Fearnleys Weekly Report

Week 50 - December 15, 2021

Printer version

Tankers

Comments

VLCC

It is always an interesting few weeks around the Christmas/New Year break, as some charterers try to clear their desks and others choosing to test owners nerve over their festive period. Fixing is often bottlenecked into a shorter time and often creates surprises. This year however, despite a slightly tightening MEG position list and the MEG January stems yet to start, few will be expecting any fireworks. MEG/East settling in the high WS 30's as enquiries are quickly covered and the upward pressure that developed due to a busier Atlantic basin have so far failed to spill over into the MEG. The increase in Atlantic activity is yet to reflect in owners returns, as West Africa/East slips a point to WS 41.5, and UKC/East at the USD 4.5m level.
Alas, there seems little chance of an early visit from Santa Claus.

Suezmax

After a couple of busy weeks in the Atlantic, the market was expected to cool down, and with tonnage lists building up a correction in rates was inevitable.
After the market dropped 7.5 points on the first fixture, activity picked up again, and we clearly see charterers reaching forward to cover their programs ahead of Xmas holidays. Even with a long list of ballasters from the East, West Africa has been the main driver, and owners playing their cards right at the moment. As it stands the market seems to remain strong this week, but with this forward fixing we could expect a quiet period over the holidays. The East market remains rather slow, but as many owners ballast their ships towards West Africa, the tonnage list in the area isn't looking too bad. We expect rates in the East to remain stable going forward.

Aframax

Compared with previous years, this year we have had an early start on the ice season loading in strategic Baltic ports. As charterers reaching forward to try and secure ice class tonnage for cargoes loading end December, rates are under upward pressure with last done about 25 points more than last week. Non ice class vessels might also benefit from this as we move forward, but for now we have a two-tier market. Stay tuned and watch this space.
In the Med/Bsea the trend is firm as we are halfway through the last full week of trading prior to Christmas. Charterers are searching for ships free on the water and fixing forwards in an attempt to avoid any delays or replacement jobs during the holidays. We expect this activity to continue out the week, before potentially slowing down somewhat next week which is a short one.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 20.0	0.0 →
MEG/Japan (280 000)	WS 39.0	0.0 →
MEG/Singapore (280 000)	WS 40.0	0.5 ↑
WAF/FEAST (260 000)	WS 41.5	1.5 ↑
WAF/USAC (130 000)	WS 70.0	2.5 ↑
Sidi Kerir/W Med (135 000)	WS 80.0	10.0 ↑
N. Afr/Euromed (80 000)	WS 112.5	12.5 ↑
UK/Cont (80 000)	WS 117.5	17.5 ↑
Caribs/USG (70 000)	WS 150.0	-12.5 ↓

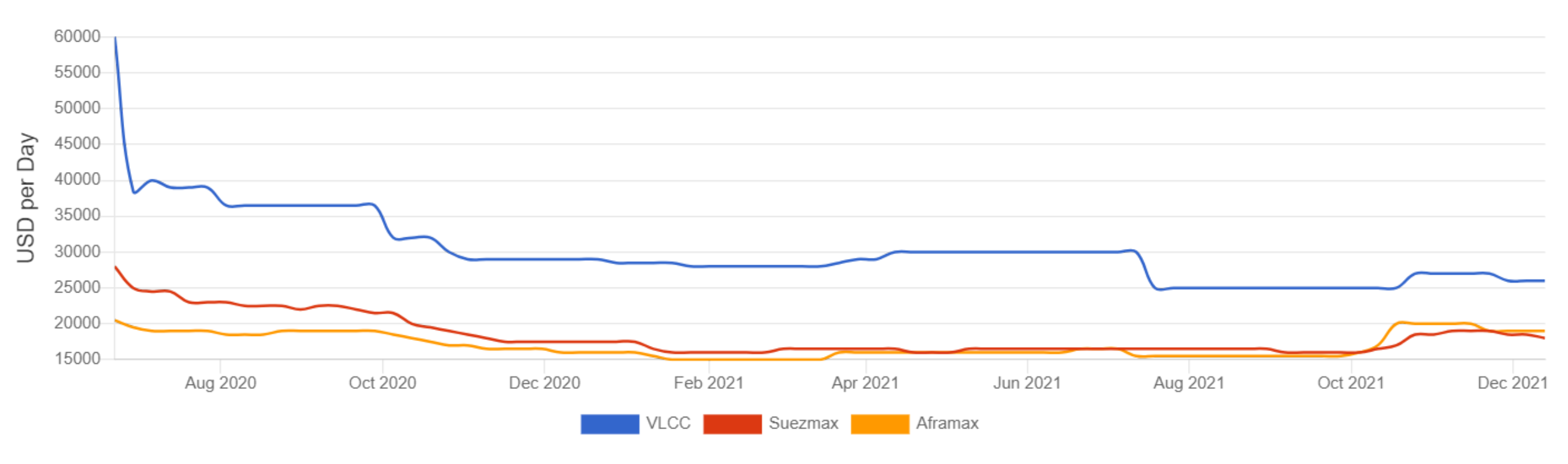
1 Year T/C (USD/Day)

