Fearnleys Weekly Report

Week 45 - November 10, 2021

Printer version

Tankers

Commentary

VLCC

The sentiment has been waning in the VLCC segment in the week gone by. Rates have come under pressure as activity has gone quiet or under the radar, and MEG/Eastbound rates have been pushed below WS 45 for the best of them, with Batangas its haul for tonnage not ticking all boxes. The Atlantic has fared a tad better, trading slightly north of the WS 45 mark for the benchmark Walt/China route. The USG export sector has been off to a slow start for December with only a handful reported fixtures for the region. With worldwide crude demand almost back to pre-Covid levels longer term optimism remains strong, but short term prospects are on the wobbly side, although the downside appears limited.

Outlook

As we cautioned last week, all load zones needed to see sustained enquiry, otherwise rates were in danger of softening. Unfortunately, the cavalry failed to arrive in time and 1Q23 crashed down to WS 37.5, suggesting MEG/East might now threaten the low WS 70's mark. The East is the real bane of the market, as insufficient MEG enquiry has allowed tonnage to build and now many of these early ships, having missed their natural dates locally, have commenced ballasting to Wafr on spec. This could see TD20 trade down to low WS 70's and in turn drag Walt/East into high WS 70's territory. It's not all doom and gloom. Delays in the Turkish straights are climbing towards ten days north bound and Aframaxes may yet spring a few winter surprises, potentially dragging Suezmaxes into play.

Activity

Finally, rates picked up in the North Sea and Baltic Aframax market with TCE returns at about USD 25k per day. The market is still looking interesting from an owner's perspective on the back of a tighter position list coupled with a decent cargo activity in both the North Sea and Baltic. Going forward we call it steady/firm depending on load area and dates. In the Mediterranean/Black Sea we have seen rate levels drop 5-10 points so far this week. This is mainly due to less activity on the cargo side resulting in a healthier tonnage list. We expect the market to trade sideways the next couple of days, with a potential firming once we embark on December fixing dates.

Rates

Dirty Clean (w/o DYOT)

MEG/WEST (280 000)	WS 27.5	-1.0 ↓
MEG/Japan (280 000)	WS 44.0	-1.0 ↓
MEG/Singapore (280 000)	WS 45.0	-1.0 ↓
WAF/FEAST (260 000)	WS 45.0	0.0 →
WAF/USAC (130 000)	WS 72.5	-2.5 ↓
SUE Kern/W Med (135 000)	WS 80.0	-2.5 ↓
N. Afr/Euromed (80 000)	WS 125.0	-7.5 ↓
UK/Cont (80 000)	WS 110.0	-7.5 ↓
Cariba/USG (70 000)	WS 127.5	-5.0 ↓

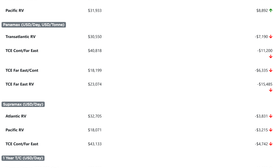
1 Year T/C (USD/Day)

VLCC (Modern)	$27000.0	$0 →
Suezmax (Modern)	$19000.0	$100 ↑
Aframax (Modern)	$13000.0	$0 →

VLCC

VLCCs fixed in all areas last week	53	1 ↑
VLCCs available in MEG next 30 days	149	1 ↑

1 Year T/C Chart



Dry Bulk

Commentary

Capesize

The Capesizes finally found a floor and the West Australia route was concluded excess mid 12 levels, expected to improve further later this week. C3 is still not being very active, with Vale running the show more or less alone, but now signs of stronger fixtures done excess index levels. Period activity remains slow, illustrating the firm sentiment and great expectations for next year.

Outlook

Monday it seems that we have hit the bottom of this time's downturn. Atlantic is trading slightly up, especially in the North Atlantic with higher than last done on rounds. PNA is currently priced at high 30s. In the eastern hemisphere we have seen more activity for Nopac rounds and India coal cargoes. Pacific rounds being concluded in the 22/24k region. The period market has been very shaky the last week where FFA values have been plummeting and takers withdrawing until beginning this week. A Kamsarmax was concluded at 22k for 12/14 mos with Far East delivery.

Activity

The increasing concerns over the recent market development continues to dominate owners' minds. The fact of slower demand of coal and iron ore cargoes from China, and the Chinese government's continued intervention in the market, will be a major factor driving the market in the next 3 months. The period market took a complete break as we saw the decrease from the highest rates past on. Tess 58 of USD 30,000 pd for 1 year charter to the USD 19,000 pd that rumoured was fixed this week. The most suffered market appears to be in the East where we saw drop from solid USD 35,000 pd in most of the trading routes to below USD 20,000 pd on Supra as recently reported. BSI dropped over 20% last week, which is still understanding the actual market drop as per done fixtures. The Atlantic market compared to Asian markets fell as well but not as hard. USG and ECSA are still paying above USD 30,000 pd for TA destination and front hauls are around low/mid USD 40,000 pd.

