Fearnleys Weekly Report

Week 47 - November 24, 2021

Printer version

Tankers

Comments

VLCC

The VLCC market continues at a sluggish pace, with rates yet again under pressure. First decade of December MEG stems seems all but a wrap, leaving behind a number of ships seeking employment. The Atlantic has yielded little to help out, with only a few US export cargoes to show for it and Wafr cargoes all but absent. Daily earnings are yet again below OPEX even for the best of them. The US have said it intends release millions of barrels of oil from strategic reserves in coordination with China, India, South Korea, Japan, and Britain, to try to cool crude prices after OPEC+ repeatedly ignored calls for more crude, which doesn't bode well of an increase in ocean going freight short term. However, longer term same reserves have to be replenished, showing a glimmer of light at the end of the tunnel.

Suezmax

The outlook for the Suezmax market remains unchanged with all load zones trading flat/soft. With VLCCs fighting to hold onto every point, the chances of a mid-winter Suezmax revival appear dim. Western charterers have become spoiled when it comes to the sheer choice of vessel for their long-haul cargoes. A quiet Eastern market has supplied them with a well-stocked menu of ballasters that have kept rates pinned to the floor. A bizarre anomaly of this market is that owners are willing to lock their fleets in at terrible rates on long haul despite consecutive short haul Western cargoes paying slightly more. Bot/East trades WS 70 for now, but if enquiry levels persist as they are, expect further softening. Next stop for TD23 is WS 30 and TD20 will struggle to stay out of mid WS 50s territory.

Aframax

The Aframax market in the Nsea/Baltic took another hit this week as activity calmed down. There will be some maintenance work at the Primorsk load terminal before the winter season starts. This will reduce the export volume for the first decade of December. The market is looking utterly deflating, but there are some positive indicators that we are on the cusp of better times going forward. But the current trend is soft. In the Med/Bsea we have seen a solid downward correction this week with rates on benchmark routes dropping 20 points or so. Seeing that the list of prompt open ships is so long now, ships are simply being taken out of the market to cover the few cargoes being worked. We need to see a lot of the ships in the area being fixed until we can see the market firming again.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 21.0	-0.5 ↓
MEG/Japan (280 000)	WS 42.5	0.0 →
MEG/Singapore (280 000)	WS 43.0	0.0 →
WAF/FEAST (260 000)	WS 44.0	-0.5 ↓
WAF/USAC (130 000)	WS 55.0	-10.0 ↓
Sidi Kerir/W Med (135 000)	WS 70.0	-10.0 ↓
N. Afr/Euromed (80 000)	WS 97.5	-22.5 ↓
UK/Cont (80 000)	WS 102.5	-7.5 ↓
Caribs/USG (70 000)	WS 115.0	-7.5 ↓

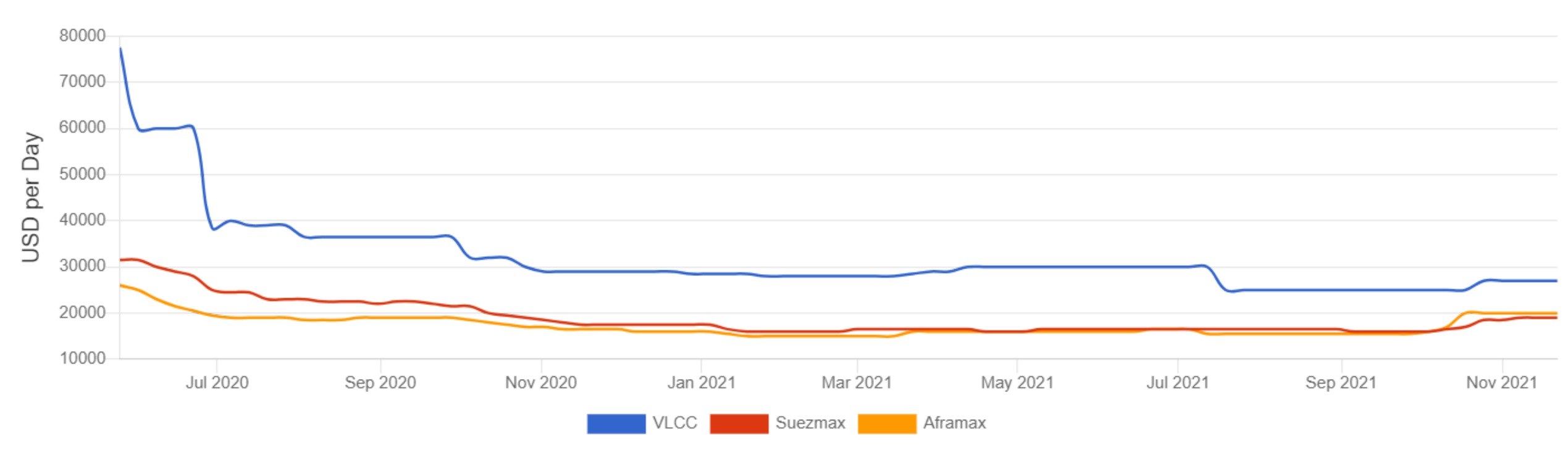
1 Year T/C (USD/Day)

