Fearnleys Weekly Report

Week 2 - January 12, 2022

Printer version

Tankers

Comments

VLCC

On balance, a week that slightly favoured charterers, as rates dipped fractionally (even if aided and assisted by their year return). We have commented on the fact that the Atlantic has been the benchmark for MEG rates in recent weeks, but the Pacific TD19 rate now leads the way and the market, which is healthier but charterers tactics of drip feeding and non-committing FIXED remain, however, at the time of writing there remains some resistance among modern owners and eyes remain on the Atlantic for the seeds of that defiance. A few more cargoes working/expected as USG, and we have seen small improvement to USG-Chin paid US$/ton/day. With non OPEC increases (2.8 mbpd) coupled with OPEC's expectation to lift production by 2.5 mbpd in 2022, owners will be hoping for a swift improvement of some sort to go with the increased flow.

Comments

This week has seen the majority of market participants adjust to the new 2022 flat rates. Some, faring better than others. With VLCC rates under downward pressure and an inadequate flow of East enquiry. Suezmax's will likely trade sideways, possibly a tad softer, for short haul runs. Black Sea is close to done for the month, save maybe one or two Novo' stragglers to come, whilst CPC early February dates are in view with owners probably already being approached. Recent events in Kazakhstan appear not to have hampered CPC stems for now, but worthy keeping a watchful eye on proceedings. MEG/East trades around WS 60 for modern tonnage whilst TD23 is conference at WS 25. Wafr/East has a lengthening pool of ships to choose from although charterers may find resistance to further rate-falls for long haul voyages.

Atlantic

The Aframax market in the Nsea and UKC left last week. Cargo activity was very slow in the Nsea and tonnage piled up as other markets didn't really provide any better alternatives for owners and as such they lost any momentum. Despite some very close and compact ice in the Baltic we see more ice class vessels coming back into position for the next fixing window. We expect the market to move sideways in the week to come, but with some downward pressure on rates ex ice restricted ports in the Baltic. In the Med/Black cargo activity has picked up this week and as a result rates have firmed a few points. The tonnage list is getting tighter by the day and we expect a firm market for the duration of the week, especially as more Libyan ports have come into play with force majeure being lifted in key ports Zawia.

Freight

East (East WS 2022)	
MEG/WEST (280 000)	WS 18.5
MEG/Japan (280 000)	WS 37.0
MEG/Singapore (280 000)	WS 37.25
WAF/FEAST (260 000)	WS 37.5
WAF/USAC (130 000)	WS 50.0
Sidi Kerir/W Med (135 000)	WS 57.5
N. Afr/Euromed (80 000)	WS 87.5
UK/Cont (80 000)	WS 92.5
Caribs/USG (70 000)	WS 90.0

Time T/C (USD/Day)	
VLCC (Modern)	$24000.0
Suezmax (Modern)	$17000.0
Aframax (Modern)	$14000.0

VLCCs

VLCCs fixed in all areas last week	69
VLCCs available in MEG next 30 days	176

Time T/C chart

Dry Bulk

Comments

Atlantic

The New Year starts with some degree of uncertainty, not only related to the Indonesian coal export ban but also concerning the impacts of the heavy rains in Brazil. For the former, it was estimated 13-15 mt has been affected so far this year and only recently 14 vessels were loaded out of Ilha Guaiba, the port most hit by the rains. Although the situation has eased, it is still very unpredictable, there is limited information emerging about the actual impacts the rain has created. There is generally limited information emerging from the c3 market, and the c3 index is off USD 1 from last week to close to USD 20 pmt this week. Present Cape average is presently USD 17,000 and has potentially some room for further drop, but an improvement is expected prior to Chinese New year only 3 weeks ahead.

Pacific

There was a lifeless start to the week the Atlantic continued its easing down from last week with an apparent lack of demand. Asia too continued to be impacted by the ongoing coal export ban as Indonesian and as an export cargo book elsewhere in the region pointing towards a weaker looking market, some said. There is a growing tonnage count and number of ballester tonnage in the Atlantic only pushing out to erode confidence further.

Some representative Fixtures this week:
-Swift Sulphur, 69,458/2010 Singapore 10 January Fixing at USD 25,000 for a trip via EC South America redelivery Singapore.
-Hyundai Ulsan, 81,900/2011 Bulhao 10 January was reported fixed for a trip via Noffar redelivery Spore Japan at a healthy rate in the region of USD 25,000 to Hline, whilst mixed reports emerged of Oldam securing the vessel.
-Agios Sozon, 175,839/2009, retro sailing inclusive 9 January for a trip via Noffar redelivery Japan with intention grains rumoured at USD 19,000.
-Avax (75,399/2006) Zhoushan prompt was said to have fixed for a trip via EC Australia redelivery India at USD 19,750, whilst the Lestari rated

