Fearnleys Weekly Report

Week 48 - December 01, 2021

Printer version

Tankers

Comments

VLCC

The VLCC segment has been in a slow decline in the week gone by, as players are digesting the effects of the latest Covid variant. Falling bunker prices have eased the drop in TCE's, but fundamentals remain bearish with more than ample supply to cover demand. Several deciding factors are in play, amongst them OPEC+ upcoming decision for January production quotas and ongoing talks for revival of the Iran nuclear deal. In the meantime, charterers and traders are sitting on their hands and keeping activity to a minimum.

Suezmax

The Suezmax market continues to underwhelm, and just when it looked like we were coming out the other side of Covid-19, it gets saddled with a new mutation, Omicron. Protective control measures that have been implemented by certain countries are possibly kneejerk and we may see a return looser controls over the coming weeks (here's hoping). Supply/demand issues our still massively out of kilter in the Suezmax market with tonnage lists swelling on all load zones. The East list continues to supply the Mediterranean and West Africa with ships on demand, and until we see VLCC/Suezmax cross over in the East, this scenario is likely to persist. TD20 trades mid/high WS 50's flat whilst MEG/China is WS 65 on modern tonnage. TD23 last openly traded at WS 35, but the list suggest this could come under marginal downward pressure again.

Aframax

The Nsea/Baltic market inevitably hit a new bottom this week as charterers had a plethora of vessels to choose from. On the other side, owners are trying to secure positive returns and take a good position for the next fixing window. We expect rates to move sideways for the week to come and patience is the key before an upward correction. Also in the Med/Bsea market the tonnage list remains long due to lack of activity on the cargo side, with benchmark rates having come off another 5-10 points since last week. Although delays in the straits continue, and a number of stems are expected to come out of Bsea end December, we do not expect an upward pressure on rates until the tonnage list tightens.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 21.0	0.0 →
MEG/Japan (280 000)	WS 40.0	-2.5 ↓
MEG/Singapore (280 000)	WS 41.0	-2.0 ↓
WAF/FEAST (260 000)	WS 41.0	-3.0 ↓
WAF/USAC (130 000)	WS 55.0	0.0 →
Sidi Kerir/W Med (135 000)	WS 60.0	-10.0 ↓
N. Afr/Euromed (80 000)	WS 90.0	-7.5 ↓
UK/Cont (80 000)	WS 95.0	-7.5 ↓
Caribs/USG (70 000)	WS 115.0	0.0 →

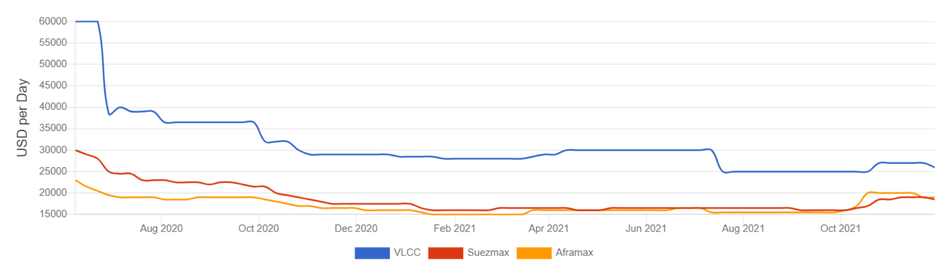
1 Year T/C (USD/Day)

VLCC (Modern)	$26000.0	-$1,000 ↓
Suezmax (Modern)	$18500.0	-$500 ↓
Aframax (Modern)	$19000.0	$0 →

VLCC

VLCCs fixed in all areas last week	56	4 ↑
VLCCs available in MEG next 30 days	158	1 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Volatile market, currently coming slightly off in the Pacific with c5 again approaching USD 13 pmt level, whilst the Atlantic fleet balance remains tight, obviously illustrated by improving rates here. Interesting to see the c3 route priced very close to 30 whilst there apparently are fixtures concluded closer to USD 25 level.

Panamax

The Panamax market has gained values the last week, especially in the Atlantic. TA's are now paying mid 30's level which is about 10k up from last week. In the Pacific we also see rates firming, however not at the same pace. Pacific rounds are currently yielding 20k, up from about 18k last week. The period market has not been as active as recent weeks.

Supramax

There is strong activity from all the major loading regions, with a notable uptick in vessels heading to the North Atlantic, South Atlantic, Black Sea/Mediterranean, and the largest loading countries in Asia. Stronger rates discussed from the USG, where trip to Far East was done around USD 47,000. Ultramax from ECSA to China was covered at USD 32,000 + 1.4 mill bb. From the period front, Supra open USG was fixed at USD 30,000 redel the Atlantic. More reporting from the East; Indo/China rounds on Supra concluded around USD 27,000. Nopac rounds done at USD 25,000. The seasonal average market development points to a continued upturn the next weeks.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$59,050	$6,950 ↑
Australia – China	$13.2	$1.2 ↑
Pacific RV	$36,750	$5,743 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$33,250	$9,025 ↑
TCE Cont/Far East	$37,509	$6,204 ↑
TCE Far East/Cont	$14,741	$577 ↑
TCE Far East RV	$19,475	$1,593 ↑

