Fearnleys Weekly Report

Week 51 - December 22, 2021

Printer version

Tankers

Comments

EAST

The VLCC market failed to capitalize on the positive momentum from end of last week. Last Friday saw an influx of cargoes hit the market and WS/Clean rates inched into the low W40, with expectations of further gains in the pipeline. Alas, this week proved a disappointment, with a number of internal Chinese COA deals and ditto number of ships having disappeared covertly under the radar, bringing the future count in line with the curve and squashing hopes of a pre-Christmas rush. A number of owners is keeping the flame burning, but only enough to support current levels at best, and leaving players longing for the holidays.

Sentiment

The Suezmaxes in the Atlantic have had a fairly busy couple of weeks, with West Africa and Brazil being the main drivers. Rates have been fairly steady around w70 on TD20 but closing in on Xmas now, we see Owners more nervous to get stuck with BWE ships over Xmas than Charterers are not to get their cargoes fixed. This has put some downward pressure on rates and TD20 is currently trading in the mid w60's. In the east the market has remained stable for some time now. Slow activity, with Vy's taking much of the volume ex MEG. We do not expect the market to improve going into next week, neither in the west nor in the east.

Prices

The Naos/Baltic market has remained steady this week on the back of healthy activity and ice conditions inside Baltic. Winter market has officially started with Charterers securing ice tonnage on a premium and non-ice vessels still making decent earnings for cross-continent voyages. Moving into the last week of the year, rates will likely move sideways with no big surprises. In the Black Sea we have seen the market trade sideways all week. Charterers have continued to fix forward, and the uncertain situation in Libya combined with a tight tonnage list has allowed Owners to show enough resistance to maintain current rate levels. We expect the market to remain flat with a soft potential for the balance of the Christmas week.

Index

Clean (Dirty) WS 2021	
MEG/WEST (280 000)	WS 21.0
MEG/Japan (280 000)	WS 41.5
MEG/Singapore (280 000)	WS 42.5
WAF/FEAST (260 000)	WS 42.5
WAF/USAC (130 000)	WS 62.5
Sidi Kerir/W Med (135 000)	WS 75.0
N. Afr/Euromed (80 000)	WS 112.5
UK/Cont (80 000)	WS 112.5
Carib/USG (70 000)	WS 120.0

Time S/C (USD/Day)
VLCC (Modern)	$26000.0
Suezmax (Modern)	$17500.0
Aframax (Modern)	$19000.0

VLCC
VLCCs fixed in all areas last week	56
VLCCs available in MEG next 30 days	148

Time TC Index

Dry Bulk

Comments

EAST

After the Cape rates took a massive hit last week, a floor was eventually reached this week at index average around low USD 20,000 level. In the pacific, the C5 freight was seen in the range of low to high 1k and a TC value presently at USD18000 level. Indications suggest Atlantic market may have further room to correct lower, but Pacific may hold up for a short while. Brazilian fixing activity has been limited and freight was dropping by USD 2 to present value of USD 22 pmt. The Atlantic has been balanced for a relatively long period of time, but rates came off in line with general values and on the back of a couple of spot fixtures. the value of a TA round tour some 10k present mid 20,000s. On the period side, there is a demand for tonnage both index linked and at fixed rates but a general lack of ships. In line with our view, owners are expecting a positive development as we get into January.

Prices

Something of a holiday feel to the market mostly, however in places there appeared minor signs of life. The North Atlantic remained under pressure despite some fresh cargo, generally bids were getting hit along with some falling of tonnage, whilst further South talk of slightly better bids for and January and February arrival saw some renewed optimism, but most were erring on the side of caution for now. Asia saw some improved activity with a supported Indonesian market has led to some marginally better bids, whilst there appeared pockets of resistance on some of the longer round voyages on deferred dates but still the early tonnage appeared to overshadow further out.

Sentiment

Limited activity with holiday sentiment kicking in. All routes traded down. Very little fresh orders from Atl. mainly from ECSA, tick more activity from USG. Cont remained fairly balanced with more forward cargoes appearing for Jan dates with breach. Ultramax open N Cont was fixed to the US East Coast at usd 28,000. Supramax open in Houston was fixed for Pacal at low usd 40,000.
Negative sentiment also from the Pacific. In addition some delayes added by Typhoon Rai. Supramax was fixed basis delivery China for an Australian round in the low usd 20,000s.
Supramax was fixed bss Greek via Indonesia redelivery Vietnam at usd 26,000. Usual clinker rounds to China were fixed at low usd 20,000.