VLCC (Modern)	$26000.0	$0 →
Suezmax (Modern)	$18000.0	-$500 ↓
Aframax (Modern)	$19000.0	$0 →

VLCC

VLCCs fixed in all areas last week	72	34 ↑
VLCCs available in MEG next 30 days	150	-15 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Although still fetching relatively healthy levels, the big ships take a massive beating prior Christmas – following a pattern seen so many years before. Nerves and sentiment add negatively to slowing physical demand, bringing average daily earnings down 37 pct w-o-w to come in at USD 27k. Low West Australia/China spot iron ore volumes slash interpacific 35-day round values 50 pct to stand at USD 22k – almost eliminating the earlier/significant premium to the 90-day China-Brazil-China round which now pays USD 20k. Ballasters remain limited in numbers, but fronthaul values nevertheless keep sliding significantly as Brazil/China iron ore spot volumes at a low and the small/fine-tuned transatlantic segment has turned overtonnaged. Period activity negligible with the exception of 174,000 dwt, built 2007, done for 3-5 months at USD 21,500 – future values presently not offering support for deals making sense to either parties.

Panamax

The Panamax market seeing a fall this week. The Atlantic again seeing considerable decline with limited volume to counter act the swelling tonnage count. Conversely in Asia activity in the South was said to have seen a reasonable amount of replenishment of cargo and was a much better week in terms of activity and fixing volumes. However, this did little to improve rates for owners with lower than last done getting agreed on the longer duration round trips with owners forced to concede to get fixed. Overall, the market and sentiment returned negative again with some talk of early reduced offers by owners on some routes aiming to secure cover prior upcoming holidays, pointing towards further corrections ahead. Asia began the week with an increasing spot/prompt tonnage count unfixed from last week and with limited fresh demand so far it paints a bleaker looking picture for some.

Supramax

Limited fresh activity coming to light and slow activity. Ultramax was rumored to be fixed Santos trip to the Red Sea redelivery Port Said at USD 46,000. Ultra open Bahodopi for a trip via Indonesia to China, some said in the low USD 30,000s. From the Indian Ocean, 58k dwt have been fixed basis delivery Richards Bay trip to Pakistan at USD 25,500 plus USD 500,000 ballast bonus. 63k dwt open Lianyungang was heard fixed for a trip to Turkey with fertilizer at USD 19,000 for the first 65 days. 57k dwt open Porbandar fixed for a trip via Arabian Gulf redelivery Bangladesh at USD 31,000. All in all, activity from the major loading regions have weakened slightly the last weeks, with fewer vessels heading to the South Atlantic, North Atlantic, and the major loading countries in Asia. Going with the above, the current week is often when the year-end correction begins.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$51,200	-$16,200 ↓
Australia – China	$9.9	-$4.2 ↓
Pacific RV	$22,021	-$19,047 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$34,685	-$1,290 ↓
TCE Cont/Far East	$40,545	-$446 ↓
TCE Far East/Cont	$15,720	$420 ↑
TCE Far East RV	$21,911	$276 ↑

