Fearnleys Weekly Report

Week 1 - January 05, 2022

Printer version

Tankers

Comment

VLCC

The MEG came out of the Christmas hibernation yesterday as the second half of January fixtures came into play, albeit with modest activity. Rates were firm on the back of last week's strong sentiment, with the Middle East Gulf/Japan route at WS 41 points, while the short Thailand run at prevailing 37flat rates, and modern units hovering just north of WS 40 (TD3/Eastbound). A number of ships having been tucked away on the quiet are appearing, but had they been game changing in any way we are pretty sure details would have been attached. The Atlantic remains quiet for now as we await February dates to come into play in earnest. OPEC's decision to carry on with the production increase moving into February shows light at the end of the tunnel, but "survival mode" remains the name of the game short term.

Bunker

The first trading week of the New Year traditionally centers around price-discovery chatter, and more specifically, which side will benefit the most from the new Worldscale rates. Thus far, it appears to be a flat start with a degree of stability, albeit, we are starting from the lows, especially given the time of year. MGO has kicked off with a trickle of enquiry that will see 5623 trade flat circa WS 32.5 whilst MEG/East has been a little disorientated given short East recently traded in the WS 60's on a cargo where restrictions expired at dispatch. The Atlantic basin is waking from its slumber with West Africa throwing out a few items. Owners should note that fixing dates are spread over a 12-day window which suggests charterers won't easily attain a discount to last done levels. (All bss 2021 flat rates)

Atlantic

The two-tier market that we have in the North Sea and Baltic continues after the holidays. Owners with ice class tonnage are capitalizing on the current ice conditions and are seeing some of the highest earnings of any Aframax market. Non-ice class owners are struggling to maintain any upward pressure on rates as other areas aren't offering any alternatives. We expect the rates in the North to move sideways with a softish feel to it. The Med/Black market is slowly waking up after the holidays with a few cargoes coming into the market at the beginning of the week. However this activity has not been enough to prevent a downwards correction in the short term at least. There are still quite a few of prompt ships that need to be employed before owners can put an upward pressure on rates again.

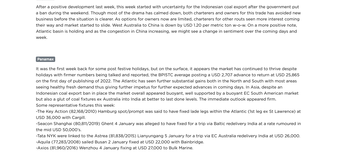
Asia

Clean (Date BN 2022)		
MEG/WEST (280 000)	WS 20.0	-0.5
MEG/Japan (280 000)	WS 40.5	-0.5
MEG/Singapore (280 000)	WS 40.5	-1.0
WAF/FEAST (260 000)	WS 42.0	-0.5
WAF/USAC (130 000)	WS 52.5	+10.0
Sidi Kerir/W Med (135 000)	WS 60.0	+15.0
N. Afr/Isrameed (80 000)	WS 90.0	+17.5
UK/Cont (80 000)	WS 107.5	-5.0
Cerha/USG (70 000)	WS 52.5	+17.5

Time S/C (USD/Day)		
VLCC (Modern)	$24000.0	10
Suezmax (Modern)	$17500.0	10
Aframax (Modern)	$19000.0	10

VLCC

VLCCs fixed in all areas last week	41	1
VLCCs available in MEG next 30 days	174	34



Dry Bulk

Comment

Capesize

After a positive development last week, this week started with uncertainty for the Indonesian coal export after the government put a ban during the weekend. Though most of the drama has calmed down, both charterers and owners for this trade have decided not business before the situation is clearer. As options for owners now are limited, charterers for other routs seen more interest coming their way and market started to slide. West Australia to China is down by USD 125 per metric ton w-o-w. On a more positive note, Atlantic basin is holding and as the congestion in China increasing, we might see a change in sentiment over the coming days and week.

Panamax

It was the first week back for some post festive holidays, but on the surface, it appears the market has continued to thrive despite holidays with firmer numbers being tabled and reported, the BPI(TC average posting a USD 2,707 advance to return at USD 25,865 on the first day of publishing of 2022. The Atlantic has seen further substantial gains both in the North and South with most areas seeing healthy fresh demand thus giving further impetus for further expected advances in coming days. In Asia, despite an Indonesian coal export ban in place the market overall appeared buoyant, well supported by a buoyant EC South American market but also a glut of coal fixtures ex Australia into India at better to last done levels. The immediate outlook appeared firm. Interesting times ahead for Panamax.

-The Key Action ($5,582,0250) Hamburg spot/prompt was said to have fixed late twgs within the Atlantic (Ist leg ex El Lawencia) at USD 36,000 with Cargill.

-Sawcon Shanghai ($5,815,0019) Ghent 4 January was alleged to have fixed for a trip via Baltic redelivery India at a rate rumoured in the mid USD 50,000's.

-Tata NYK were linked to the Astrea ($1,836,0291) Lianyungang 5 January for a trip via EC Australia redelivery India at USD 26,000.

-Hyuda (?7,283,0008) sailed Busan 2 January fixed at USD 22,000 with Bainbridge.

-Avoca ($1,950,0250) Wenzhou 4 January fixing at USD 27,000 to Bulk Marine.

