Fearnleys Weekly Report

Week 14 - April 06, 2022

Printer version

Tankers

Comments

VLCC

A week where the pendulum has swung firmly in owners' favour. The Afra and Suez market had been enjoying a bump for some time, but the trickle up has finally reached VL owners' pockets as economy of scale kicked in. The Atlantic has shot up and realistically Wafr/East now starts with a 6. The VL's have even been dining at the Smax table for runs to the UKCM, without so much as denting the latter. Add to that continued demand from the Americas and we have the makings of a perfect storm. With the change in trading patterns and increased ton-mile, it's starting to look like a paradigm shift. The MEG has followed suit, WS 50 mark for eastbound voyages on modern, but the tonnage list there remains populated with ships committed to the MEG due to age, background, and capping procedures, so cheaper alternatives are available.

Suezmax

Suezmax rates in the Atlantic continue an upward trajectory. But lest we forget the backstory, we need to look back to where this market really began to take on a life all of its own, and it commenced with that hugely impactful Wafr Petrogal fixture at WS 140 (last week). Whilst it's too early to call a cap to proceedings, the key indicator to a potential ceiling lies in the East, and namely the acute lack of MEG/East stems. This suggests that a large number of Eastern ballasters will set a course Wafr if the East doesn't pick up this side of the weekend. So, let's put a number on proceedings. You won't get much change from WS 180 for TD20 today whilst in the East modern units will be looking WS 60's for TD23. MEG/East needs testing but modern ships are talking WS 110'ish today with further firming potential.

Aframax

Aframax rates in the West have pushed up quite significantly over the past couple of days. Owners in the North Sea and Mediterranean have reassessed their rate ideas on the back of surrounding market in the Mediterranean and USG/Caribs offering an alternative. Going forward we expect a firm market with upward pressure on the rates as the tonnage list is looking tighter for the next loading window.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 25.0	4.0 ↑
MEG/Japan (280 000)	WS 50.0	8.5 ↑
MEG/Singapore (280 000)	WS 50.0	8.5 ↑
WAF/FEAST (260 000)	WS 60.0	19.0 ↑
WAF/USAC (130 000)	WS 172.0	82.0 ↑
Sidi Kerir/W Med (135 000)	WS 180.0	87.5 ↑
N. Afr/Euromed (80 000)	WS 250.0	110.0 ↑
UK/Cont (80 000)	WS 165.0	20.0 ↑
Caribs/USG (70 000)	WS 265.0	60.0 ↑

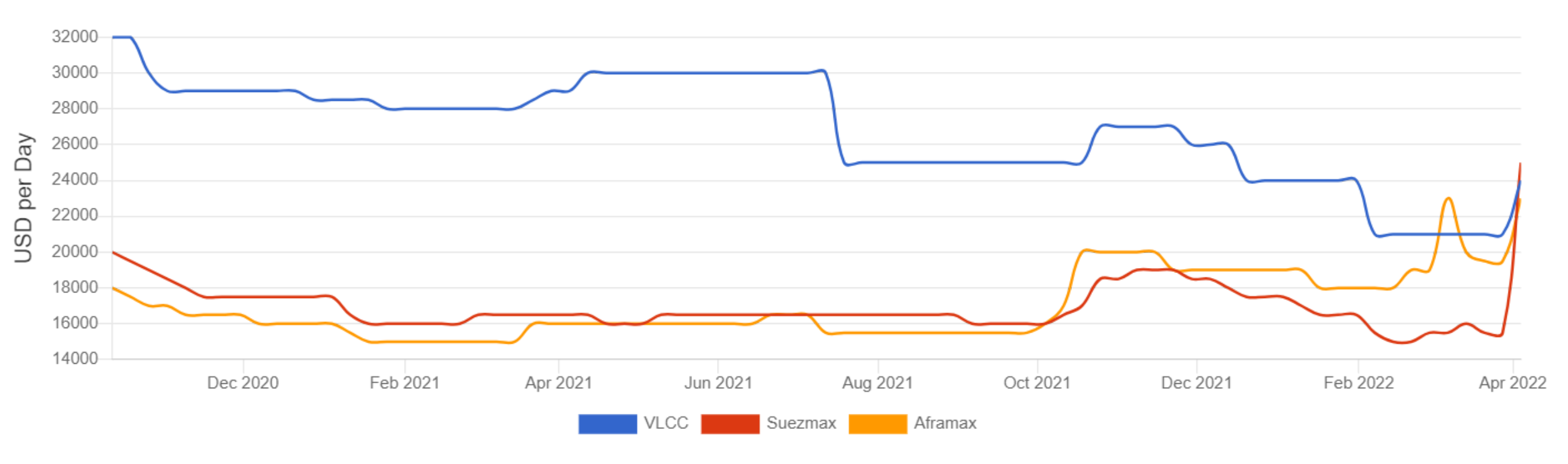
1 Year T/C (USD/Day)

