Fearnleys Weekly Report

Week 8 - February 23, 2022

Printer version

Tankers

Comments

VLCC

A small surge of enquiry in Wafr saw a WS 37.5 logged eastbound and WS 41 reported to WCI yesterday, with potential for more as cargoes remain uncovered. Today a WS 40 was concluded for a Brazil/China run. With oil prices eying USD 100/bbl the freight element becomes negligible compared to the cargo value, easing the downward rate pressure. Alas, most rate gains are offset by galloping bunker prices, and with compliant bunkers now north of USD 750/mt in Singapore those ships not scrubbered up are becoming sitting ducks. Unipec and their likes have gotten away with a WS 32 MEG/China on multiple occasions of late, but are finally meeting a bit more resistance as owners eye upward potential. It may be too early to call a paradigm shift, but any improvement will be welcomed by a starved owning community.

Suezmax

At the time of going to press, Russian crude is trading at a substantial discount to Brent which will draw in more Eastern buyers as a more cautious approach appears to be taken by receivers in the West. Suezmax owners will also be keeping one eye on their larger sibling, VLCC's, as firming rates in that segment are likely to have a knock on impact at some stage. For now, lists in the East and West have a fair degree of slack, but with simmering political tensions, firmer VLCC's, and a rising oil price, there is a real chance that rates may start to nudge up over the next few days. For now, MEG/East trades just below WS 60 on plus 15YR tonnage and low WS 60's for modern units. TD23 is likely to trade about WS 30 with some potential to tick.

Aframax

NSea/Baltic market showed signs of improvement this week mainly on the back of tightening supply of vessels. February dates are all covered, and March lifting programs suggest increased activity – especially for urals. The x-factor of the market is possible sanctions against Russian entities but overall sentiment has changed and market will be steady/firm moving forward. In the Med/Blsea we have seen an uptick in freight levels over the past week with tighter lists on the back of weather disruptions as well as a busy 2nd decade Blsea. All eyes these days on the escalating and uncertain situation unfolding in the Ukraine - expecting market to remain steady/firm for the balance of the week.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 16.0	-0.5 ↓
MEG/Japan (280 000)	WS 33.0	0.5 ↑
MEG/Singapore (280 000)	WS 34.0	1.0 ↑
WAF/FEAST (260 000)	WS 36.0	3.5 ↑
WAF/USAC (130 000)	WS 60.0	0.0 →
Sidi Kerir/W Med (135 000)	WS 65.0	0.0 →
N. Afr/Euromed (80 000)	WS 107.5	10.0 ↑
UK/Cont (80 000)	WS 102.5	10.0 ↑
Caribs/USG (70 000)	WS 152.5	2.5 ↑

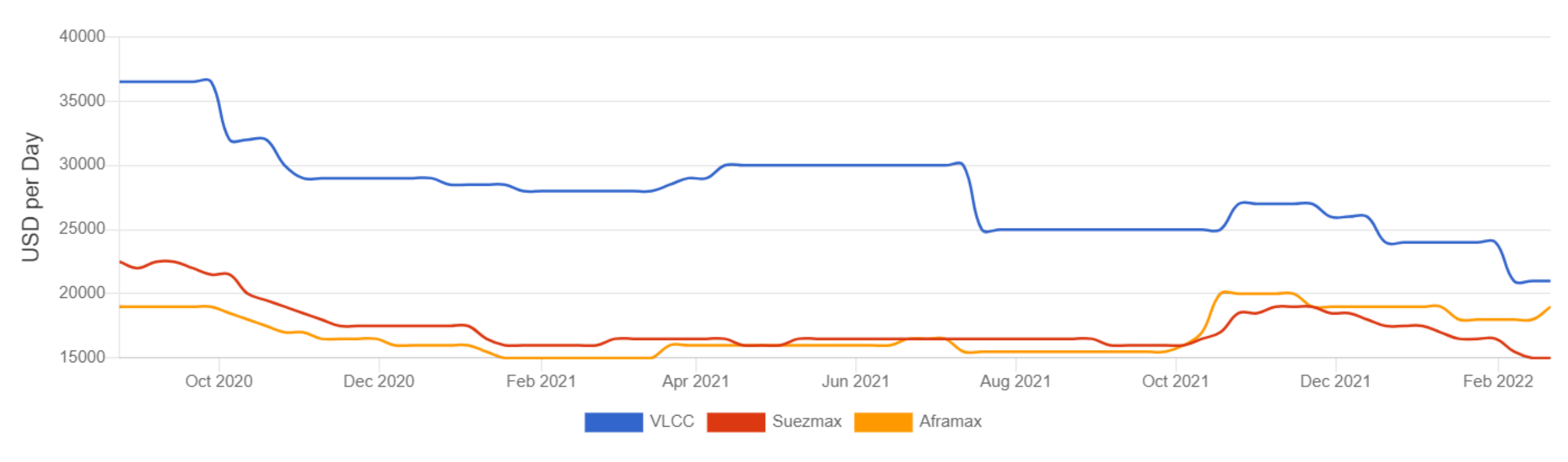
1 Year T/C (USD/Day)

