Fearnleys Weekly Report

Week 18 - May 04, 2022

Primer version

Tankers

Overview

VLCC

The week gone by has been a sluggish one with VLCC rates continuing to slide in all areas, now well established just north of WS 40 from both MEG and WAF. Arguably major trading hubs have been off on holiday, with China and Japan very back-footed. But a well-stocked position list will not scare charterers as they resume fixing the remainder of the April MEG programme. The attitude of ships bailiwick tried on spec when things were looking brighter has similarly tilted things in favour of charterers with Atlantic cargo to cover. All in all, bleak prospects short term.

Suezmax

Suezmax market is a little disjointed this week as the majority of the planed has taken some time off for some R&R. Unfortunately, the short-term prospects remains the same, at least this side of the weekend, with rates likely to trade concerto at best. TD20 has seen a couple of cargoes enter the fray in the 17-21 window suggesting second decade slots will be all but covered by the end of the week. With TD20 trading mid WS 70's, some charterers might see that as a "take" and start reaching forward with freight levels relatively low. In the East, there has been a trickle of activity for TD23 runs, with that particular route not giving much change from WS 45. MEG/East remains the ultra quite relative in this segment and for a modern, well approved vessel will trade at about WS 80 for a China run.

Aframax

The Aframax market in the North Sea and Baltic started on a quiet note this week with more tonnage piling up due to less cargo activity. Going forward we expect rates to be under downward pressure. We might see some owners ballast away heading towards the Mediterranean which are showing some more promising trends compared to its neighboring North Sea market.

The Med/Black market has moved more or less sideways for most of the week with ships being fixed at repeat levels. However, as talks of PM being lifted in Libyan ports is flourishing this week there is a firm underbone among owners. At the same time we have seen a few clients being worked on Bspa now, and we expect the firm trend to continue into next week.

Freight

Clean Market (USD/Month)		
MEG/WEST (280 000)	WS 25.0	-2.5 ↓
MEG/Japan (280 000)	WS 46.0	-1.0 ↓
MEG/Singapore (280 000)	WS 46.0	-2.0 ↓
WAF/EAST (260 000)	WS 46.0	-6.5 ↓
WAF/USAC (130 000)	WS 77.5	-15.0 ↓
Sidi Kerir/W Med (135 000)	WS 102.5	-7.5 ↓
N. Afr/Euromed (80 000)	WS 157.5	7.5 ↑
UK/Cont (80 000)	WS 160	0.0 ↑
Cariba/USG (70 000)	WS 115.0	-25.0 ↓

Time S/C (USD/Day)		
VLCC (Modern)	$23500.0	-$1,500 ↓
Suezmax (Modern)	$21000.0	-$1,000 ↓
Aframax (Modern)	$17000.0	-$1,000 ↑

VLCC

VLCCs fixed in all areas last week	42	-8
VLCCs available in MEG next 30 days	184	-44 ↑

Time S/C Curve

Dry Bulk

Overview

Capesize

Players back from holidays and activity up for the big ships - resultant average daily spot earnings improving slightly w-o-w to come in at tick over USD 18k. Front/haul and transatlantic volumes plus levels, with only a few well-positioned "exotic" vessels, keep disappointing, with the describing TC-value Cont/Med to Far East being stuck at below USD 30k/day. The West Australia/China iron ore movement has been disappointing considering the upcoming Golden Week holiday in China, with rates dropping to low 4x's/day. Bright spot being coal trades and particularly anything related to India - tentbids of Capes done during last few trading days for Indonesia/India alone. Period interest remain significant, with derivative values giving part support - representative fixtures include 180,000 dwt built 2016 done for a year BD weeks + 22 pct, 180,000 dwt built 2015 fixed for a year at USD 31k, and 182,000 dwt built 2015 for 5 years at a reported USD 25,500/day.

Panamax

A slow week, which was expected perhaps following holidays and in parts of the world the start of week. This said the Atlantic kicked off on a slightly firmer footing than previous with some talk of positional tightness in areas. Asia was said by some to have found a floor but with limited activity yet to be impacted by varying holidays it was less easy to call so far, according to sources.

Some representative fixtures this week:
The Chateaux Virtue (82,647/2011) Gibraltar $/10 May was said to have been secured on subjects for a front haul trip at USD $7250. LBC Earth (70,576/2002) Hamburg 2/3 May was rumoured to have fixed for a transatlantic trip redelivery Skaw-Gibraltar at a rate in the low USD 30's.
AG Amur (82,084/2001) PMO, 4/5 May TCT via ECSA redel MEG USD 31,500 - 2-4mnos.
Crimson Empress (82,292/2004) Immingham 6/9 May fixd subs 2 legs redel Atlantic USD 31,000 - Aquatrade (corrects 3/5).
Wooyang Shipping TBN 75,000/10 Gale Balikpapan/Hadong 17/21 May 2500054/TPM04EK v/c/2000SHINC USD 12.42 FIO - Hapco Tender.

Kamsarmax

Despite the big pressure on cargo supply from the Black Sea and Baltic, the market keeps firm sentiment.
ECSA and USG pushing rates up even more the ships ballasting from the Continent and Med does not change strong demand in those markets. Stable Pacific market supporting good levels that owners asking.
Today's levels are in the low USD 30,000 sat for Atlantic RV on Supra with premium for Ultra. Pacific RV are trading in the high USD 20,000 pd.
Front/haul Black Sea to Far East is like Continent to Far East fixing in the low/mid USD 20,000 pd on Tess 58.