VLCC (Modern)	$24000.0	$3,000 ↑
Suezmax (Modern)	$25000.0	$9,500 ↑
Aframax (Modern)	$23000.0	$3,500 ↑

VLCC

VLCCs fixed in all areas last week	67	18 ↑
VLCCs available in MEG next 30 days	157	-30 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Levels for the big ships dipping further as slow port turnaround/increased congestion remains insufficient to compensate for markedly lower mineral volumes traded compared to same period last year. Daily average earnings down 10 pct w-o-w to come in at USD 12k. Pain most acutely felt in Pacific, where values for rounds have fallen by 45 pct over last 5 trading days as fresh coal and in particular iron ore activity has been uninspiring. Transatlantic rates are steady in comparison, but with relevant quantities too insignificant to make much difference. Fronthaul trades remain a reflection of main Brazilian miners being far behind production and export guidance. Market generally (still) very much in contango, with keen interest in period candidates of virtually all size and colour - exemplified by vintage unit 171,000 dwt, built 2003, recently done for rest of 2022 at USD 25k.

Panamax

A weaker Panamax index overall but according to some sources some signs of green shoots of recovery for the longer grain front haul trips especially for earlier than index dates, so this brought into play some of the Continent/Mediterranean positions which had been pegged back of late. Despite holidays in some parts, activity in Asia remained healthy, and sources felt some of the early ships had been shifted in the North and the focus for some of the tonnage here was to consider the ballast South. In the South, some tonnage with limited options or with specific trade in mind conceded cheaper rates with charterers holding the upper hand.

Some representative fixtures this week:

Peney (81,886/2016) was sourced by Cargill basis delivery aps EC South America 25 April for a trip redelivery Far East at USD 27,000 + USD 1,700,000 ballast bonus.

The Shun Chang (93,322/2010) Xingang 31 March fixed for round trip via Australia at USD 18,000 but details remained scarce.

Ultra Lynx (81,607/2018) Brake 2/4 April fixed for a trip via NC South America redelivery Skaw-Gibraltar at USD 28,000 to Norden.

The Jia Foison (75,535/2010) Qingdao 2 April was said to have fixed for a trip via EC Australia redelivery Southeast Asia with coal at USD 19,000 to Panocean.

The scrubber fitted Majorca (74,333/2005) was secured by Oldendorff basis retro sailing Qingdao 30 March was fixed for a trip via NoPac redelivery China with grains at USD 22,750 redelivery not north of CJK and USD 22,000 redelivery south of CJK basis scrubber benefit to going to owners.

Supramax

With bigger uncertainty on the Russian coal ban and further sanctions it's hard to say what direction the market will take – but would say market will remain strong with a slight drop over the easter. Owners willing to call Russian ports still seeing huge premiums at rates around 70-80,000.

FFA kept falling all week whilst South America FH remains thick firmer. It's basically been a drop all over further markets and the gap between the bid/offer keeps spreading. Period market have also seen a heavy correction and is more or less not even present on the longer ones. Rate wise Continent front haul was fixed at lower 20s on a Supramax – from USG similar vessel where fixed low 30k.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$31,775	-$275 ↓
Australia – China	$8.7	-$2.1 ↓
Pacific RV	$8,496	-$7,904 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$27,225	$4,350 ↑
TCE Cont/Far East	$34,991	$3,309 ↑
TCE Far East/Cont	$24,633	-$430 ↓
TCE Far East RV	$24,838	-$2,296 ↓

