Fearnleys Weekly Report

Week 16 - April 20, 2022

Printer version

Tankers

Comments

MEG

The April MEG program closed out with a healthy 140+ fixtures, so we watch to see what May has to offer. There is only 10 days left of the current month, so May should be gathering speed. As such, plenty of ships on subs, with no details attached as charterers seek to work from the shadows to keep activity private. The position list remains well stocked, and as a result, owners are struggling to keep hold of the pre-Easter gains, with rates slipping to the WS 50's level for modern well backpaid MEG/China.

Activity remains in the Atlantic with a number of cargoes looking as USG at the time of writing. However, Suezmaxes are wobbling a bit as VLCC's have been stepping on their toes for West Africa runs. With an armada of modern units battening keel to seek their fortune, logic dictates that rates are capped in the short term.

Freeports

The Suezmax market has experienced some heady days recently with the wider, non-Russia market, sustaining long periods of strong freight rates. But, as with any volatile market, there are peaks and troughs and after such spectacular highs, rates are likely to correct downwards (moderately). Although the East market has seen a flurry of end/early cargoes, there just hasn't been enough activity to trim the list sufficiently to prevent a significant number of ships battening keel. With this in mind, our call is that West/East may threaten WS 90's levels whilst MEG/East on modern tonnage may dip under WS 70. TD23 has been all over the place recently but owners will do well to hang onto WS 60's, with even a WS 50's possible on the cards.

Russia

Aframax rates in the North Sea came off slightly as expected due to lack of activity and dates moving forward. Baltic rates ex Russian ports is also under downward pressure as more tonnage setting to call Russian ports are emerging while awaiting further news about any possible further sanctions on Russian oil. Going forward we expect the market to move sideways with a softer undertone if we don't see an uptick in activity.

In the Med/Black Sea we have seen a quiet start to the week following the Easter holidays. The political diversion in Libya has resulted in several oil fields and ports closed as Force Majeure has been introduced. As expected, tonnage is also building up in the area and we have seen a downwards correction in rates. We expect the market to remain soft in the natural flaring window.

Rates

East Crude WS 2022		
MEG/WEST (280 000)	WS 52.0	-1.5 ↓
MEG/Japan (280 000)	WS 52.0	-0.5 ↓
MEG/Singapore (280 000)	WS 52.5	-1.0 ↓
WAF/FEAST (260 000)	WS 61.0	-2.5 ↓
WAF/USAC (130 000)	WS 160.0	-7.5 ↓
Sidi Kerir/W Med (135 000)	WS 177.5	-2.5 ↓
N. Afr/Rumenal (80 000)	WS 232.5	-10.0 ↓
UK/Cont (80 000)	WS 170.0	-12.5 ↓
Caribs/USG (70 000)	WS 245.0	-17.5 ↓

1 Year TC (USD/Day)		
VLCC (Modern)	$24000.0	$0 →
Suezmax (Modern)	$23000.0	$0 →
Aframax (Modern)	$24000.0	$0 →

VLCC	
VLCCs fixed in all areas last week	26
VLCCs available in MEG next 30 days	156

Dry Bulk

Comments

Overview

The market improved slightly and of last week, but on thin volumes as big part of the industry was in holiday mood. However, as this week started the optimism was left behind, and owners started to chase charters requirements. We are therefore back to where we were last week with basically no change in levels, still lacking Brazilian iron ore and a dreadful oversupply of ships in the North Atlantic. On a more positive note, the volumes are still ticking in the Far East keeping the segment above operational cost at least.

Freeports

An inauspicious start for the Panamax market following the holidays, the market was slow to get started according to sources. Asia appeared poised for a further push as sentiment remained positive with some owners being bullish but firmly activity had yet to get going thus far.

A distinct lack of fixing and activity to report on but the market seemed steady according to most sources. On the surface demand ex EC South America still appeared healthy and with a decent amount of mineral demand too, the early feelings were largely confident of a push.

Some representative fixtures this week:
Bahri Grain (81,853) 02/04 Dammam 2/ April fixing basis 4/8 months at USD 31,200 to ST Shipping.
Orion III (76,602/2005) CJK 20/30 April going to Mina Wah basis 4/6 months at USD 22,000.

Freeports

The Supra market in the Atlantic remains strong across all main routes. USG and ECSA are most lucrative areas with strong demand for Far East as well as across Atlantic trips.

Ultramax was reported fixing USD 33,000 pd deliver Miso River for a trip with grains Singapore-Japan. ECSA continued with good activities during Easter holidays, though very little was reported. The Supramax rumored to fix basis dely Brazil at USD 50,000 pd for TCT to Mediterranean Sea with grains. Furthermore, an Ultramax, 63 dwt, delivery Chile for loading in Argentina at USD 40,000 pd for trip with grains to Morocco.

North Atlantic/Med markets followed similar trend with good activities, and we experienced a strong push on rates on certain trades. Trips from Continent to Med with scrap fixing in very high 20's dpp on modern Supramax. The owners who are willing and able to do Nopac points is getting up to 3 times premium, reaching USD 80,000 pd for delivering Baltic for any direction within Atlantic.

Indian Ocean South Africa markets are stable with rates remaining strong both for backhauls and fronthaul trips. Supramax 58' dwt open WCI was fixed at USD 27,000 pd for trip to Bangladesh with aggregates. A few Ultras were heard to be fixed around low USD 35,000 dap WCI with widely Far East. Pat Eastern market were slow with noticeable rate reduction, for Tess 58 delivery China via Australia redy China, owners were accepting around USD 25,000 pd.

