Fearnleys Weekly Report

Week 43 - October 27, 2021

Printer version

Tankers

Commentary

VLCC

It has been a couple of weeks with steady increase in rates for the VLCCs. Driven initially by an active West market where charterers with long haul voyages to cover tapping up eastern ballasters, with ships open in the Atlantic hard to come by, East of Suez also busy but with a position list filled with vintage ships or ex dd, the rates are not going through the roof quite yet. However, with owners' sentiment strong, the rates are expected to increase as we move further into mid November layout as MEG. With the count now up to 50+ deals done, there is a lot of wood left to chop before we reach December, so upside potential in the days ahead.

Sources

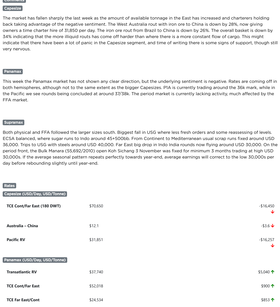
Regardless of the perceived backward steps in Wafr, the key indicator to observe is the gentle momentum in the VLCC market, meaning that owners who fixed 1\20 at a discount to last done are, perhaps, short-changing themselves. Furthermore, second decade Wafr should still have a solid chunk of enquiry to come, and that despite some softer fixing, this market should push on again. 1\20 has added circa 30 points in the last 3 weeks alone, suggesting it would be a brave punter who bets against this same scenario being replicated three weeks from now. Black Sea delays are up to 8 days north bound, and as we head into November this is likely to increase which will see risk-averse charterers demanding Canakkale cancelling 10-12 days prior to laycan. TD23 trades minimum WS 47.5-50 whilst MEG/East is WS 77.5-80 with a flat feel.

Market

The Aframax market in the Med/Black area finally ticked up a few points on the back of increased fuel enquiry coupled with a healthier Baltic crude export program. Going forward, we expect rates to firm further supported by surrounding markets offering an alternative for those owners willing to ballast out of the area. Owners with ships in the Med/Black finally have a market to get excited about as rates pick up at 25-30 points across the board over the course of the week. This is due to several reasons, but mainly because cargo activity has been healthy and at the same time delays are increasing in Turkish Straits. In the week the come we expect this firm trend to continue.

Rates

Dirty Tanker TCE [USD/Day]			
MEG/WEST (280 000)	WS 22.5	1.5	↑
MEG/Japan (280 000)	WS 47.5	6.0	↑
MEG/Singapore (280 000)	WS 46.0	3.5	↑
WAF/EAST (260 000)	WS 45.0	0.0	→
WAF/ASC (130 000)	WS 75.0	-2.5	↓
Sidi Kerir/W Med (135 000)	WS 82.5	0.0	→
N. Afr/Euromed (80 000)	WS 127.5	-25.0	↓
UK/Cont (80 000)	WS 117.5	10.0	↑
Cerbs/USG (70 000)	WS 147.5	-2.5	↓
Time S/C [USD/Day]			
VLCC (Modern)	$27000.0	$2,000	↑
Suezmax (Modern)	$19000.0	$1,500	↑
Aframax (Modern)	$20000.0	$0	→
S/LCC			
VLCCs fixed in all areas last week	60	7	↑
VLCCs available in MEG next 30 days	145	-19	↓



Dry Bulk

Commentary

Capesize

The market has fallen sharply the last week as the amount of available tonnage in the East has increased and charterers holding back from fixing ahead of the upcoming holidays in China. The Pacific market has fallen from $35k per day to $20k per day, owners a time charter hire of $1,850 per day. The iron ore rush from Brazil to China is down by 20%. The overall basket is down by 34% indicating that the more illiquid routes has come off harder than where there is more constant flow of cargo. This might indicate that there have been a lot of panic in the Capesize segment, and time of writing there is some signs of support, though still very nervous.

Prospects

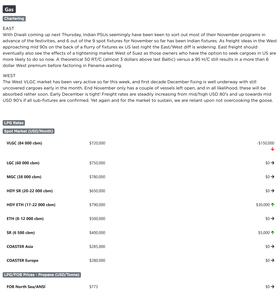
This week the Panamax market has not shown any clear direction, but the underlying sentiment is negative. Rates are coming off in both hemispheres, although not to the same extent as the bigger Capesizes. PMI is currently trading around the 36k mark, while in the Pacific we see rounds being concluded at around 37.5k. The period market is currently lacking activity, much affected by the FFA market.

Sources

Both physical and FFA followed the larger sizes south. Biggest fall in USG where less fresh orders and some reassessing of levels. ECSA balanced, where more supply to Inds around 45+50kts. From Continent to Mediterranean usual scrap runs fixed around USD 36,000. Trips to USG with steels around USD 40,000. For East big drop in Inds India rounds now flying around USD 30,000. On the period front, the Bulk Penang (55,650/2001) owner Koh Sichang 3 November was fixed for minimum 3 months trading at high USD 30,000s. If the average seasonal pattern repeats perfectly towards year-end, average earnings will correct to the low 30,000s per day before rebounding slightly until year-end.