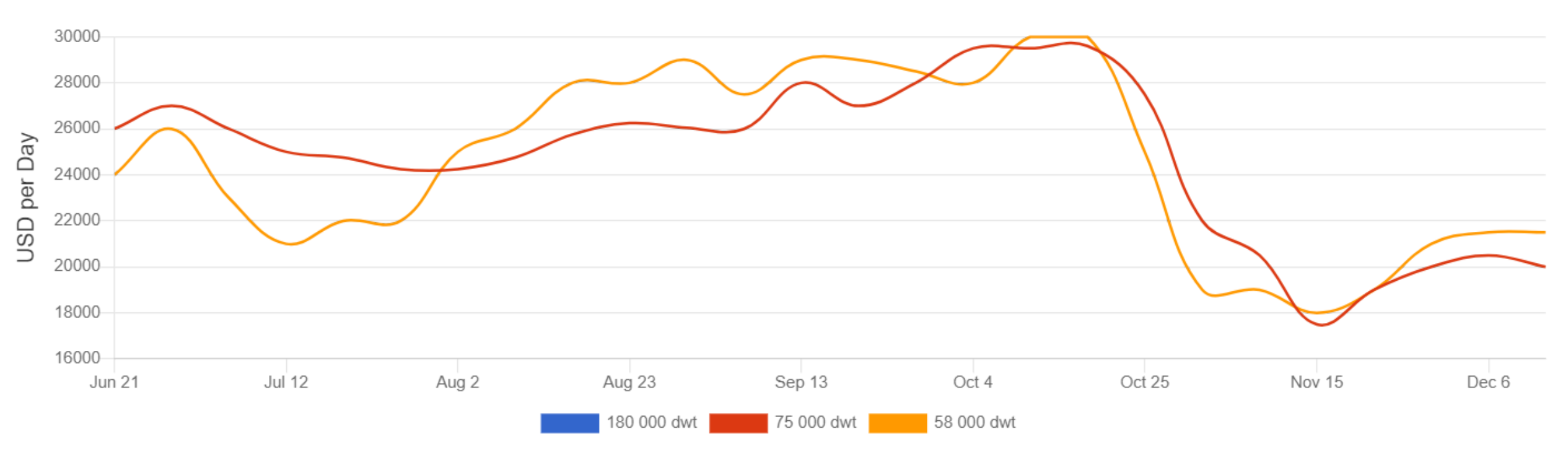
Supramax (USD/Day)

Atlantic RV	$36,108	-$467 ↓
Pacific RV	$22,164	$207 ↑
TCE Cont/Far East	$38,504	$608 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$27,500	-$2,500 ↓
Capesize (180 000 dwt)	$22,000	-$2,500 ↓
Kamsarmax (82 000 dwt)	$21,500	-$500 ↓
Panamax (75 000 dwt)	$20,000	-$500 ↓
Ultramax (64 000 dwt)	$24,000	$0 →
Supramax (58 000 dwt)	$21,500	$0 →
Baltic Dry Index (BDI)	$2,665	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
We have seen several players moving on shipping for end Dec/early Jan laycans since end of last week, but the beginning of this week has been muted. Shipping availability remains tight on the front, but further into 5-15 Jan (basis MEG) we see more options from both the owners and the traders. One Indian charterer is currently working on an early January requirement, but otherwise we don't expect much other activity until Saudi acceptances are out.