Rates

Capesize (USD/Day, USD/Tonne)		
TCA Cont/Far East (180 DWT)	$30,150	+1,625 ↑
Australia - China	$9.1	$0.1 ↑
Pacific RV	$9,854	-$238 ↓

Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$28,425	$840 ↑
TCE Cont/Far East	$37,391	$3,641 ↑
TCE Far East/Cont	$26,658	-$3,817 ↓
TCE Far East RV	$24,601	-$3,521 ↓

Supramax (USD/Day)		
Atlantic RV	$29,229	$4,007 ↑
Pacific RV	$26,857	$1,386 ↑
TCE Cont/Far East	$23,408	-$1,009 ↓

1 Year TC (USD/Day)		
Newcastlemax (208 000 dwt)	$34,750	-$1,250 ↓
Capesize (180 000 dwt)	$26,250	$750 ↑
Kamsarmax (82 000 dwt)	$28,500	-$1,000 ↓
Panamax (75 000 dwt)	$25,500	-$1,000 ↓
Ultramax (64 000 dwt)	$21,000	-$1,500 ↓
Supramax (58 000 dwt)	$21,500	-$1,500 ↓

Baltic Dry Index (BDI)	
Baltic Dry Index (BDI)	$2,142

Gas

Comments

EAST
Freight in the East remains firm and last done deal for non-India was concluded at USD 71 Baltic. The fixing window is still mainly concentrated on 1st half of May, but there is one FOB tender for last decade of May that has received some attention. Time of writing there are 2 Indian cargos being worked for fairly prompt dates, and as competition is rather limited, we expected these to be concluded at a premium.

WEST
The Western market continues to ride with last done deal concluded at USD 122 Houston/Chiba range and USD 69 Houston/Trading. Currently the freight is a bit stronger than the arb, but the vessel supply looks relatively tight so we expect the strong rates to maintain. The high demand we saw last month in Northwest Europe persist and the time of writing there are seven vessels heading this way so far in April in all likelihood this will continue in the next months to come.

LPG Rates

Asian Spot Freight (USD/Month)		
VLGC (84 000 cbm)	$1,250,000	$250,000 ↑
LGC (60 000 cbm)	$1,000,000	$250,000 ↑
MGC (38 000 cbm)	$940,000	$0 →
HDY SR (20-22 000 cbm)	$710,000	$10,000 ↑
HDY ETH (17-22 000 cbm)	$820,000	$0 →
ETH (8-12 000 cbm)	$525,000	$15,000 ↑
SR (5 500 cbm)	$480,000	$20,000 ↑
COASTER Asia	$275,000	$0 →
COASTER Europe	$360,000	$20,000 ↑

LPG Price Index - Propane (USD/Tonne)		
FOB North Sea/ARA	$861	$0 →
Saudi Arabia/CP	$940	$0 →
MT Belview (US Gulf)	$691	$0 →
Sonatrach/Bethioua	$870	$0 →

LPG Price Index - Butane (USD/Tonne)		
FOB North Sea/ARA	$905	$0 →
Saudi Arabia/CP	$960	$0 →
MT Belview (US Gulf)	$628	-$1 ↓
Sonatrach/Bethioua	$930	$0 →

LNG Rates		
East of Suez Market (USD/Day)		
East of Suez 155-165 000 cbm	$42,000	$0 →
West of Suez 155-165 000 cbm	$45,000	$0 →
1 Year T/C 155-160 000 cbm	$105,000	$0 →

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Strong	Strong

Prices

VLCC	$114.0	$0.0 →
Suezmax	$78.0	$0.0 →
Aframax	$62.5	$0.0 →
Product	$63.0	$0.0 →
Newcastlemax	$65.0	$0.0 →
Kamsarmax	$36.0	$0.0 →
Ultramax	$34.0	$0.0 →
LNGC (MEGI) (cbm)	$221.0	$0.0 →

Sale & Purchase

Prices

Wet 1Y old	
Capesize	$47.5
Kamsarmax	$35.5
Ultramax	$35.0

Dry 5Y old	
Capesize	$32.5
Kamsarmax	$26.5
Ultramax	$27.0

Wet 10Y old	
VLCC	$74.0
Suezmax	$49.0
Aframax / LR2	$45.0
MR	$31.0

Dry 10Y old	
VLCC	$31.0
Suezmax	$35.0
Aframax / LR2	$32.0
MR	$22.0

Market Brief

Exchange Rates

USD/JPY	118.50	-2.72 ↓
USD/KRW	1235.50	-7.25 ↓
USD/NOK	8.92	-0.03 ↓
EUR/USD	1.10	-0.00 ↓

Interest Rates

LIBOR USD (6 months)	1.61%	-0.06% ↓
NIBOR NOR (6 months)	1.66%	-0.07% ↓

Commodity Prices

Brent Spot	$107.50	-$4.00 ↓

Bunker Prices

Singapore 380 CST	$779.5	$86.0 ↑
Singapore Gasoil	$1,277.5	$146.5 ↑
Rotterdam 380 CST	$640.5	$8.5 ↑
Rotterdam Gasoil	$1,245.0	$150.0 ↑

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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