VLCC (Modern)	$27000.0	$0 →
Suezmax (Modern)	$19000.0	$0 →
Aframax (Modern)	$19000.0	-$1,000 ↓

VLCC

VLCCs fixed in all areas last week	52	6 ↑
VLCCs available in MEG next 30 days	157	3 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Bumpy ride to recovery for the big ships as spot remains nervous and daily fluctuation considerable. Generally healthy Far East volumes push overall average earnings up almost 25 pct w-o-w, to come in at close to USD 32k/day. Iron ore price developments support a positive view, despite major ship-day-consuming fronthaul Brazil/China trade volumes continue to disappoint. This could dramatically change due to low number of ballasters - again a consequence of spread in value between Pacific- vs China-Brazil-China round more than doubling during last 5 trading days to stand at USD 7k. Atlantic remains quite tight on tonnage, and could react very strongly to even minor demand variations. Coal news also fuelling speculations of an end-year rally to still happen. Period activity fair, representative fixtures including 179,000 dwt/built 2014 done for 11-13 months at USD 22,750, 174,000 dwt/built 2007 for 20-23 months at USD 19,700 and 181,000 dwt/built 2012 for 9-12 months at 105 pct of BCI ave5tc.

Panamax

We have experienced a sliding market the last couple of weeks, but this week we see a bit more optimism from owners' point of view. Rates are slowly picking up and P1A is currently yielding 25k. In the eastern hemisphere we also see rates picking up, however at a slower pace. NoPac rounds are being fixed in region of 18k. Some period fixtures have also been reported after the FFA's stabilized and gained some value.

Supramax

Almost all routes in positive territory. Slight correction in Cont and Med rates. Trip from Skaw to USG paid low USD 30,000. Ultra from USG to Med fixed around USD 40,000, and USD 35,000 was paid for Supra to Cont from same position. Supra from ECSA to West Africa done at USD 45,000. Positive gains also in the East, where Pacific round voyage getting closer to USD 20,000. Indo-India rounds in the region of USD 18,000. Trip from Japan to MEG paid around 12k. All in all, looking bullish. None of the vessels heading to the South Atlantic have surged to all-time highs the last weeks, and the number of vessels heading to the major loading countries in Asia are close to all-time highs. Given the above, the question is rather how high the market rises the next weeks rather than if it will rise.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$52,350	$5,965 ↑
Australia – China	$12.2	$1.2 ↑
Pacific RV	$32,107	$6,524 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$25,075	-$4,990 ↓
TCE Cont/Far East	$31,709	-$9,268 ↓
TCE Far East/Cont	$14,222	-$3,953 ↓
TCE Far East RV	$17,915	-$4,689 ↓