Handysize

Both physical and FFA taking the beating. Even though Indonesian coal ban soothed - Pacific basin still remained under pressure. From the Atlantic, only vibes came from USG although little was reported. 58,000 dwt open in Oran was fixed closed to USD 20,000 for a climber run to West Africa. Sms days mid China covered trip to Bangladesh with steels USD 20,000. Ultramax open China fixed trip via Vietnam to Chittagong at USD 21,000. Backhauls from China to EC South America concluded at USD 18,000 on an Ultramax. Sms open Philippines was fixed for a nickel ore trip to South China at USD 16,500 with option to North China at USD 1,000 more. From the Indian Ocean, Ultramax open Magdalla was fixed for a trip via HEG rated Bangladesh at USD 32,000. On period front a $5,000 rise was heard around USD 25,000 for 5-5 months. The next weeks the market usually trends downwards until the Chinese New Year.

Freight

Capesize (USD/Day, USD/Tonne)	
TCI Cont/far East (180 2WT)	$28,895
Australia - China	$8.1
Pacific RV	$12,163

Panamax (USD/Day, USD/Tonne)	
Transatlantic RV	$23,195
TCI Cont/far East	$34,559
TCI Far East/Cont	$16,785
TCI Far East RV	$20,159

Supramax (USD/Day)	
Atlantic RV	$24,521
Pacific RV	$18,214
TCI Cont/far East	$30,979

Time T/C (USD/Day)	
Newcastlemax (208 000 dwt)	$27,750
Capesize (180 000 dwt)	$22,300
Kamsarmax (82 000 dwt)	$21,300
Panamax (75 000 dwt)	$20,000
Ultramax (64 000 dwt)	$25,000
Supramax (58 000 dwt)	$22,500

Baltic Dry Index (BDI)	
BDI	$2,027

Time T/C Dry Bulk

Oil

Comments

EAST

We are starting to see glimmers of MEG cargoes being booked at for early February laycans this week. And we should expect next week to gain more traction in the East after Aramco has published their acceptance dates. January spot fixing ex Middle Eastern ports seems close to finished as we count 18 spot fixtures for the month so far - just one fixture dry from January last year and above average monthly fixtures for 2021.

WEST

Almost halfway through the first month of 2022, we are well underway with February fixing. Apart from a few leftover enquiries in the beginning of second decade February, the first half of the month is more or less spoken for in terms of fixing activity. The shipping market has been very resilient in terms of freight rates, but at the same time we are yet to see enough upward momentum to pull rates further up from USD 120. The majority of deals done during the last week were between USD 116 to USD 120, and it seems the market will hover around this level for yet a few deals.

LR2 Rates

East Market (USD/Month)	
VLCC (84 000 cbm)	$1,550,000
LGC (60 000 cbm)	$1,200,000
MGC (38 000 cbm)	$915,000
HDY SR (20-22 000 cbm)	$650,000
HDY ETH (17-22 000 cbm)	$790,000
ETH (8-12 000 cbm)	$530,000
SR (6 500 cbm)	$400,000
COASTER Asia	$285,000
COASTER Europe	$290,000

LR2/TCE Prices - Propane (USD/Tonne)	
FOB North Sea/ANSI	$65
Saudi Arabia/CP	$740
MT Belview (US Gulf)	$575
Sonatrach/Bethioua	$750

LR2/TCE Prices - Butane (USD/Tonne)	
FOB North Sea/ANSI	$750
Saudi Arabia/CP	$710
MT Belview (US Gulf)	$692
Sonatrach/Bethioua	$715

Time Rates	
East Market (USD/Day)	
East of Suez 155-165 000 cbm	$50,000
West of Suez 155-165 000 cbm	$42,000
1 Year T/C 155-160 000 cbm	$92,000

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$109.0
Suezmax	$76.0
Aframax	$61.0
Product	$41.5
Newcastlemax	$64.0
Kamsarmax	$36.0
Ultramax	$34.0
LNGC (MEGI) (cbm)	$207.0

Sale & Purchase

Prices

Last 30 days	
Capesize	$47.5
Kamsarmax	$33.0
Ultramax	$30.0

Dec (30 pt)	
Capesize	$35.0
Kamsarmax	$23.5
Ultramax	$24.0

Mar (30 pt)	
VLCC	$74.0
Suezmax	$47.5
Aframax / LR2	$40.0
MR	$30.0

Mar (30 pt)	
VLCC	$50.0
Suezmax	$32.0
Aframax / LR2	$27.0
MR	$21.0

Market Brief

Currency Rates	
USD/JPY	115.08
USD/KRW	1198.15
USD/NOK	8.88
EUR/USD	1.13

Interest Rates	
LIBOR USD (6 months)	0.38%
NIBOR NOK (6 months)	1.31%

Commodity Prices	
Brent Spot	$84.00

Bunker Prices	
Singapore 380 CST	$464.0
Singapore Gasoil	$700.5
Rotterdam 380 CST	$458.5
Rotterdam Gasoil	$712.0

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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