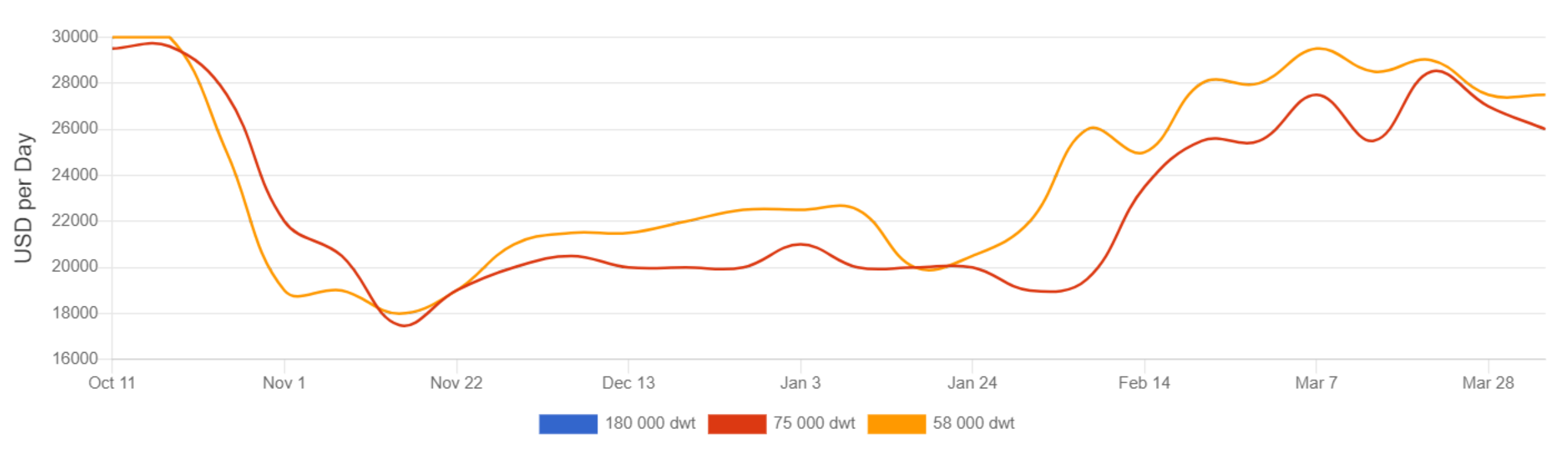
Supramax (USD/Day)

Atlantic RV	$26,035	-$1,052 ↓
Pacific RV	$26,700	-$5,371 ↓
TCE Cont/Far East	$25,292	$971 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$36,000	$250 ↑
Capesize (180 000 dwt)	$27,000	-$1,500 ↓
Kamsarmax (82 000 dwt)	$29,000	-$1,000 ↓
Panamax (75 000 dwt)	$26,000	-$1,000 ↓
Ultramax (64 000 dwt)	$30,500	-$500 ↓
Supramax (58 000 dwt)	$27,000	-$500 ↓
Baltic Dry Index (BDI)	$2,128	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
A couple of vessels were taken out in the East at the very end of last week in the mid-60s. Positions did slim down as a result, and with potentially a few late quotes from Indians or some ships running late - next deals could quickly climb toward high 60s in the East. However, this has yet to materialize. When comparing some 18 concluded spot fixtures for April with an average month, it is fair to say that the East market is currently looking well balanced as we gradually look towards May and the next round of acceptances.

WEST
After two highly active weeks in the United States the western freight market has taken a bit of a breather in the start of the week. There has only been one fixture concluded so far at mid-low USD 110s Houston/Chiba range, but at the time of writing there is a FOB/CFR tender out in the market in addition to a handful of cargoes being worked which have started things off again and making focus shift towards second decade May. With 10 spot fixtures so far in May we do expect many more deals to be done and rates to sustain going forward.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,000,000	$0 →
LGC (60 000 cbm)	$750,000	$0 →
MGC (38 000 cbm)	$910,000	$0 →
HDY SR (20-22 000 cbm)	$700,000	$0 →
HDY ETH (17-22 000 cbm)	$800,000	$0 →
ETH (8-12 000 cbm)	$510,000	$0 →
SR (6 500 cbm)	$460,000	$0 →
COASTER Asia	$280,000	$0 →
COASTER Europe	$340,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$843	$52 ↑
Saudi Arabia/CP	$940	$45 ↑
MT Belvieu (US Gulf)	$698	-$56 ↓
Sonatrach/Bethioua	$870	$40 ↑

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$905	$54 ↑
Saudi Arabia/CP	$960	$40 ↑
MT Belvieu (US Gulf)	$646	$22 ↑
Sonatrach/Bethioua	$930	$70 ↑

