Fearnleys Weekly Report

Week 6 - February 09, 2022

Printer version

Tankers

Comments

VLCC

Last week provided little cheer for owners, but what little there was, ebbed further away this week. Lows of WS 16 for MEG/West and low WS 30's for East doesn't make for healthy returns. A glance down the position list shows the scrubber/eco vessels taking most of the available cargoes, as simply making more sense of the returns. Meanwhile, the older (although under 15 years) unscrubbered ships are building up. For these vessels to make the same returns, it would need a 10 point ish swing in their favour, which in the short term remains unlikely. However, with the US attitude to Iran warming, albeit more to do with angry voters at the petrol pump, we could see a shift in the VL market as we know it. Also, with Chevron proposing Venezuelan possibilities, it could be time for the shadow market to come in to the light.

Suezmax

Whilst the vast majority of the Suezmax market continues in a mundane manner, certain load zones can occasionally provide pockets of modest resistance. One such area is the US Gulf, where a prompt fixing window, combined with a diminishing list of safe ships, could see rates pick up, at least in the short term. In load zones that have the luxury of enticing ballasters off forward laycans, flat/soft rates are likely to persist. With West Africa/East hovering around the WS 65 level, TD20 is likely to flirt with WS 60 unless we see a sudden deluge of enquiry, which is unlikely to happen this side of the weekend. In the East, TD23 has repeated WS 29.5 a number of times, although with rising bunker prices, repeating this number may not so easy. MEG/East will price WS 60-62.5 on modern tonnage.

Aframax

Another week of poor returns for owners in the Nsea/Baltic as rates were moving sideways. Some of the owners have already ballasted to USG where the market is firming, and if this trend continues it could be a positive development for the local market. Moving into the next week, we expect market to remain flat for cross-continent voyages and Baltic to be under downward pressure as ice class tonnage is pilling up. The Med/Bsea market has traded sideways all week with ships being taken out one by one at repeat levels. TCE on TD19 is still giving owners returns way below OPEX. Some owners have been looking to send their ships TA to take part in the firming market there. As surrounding markets are currently improving, owners will be optimistic to see if the Med/Bsea market follows suit in the week to come.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 17.0	-0.5 ↓
MEG/Japan (280 000)	WS 34.0	-1.0 ↓
MEG/Singapore (280 000)	WS 34.0	-1.5 ↓
WAF/FEAST (260 000)	WS 34.0	-1.0 ↓
WAF/USAC (130 000)	WS 60.0	-10.0 ↓
Sidi Kerir/W Med (135 000)	WS 70.0	-5.0 ↓
N. Afr/Euromed (80 000)	WS 97.5	-2.5 ↓
UK/Cont (80 000)	WS 95.0	2.5 ↑
Caribs/USG (70 000)	WS 125.0	25.0 ↑

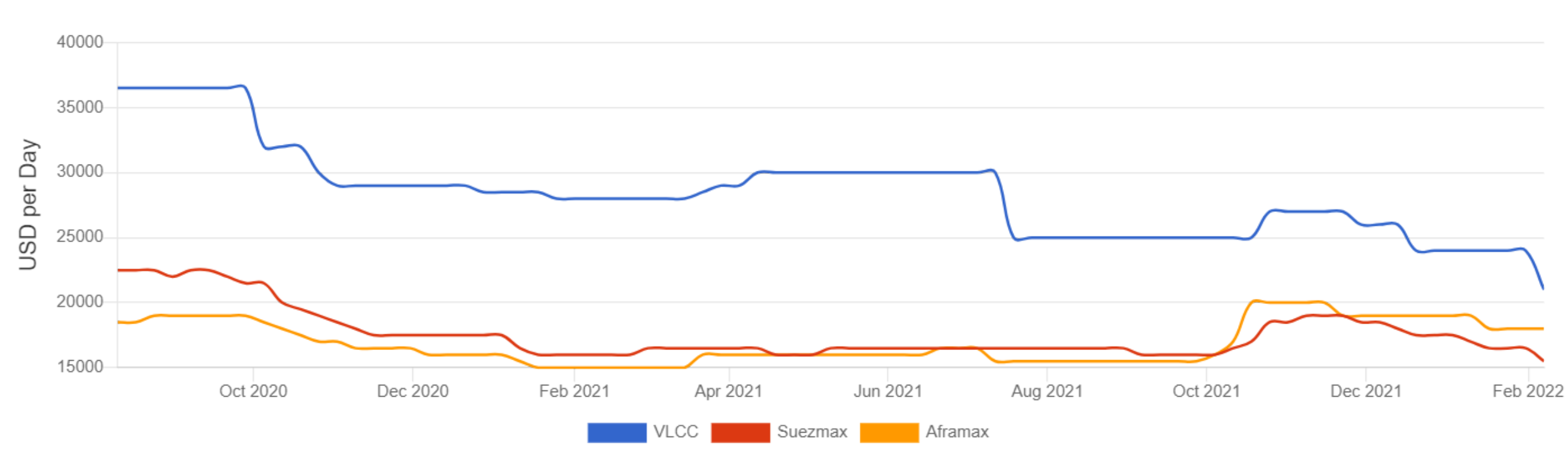
1 Year T/C (USD/Day)