VLCC (Modern)	$21000.0	$0 →
Suezmax (Modern)	$15000.0	$0 →
Aframax (Modern)	$19000.0	$1,000 ↑

VLCC

VLCCs fixed in all areas last week	59	18 ↑
VLCCs available in MEG next 30 days	162	2 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Bull mood again taking over for the big ships, despite alarming developments in Russia/Ukraine resembling what seen done by others back in 1939. Average daily spot earnings up almost 50 pct w-o-w to come in at USD 18k. Australian miners busy loading + booking whatever available tonnage for the West Australia/China iron ore conference trade, and with assistance of healthy inter-pacific coal volumes, value of Pacific round voyages almost tripling to USD 19k/day over last 5 trading days. Fronthaul trade improvement so far moderate in comparison, as Brazil iron ore exports still not back to normal volumes after a troublesome/wet period and the West Africa/Far East minerals trade not being sufficient to compensate – limited number of ballasters could however change this situation quickly. North Atlantic seeing a small boost as both inter-atlantic and export volumes of coal + iron ore destined for Far East and India increase significantly. "Almost ALL" relevant players on lookout for period candidates as timing being considered right – representative fixtures include 208,000 dwt, built 2017, done for 12-15 months at USD 30,500, also 180,000 dwt, built 2012, fetching USD 27,300 basis 9-13 months.

Panamax

Further sizeable gains for the Panamax and in particular the Atlantic market with talk of fresh mineral demand in the North to add to a well-supported grain market. Asia too saw decent levels of enquiry both ex NoPac and Australia in turn improving levels and sentiment. Period activity remained active.

Some representative fixtures this week:
The scrubber fitted JY Lake (81,176/2019) San Ciprian 22 February was alleged fixed for a coal trip via US Gulf redelivery Continent USD 25,000 with Viterra, the Scrubber benefit going to charterers. From the South came rumours of the Attalia (82,171/2010) delivery Aps EC South America 6/10 March fixing for a trip redelivery Singapore-Japan at USD 23,000 + USD 1,250,000 bb, and the Astrea (81,838/2015) delivery Aps Santos 18 March secured on subjects for the same trip at USD 26,500 + USD 1,350,000 bb. The Great Wencheng (91,439/2005) Caofeidian 21 February was placed on subjects for a trip via CIS Pacific redelivery Japan at USD 20,000.

Supramax

Even with the tension and further escalation in the Black Sea it doesn't seem to slow down the bulk market. Paper pushing and as per today up USD 1800 for Q2. The Atlantic market remains thousands behind Pacific where its reported a 63dwt fixing 40k dop Mumbai do Bangladesh, while it further east where reported a Imabari 61k dwt fixing dop Busan to Wafr at 32k with a split. In the Atlantic, a 57k where fixed 25k for a trip to Mediterranean with petcoke. On the short period side a 63 dwt was fixed 34k for 5-7 months, whilst in the Atlantic a similar vessel was fixed dop West Africa at 28k. Continent remains quite this week while we see more balance and a small push out of ECSA. Market will definitely keep pushing going forward.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$40,425	$8,675 ↑
Australia – China	$10.5	$2.6 ↑
Pacific RV	$18,625	$11,046 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$20,611	$10,236 ↑
TCE Cont/Far East	$31,585	$9,285 ↑
TCE Far East/Cont	$13,993	$1,850 ↑
TCE Far East RV	$24,405	$7,236 ↑