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$37,000	$0 →
West of Suez 155-165 000 cbm	$45,000	$0 →
1 Year T/C 155-160 000 cbm	$102,500	$0 →

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$114.0	$2.0 ↑
Suezmax	$78.0	$0.5 ↑
Aframax	$62.5	$0.0 →
Product	$43.0	$1.0 ↑
Newcastlemax	$65.0	$1.0 ↑
Kamsarmax	$36.0	$0.0 →
Ultramax	$34.0	$0.0 →
LNGC (MEGI) (cbm)	$221.0	$1.0 ↑

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$47.5	$0.0 →
Kamsarmax	$35.5	$0.0 →
Ultramax	$35.0	$0.0 →

Dry (10 yr)

Capesize	$32.5	$0.0 →
Kamsarmax	$26.5	$0.0 →
Ultramax	$27.0	$0.0 →

Wet (5 yr)

VLCC	$74.0	$0.0 →
Suezmax	$49.0	$0.0 →
Aframax / LR2	$45.0	$0.0 →
MR	$31.0	$0.0 →

Wet (10 yr)

VLCC	$51.0	$0.0 →
Suezmax	$35.0	$0.0 →
Aframax / LR2	$32.0	$0.0 →
MR	$22.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	118.50	2.53 ↑
USD/KRW	1235.50	7.25 ↑
USD/NOK	8.92	-0.03 ↓
EUR/USD	1.10	0.00 ↓

Interest Rates

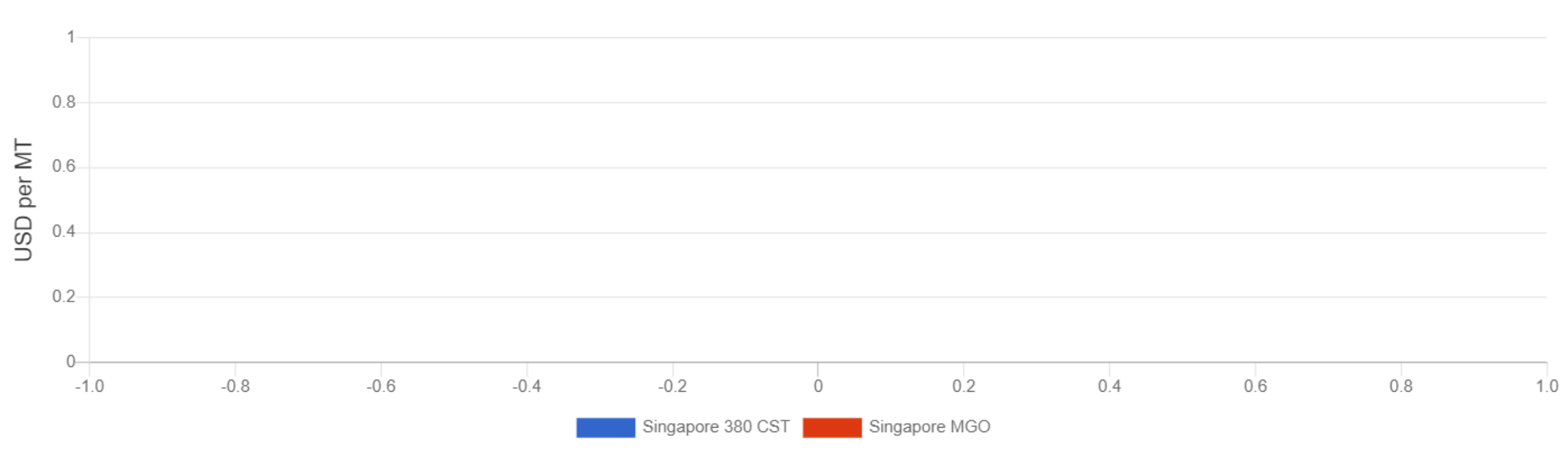
LIBOR USD (6 months)	1.47%	0.01% ↑
NIBOR NOK (6 months)	1.75%	-0.05% ↓

Commodity Prices

Brent Spot	$106.50	$1.50 ↑

Bunkers Prices

Singapore 380 CST	$700.5	$7.5 ↑
Singapore Gasoil	$1,142.0	$14.0 ↑
Rotterdam 380 CST	$663.0	-$22.0 ↓
Rotterdam Gasoil	$1,147.0	-$42.5 ↓



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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