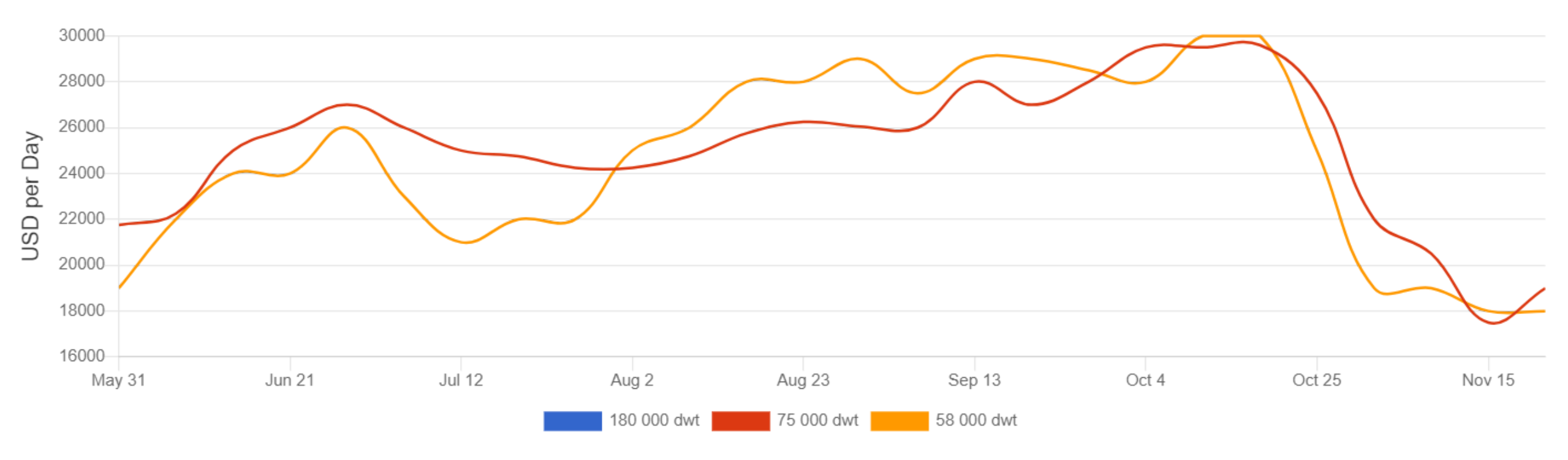
Supramax (USD/Day)

Atlantic RV	$33,879	$211 ↑
Pacific RV	$18,400	$350 ↑
TCE Cont/Far East	$37,621	-$2,029 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$27,000	$750 ↑
Capesize (180 000 dwt)	$22,000	$1,250 ↑
Kamsarmax (82 000 dwt)	$20,500	$1,500 ↑
Panamax (75 000 dwt)	$19,000	$1,500 ↑
Ultramax (64 000 dwt)	$21,000	$0 →
Supramax (58 000 dwt)	$19,000	$1,000 ↑
Baltic Dry Index (BDI)	$2,654	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
Since our last weekly update, we have seen several spot deals concluded in the Middle East throughout December. It is evident that freight ideas have increased on the back of this activity, and last done deals range from mid-high 60s Baltic (depending on the business). With increased uncertainty on exact waiting to transit through the Panama Canal, we have started to see more owners sending ships back West via Cape or Suez. With new rules for Panama transits coming into effect shortly we expect this trend to continue, and this ultimately means that more ships will be positioned for Eastern business potentially creating more competition.

WEST
Fixing focus is slowly but surely shifting to first decade January as the number of December cargoes in need for shipping diminishes. Owners' freight target has been relatively persistent at, or around, the USD 120 per ton mark, however, a handful of relets seems content with somewhat lower rates than that. We expect activity to resume relatively soon and that the market tightness will persist well into first quarter next year. Although the product market is indeed a large decision maker for the market direction and activity level, the inefficiencies in discharge ports and Panama will contribute to an exciting start to the next year.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,370,000	$120,000 ↑
LGC (60 000 cbm)	$1,000,000	$175,000 ↑
MGC (38 000 cbm)	$900,000	$20,000 ↑
HDY SR (20-22 000 cbm)	$650,000	$0 →
HDY 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	$0 →
COASTER Europe	$275,000	-$5,000 ↓

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$793	$0 →
Saudi Arabia/CP	$870	$0 →
MT Belvieu (US Gulf)	$599	-$22 ↓
Sonatrach/Bethioua	$820	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$803	$0 →
Saudi Arabia/CP	$830	$0 →
MT Belvieu (US Gulf)	$623	-$20 ↓
Sonatrach/Bethioua	$825	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$260,000	$20,000 ↑
West of Suez 155-165 000 cbm	$200,000	$0 →
1 Year T/C 155-160 000 cbm	$102,000	$0 →

