Fearnleys Weekly Report

Week 49 - December 08, 2021

Printer version

Tankers

Overview

VLCC

As we drag ourselves to the end of 2021, Q4 has been a major anti-climax. The much vaunted rate uptick is delayed until well into the New Year, and owners face a winter of discontent, with bad rates and cancelled parties. The MEG has continually fixed below last done and sits sub WS 40 for MEG/China on modern. Next done is open to debate, with no change in trend likely. Despite it is being the time to make merry, the Atlantic saw a sobering USG cargo fixture yesterday significantly below last done (more than USD 500k below) at USD 4.65m - after gaining 10+ offers, of which half were rejets. With the MEG showing little signs of recovery, many owners balancing West on spec, but dilution of the region is a concern. With 10 LPG burners over USD 500k in Spore, it is an expensive gamble, but the staying East alternative is not much better.

Outlook

Just when it looked as if Q4 was turning into a total wipe out for owners, the Atlantic has granted them some relief. There are pockets of resistance in regions where layces are being worked on a very prompt basis, which has caught some charterers by surprise. The US Gulf has been the main driver with tight lists and firmer rates enticing ships to ballast from the Western Atlantic. This has shorn the West African and Black Sea lists of a few ships and hindered the ability of early Wafr cargoes to repeat last done, resulting in firmer rates. The long East list is still of concern and with conversely lower enquiry levels, there is the probability that large numbers of modern ships, looking for employment, will sail a course West. TD20 trades WS 67.5-70 firm whilst TD23 is WS 30 and flat.

Clean

Atlantic

Aframax rates in the North Sea and Baltic moved sideways the last week. On a positive note, quite a few ships have ballasted out of the area heading to the US Gulf where higher TC returns offers a better alternative. Also, if the cold weather in Russia continues, some strategic export terminals might have ice restrictions coming into force. Moving into the 3rd decade December fixing window we might see an improvement in rates.

In the Med/Black Sea we have seen a slight firming trend over the last week that has given us another 10-point uptick in rates. That said, slower activity level the last couple of days has resulted in rates coming off again. A slim comfort to owners will be that the TCE of TD19 is still covering OPEX levels, however we expect the soft trend to continue towards the end of the week.

Dirty

Dirty Clean WS (MT)

MEG/WEST (280 000)	WS 20.0	-1.0
MEG/Japan (280 000)	WS 39.0	-1.0
MEG/Singapore (280 000)	WS 39.5	-1.5
WAF/FEAST (260 000)	WS 40.0	-1.0
WAF/USAC (130 000)	WS 67.5	12.5
Sidi Kerir/W Med (135 000)	WS 70.0	10.0
N. Afr/Euromed (80 000)	WS 100.0	10.0
UK/Cont (80 000)	WS 100.0	5.0
Caribs/USG (70 000)	WS 142.5	-47.5

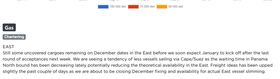
Time S/C (USD/Day)

VLCC (Modern)	$26000.0	50
Suezmax (Modern)	$16000.0	50
Aframax (Modern)	$11000.0	50

LNG

VLCG Fixed in all areas last week

VLCGs fixed in all areas last week	38	-18
VLCGs available in MEG next 30 days	165	7



Dry Bulk

Commentary

Capesize

Last week's market took a breather and some market participants suggested this was it before we head downwards to Q1. However, the fundamentals still prevail, and the fact is that there is a very limited amount of available tonnage in all basins and the demand still very healthy. The biggest increase we saw is in the Atlantic with the round voyage fixing 23% higher than last week. But all other segments also up and the average of all routes is up by 18%. Though we are approaching holiday season and can some unwind - nothingness to cover it still seems too tight for this market to have seen its peak just yet, thus we expect a further increase in levels for the week to come.

Panamax

We have experienced firming rates for a couple of weeks now and also into this week. However, mid-week there seems to be a bit of toppish feeling. T/As are currently trading in region of USD 38,000. There is good activity out of ECSA, and owners are now starting to ballast for same. In the Pacific there has been good activity for SE Asia round and a bit slower for the NoPac rounds.

Supramax

Market enjoyed further push confirming expectations of last week. The BSI figures were all in green reaching yesterday closing USD 27,500 and about USD 1,000 pd higher from a week ago. Strong demand in Atlantic for loaders in USG and ECSA pushed rates further up. In Asia, the demand/supply was more balanced. The period activity increased, with rates improving across the borders. Trips from Continent to USG/ECSA reporting to fix around USD 30,000 pd, like the rates from Black Sea-Med to USG. Ultramax delivering USG firing above USD 50,000 pd. ECSA seeing strong USD 25,000 pd plus approximately USD 1.5 mill for trips to Asia. In the East, Supramax delivering North China fixed at USD 25,000 pd for a trip via the Russian Pacific port to China-Korea. Australian trip paying low/mid USD 20,000 pd depends on vessels´ c delivery.