VLCC (Modern)	$21000.0	-$3,000 ↓
Suezmax (Modern)	$15500.0	-$1,000 ↓
Aframax (Modern)	$18000.0	$0 →

VLCC

VLCCs fixed in all areas last week	42	13 ↑
VLCCs available in MEG next 30 days	164	10 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

After a drop end of last week, which was mostly due to lack of activity, this week has started much healthier. Most of the prompt tonnage that been heading towards the South Atlantic is now covered. This together with more fresh cargo has changed the sentiment and boost the indexed. However, the most interesting this week has been the significant increase in period demand and the willingness to pay up. For the coming week it looks very promising, however there is always a risk expectations are a bit too high and a bit too early.

Panamax

The Panamax began the week with some improved enthusiasm, especially in the Atlantic with the resultant BPI5TC index rising. Talk of several vessels being cleared out end of last week, has paved the way for some better bids seen according to some, with EC South America seeming the driving factor with tonnage open in the North being bid for same. Asia commenced the week more cautiously with minimal activity reported, the typical wait and watch approach with no doubt one eye on this sudden activeness from South America.

Some representative fixtures this week:
Figalia Navigator (81,480/2012) aps EC South America end February was linked to Olam for a trip redelivery Singapore-Japan at USD 21,000 + USD 1,100,000 ballast bonus.
Cofco China were rumoured to have secured 2-3 ships for the same trips with rumours of the Seabiscuit (82,624/2014) around the USD 21,500 + USD 1,500,000 mark delivery Aps, the Pella (82,163/2010) at a rate in the upper USD 21,000's + USD 1,750,000 bb, and the Danae (75,349/2005) retro sailing Singapore 31 January at USD 18,500 levels.
The Andria (75,375/2006) retro sailing Singapore 31 January was said to have agreed a rate of USD 19,000 for a trip via EC South Atlantic with Polaris. In the North, came reports of the Apollon (82,083/2018) Dublin 11/13 February placed on subjects for a trip via NC South America redelivery Far East at USD 27,000 to Panocean.
The Gleamstar (75,491/2011) Hong Kong prompt was rumoured fixed for a trip via Indonesia redelivery Malaysia at USD 14,500, whilst the Atlantic legend (83,685/2009) Manila prompt was said to have fixed for the same trip, but further details were yet to come to light. The Integrale (78,162/2014) sailed Rizhao 5 February was alleged placed on subjects for a trip via CIS Pacific redelivery South China with Atlantic Coal & Bulk but little else emerged.

Supramax

A more positive sentiment as was expected. Ultramax open Dakar fixed trip via East Africa to China around USD 27,000. Clinker run from Med to West Africa was done around USD 23,000 on bigger Supramax. 56k dwt open in USG was fixed to WC South America around USD 32,000. Usual scrap runs from Baltic to Med were concluded at USD 15,000 and to Far East at USD 26,000. Indo-China rounds were done at USD 24,000. Scrubber fitted Ultramax was confirmed at USD 20,000 for a trip with rice from North China to Med. From the period front, 58k dwt open Skaw was fixed for 4 to 6 mos redel Atlantic at USD 20,750. 56k dwt open Diliskelesi was fixed min 5 to about 7 months trading redelivery Atlantic at USD 25,000.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$31,425	$1,835 ↑
Australia – China	$8.0	$0.4 ↑
Pacific RV	$8,225	-$208 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$12,250	-$3,965 ↓
TCE Cont/Far East	$25,414	-$1,277 ↓
TCE Far East/Cont	$12,560	-$88 ↓
TCE Far East RV	$18,478	$1,314 ↑