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$108.0	$1.0 ↑
Suezmax	$75.0	$0.0 →
Aframax	$60.5	$0.0 →
Product	$41.5	$0.0 →
Newcastlemax	$64.0	$0.5 ↑
Kamsarmax	$36.0	$1.0 ↑
Ultramax	$34.0	$1.0 ↑
LNGC (MEGI) (cbm)	$206.0	$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$49.5	$0.0 →
Kamsarmax	$34.5	$0.0 →
Ultramax	$31.0	$0.0 →

Dry (10 yr)

Capesize	$36.0	$0.0 →
Kamsarmax	$25.0	$0.0 →
Ultramax	$25.0	$0.0 →

Wet (5 yr)

VLCC	$74.0	$0.0 →
Suezmax	$47.5	$0.0 →
Aframax / LR2	$42.0	$2.0 ↑
MR	$29.0	$1.0 ↑

Wet (10 yr)

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	115.00	0.45 ↑
USD/KRW	1189.75	7.25 ↑
USD/NOK	8.92	0.18 ↑
EUR/USD	1.13	0.00 ↓

Interest Rates

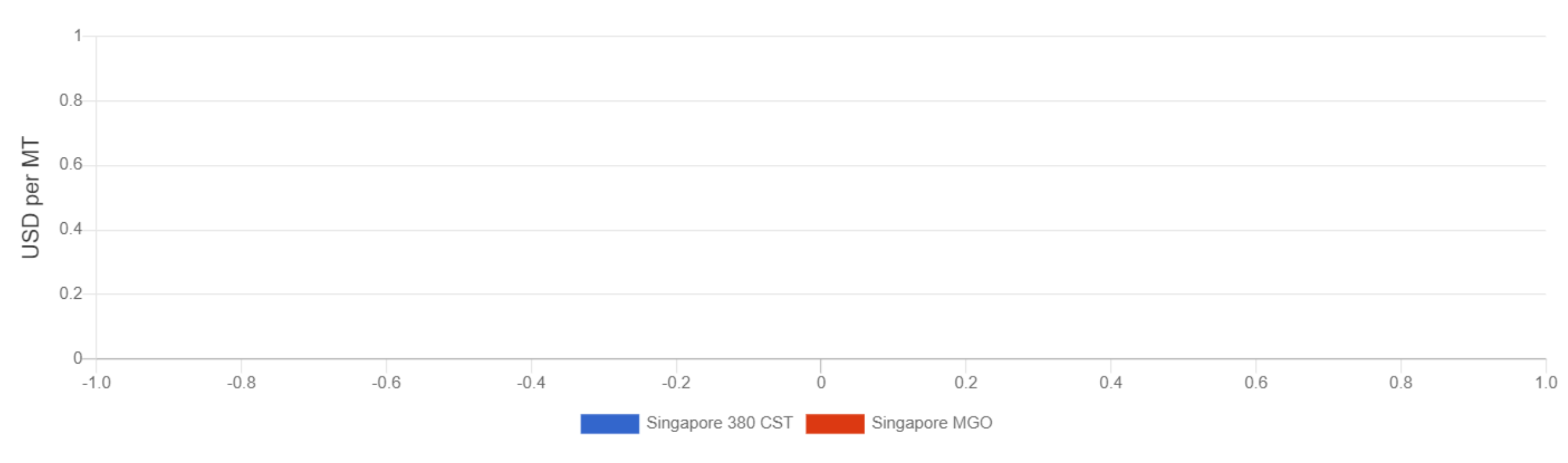
LIBOR USD (6 months)	0.25%	0.03% ↑
NIBOR NOK (6 months)	1.09%	-0.01% ↓

Commodity Prices

Brent Spot	$82.50	$2.00 ↑

Bunkers Prices

Singapore 380 CST	$453.5	-$15.5 ↓
Singapore Gasoil	$675.0	-$23.0 ↓
Rotterdam 380 CST	$427.5	-$12.5 ↓
Rotterdam Gasoil	$644.0	-$38.0 ↓



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