Fearnleys Weekly Report

Week 10 - March 09, 2022

Printer version

Tankers

Comments

VLCC

With the current global events taking centre stage and infiltrating our daily lives, it is no different for the VLCC market, as unprecedented bunker prices bite hard on owners returns. As other sizes benefit from a little more Russian exposure on specific routes, VL's remain soft across the globe. With the current (relatively) cheaper bunkers on board, the bump in rates up to the WS 50s was a pleasant shift away from the monotonous negativity. However, it is when owners need to refill, and the replacement cost is calculated into the return, they will have to endeavor to push rates to reflect that. On a TCE basis, we are essentially back in the pre-invasion low WS 30s. Bumping along the bottom. Sentiment played its part at the beginning, driving rates upwards, but now, reality bites.

Suezmax

As the saying goes "a week is a long time in politics" and the same can be said of the Suezmax market. Healthy premiums are still being paid for Russian Baltic and Black Sea cargoes with a noticeable drop off in non-Russian rates, where skyrocketing bunker prices are savagely wiping out any profits. Attempts by America to lead an all-out ban on Russian crude may have fallen on deaf ears as the EU will take some time to be weaned of its Russian dependence. This oil will continue to flow, both short and long haul and if there's an example of cheap oil that doesn't find a home, we would love to be enlightened. TD20 appears susceptible to further falls and may test low WS 80s whilst MEG/East will hover in the mid/high WS 80s for 15T crane requirements. Td23 may start to come off a little and trade in the WS 40s.

Aframax

With most Aframax owners not willing to call Russian ports as the geopolitical situation is still very volatile, we have a two-tier market in the Nsea/Baltic area. The owners fixing out of Russian ports fix these cargoes at a very high premium compared to other areas in the North Sea. As more owners who normally would be fixing out of the Baltic market is looking at Nsea cargoes, this market came under downward pressure and rates have come off significantly. Bunker prices are still extremely high due to the current oil price, so we expect the market to stay around current levels for the time being. Much the same can be said about the Med/Bsea market with Bsea deals receiving a healthy premium vs cross-Med fixtures where the trend is softening by the day. We are expecting more of the same in the week to come.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 24.0	-3.0 ↓
MEG/Japan (280 000)	WS 46.0	-14.0 ↓
MEG/Singapore (280 000)	WS 47.0	-13.0 ↓
WAF/FEAST (260 000)	WS 49.0	-8.5 ↓
WAF/USAC (130 000)	WS 85.0	-20.0 ↓
Sidi Kerir/W Med (135 000)	WS 160.0	-15.0 ↓
N. Afr/Euromed (80 000)	WS 145.0	-115.0 ↓
UK/Cont (80 000)	WS 140.0	-90.0 ↓
Caribs/USG (70 000)	WS 155.0	-10.0 ↓

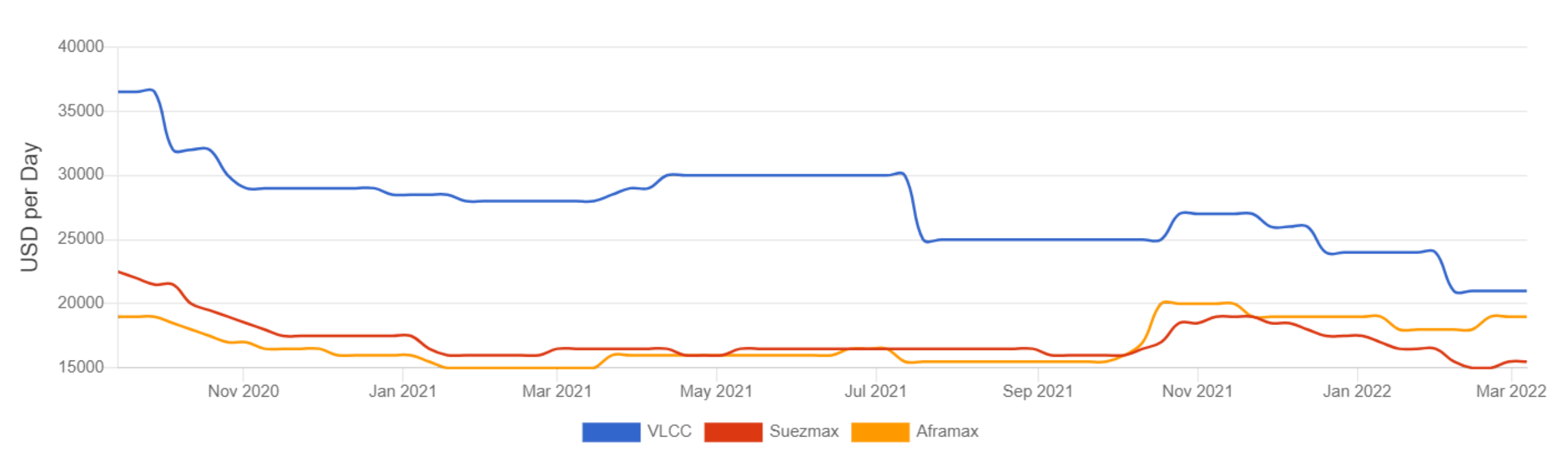
1 Year T/C (USD/Day)