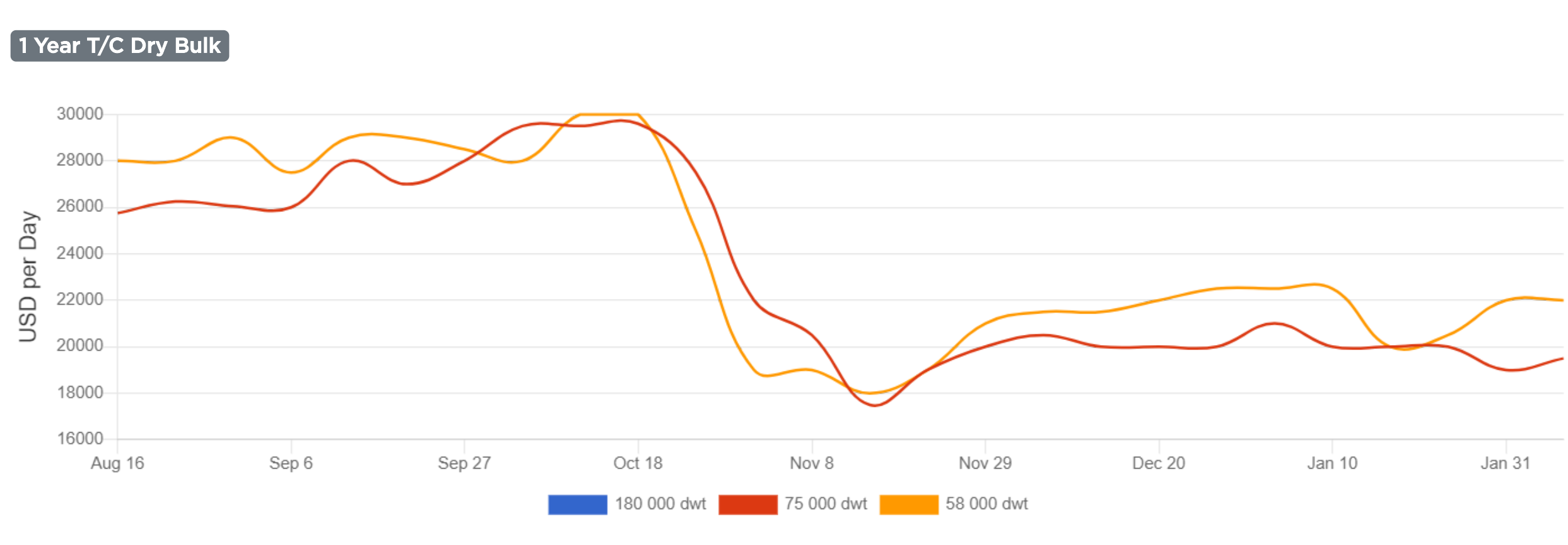
Supramax (USD/Day)

Atlantic RV	$17,549	$2,575 ↑
Pacific RV	$21,857	$4,250 ↑
TCE Cont/Far East	$25,988	$1,396 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$31,250	$3,500 ↑
Capesize (180 000 dwt)	$26,000	$3,000 ↑
Kamsarmax (82 000 dwt)	$21,500	$1,000 ↑
Panamax (75 000 dwt)	$19,500	$500 ↑
Ultramax (64 000 dwt)	$28,500	$4,500 ↑
Supramax (58 000 dwt)	$26,000	$4,000 ↑
Baltic Dry Index (BDI)	$1,711	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
With market players back from CNY festivities we were hoping for more action on shipping in the East, but so far the only deal reported done was to replace a late running ship. The MEG positions list remain long with a variety of owner and trader relets, and even if a big majority of these are ultimately sent West, we still need to see more cargos in play for the Eastern market to recover. So far we have seen 13 spot deals done in February (compared to an average of about 20 deals per month for last 6 months), and owners remain hopeful that there will be some last minute February requirements before focus shifts to next month.