WEST
After a busy end to last week's fixtures the West market has been rather quiet so far this week. The freight has pushed up a few dollars to mid/high 110s Houston-Chiba range with congestions in the Panama Canal stable. For first half January there are only a couple of available positions left and at the time of writing there are mainly owner-controlled vessels available further on and into second half January. Some relets are appearing on the horizon during last decade of the month and it seems the market is awaiting the US stats before making a move on what remains uncovered.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,600,000	$400,000 ↑
LGC (60 000 cbm)	$1,050,000	$50,000 ↑
MGC (38 000 cbm)	$900,000	$0 →
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	$0 →
SR (6 500 cbm)	$410,000	$0 →
COASTER Asia	$285,000	$0 →
COASTER Europe	$285,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$698	$0 →
Saudi Arabia/CP	$795	$0 →
MT Belvieu (US Gulf)	$545	$20 ↑
Sonatrach/Bethioua	$730	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$672	$0 →
Saudi Arabia/CP	$750	$0 →
MT Belvieu (US Gulf)	$609	$44 ↑
Sonatrach/Bethioua	$715	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$180,000	-$90,000 ↓
West of Suez 155-165 000 cbm	$140,000	-$55,000 ↓
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	$0.0 →
Suezmax	$76.0	$0.0 →
Aframax	$61.0	$0.0 →
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	$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	$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	113.72	-0.19 ↓
USD/KRW	1182.65	6.85 ↑
USD/NOK	9.10	0.21 ↑
EUR/USD	1.13	-0.01 ↓

Interest Rates

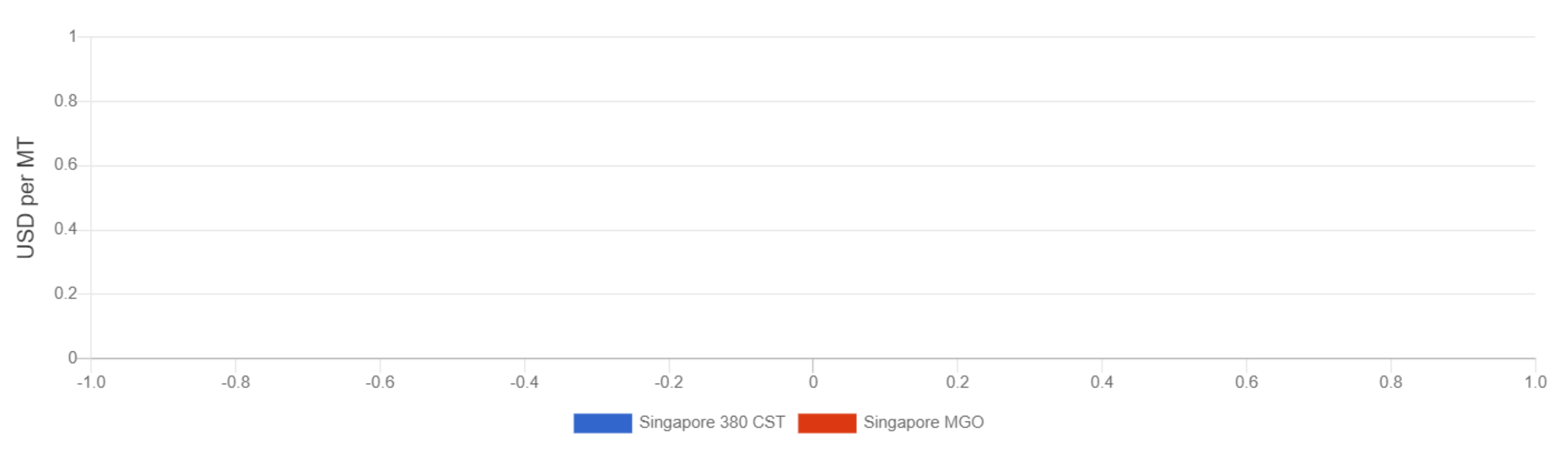
LIBOR USD (6 months)	0.29%	0.00% ↑
NIBOR NOK (6 months)	1.07%	0.11% ↑

Commodity Prices

Brent Spot	$73.50	-$1.50 ↓

Bunkers Prices

Singapore 380 CST	$427.5	$9.0 ↑
Singapore Gasoil	$659.5	$29.0 ↑
Rotterdam 380 CST	$415.0	$4.5 ↑
Rotterdam Gasoil	$625.0	$2.5 ↑



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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