VLCC (Modern)	$21000.0	$0 →
Suezmax (Modern)	$15500.0	$0 →
Aframax (Modern)	$23000.0	$4,000 ↑

VLCC

VLCCs fixed in all areas last week	44	-9 ↓
VLCCs available in MEG next 30 days	174	7 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

It's been an extreme week as oil and bunkers been tossing voyage numbers left, right, and centre, hour to hour, minute to minute. The North Atlantic has been suffering as the Russian invasion of Ukraine has taken out loading areas either directly caused by war or by self-sanctions. Further linked to the war we see much more coal heading towards Europe from destinations which is atypical - replacing Russian coal. In other news, though voyage rates mostly are up due to bunkers, we see hire rates improving as well as we are heading towards a more active season out of Brazil.

Panamax

In a market and world with a lot of a lot of uncertainty we saw this week further day of gains for the Panamax market with all routes yielding considerable returns. North appeared well supported with improved numbers reported especially for the shorter duration trips, further South something of a slower day but with SE Asia rates seeing sizeable jumps owners' offers were said to be difficult to nail down. Further North in the Pacific, talk of some strong numbers being concluded on the NoPac runs for well described tonnage on good delivery positions, continued to improve sentiment and feeling here.

Some representative fixtures this week:
The Navios Southern Star (82,224/2013) Rotterdam 10/11 March was heard fixing for a transatlantic trip via US Gulf redelivery Skaw-Gibraltar at USD 21,500.
Nan Xin 27 (74,483/2006) was heard fixing a trip via EC South America redelivery Skaw-Passero option 4-6 months at USD 35,000 basis delivery APS EC South America 17 March alternatively USD 24,750 basis retro sailing Sunda 15 February.
Yasa H Mulla (83,482/2011) Gibraltar 8 March fixed clean, delivery aps NC South America redelivery Far East at USD 27,000 + USD 1.4mio ballast bonus with Norden.
The Ocean Legend (78,208/2020) Cai Mep 13-14 March was rumored fixed for a trip via Indonesia redelivery Japan at USD 45,000.
Last Friday K Line secured the CSK Unity (77,105/2015) Manila 11/13 March for a trip via Indonesia redelivery Japan at USD 40,000.

Supramax

The Supra market continue to surge despite changing and challenging environment. Owners remain cautious reg trading CIS. However, there were talks about Ultra fixing CIS China coal round at USD 80,000. From the Atlantic, 55,000 dwt was covered for Med to Conakry at USD 16,000. 60,000 dwt open Vera Cruz concluded a trip from SW Pass redelivery Rotterdam with grains at USD 31,000. Clinker run to West Africa were done at USD 27,000 levels. From the Pacific, Ultramax open at Yosu was covered for trip via Indonesia redelivery West Coast India at USD 42,000. Other Ultramax open Gresik covered Indonesia to Thailand at USD 50,000. Still active talks around period; 57,000 dwt open East Med was fixed for sp at USD 24,000. 1-year for 58,000 dwt were discussed at high 20s.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$39,500	$3,600 ↑
Australia – China	$12.0	$2.0 ↑
Pacific RV	$18,741	$5,987 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$21,680	$11,005 ↑
TCE Cont/Far East	$34,280	$10,657 ↑
TCE Far East/Cont	$19,083	$6,703 ↑
TCE Far East RV	$28,024	$10,144 ↑