WEST
After several weeks of unfavorable arbitrage, we are seeing an uptick in activity. February is more or less sorted on freight and product with only two vessels left open. First half March has seen several fixtures and sub-fixtures at rates in the mid USD 90's Houston/Chiba and low USD 50's Houston/Flushing. Panama Canal waiting time continues to cause uncertainty for traders in a backwardated product market and limits the amount of deals concluded. It remains to be seen if we see enough deals concluded to push a positive momentum on freight rates.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$900,000	-$100,000 ↓
LGC (60 000 cbm)	$850,000	-$150,000 ↓
MGC (38 000 cbm)	$930,000	$0 →
HDY SR (20-22 000 cbm)	$670,000	$20,000 ↑
HDY ETH (17-22 000 cbm)	$790,000	$0 →
ETH (8-12 000 cbm)	$520,000	-$10,000 ↓
SR (6 500 cbm)	$430,000	$0 →
COASTER Asia	$285,000	$0 →
COASTER Europe	$295,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$681	$0 →
Saudi Arabia/CP	$775	$0 →
MT Belvieu (US Gulf)	$627	-$67 ↓
Sonatrach/Bethioua	$705	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$792	$0 →
Saudi Arabia/CP	$775	$0 →
MT Belvieu (US Gulf)	$647	-$88 ↓
Sonatrach/Bethioua	$800	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$26,500	$0 →
West of Suez 155-165 000 cbm	$26,500	$0 →
1 Year T/C 155-160 000 cbm	$80,000	-$7,000 ↓

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	$46.0	$0.0 →
Kamsarmax	$33.0	$0.0 →
Ultramax	$30.0	$0.0 →

Dry (10 yr)

Capesize	$32.0	$0.0 →
Kamsarmax	$23.5	$0.0 →
Ultramax	$24.0	$0.0 →

Wet (5 yr)

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

Wet (10 yr)

VLCC	$50.0	$0.0 →
Suezmax	$32.0	$0.0 →
Aframax / LR2	$27.0	$0.0 →
MR	$20.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	115.63	0.47 ↑
USD/KRW	1201.50	12.75 ↑
USD/NOK	8.86	0.04 ↑
EUR/USD	1.13	0.00 ↓

Interest Rates

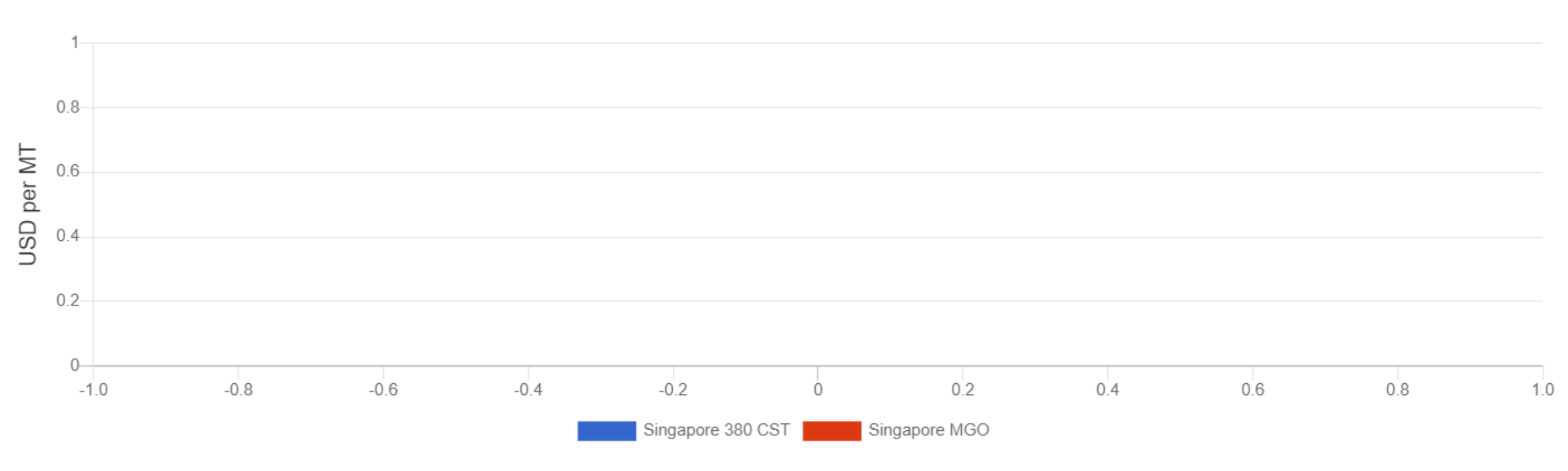
LIBOR USD (6 months)	0.38%	0.03% ↑
NIBOR NOK (6 months)	1.28%	0.04% ↑

Commodity Prices

Brent Spot	$91.50	-$1.50 ↓

Bunkers Prices

Singapore 380 CST	$526.0	-$1.0 ↓
Singapore Gasoil	$818.5	$21.5 ↑
Rotterdam 380 CST	$511.0	-$1.0 ↓
Rotterdam Gasoil	$825.5	$25.5 ↑



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.

Disclaimer