Supramax

Supramax Index dropped sharply on back of Indo coal announcement right after the markets opened on the first working day of 2022. The Atlantic basin is stronger compared to Pacific, however sentiment here is also being affected and bearish view is dominating across the markets. The only market which remains unaffected is ECSA - strong fixtures being reported - limited on the Santos/China lane done on Nss 58 20k + USD 1 mill GBB. TCT from ECSA to Med fixed USD 33,000 pd. The rates from Continent to Far East were up around USD 25,000 pd. Good demand in the MEG and South Africa remains stable. South African Cape to the Far East were up around USD 25,000 pd plus ballast bonus at USD 600,000 GBB. Pacific RV being reported at the level of low USD 20,000 pd.

Asia

Capesize (USD/Day,USD/Tonne)		
TC3 Cont/Far East (180 DWT)	$39,025	-3,175
Australia - China	$8.6	-10.5
Pacific RV	$14,511	-$3,157

Panamax (USD/Day,USD/Tonne)		
Transatlantic RV	$27,225	-$7,460
TC6 Cont/Far East	$35,969	-$6,026
TC8 Far East/Cont	$17,124	-$1,624
TC9 Far East RV	$23,352	-$1,291

Supramax (USD/Day)		
Atlantic RV	$27,295	-$3,991
Pacific RV	$20,214	-$929
TC5 Cont/Far East	$34,271	-$3,192

Time S/C (USD/Day)		
Newcastlemax (208 000 dwt)	$26,500	-$500
Capesize (180-000 dwt)	$21,250	-$250
Kamsarmax (82 000 dwt)	$22,500	$1,000
Panamax (75 000 dwt)	$21,000	$1,000
Ultramax (64 000 dwt)	$25,000	0
Supramax (58 000 dwt)	$22,500	0
Baltic Dry Index (BDI)	2,289	

Gas

Comment

EAST

With everyone back from New Year holidays the market has come back to life again. A couple of ships are reported on subs overnight for last decade Jan in the MEG, all rep in the mid-high USD 60s somewhere. We are still left with a handful of uncovered cargos for same period in the MEG, and while sentiment on freight is coming off a bit these cargos might help slow that down. Meanwhile we are waiting for more Feb acceptances before focus shifts to next month.

WEST

Focus in the Western hemisphere is shifting to February as we are kicking off the new year. A handful of cargo enquiries are being worked early February and rates are more or less staying put from where we left it last year. How long these levels will last before/if a dip appears remains to be seen, however, delays in discharge ports worldwide and increasing uncertainty surrounding the Covid development could indeed keep the market on a tight leash and thus maintain current earnings for the owners.

Not sure how much left and Jan though in terms of uncovered cargoes but ships keep getting delayed in disports both East and West.

LPG Prices

East Market (USD/Month)		
VLGC (84 000 cbm)	$1,100,000	-$100,000
LGC (60 000 cbm)	$1,250,000	$100,000
MGC (38 000 cbm)	$925,000	$30,000
HDY SR (20-22 000 cbm)	$650,000	0
HDY ETH (17-22 000 cbm)	$790,000	0
ETH (8-12 000 cbm)	$530,000	0
SR (6 500 cbm)	$420,000	0
COASTER Asia	$395,000	0
COASTER Europe	$290,000	0

LPG/FOB Prices / Propane (USD/Tonne)		
FOB North Sea/ARA	$655	-$44
Saudi Arabia/CP	$740	-$55
MT Balviea (US Gulf)	$582	$12
Sonatrach/Bethioua	$700	-$30

LPG/FOB Prices / Butane (USD/Tonne)		
FOB North Sea/ARA	$701	$21
Saudi Arabia/CP	$710	-$45
MT Balviea (US Gulf)	$671	$12
Sonatrach/Bethioua	$775	0

LNG Prices		
East of Suez 155-165 000 cbm	$60,000	-$15,000
West of Suez 155-165 000 cbm	$55,000	-$10,000
1 Year T/C 155-160 000 cbm	$94,000	-$1,000

Newbuilding

Market Sentiment		
Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Tanker

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

Tanker

Capesize	$41.5	$0.0
Kamsarmax	$33.0	$0.0
Ultramax	$30.0	$0.0

Capesize	$35.0	$0.0
Kamsarmax	$23.5	$0.0
Ultramax	$24.0	$0.0

VLCC	$74.0	$0.0
Suezmax	$47.5	$0.0
Aframax / LR2	$42.0	$0.0
MR	$30.0	$0.0

VLCC	$90.0	$0.0
Suezmax	$32.0	$0.0
Aframax / LR2	$27.0	$0.0
MR	$20.0	$0.0

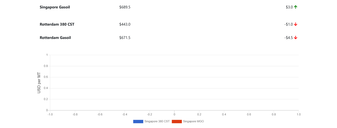
Market Brief

Exchange Rates		
USD/JPY	116.12	-1.19
USD/KRW	1194.00	-7.55
USD/NOK	8.83	-0.06
EUR/USD	1.13	-0.00

Interest Rates		
LIBOR USD (6 months)	0.34%	0.00%
NIBOR NOK (6 months)	1.26%	0.02%

Commodity Prices		
Brent Spot	$80.00	$2.00

Bunker Prices		
Singapore 380 CST	$458.0	$6.0
Singapore Gasoil	$685.5	$3.5
Rotterdam 380 CST	$443.0	$1.0
Rotterdam Gasoil	$671.5	$6.5



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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