Index

Average (USD/Day, USD/Tonne)	
TCE Cont/Far East (180 DWT)	$19,200
Australia - China	$9.1
Pacific RV	$17,708
Paragrab (USD/Day, USD/Tonne)	
Transatlantic RV	$21,490
TCE Cont/Far East	$11,136
TCE Far East/Cont	$14,814
TCE Far East RV	$19,179
Supramax (USD/Day)	
Atlantic RV	$11,286
Pacific RV	$20,743
TCE Cont/Far East	$17,863

Time S/C (USD/Day)	
Newcastlemax (206 000 dwt)	$28,500
Capesize (180 000 dwt)	$23,000
Kamsarmax (82 000 dwt)	$21,300
Panamax (75 000 dwt)	$20,000
Ultramax (64 000 dwt)	$24,500
Supramax (58 000 dwt)	$22,000
Baltic Dry Index (BDI)	$2,229

Time S/C Dry Bulk

Oil

Comments

EAST
Fixing for mid-2H January in the Middle East is well underway as people start to get ready for Xmas holidays. Last done deals for non-India is around $73-75 Baltic, while one Indian Charterer paid a big premium for an early Jan cargo loading Yanbu earlier this week. We are still left with a handful of open ships during 1/10 Jan, but some of these might be sent West unless we see firm requirements for earlier dates. Further into January there is still a variety of open ships, and it remains to be seen how many uncovered cargos there are before we are done for the month.
WEST
The VLCC market marches on with both Eastern and Western rates improving. Having traded at a large discount for some time, Eastern VLGC rates are now trading on par (and even marginally above) its Western counterpart. In TCE terms, both key routes are now returning c. USD 56k/d, some 30-35k/d above cash breakeven levels. Looking into 2022, there are reasons for some optimism with higher prices likely stimulating further growth, first and foremost out of US but also MEG volumes on the back of higher OPEC+ output. Inefficiencies are expected to continue adding to freight rates, particularly the Panamax market with 19 VLGCs prompt, the lowest net peak this year. Meanwhile, VLCC balance should be healthier for owners, with the big Chinese tender US crude volumes and product differentials having narrowed down 130% from end of January. The product shortage has come down substantially in tandem with better weather conditions. The big question in our mind is to what extent the market is willing to price in near-term earnings for the VLGC names with an OB for 2023 that counts 45 vessels, more than the previous peak year of 44 units in 2016.

Index

Spot Market (USD/Month)		
VLGC (84 000 cbm)	$1,700,000	$100,000
LGC (60 000 cbm)	$1,075,000	$25,000
MGC (38 000 cbm)	$900,000	$0
HDY SR (22 000 cbm)	$610,000	$0
HDY ETH (17-22 000 cbm)	$790,000	$0
ETH (8 12 000 cbm)	$530,000	$10,000
SR & 5R (4cm)	$420,000	$10,000
COASTER Asia	$285,000	$0
COASTER Europe	$290,000	$1,000

LPG/TCE Routes - Propane (USD/Month)	
FOB North Sea/ARA	$698
Saudi Arabia/CP	$795
MT Belview (US Gulf)	$521
Sonatrach/Bethioua	$730

LPG/TCE Routes - Butane (USD/Month)	
FOB North Sea/ARA	$672
Saudi Arabia/CP	$750
MT Belview (US Gulf)	$581
Sonatrach/Bethioua	$715

LNG Rates	
East of Suez 155-165 000 cbm	$90,000
West of Suez 155-165 000 cbm	$70,000
1 Year T/C 155-160 000 cbm	$98,000

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

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

Sale & Purchase

Prices

Dry 5 yrs	
Capesize	$41.5
Kamsarmax	$33.0
Ultramax	$30.0

Dry 10 yrs	
Capesize	$35.0
Kamsarmax	$23.5
Ultramax	$24.0

Wet 5 yrs	
VLCC	$74.0
Suezmax	$47.5
Aframax / LR2	$42.0
MR	$30.0

Wet 10 yrs	
VLCC	$50.0
Suezmax	$32.0
Aframax / LR2	$27.0
MR	$20.0

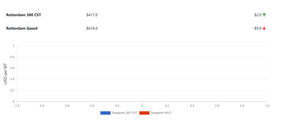
Market Brief

Currency Rates	
USD/JPY	113.72
USD/KRW	1182.65
USD/NOK	9.10
EUR/USD	1.13

Interest Rates	
LIBOR USD (6 months)	0.29%
NIBOR NOK (6 months)	1.07%

Commodity Prices	
Brent Spot	$74.00

Bunker Prices		
Singapore 380 CST	$418.5	-$9.0
Singapore Gasoil	$633.0	-$26.5
Rotterdam 380 CST	$417.0	-$2.0
Rotterdam Gasoil	$616.0	-$9.0



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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