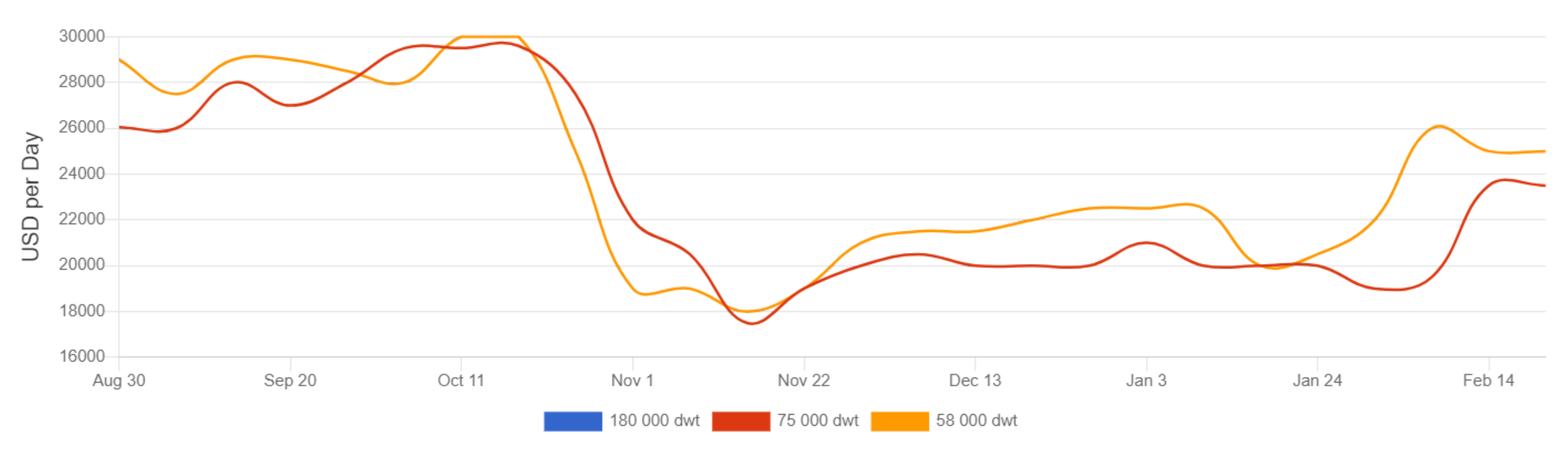
Supramax (USD/Day)

Atlantic RV	$21,371	$352 ↑
Pacific RV	$27,250	-$36 ↓
TCE Cont/Far East	$30,858	$687 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$32,000	$2,500 ↑
Capesize (180 000 dwt)	$27,000	$2,500 ↑
Kamsarmax (82 000 dwt)	$27,000	$1,500 ↑
Panamax (75 000 dwt)	$25,500	$2,000 ↑
Ultramax (64 000 dwt)	$30,000	$1,000 ↑
Supramax (58 000 dwt)	$28,000	$3,000 ↑
Baltic Dry Index (BDI)	$2,244	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
The focus on shipping this week has mainly been on two Australian cargos for 2H March, where one ship is reported on subs at around USD 44 Baltic. We have seen a total of 13 deals concluded in 1H March from the Middle East so far, and expect more activity to come for 2H March. But with freight still long no one seems to be in a rush to cover their next positions, yet.

WEST
Western freight markets continue to slide on the back of a narrow arbitrage. The annual IP week in London and Presidents' Day in US on Monday caused a slow start to the week and we have at time of writing only heard of one fixture concluded for early March dates in the USG. Freight rates for West loadings looks to be heading for USD 80 pmt rather quickly, a significant drop from last done at USD 93 pmt. As the freight pmt keeps falling, the tensions between Russia and Ukraine are causing crude to edge closer to USD 100/bbl and skyrocketing bunker prices.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$760,000	-$140,000 ↓
LGC (60 000 cbm)	$750,000	-$100,000 ↓
MGC (38 000 cbm)	$910,000	-$20,000 ↓
HDY SR (20-22 000 cbm)	$670,000	$0 →
HDY ETH (17-22 000 cbm)	$790,000	$0 →
ETH (8-12 000 cbm)	$530,000	$0 →
SR (6 500 cbm)	$450,000	$20,000 ↑
COASTER Asia	$285,000	$0 →
COASTER Europe	$320,000	$20,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$681	$0 →
Saudi Arabia/CP	$775	$0 →
MT Belvieu (US Gulf)	$758	$115 ↑
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)	$684	$1 ↑
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	$75,000	$0 →