Ultramax

Period		
Panamax (USD/Day, USD/Tonne)		
TCI Cont/Far East (180 DWT)	$35,075	$679 ↑
Australia - China	$12.1	-$0.2 ↓
Pacific RV	$23,246	-$887 ↓
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$28,500	+$1,850 ↑
TCE Cont/Far East	$38,155	+$1,345 ↑
TCE Far East/Cont	$19,556	-$65 ↓
TCE Far East RV	$22,839	+$574 ↑
Supramax (USD/Day)		
Atlantic RV	$34,147	+$1,422 ↑
Pacific RV	$27,292	+$522 ↑
TCE Cont/Far East	$23,700	$42 ↑
Time S/C (USD/Day)		
Newcastlemax (208 000 dwt)	$36,500	$500 ↑
Capesize (180 000 dwt)	$29,500	$1,500 ↑
Kamsarmax (82 000 dwt)	$27,000	$2,500 ↑
Panamax (75 000 dwt)	$25,000	+$1,500 ↑
Ultramax (64 000 dwt)	$21,500	$500 ↑
Supramax (52 000 dwt)	$28,500	$500 ↑
Baltic Dry Index (BDI)	$2,485	

Time S/C Dry Bulk

Gas

Overview

EAST
With many of the market participants East of Suez out of office most of this week things are moving slow so far. Direction for the remainder of May as MEG will take shape in the coming days - consensus around freight looking long and should come off a bit further. While the remaining spot volumes for May is yet to be seen, even with a healthy ending to the month, market tonnage is looking to be oversupplied.

WEST
Players slowly but surely coming back from holidays. The Western freight market still looks strong and shows downward resistance in spite of missing activity. Last done fixture was concluded at mid/low USD 120s Houston/Chiba which results in a USD 10 west discount against the Japan/Korea Ballast route. At the time of writing there have been a lack of product trade with Far East due to various holiday observances, but for now the most important question is how much demand there will be for vessels to decade in June to tell where freight is going. Freight activity on US has been quite subdued, only three US spot deals done so far in June, however, there is action looming.

LPG Table

Spot Market (USD/Month)		
VLGC (84 000 cbm)	$1,450,000	-$50,000 ↓
LGC (60 000 cbm)	$1,100,000	$0 →
MGC (38 000 cbm)	$940,000	$0 →
HDY SR (30-22 000 cbm)	$710,000	$0 →
HDY ETH (17-22 000 cbm)	$820,000	$0 →
ETH (8-12 000 cbm)	$525,000	$0 →
SR (6 500 cbm)	$480,000	$0 →
COASTER Asia	$270,000	$0 →
COASTER Europe	$375,000	$15,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)		
FOB North Sea/ARA	$730	-$114 ↓
Saudi Arabia/CP	$850	-$90 ↓
MT Belvieu (US Gulf)	$660	-$4 ↓
Sonatrach/Bethioua	$730	-$140 ↓

LPG/FOB Prices - Butane (USD/Tonne)		
FOB North Sea/ARA	$849	-$57 ↓
Saudi Arabia/CP	$860	-$100 ↓
MT Belvieu (US Gulf)	$606	-$4 ↓
Sonatrach/Bethioua	$835	-$95 ↓

LNG Table

Spot Market (USD/Day)		
East of Suez 155-165 000 cbm	$48,000	$0 →
West of Suez 155-165 000 cbm	$56,000	$1,500 ↑
1 Year T/C 155-160 000 cbm	$108,000	$1,000 ↑

Newbuilding

Activity Levels		
Tankers	Slow	Increasing
Dry Bulkers	Slow	Increasing
Others	Moderate	Strong

Prices

VLCC	$116.0	$1.0 ↑
Suezmax	$78.5	$0.0 →
Aframax	$63.0	$0.0 →
Product	$63.0	$0.0 →
Newcastlemax	$65.0	$0.0 →
Kamsarmax	$36.5	$0.5 ↑
Ultramax	$34.5	$0.5 ↑
LNGC (MEGI) (cbm)	$224.0	$1.0 ↑

Sale & Purchase

Prices

10y Old (*)		
Capesize	$32.0	$0.0 →
Kamsarmax	$36.5	$0.5 ↑
Ultramax	$35.0	$0.0 →
5y Old (*)		
Capesize	$36.0	$0.0 →
Kamsarmax	$27.5	$0.0 →
Ultramax	$27.0	$0.0 →
Med (*)		
VLCC	$76.0	$0.0 →
Suezmax	$52.0	$0.0 →
Aframax / LR2	$47.0	$2.0 ↑
MR	$32.0	$0.5 ↓
Med 5y (*)		
VLCC	$54.0	$0.0 →
Suezmax	$39.0	$3.0 ↑
Aframax / LR2	$32.5	$0.0 →
MR	$22.5	$0.0 →

Market Brief

Currency 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 →

General Rates		
LIBOR USD (6 months)	1.98%	0.13% ↑
NIBOR NOK (6 months)	1.81%	0.11% ↑

Commodity Prices		
Brent Spot	$105.00	-$4.50 ↓

Bunker Prices		
Singapore 380 CST	$767.0	$51.0 ↑
Singapore Gasoil	$1,208.5	$114.5 ↑
Rotterdam 380 CST	$630.0	$15.5 ↑
Rotterdam Gasoil	$1,322.5	$114.5 ↑

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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