Fearnleys Weekly Report

Week 11 - March 16, 2022

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Tankers

Comments

EAST

With oil prices up, then down, it's been a week where the bunkers dominate in determining the market levels, as exposure to any sentiment or supply and demand pressures. As owners refuel at the pumps, the calculated returns can dip dramatically into the (relatively) cheaper onboard bunkers we used up. But, as we see the bunker price decrease, so does the rate. As for supply, by our count, there are 19 VLCCs now in the Arabian Gulf, 8 of which are Iran-related. Unless there is some entertaining US offers, owner's sentiment will suffer. The Atlantic, only really the USG providing much nourishment for the VLCCs.
On the flip side, OECD inventories at close to their lowest for the last 10 years, these will need replenishing, since OPEC are attachtring to lift production. It is up to Western leaders to convince them to do so.

Comments

Russian grades continue to command a premium over the regular market ex Baltic and Black Sea with the curious exception of Russian loadings from Kozmino. The wider market is still battling rising bunkers and falling freight with few signs of resistance other than some Indian market cargoes that have recently traded Wafi/India at circa TD36 (-WS 88.90). These with scrubbers have committed the dirty deed and allowed their consumption advantage to be traded against them with Wafi/long East trading at WS 773.80. MEG/India enjoys has been particularly active, whilst conversely, long haul from this region has been quiet, allowing ships to recycle back onto the list quickly. MEG/East will trade WS 875.90 on modern whilst TD23 may start to threaten WS 30's if low cargo volumes persist.

Comments

We still see large premiums being paid for Russian port calls despite less reported activity over the last couple of days. Everyone is waiting to see if any stems gat cancelled and how this will affect the export program for both March and April. North Sea crude spot earnings came off significantly last week and have been hovering around WS 120 levels due to erratic bunker prices. Going forward we might see rates in the North Sea improve as we expect even more VLCC stems ex WCN being lifted on Aframaxes. Although the rates on Baltic have come off this year, voyages ex Russian ports are still giving owners a healthy return. In the Mediterranean, we have seen the market soften further and we expect this to continue going into the weekend.

Rates

Dirty Clean (WS 2022)

MEG/WEST (280 000)	WS 24.0	0.0 ➔
MEG/Japan (280 000)	WS 42.0	-4.0 ➔
MEG/Singapore (280 000)	WS 43.0	-4.0 ➔
WAF/FEAST (260 000)	WS 44.0	-5.0 ➔
WAF/USAC (130 000)	WS 75.0	-10.0 ➔
Sidi Kerir/Mal (135 000)	WS 102.5	-17.5 ➔
N. Afr/Euromed (80 000)	WS 125.0	-20.0 ➔
UK/Cont (80 000)	WS 122.5	-17.5 ➔
Carib/USG (70 000)	WS 145.0	-10.0 ➔

Time T/C (USD/Day)

VLCC (Modern)	$21000.0	$0 ➔
Suezmax (Modern)	$14000.0	$300 ➔
Aframax (Modern)	$13000.0	-$1,000 ➔

VLCC

VLCCs fixed in all areas last week	51	1 ➔
VLCCs available in MEG next 30 days	184	18 ➔

Time T/C Chart

Dry Bulk

Comments

There is a large degree of uncertainty around the world, but all in all dry bulk rates have remained fairly stable; rates went from USD 18,900 on average to USD 21,800 from last week. C5 went from USD 12 to 12.3 on index, despite rates about USD 1.0 being concluded. The Brazil/ China round has been kept around USD 30 pmt level for some time (index value USD 30.5 one week back) and is presently at USD 27 pmt, also being laid down by Vale who have been active in taking ships recently.

Comments

A softer week encompassed the Panamax market with little good cheer for owners to grab a hold of. Negative bids and tones across the board. Negative news and indexes have been the story of the whole week.