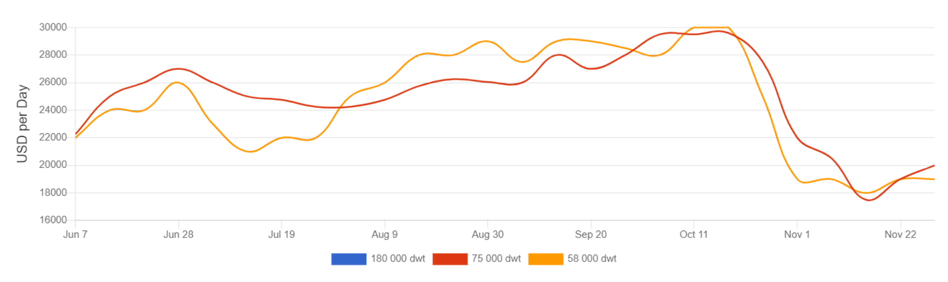
Supramax (USD/Day)

Atlantic RV	$35,187	$1,177 ↑
Pacific RV	$19,886	$1,107 ↑
TCE Cont/Far East	$37,513	$21 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$27,000	$0 →
Capesize (180 000 dwt)	$22,000	$0 →
Kamsarmax (82 000 dwt)	$21,500	$1,000 ↑
Panamax (75 000 dwt)	$20,000	$1,000 ↑
Ultramax (64 000 dwt)	$23,500	$2,500 ↑
Supramax (58 000 dwt)	$21,000	$2,000 ↑
Baltic Dry Index (BDI)	$3,047	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
After an active last week in the East, the pace of fixing has naturally slowed down. Reports from India suggests a couple of PSU cargoes remaining on December laycans and one is already being worked at the time of writing. While there still remain a few potential December vessels in the East, those not finding suitable cargoes there, are likely to continue sailing towards US or other load regions. As such, not any noteworthy overhang is expected into January.

WEST
The West freight market has taken a downturn since last time of writing. From last week's high of USD 118 Houston/Chiba via Panama and low/mid USD 60 Houston/Flushing, the latest deal done is now some three to four dollars below on both routes.

Just three weeks ago, the fixing window was focused on laycans up to 40-50 days ahead whereas the current fixing window has been reduced to about 30-40 days ahead. At the time of writing, there are seemingly more relets than owner-controlled vessels open during end December and first decade January combined, however, the fact is that the balance of open vessels hasn't changed much and we are likely to see a range of fixing activity once the product market finds its feet.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,420,000	$50,000 ↑
LGC (60 000 cbm)	$1,000,000	$0 →
MGC (38 000 cbm)	$875,000	-$25,000 ↓
HDY SR (20-22 000 cbm)	$650,000	$0 →
HDY ETH (17-22 000 cbm)	$790,000	$0 →
ETH (8-12 000 cbm)	$520,000	$20,000 ↑
SR (6 500 cbm)	$410,000	$10,000 ↑
COASTER Asia	$285,000	-$5,000 ↓
COASTER Europe	$280,000	$5,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$793	$0 →
Saudi Arabia/CP	$870	$0 →
MT Belvieu (US Gulf)	$530	-$97 ↓
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)	$609	-$40 ↓
Sonatrach/Bethioua	$825	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$260,000	$0 →
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	$109.0	$1.0 ↑
Suezmax	$76.0	$1.0 ↑
Aframax	$61.0	$0.5 ↑
Product	$41.5	$0.0 →
Newcastlemax	$64.0	$0.0 →
Kamsarmax	$36.0	$0.0 →
Ultramax	$34.0	$0.0 →
LNGC (MEGI) (cbm)	$207.0	$1.0 ↑

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	$0.0 →
MR	$29.0	$0.0 →

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	113.55	-1.90 ↓
USD/KRW	1187.90	1.45 ↑
USD/NOK	9.11	0.14 ↑
EUR/USD	1.13	0.01 ↑

Interest Rates

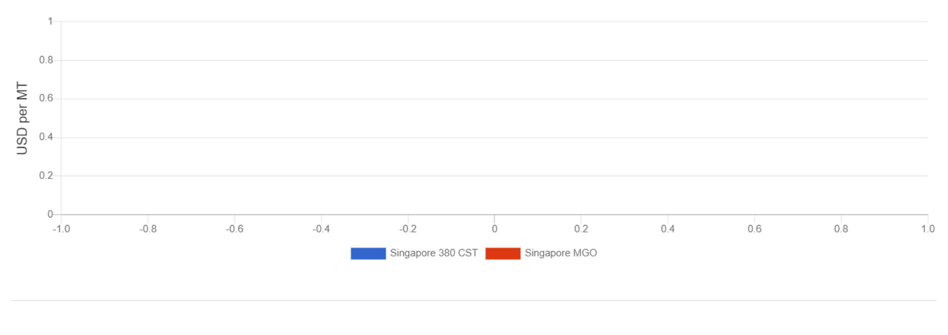
LIBOR USD (6 months)	0.24%	-0.01% ↓
NIBOR NOK (6 months)	1.02%	-0.07% ↓

Commodity Prices

Brent Spot	$70.50	-$2.00 ↓

Bunkers Prices

Singapore 380 CST	$424.0	-$29.5 ↓
Singapore Gasoil	$631.5	-$43.5 ↓
Rotterdam 380 CST	$396.5	-$31.0 ↓
Rotterdam Gasoil	$583.0	-$61.0 ↓



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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