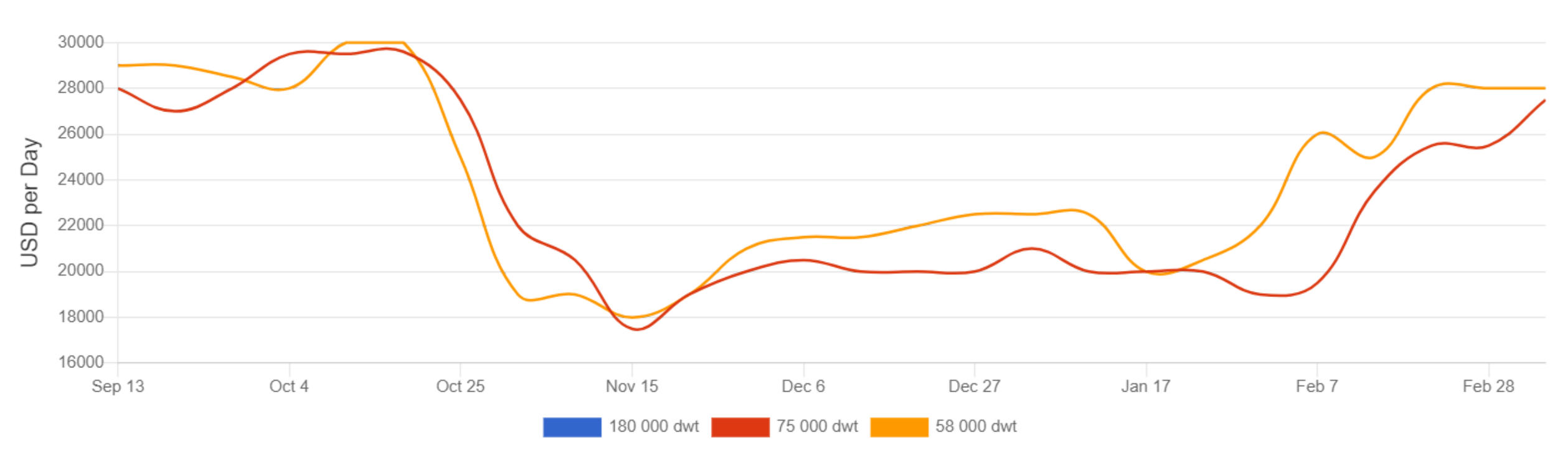
Supramax (USD/Day)

Atlantic RV	$22,133	$1,823 ↑
Pacific RV	$34,214	$4,314 ↑
TCE Cont/Far East	$18,979	-$3,500 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$36,500	$2,500 ↑
Capesize (180 000 dwt)	$29,500	$500 ↑
Kamsarmax (82 000 dwt)	$30,000	$2,500 ↑
Panamax (75 000 dwt)	$27,500	$2,000 ↑
Ultramax (64 000 dwt)	$32,000	$2,000 ↑
Supramax (58 000 dwt)	$29,500	$1,500 ↑
Baltic Dry Index (BDI)	$2,558	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
A combination of continuous higher bunker prices, and a rush for end March – early April MEG cargos has pushed freight up drastically. Last done deal for Singapore-Japan range was concluded in the low-mid 60s Baltic, while the recent Indian deals carries a larger premium. Going forward freight ideas from owners remain bullish, and we expect market to stay active as Adnoc and Aramco acceptances are just around the corner.

WEST
Western freight rates found a floor last week at USD mid/high 70s H/C. After a sudden rush of fixing, in addition to the crude rally, the freight market made a huge jump with the last done deal concluded at USD mid 90s H/C. At the time of writing, we count 15 spot fixtures for April, and mid-month fixing is well underway. Having said that, there is still some leftover vessels in March and early April, which may have to absorb some costly waiting time. US stats will be released later today and may decide if the fixing flurry will continue or take a breather. Firm vessel itinerary is key when fixing and not being able to book Neo Panama slots well in advance, makes some would-be charterers hesitant to make a move for such non-booked vessels. Thus, there are several cargoes uncovered in April still and many deals to be done.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$600,000	$140,000 ↑
LGC (60 000 cbm)	$750,000	$0 →
MGC (38 000 cbm)	$910,000	$0 →
HDY SR (20-22 000 cbm)	$680,000	$10,000 ↑
HDY ETH (17-22 000 cbm)	$790,000	$0 →
ETH (8-12 000 cbm)	$530,000	$0 →
SR (6 500 cbm)	$460,000	$10,000 ↑
COASTER Asia	$285,000	$0 →
COASTER Europe	$330,000	$10,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$792	$0 →
Saudi Arabia/CP	$895	$0 →
MT Belvieu (US Gulf)	$850	$58 ↑
Sonatrach/Bethioua	$830	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$851	$0 →
Saudi Arabia/CP	$920	$0 →
MT Belvieu (US Gulf)	$876	$115 ↑
Sonatrach/Bethioua	$860	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$38,000	$2,000 ↑
West of Suez 155-165 000 cbm	$40,000	$3,000 ↑
1 Year T/C 155-160 000 cbm	$100,000	$24,000 ↑