Some representative fixtures this week:
YM Pacifico (81,853/2015) sailed Hamburg 12 March was rumoured fixed for a trip via US East coast redelivery China with an intended cargo of petcoke at a rate in the region of mid USD 30,000's with charterers Unipec
Star Ametrine (82,123/2009) retro sailing middle 3 March was fixed for a trip via EC South America redelivery Southeast Asia USD 26,750 to Omega.
The Doric Armour (81,800/2018) Huanghua 15 March was placed on subjects by Messrs Cobelfret for a trip via Bunbury redelivery Continent at USD 30,000.
MBA Future (82,95/2009) Nagoya prompt was said to have fixed for a trip via NoPac with petcoke redelivery Japan at USD 30,000, but little else emerged.
Yi Qingrai (81,874/2012) Yantai 12-17 March was heard to have fixed for a trip via NoPac redelivery Singapore Japan at USD 30,000.

Comments

Despite the War in Ukraine continuing for the third week, the shipping industry are fighting to get grips with the situation. The Supramax market showed some good resistance, strong demand in the Pacific made many owners leave Ernel and Ballad towards East to obtain better rates. Rates in the Atlantic, on the other hand, dropped as the USA market was quiet. There is also a lot of tonnage in the Atlantic more balanced. The general activity decreased, with less fixtures and the rates went down to about a few thousands. The BSI-58 10TC route closing yesterday just USD 100 below USD 32,000/day. South China trip via Indonesia, E.Coal India is up 3k with Fuse reported rates to USD 40,000/day. W.Africa trip via ECSA to N.China is USD 30,000/day, lower rates from Mediterranean to China/S.Korea is softer at USD 20,000/day. The big difference between the Atlantic average USD 15,000/day, while the Pacific round voyages and back haul pays as much as USD 40,000/day.

Rates

Panamax (USD/Day, USD/Tonne)

TC5 Cont/far East (180 DWT)	$37,725	-$3,125 ➔
Australia - China	$12,3	$0.2 ➔
Pacific RV	$23,533	$4,029 ➔

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$21,565	$954 ➔
TC6 Cont/Far East	$32,523	$938 ➔
TC3 Far East/Cont	$25,372	$11,379 ➔
TC3 Far East RV	$29,633	$5,228 ➔

Supramax (USD/Day)

Atlantic RV	$25,021	$2,302 ➔
Pacific RV	$32,943	-$2,521 ➔
TC9 Cont/Far East	$20,188	$1,196 ➔

Time T/C (USD/Day)

Newcastlemax (205 000 dwt)	$36,500	$0 ➔
Capesize (180 000 dwt)	$29,500	$0 ➔
Kamsarmax (82 000 dwt)	$27,000	-$3,000 ➔
Panamax (75 000 dwt)	$25,500	-$2,000 ➔
Ultramax (64 000 dwt)	$31,000	-$1,000 ➔
Supramax (58 000 dwt)	$28,500	-$1,000 ➔

Baltic Dry Index (BDI)

Baltic Dry Index (BDI)	$2,591	

Time T/C Dry Bulk

Gas

Comments

EAST
The momentum in Baltic has slowed down and for the first time in 2 weeks the BLPGI print showed a small drop. This is partly due to less activity and more trader rates appearing in market for M-April, but also due to bunker prices seemingly finding some 'stability' compared to previous weeks. As a result of more upstream production, we have also seen a couple of spot fob cargos for sale from Middle Eastern suppliers. But so far this has not triggered any significant activity on shipping yet, and we are (time of writing) still waiting for the Saudi acceptances for April.

WEST
A couple of leftover March vessels are being targeted for some final attempts to secure March FOB loaders at freight rates in the low USD 100's Houston/Chiba and mid USD 50's Houston/Flushing. First half April seems more or less done in terms of spot activity and all eyes are on second half April where there is a vessel requirement and FOB/CFR tender from an Indonesian major. Under the current environment, Houston/Flushing is trading at a mere USD 6,500 premium to that of Houston/Chiba and thus far in March we have seen a lot of cargo flow from North West Europe and it will continue to rise – that's about the same number of VLGC offrings as USD/mt USD 5/ MMBtu seen on average over the past three months. Although activity isn't booming so far this week, we think there is definitely more to come.