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$111.0	$0.0 →
Suezmax	$77.0	$0.0 →
Aframax	$62.0	$0.0 →
Product	$42.0	$0.0 →
Newcastlemax	$64.0	$0.0 →
Kamsarmax	$36.0	$0.0 →
Ultramax	$34.0	$0.0 →
LNGC (MEGI) (cbm)	$217.5	$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$46.0	$0.0 →
Kamsarmax	$33.5	$0.5 ↑
Ultramax	$33.0	$3.0 ↑

Dry (10 yr)

Capesize	$32.0	$0.0 →
Kamsarmax	$25.0	$1.5 ↑
Ultramax	$27.0	$3.0 ↑

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	$51.0	$0.0 →
Suezmax	$33.0	$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

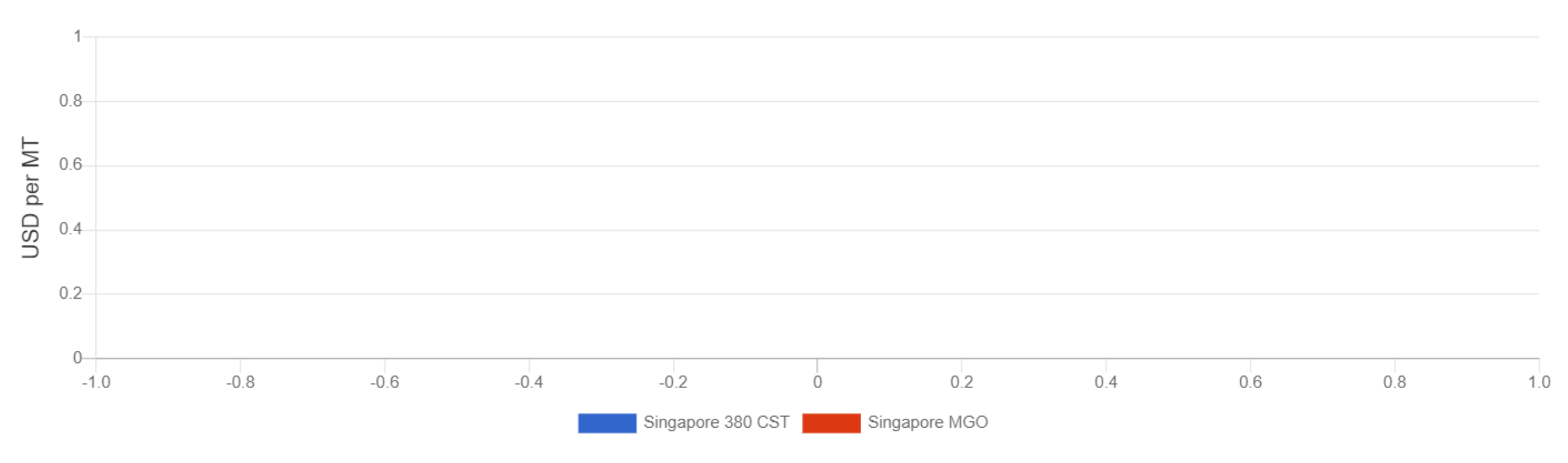
LIBOR USD (6 months)	0.38%	0.03% ↑
NIBOR NOK (6 months)	1.28%	0.04% ↑

Commodity Prices

Brent Spot	$97.00	$3.00 ↑

Bunkers Prices

Singapore 380 CST	$545.0	$6.0 ↑
Singapore Gasoil	$868.5	$14.5 ↑
Rotterdam 380 CST	$541.5	$14.5 ↑
Rotterdam Gasoil	$827.5	-$19.5 ↓



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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