Fearnleys Weekly Report

Week 44 - November 03, 2021

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Tankers

Commentary

VLCC

Sentiment is somewhat undecided in the VLCC market, and rates have flattened in the mid WS 40's for MEG/East-bound voyages. A quieter Atlantic Basin has also limited alternative opportunities. Chinese charterers have been busy scheduling more oil ex the entire domestic fleet for voyages back to the homeland, in addition to fixing "third party" tonnage. However, most of which have been done on the quiet, and the owning community has been relatively slightly off guard with volumes slipping through their fingers. Although treading water, the downside appears limited short term.

Outlook

As we cautioned last week, there were likely to be regrets from owners who threw in the towel too early in West Africa and this proved to be correct. Despite a relatively quiet week in most load zones, Suezmax owners managed to reverse losses in West Africa with TD20 climbing back up WS 7.5. This unfortunately comes with an obvious caveat; rates might be tested marginally downwards unless we see a marked increase in global cargo volumes, and it needs to happen this side of the weekend. With Black Sea delays hovering around 8 days north bound, charterers are now fixing Td6 deep into the third decade with owners eyeing this as a demurrage trade rather than an opportunity to push rates up. MEG/East is likely to trade mid WS 70's on modern whilst Td23 has a long list of ships to choose from and may threaten mid WS 40's.

Atlantic

Aframax rates in the North Sea/Baltic increased slightly on the back of a tighter tonnage list as charterers covered their cargoes up to mid-month November. Going forward we expect the market sentiment to remain firm. In the Mediterranean/Black Sea, we have seen the market continue to firm and pick up a few more points since last week. Although charterers have held back somewhat on the cargo side this week, owners will see the delays in the Straits along with an active Suez market as positives. Activity under the radar is still very much alive, and we expect the market to be stable with a firm potential in the week to come.

Asia

Dirty (Spot WS 2021)		
MEG/WEST (280 000)	WS 22.5	0.0 →
MEG/Japan (280 000)	WS 45.0	-2.5 ↓
MEG/Singapore (280 000)	WS 46.0	0.0 →
WAF/EAST (260 000)	WS 45.0	0.0 →
WAF/USAC (130 000)	WS 75.0	0.0 →
Sidi Kerir/W Med (135 000)	WS 82.5	0.0 →
N. Afr/Euromed (80 000)	WS 132.5	5.0 ↑
UK/Cont (80 000)	WS 117.5	0.0 →
Cariba/USG (70 000)	WS 132.5	-15.0 ↓

1 Year T/C (USD/Day)		
VLCC (Modern)	$27000.0	$0 →
Suezmax (Modern)	$18500.0	$0 →
Aframax (Modern)	$13000.0	$0 →

VLCC		
VLCCs fixed in all areas last week	47	-13 ↓
VLCCs available in MEG next 30 days	141	-4 ↓

1 Year S/C (Clean)

Dry Bulk

Commentary

Capesize

Market not yet fully done adjusting from October's somewhat overheated sentiment for the big ships, although last 3 weeks have looked much like a landslide. With sentiment now and paper players leading the way, average daily earnings shredded by another USD 13k w-o-w to come in at USD 27k. Pain is particularly felt on the Brazil/China fronthaul run, where adjusted iron ore demand prospects and lack of spot activity have knocked the 100-days China Brazil-China round voyage value down by another 27 pct to USD 22k. Inter-Pacific spot demand is healthy and stable in comparison, but Pacific traders have nevertheless seen it coming off close to 30 pct over last 5 trading days to stand at USD 23k. Consolidation period ahead, but little or nothing presently being concluded as eroding spot and paper values translates into justified target levels constantly sliding.

Panamax

This week, the Panamax market has taken a major dive. All routes are down due to lack of demand, and a growing tonnage list in both hemispheres. PX is currently trading around 32k from last week's 54k. In the Pacific, rounds are being concluded at around USD 25k which is down from last week's 37.38k. All this is caused by lack of demand, but we do believe we will find a logical bottom very soon. The period market has taken a massive beating this week, also with the effect from the downward curve in FFA's.

Supramax

The Supramax fell sharply in line with all other segments. Freight rates lost ground during last couple of past weeks, and it keeps same path. This was reflected falling to USD 32.5M pat. Demand is disappearing, congestions easing off, coal shipments from Indo reducing dramatically. It's all added pressure on spot trading as well as period market vanished away. Not much more to add except that we perhaps see the overreaction on the market due to the latest FFA development rather the fundamental grounds. Rates in the Pacific trading around low/mid USD 20,000 pd, and low/mid USD 30,000 pd in the Atlantic. End last week FH rates from ECSA was reported on Ultra USD 28,000 pd plus USD 17 mill GBB. This week not much surfaced to report.

