$85,600	-$12,350 ↓
Australia - China	$16.7	-$1.6 ↓
Pacific RV	$52,362	-$3,992 ↓

Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$35,550	$5,125 ↑
TCE Cont/Far East	$32,209	$3,918 ↑
TCE Far East/Cont	$24,433	$2,184 ↑
TCE Far East RV	$40,557	$2,718 ↑

Supramax (USD/Day)		
Atlantic RV	$46,500	$1,529 ↑
Pacific RV	$36,693	$650 ↑
TCE Cont/Far East	$33,546	$579 ↑

1 Year S/C(USD/Day)		
Newcastlemax (205 000 dwt)	$36,000	-$1,000 ↓
Capesize (180 000 dwt)	$31,000	-$1,000 ↓
Kamsarmax (82 000 dwt)	$32,100	$100 ↑
Panamax (75 000 dwt)	$29,600	$100 ↑
Ultramax (64 000 dwt)	$32,000	$0 ➔
Supramax (58 000 dwt)	$30,000	$0 ➔
Baltic Dry Index (BDI)	$4,751	

1 Year S/C Dry Bulk

Gas

Commentary

EAST
With the final round of acceptances being published at the start of the week November fixing has kicked off in due course. So far, the activity has mainly been focused around Indian PSUs who's already quoted a handful of cargoes for the early part of the month. Freight has steadily been increasing in the East and while the West, so far, has been more flattish. West premium has diminished leading a few more vessels towards the East. It remains to be seen how long this will last as rate ideas in the West now is starting to increase.

WEST
As we are over halfway through October, fixing window is mainly 3rd decade November in the US. Rileits are disappearing quickly and more than a handful owner controlled ships are fixed or on subs. The freight rates have been stable around mid/low USD 80s for some time, with last done fixtures in the mid/high USD 80s. The congestions in the Panama Canal are on the rise, but the current ares are supporting freight levels at time of writing.

LPG Rates		
Spot Market (USD/Month)		
VLGC (84 000 cbm)	$870,000	$80,000 ↑
LGC (60 000 cbm)	$750,000	$0 ➔
MGC (38 000 cbm)	$780,000	$0 ➔
HDY SR (20-22 000 cbm)	$650,000	$0 ➔
HDY ETH (17-22 000 cbm)	$760,000	$0 ➔
ETH (8-12 000 cbm)	$500,000	$0 ➔
SR (6 500 cbm)	$395,000	$10,000 ↑
CO4/PER Asia	$285,000	$0 ➔
CO4/PER Europe	$280,000	$10,000 ↑

LPG/TCE Prices (Propane (USD/Tonne)		
FOB North Sea/ARA\$	$773	$0 ➔
Saudi Arabia/CP	$800	$0 ➔
MT Belview (US Gulf)	$774	$35 ↑
Sonatrach/Bethioua	$808	$0 ➔

LPG/TCE Prices (Butane (USD/Tonne)		
FOB North Sea/ARA\$	$725	$0 ➔
Saudi Arabia/CP	$795	$0 ➔
MT Belview (US Gulf)	$767	$44 ↑
Sonatrach/Bethioua	$742	$0 ➔

LNG Rates		
Spot Market (USD/Day)		
East of Suez 155-165 000 cbm	$140,000	$5,000 ↑
West of Suez 155-165 000 cbm	$120,000	$0 ➔
1 Year T/C 155-160 000 cbm	$100,000	$7,000 ↑

Newbuilding

Activity Levels		
Tankers	Moderate	Moderate
Dry Bulkers	Moderate	Moderate
Others	Strong	Strong

Prices		
VLCC	$104.0	$0.0 ➔
Suezmax	$72.0	$0.0 ➔
Aframax	$58.0	$0.0 ➔
Product	$40.0	$0.0 ➔
Newcastlemax	$62.0	$0.0 ➔
Kamsarmax	$34.5	$0.0 ➔
Ultramax	$32.0	$0.0 ➔
LNGC (MEGI) (cbm)	$207.0	$0.0 ➔

Sale & Purchase

Prices		
Last 5 yrs		
Capesize	$47.5	$0.0 ➔
Kamsarmax	$33.5	$0.0 ➔
Ultramax	$30.5	$0.0 ➔
Old (10 yrs)		
Capesize	$34.0	$0.0 ➔
Kamsarmax	$25.0	$0.0 ➔
Ultramax	$24.5	$0.0 ➔
Med (5 yrs)		
VLCC	$74.0	$0.0 ➔
Suezmax	$47.5	$0.0 ➔
Aframax / LR2	$40.0	$0.0 ➔
MR	$28.0	$0.0 ➔
Med (10 yrs)		
VLCC	$51.5	$0.0 ➔
Suezmax	$33.0	$0.0 ➔
Aframax / LR2	$26.0	$0.0 ➔
MR	$18.0	$0.0 ➔

Market Brief

Currency Rates		
USD/JPY	114.27	0.96 ➔
USD/KRW	1178.65	-15.55 ↓
USD/NOK	8.35	-0.18 ↓
EUR/USD	1.16	0.01 ➔

Interest Rates		
LIBOR USD (6 months)	0.17%	0.01% ➔
NIBOR NOK (6 months)	1.87%	0.05% ➔

Commodity Prices		
Brent Spot	$85.00	$0.00 ➔

Bunker Prices		
Singapore 380 CST	$514.0	-$16.5 ↓
Singapore Gasoil	$719.5	-$1.0 ↓
Rotterdam 380 CST	$489.5	$2.0 ↑
Rotterdam Gasoil	$716.5	$2.5 ↑

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