Rates

Capesize [USD/Day, USD/Tonne]			
TCE Cont/Far East (180 DWT)	$70,630	-$16,450	↓
Australia - China	$12.1	-$3.6	↓
Pacific RV	$31,851	-$16,257	↓
Panamax [USD/Day, USD/Tonne]			
Transatlantic RV	$37,740	$1,040	↑
TCE Cont/Far East	$52,018	$900	↑
TCE Far East/Cont	$24,534	$855	↑
TCE Far East RV	$38,559	-$1,194	↓
Supramax [USD/Day]			
Atlantic RV	$44,460	-$2,509	↓
Pacific RV	$32,993	-$3,450	↓
TCE Cont/Far East	$52,663	-$970	↓
Time S/C [USD/Day]			
Newcastlemax (204 000 dwt)	$34,250	-$1,750	↓
Capesize (180 000 dwt)	$28,750	-$2,250	↓
Kamsarmax (82 000 dwt)	$30,000	-$2,100	↓
Panamax (75 000 dwt)	$27,500	-$2,100	↓
Ultramax (64 000 dwt)	$26,000	-$6,000	↓
Supramax (58 000 dwt)	$25,000	-$5,000	↓
Baltic Dry Index (BDI)	$3,808		



Gas

Commentary

EAST

With Diwali coming up next Thursday, Indian PSUs seemingly have been keen to sort out most of their November programs in advance of the festivities, and 6 out of the 9 spot fixtures for November so far has been Indian fixtures. As freight steam in the West approaching mid 90s on the back of a flurry of fixtures ex US last night the East/West diff is widening. East freight should eventually also see the effects of a lightening market. West of Suez as those owners who have the option to seek cargoes in US are more likely to do so now. A theoretical 50 MT/C Calsnet 3 dollars above last Baltic) versus a 95 H/C still results in a more than 6 dollar West premium before factoring in Panama waiting.

WEST

The West VLGC market has been very active so far this week, and first decade December fixing is well underway with still uncovered cargoes early in the month. End November only has a couple of vessels left open, and in all likelihood, these will be absorbed rather soon. Early December is tight! Freight rates are steadily increasing from mid/high USD 80's and up towards mid USD 90's if all sub-fixtures are confirmed. Yet again and for the market to sustain, we are reliant upon not overcooking the goose.

Rates

LPG Rates			
East Market [USD/Month]			
VLGC (84 000 cbm)	$720,000	-$150,000	↓
LGC (50 000 cbm)	$750,000	$0	→
MGC (30 000 cbm)	$780,000	$0	→
HDY SR (20-22 000 cbm)	$650,000	$0	→
HDY ETH (17-22 000 cbm)	$790,000	$30,000	↑
ETH (8-12 000 cbm)	$500,000	$0	→
SR (6 500 cbm)	$400,000	$1,000	↑
COASTER Asia	$285,000	$0	→
COASTER Europe	$280,000	$0	→
LPG/TCE Prices - Propane [USD/Tonne]			
FOB North Sea/ANSI	$773	$0	→
Saudi Arabia/CP	$800	$0	→
MT Belview (US Gulf)	$722	-$41	↓
Sonatrach/Berbinzoni	$808	$0	→
LPG/TCE Prices - Butane [USD/Tonne]			
FOB North Sea/ANSI	$725	$0	→
Saudi Arabia/CP	$795	$0	→
MT Belview (US Gulf)	$750	-$8	↓
Sonatrach/Berbinzoni	$742	$0	→
Gas Rates			
East Market [USD/Day]			
East of Suez 155-165 000 cbm	$190,000	$10,000	↑
West of Suez 155-165 000 cbm	$190,000	$10,000	↑
1 Year T/C 155-160 000 cbm	$100,000	$0	→

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	$56.0	$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

10 Y old			
Capesize	$49.5	$2.0	↑
Kamsarmax	$34.5	$1.0	↑
Ultramax	$31.0	$0.5	↑
Dry 15 yrs			
Capesize	$36.0	$2.0	↑
Kamsarmax	$25.0	$0.0	→
Ultramax	$25.0	$0.5	↑
Wet 10 yrs			
VLCC	$74.0	$0.0	→
Suezmax	$47.5	$0.0	→
Aframax / LR2	$40.0	$0.0	→
MR	$28.0	$0.0	→
Wet 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	114.26	-0.06	↓
USD/KRW	1147.60	-6.65	↓
USD/NOK	8.36	-0.00	↓
EUR/USD	1.16	-0.01	↓

Interest Rates

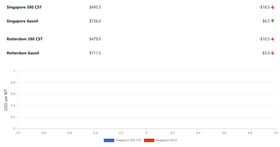
LIBOR USD (6 months)	0.18%	0.01%	↑
NIBOR NOK (6 months)	1.04%	0.00%	→

Commodity Prices

Brent Spot	$86.50	$1.00	↑

Bunker Prices

Singapore 380 CST	$495.5	-$18.5	↓
Singapore Gasoil	$726.0	$6.5	↑
Rotterdam 380 CST	$479.0	-$13.5	↓
Rotterdam Gasoil	$711.5	-$5.0	↓



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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