Rates

Panamax (Atlantic, USD/Day)		
TC2 Cont/far East (180 DWT)	$49,150	-$16,050 ↓
Australia - China	$10.6	-$1.8 ↓
Pacific RV	$23,500	-$8,941 ↓

Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$35,125	$700 ↑
TC3 Cont/Far East	$47,955	-$3,704 ↓
TC5 Far East/Cont	$23,133	-$763 ↓
TC5 Far East RV	$34,313	-$5,762 ↓

Supramax (USD/Day)		
Atlantic RV	$37,898	-$4,627 ↓
Pacific RV	$23,333	-$7,451 ↓
TC8 Cont/Far East	$49,083	-$2,834 ↓

1 Year T/C (USD/Day)		
Newcastlemax (208 000 dwt)	$36,000	-$6,250 ↓
Capesize (180 000 dwt)	$32,500	-$6,250 ↓
Kamsarmax (82 000 dwt)	$23,500	-$6,500 ↓
Panamax (75 000 dwt)	$22,000	-$5,500 ↓
Ultramax (64 000 dwt)	$22,000	-$4,000 ↓
Supramax (58 000 dwt)	$19,000	-$6,000 ↓

Baltic Dry Index (BDI)		
Baltic Dry Index (BDI)	$2,892	

1 Year S/C Dry Bulk

Gas

Commentary

EAST

The bullish sentiment on freight has continued in the East this week, and another 3-4 deals were fixed on subs from the Middle East and Australia. Last done range from USD 56.5B Baltic eqs. and the East is currently trading close to parity compared to the West (if excluding waiting time for Panama transit). There are still reports of some uncovered cargos during November, and as open ships with firm itineraries are now few, we do not expect rates to come off anytime soon. The QR acceptances for December were published beginning of this week, but we have yet to see any companies starting to look at December laycans for now.

WEST

This week the West has calmed down a bit after some very busy days last week. First decade December looks to be fully covered as most now focusing on 2nd decade onwards. We only see a couple of rates this period while the majority of the available vessels in over-hang position. The freight rates are stabilizing at USD mid/high 90s after the jump last week. At the same time the congestions in the Panama Canal are still increasing, estimated waiting time is 14 days Northbound in the Neo Canal.

Spot Rates

Spot Rates (USD/Month)		
VLGC (84 000 cbm)	$1,020,000	$300,000 ↑
LGC (60 000 cbm)	$800,000	$50,000 ↑
MGC (38 000 cbm)	$795,000	$15,000 ↑
HDX SR (20-22 000 cbm)	$650,000	$0 →
HDX ETH (17-22 000 cbm)	$790,000	$0 →
ETH (8-12 000 cbm)	$500,000	$0 →
SR (6 500 cbm)	$400,000	$0 →
COASTER Asia	$290,000	$5,000 ↑
COASTER Europe	$260,000	$0 →

LPG/CO2 Prices (Freeport) (USD/Tonne)		
FOB North Sea/ANSI	$793	$20 ↑
Saudi Arabia/CP	$870	$70 ↑
MT Belview (US Gulf)	$727	$21 ↑
Sonatrach/Bethioua	$620	$12 ↑

LPG/CO2 Prices (Freeport) (USD/Tonne)		
FOB North Sea/ANSI	$803	$79 ↑
Saudi Arabia/CP	$830	$35 ↑
MT Belview (US Gulf)	$757	$1 ↑
Sonatrach/Bethioua	$625	$81 ↑

Time Rates

Time Rates (USD/Day)		
East of Suez 155-165 000 cbm	$200,000	$10,000 ↑
West of Suez 155-165 000 cbm	$190,000	$0 →
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		
VLCC	$106.0	$2.0 ↑
Suezmax	$74.0	$2.0 ↑
Aframax	$60.0	$2.0 ↑
Product	$41.0	$1.0 ↑
Newcastlemax	$63.0	$1.0 ↑
Kamsarmax	$35.0	$0.5 ↑
Ultramax	$33.0	$1.0 ↑
LNGC (MEGI) (cbm)	$206.0	$1.0 ↑

Sale & Purchase

Prices

Wed 27 yrs		
Capesize	$49.5	$0.0 →
Kamsarmax	$34.5	$0.0 →
Ultramax	$31.0	$0.0 →

Old (10 yrs)		
Capesize	$36.0	$0.0 →
Kamsarmax	$25.0	$0.0 →
Ultramax	$25.0	$0.0 →

Wed (5 yrs)		
VLCC	$74.0	$0.0 →
Suezmax	$47.5	$0.0 →
Aframax / LR2	$40.0	$0.0 →
MR	$28.0	$0.0 →

Wed (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	111.80	-0.08 ↑
USD/KRW	1174.50	-1.90 ↑
USD/NOK	8.51	-0.10 ↑
EUR/USD	1.16	0.00 ↓

Interest Rates

LIBOR USD (6 months)	0.22%	0.03% ↑
NIBOR NOK (6 months)	1.16%	0.07% ↑

Commodity Prices

Brent Spot	$84.30	$0.00 →

Bunkers Prices

Singapore 380 CST	$476.5	-$19.0 ↓
Singapore Gasoil	$706.0	-$20.0 ↓
Rotterdam 380 CST	$457.0	-$22.0 ↓
Rotterdam Gasoil	$706.5	-$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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