Rates

Capesize

Capesize (USD/Day, USD/Tonne)		
TCE Cont/Far East (169 DWT)	$67,250	$5,325
Australia - China	$14.8	$1.6
Pacific RV	$66,485	$8,290

Panamax

Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$38,790	$8,690
TCE Cont/Far East	$43,182	$8,525
TCE Far East/Cont	$16,111	$1,515
TCE Far East RV	$23,619	$4,690

Supramax

Supramax (USD/Day)		
Atlantic RV	$36,639	$1,065
Pacific RV	$21,643	$1,500
TCE Cont/Far East	$37,863	$146

Time S/C

Time S/C (USD/Day)		
Newcastlemax (205 000 dwt)	$30,000	$3,000
Capesize (180 000 dwt)	$24,500	$2,500
Kamsarmax (82 000 dwt)	$22,000	$500
Panamax (75 000 dwt)	$20,500	$500
Ultramax (64 000 dwt)	$24,000	$500
Supramax (58 000 dwt)	$21,500	$500

Baltic

Baltic Dry Index (BDI)	$3,423

Time S/C Dry Bulk

Gas

Chartering

EAST

Still some uncovered cargoes remaining on December dates in the East before we soon expect January to kick off after the last round of acceptance next week. We are seeing a tendency of less vessels sailing via Cape/East as the waiting time in Panama North bound has been decreasing lately potentially reducing the theoretical availability in the East. Freight ideas has been upped slightly the past couple of days as we are about to be closing December fixing and availability for actual East vessel slimming.

WEST

Some early signs of increased activity have surfaced this week. A handful of first half January cargoes are being worked or at least within striking range and at the same time there were two FOB/CFR tenders in the market requiring shipping this week (of which one has been concluded already). It seems the product and freight market are finding its feet around the USD 70-72 mark and will probably hoover this range for the next handful of deals if the arbitrage sustains. As we are getting closer to January and most vessels still open during first half January are coming from the West or via Cape/East, the true effect of not being able to prebook northbound Panama is yet to be seen.

LPG Rates

East Market (USD/Month)

VLGC (84 000 cbm)	$1,200,000	-$220,000
LGC (60 000 cbm)	$1,000,000	50
MGC (38 000 cbm)	$900,000	$25,000
HDY SR (22-22 000 cbm)	$650,000	50
HDY ETH (17-22 000 cbm)	$790,000	50
ETH (8-12 000 cbm)	$520,000	50
SR (6 500 cbm)	$410,000	50
COASTER Asia	$285,000	50
COASTER Europe	$285,000	$5,000

LPG/VCM Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$698	50
Saudi Arabia/CP	$795	50
MT Belview (US Gulf)	$526	-$12
Sonatrach/Bethioua	$730	50

LPG/VCM Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$672	50
Saudi Arabia/CP	$750	50
MT Belview (US Gulf)	$560	-$18
Sonatrach/Bethioua	$715	50

NGL Rates

East Market (USD/Day)

East of Suez 115-165 000 cbm	$250,000	50
West of Suez 115-165 000 cbm	$195,000	-$5,000
1 Year T/C 115-165 000 cbm	$132,000	50

Newbuilding

Activity Level

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$109.0	$0.0
Suezmax	$76.0	$0.0
Aframax	$61.0	$0.0
Product	$61.5	$0.0
Newcastlemax	$64.0	$0.0
Kamsarmax	$36.0	$0.0
Ultramax	$34.0	$0.0
LNGC (MEGI) (cbm)	$207.0	$0.0

Sale & Purchase

Prices

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

Wet 5 yrs

VLCC	$74.0	$0.0
Suezmax	$47.5	$0.0
Aframax / LR2	$42.0	$0.0
MR	$29.0	$0.0

Wet 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	113.87	0.70
USD/KRW	1179.45	0.10
USD/NOK	9.03	0.00
EUR/USD	1.12	-0.01

Interest Rates

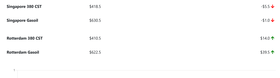
LIBOR USD (6 months)	0.28%	0.02%
NIBOR NOK (6 months)	0.95%	-0.03%

Commodity Prices

Brent Spot	$76.00	$6.00

Bunkers Prices

Singapore 380 CST	$418.5	-$5.5
Singapore Gasoil	$630.5	-$1.0
Rotterdam 380 CST	$410.5	$14.0
Rotterdam Gasoil	$622.5	$16.5



All rates published in this report do not necessarily reflect actual transactions occuring 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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