LPG Rates

East Market (USD/Month)

VLGC (84 000 cbm)	$900,000	$110,000 ➔
LGC (60 000 cbm)	$730,000	$0 ➔
MGC (38 000 cbm)	$910,000	$0 ➔
HDY SR (20-22 000 cbm)	$690,000	$10,000 ➔
HDY ETH (17-22 000 cbm)	$790,000	$0 ➔
ETH (8-12 000 cbm)	$520,000	-$10,000 ➔
SR (6 500 cbm)	$460,000	$0 ➔
COASTER Asia	$280,000	-$1,000 ➔
COASTER Europe	$330,000	$0 ➔

LPG/FOB Propane / Butane (USD/Tonne)

FOB North Sea/ANSI	$792	$0 ➔
Saudi Arabia/CP	$895	$0 ➔
MT Belvieu (US Gulf)	$639	-$144 ➔
Sonatrach/Bethioua	$830	$0 ➔

LPG/FOB Propane / Butane (USD/Tonne)

FOB North Sea/ANSI	$851	$0 ➔
Saudi Arabia/CP	$920	$0 ➔
MT Belvieu (US Gulf)	$669	-$146 ➔
Sonatrach/Bethioua	$860	$0 ➔

LNG Rates

East Market (USD/Day)

East of Suez 155-165 000 cbm	$37,000	-$1,000 ➔
West of Suez 155-165 000 cbm	$39,000	-$1,000 ➔
1 Year T/C 155-160 000 cbm	$19,000	-$1,000 ➔

Newbuildings

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$113.0	$1.0 ➔
Suezmax	$77.5	$0.5 ➔
Aframax	$62.5	$0.5 ➔
Product	$42.0	$0.0 ➔
Newcastlemax	$64.0	$0.0 ➔
Kamsarmax	$36.0	$0.0 ➔
Ultramax	$34.0	$0.0 ➔
LNGC (MEGI) (cbm)	$220.0	$2.5 ➔

Sale & Purchase

Tanker

Old (15 yrs)

Capesize	$46.0	$0.0 ➔
Kamsarmax	$34.0	$0.0 ➔
Ultramax	$34.0	$1.0 ➔

Dry Bulk

Old (15 yrs)

Capesize	$32.0	$0.0 ➔
Kamsarmax	$25.5	$0.5 ➔
Ultramax	$27.0	$0.0 ➔

Tanker (15 yrs)

VLCC	$74.0	$0.0 ➔
Suezmax	$47.5	$0.0 ➔
Aframax / LR2	$45.0	$3.0 ➔
MR	$30.0	$0.0 ➔

Dry (15 yrs)

VLCC	$51.0	$0.0 ➔
Suezmax	$35.0	$2.0 ➔
Aframax / LR2	$28.0	$1.0 ➔
MR	$20.0	$0.0 ➔

Market Brief

Exchange Rates

USD/JPY	118.19	-2.27 ➔
USD/KRW	1242.80	-5.70 ➔
USD/NOK	9.01	-0.09 ➔
EUR/USD	1.10	-0.01 ➔

Interest Rates

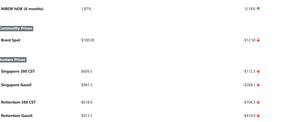
LIBOR USD (6 months)	1.245%	0.14% ➔
NIBOR NOK (6 months)	1.87%	0.14% ➔

Commodity Prices

Brent Spot	$100.00	-$12.50 ➔

Bunker Prices

Singapore 380 CST	$609.5	-$112.5 ➔
Singapore Gasoil	$947.5	-$265.5 ➔
Rotterdam 380 CST	$618.0	-$104.5 ➔
Rotterdam Gasoil	$913.5	-$410.0 ➔



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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