Rates

Capesize (USD/Day, USD/Tonne)		
TCE Cont/Far East (180 DWT)	$50,540	$2,040 ↑
Australia - China	$12.5	$2.0 ↑
Pacific RV	$31,933	$8,892 ↑
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$30,550	-$7,190 ↓
TCE Cont/Far East	$40,818	-$11,200 ↓
TCE Far East/Cont	$18,199	-$6,335 ↓
TCE Far East RV	$23,074	-$15,485 ↓
Supramax (USD/Day)		
Atlantic RV	$32,705	-$3,831 ↓
Pacific RV	$18,071	-$3,215 ↓
TCE Cont/Far East	$43,133	-$4,742 ↓
1 Year T/C (USD/Day)		
Newcastlemax (208 000 dwt)	$29,000	$1,000 ↑
Capesize (180 000 dwt)	$23,000	$100 ↑
Kamsarmax (82 000 dwt)	$22,000	-$1,500 ↓
Panamax (75 000 dwt)	$20,500	-$1,500 ↓
Ultramax (64 000 dwt)	$23,000	$1,000 ↑
Supramax (58 000 dwt)	$19,000	$0 →
Baltic Dry Index (BDI)	$2,861	

1 Year T/C Dry Bulk

Gas

Commentary

EAST

One trader fixed a ship early December MEG in the high 50s, but apart from this deal we are still waiting for more charterers to move for December laycans. This is partly due to some of the acceptance dates for next month not being out yet, and with Adnoc dates around the corner we expect to see more activity soon. With continuous delays in some of the major ports in China, shipping availability remains tight in the Middle East from early December, and most of the owners are aiming for 60s Baltic for next deals.

WEST

One of the big talking points in the VLGC market nowadays is the 'substantial' delays for non-booked transits via the neo-Panama Canal. Current projected waiting time is 18 days either way. These delays coupled with congested or slow turnaround time in Far Eastern discharge ports means that the vessel availability in the USG and USEC is uncertain for vessels that have not prebooked their transit. And this uncertainty is adding to the bullish sentiment. At the time of writing, there are vessels on subs during mid/late/end-half December at USD 105-110 pmt range, however, the last concluded fixture was done during 20-25 Dec at low USD 100s. The tight vessel supply is expected to persist throughout December and as long as steaming in ballast via Cape of Good Hope is not really an economically viable option, it seems the upside is bigger than the downside when looking at the shipping market. Parallel to the product market we are yet again facing a situation where something has to give and it seems it won't be freight, simply due to the low availability.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,100,000	$80,000 ↑
LGC (38 000 cbm)	$825,000	$25,000 ↑
MGC (18 000 cbm)	$845,000	$10,000 ↑
HDY SR (22-22 000 cbm)	$650,000	$0 →
HDY ETH (17-22 000 cbm)	$790,000	$0 →
ETH (8-12 000 cbm)	$500,000	$0 →
SR (4-500 cbm)	$400,000	$0 →
COASTER Asia	$290,000	$0 →
COASTER Europe	$285,000	$5,000 ↑

LPG/VCM Prices (Houston (USD/Tonne)

FOB North Sea/ARA	$710	$0 →
Saudi Arabia/CP	$870	$0 →
MT Belview (US Gulf)	$736	$15 ↑
Sonatrach/Bethioua	$620	$0 →

LPG/VCM Prices (Balance (USD/Tonne)

FOB North Sea/ARA	$801	$0 →
Saudi Arabia/CP	$830	$0 →
MT Belview (US Gulf)	$743	$2 ↑
Sonatrach/Bethioua	$825	$0 →

Gas Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$200,000	$0 →
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	Increasing	Moderate
Dry Bulkers	Increasing	Moderate
Others	Strong	Strong

Prices

VLCC	$107.0	$0.0 ↑
Suezmax	$75.0	$0.0 ↑
Aframax	$60.5	$0.5 ↑
Product	$41.5	$0.5 ↑
Newcastlemax	$63.5	$0.5 ↑
Kamsarmax	$35.0	$0.0 ↑
Ultramax	$33.0	$0.0 ↑
LNGC (MEGI) (cbm)	$206.0	$0.0 ↑

Sale & Purchase

Prompt

Dry 5 yrs		
Capesize	$49.5	$0.0 ↑
Kamsarmax	$34.5	$0.0 ↑
Ultramax	$31.0	$0.0 ↑
Dry 10 yrs		
Capesize	$36.0	$0.0 ↑
Kamsarmax	$25.0	$0.0 ↑
Ultramax	$25.0	$0.0 ↑
Tank 5 yrs		
VLCC	$74.0	$0.0 ↑
Suezmax	$47.5	$0.0 ↑
Aframax / LR2	$40.0	$0.0 ↑
MR	$28.0	$0.0 ↑
Tank 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

Exchange Rates		
USD/JPY	112.94	-1.14 ↓
USD/KRW	1177.15	-4.40 ↓
USD/NOK	8.52	-0.01 ↓
EUR/USD	1.16	0.00 →
Interest Rates		
LIBOR USD (6 months)	0.22%	0.00% ↑
NIBOR NOK (6 months)	1.13%	0.02% ↑
Commodity Prices		
Brent Spot	$81.00	$2.50 ↑
Bunker Prices		
Singapore 380 CST	$473.0	-$3.5 ↓
Singapore Gasoil	$715.5	$9.5 ↑
Rotterdam 380 CST	$449.0	-$8.0 ↓
Rotterdam Gasoil	$695.5	-$11.0 ↓

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