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	$34.0	$0.0 →
Ultramax	$33.0	$0.0 →

Dry (10 yr)

Capesize	$32.0	$0.0 →
Kamsarmax	$25.0	$0.0 →
Ultramax	$27.0	$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	$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	115.60	0.02 ↑
USD/KRW	1237.10	30.95 ↑
USD/NOK	8.97	0.05 ↑
EUR/USD	1.09	-0.02 ↓

Interest Rates

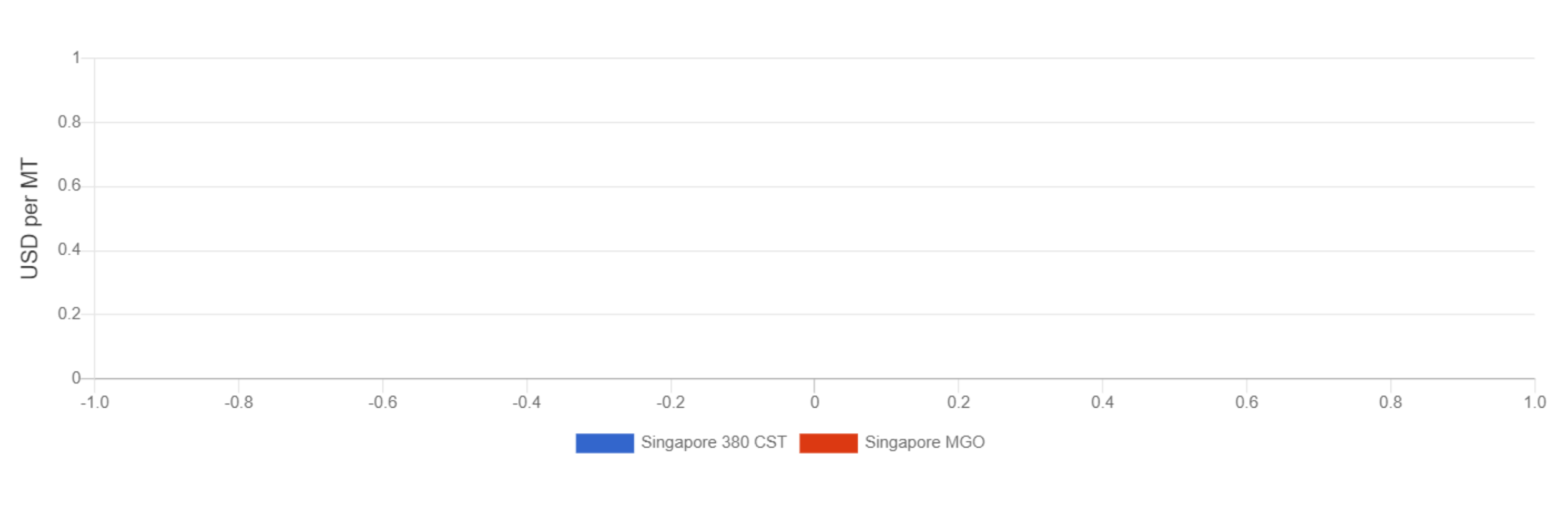
LIBOR USD (6 months)	1.02%	0.13% ↑
NIBOR NOK (6 months)	1.68%	0.26% ↑

Commodity Prices

Brent Spot	$128.00	$10.00 ↑

Bunkers Prices

Singapore 380 CST	$722.0	$165.0 ↑
Singapore Gasoil	$1,216.0	$326.0 ↑
Rotterdam 380 CST	$722.5	$183.0 ↑
Rotterdam Gasoil	$1,323.5	$448.5 ↑



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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