Fearnleys Weekly Report

Week 20 - May 18, 2022

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Tankers

Commentary

VLCC

We sit between the May close out and the June item releases in the MEG and as such, the surface looks quiet. Tonnage rate remain lengthy, and fundamentals point towards little change. However, with bunkers up close to USD 950 in Fujairah today, 6-6 Mary owners will have to push back, and at present there are rumors of undercover cargoes and owners holding the line. For modern ships in the MEG, it is WS 47+. If breaking 40 is the charterers aim, they will have to look at the 'disadvantaged'.

In the Atlantic, tight and a little busier off-prompt dates in Wafr, as more oil heads to the UKC, around the WS 47.5 level. Going East in the low WS 40's. Crucial to the VLCC's, Chinese refineries are at their lowest utility since the start of the pandemic, but most of the news from China is becoming a little more positive.

Commentary

There continues be an overall flat/soft feel to the Suezmax market this week, with the exception of possibly the US Gulf, which could start to uptick (modestly). There has been a trickle of activity but the main source of tonnage for this region, the Far East, continues to supply a never-ending supply of ships which keep shipping away at rates. We could see TD20 rates trade down to low WS 80's if MEG mentalities its lackluster performance. Thus far, the EU hasn't created a unified response to Russian crude oil exports which will keep a number of traditional owners away from the wider market, although Russian Baltic stems have gone a little quiet and may throw some ships back onto the regular list. TD23 is a falling market and may start to trade WS 30's as is MEG/China, which should trade WS 80'S.

Aframax

The NSea took another hit last week as the market is dominated by relets and Suezmaxes for local runs. Supply of vessels is sufficient for the time being and with Baltic loadings becoming more complex owners are on the look for alternatives. Moving forward we expect market to remain weak and with owners fighting to keep earnings above OPEX.

In the Med/Black Sea, the market has come off further this week dropping another 15 points on cross Med voyages. The situation in Libya is still unchanged, and we don't see any imminent improvement in freight levels in the short run as it will take quite a bit of cargo activity to satisfy the number of prompt open ships in the area.

Freight

Time Charter MA (USD)		
MEG/WEST (280 000)	WS 23.5	0.5 ↑
MEG/Japan (280 000)	WS 40.0	-1.5 ↓
MEG/Singapore (280 000)	WS 40.0	-1.5 ↓
WAF/FEAST (260 000)	WS 45.5	0.0 →
WAF/USAC (130 000)	WS 85.0	-5.0 ↓
Sidi Kerir/W Med (135 000)	WS 92.5	-2.5 ↓
N. Afr/Ravenna (80 000)	WS 130.0	-17.5 ↓
UK/Cont (80 000)	WS 140.0	-5.0 ↓
Cat/Ba/USG (70 000)	WS 137.5	0.0 →

Time TC (USD/Day)		
VLCC (Modern)	$22500.0	$0 →
Suezmax (Modern)	$19000.0	-$1,000 ↓
Aframax (Modern)	$23500.0	-$1,500 ↓

VLCC

VLCCs fixed in all areas last week 62 7 ↑

VLCCs available in MEG next 30 days 183 7 ↑

Time TC Chart

Dry Bulk

Commentary

Market continues to firm as the appetite for vessels in the Far East continues. The fact that both West Australia and Indonesia have been very active over the last weeks is now making an impact on the nearby laycans out of South Africa which see limited amount of tonnage available. This together with improvements in the Atlantic indicates that market levels will go higher for the next week to come.

Commentary

A further low-key week for the Panamaxes with the Atlantic showing further signs of easing with a distinct lack of transatlantic mineral demand piling pressure on the nearby positions. This despite decent numbers being achieved for the grain round trips. Asia witnessed a further slow week and lacking any real momentum especially in the South with Indonesia yet to show its hand this week.

Some representative fixtures this week:

The BBG Fangcheng (81,629/2019) Gibraltar 21 May fixed for a grain front/haul trip at USD 41,000 with the rumor a grain house, but precise details remained under wraps.

The scrubber fitted Ultra Mangus (81,921/2020) Gibraltar prompt fixed for a trip via US East Coast redelivery Gibraltar-Skaw at USD 34,000 with Oldendorff, with the scrubber benefit for charterers.

The scrubber fitted Darya Preeti (81,981/2019) Namsha 19-21 May was placed on subjects for a trip via Indonesia redelivery India at USD 35,000 with Norvic Bulk India.

Commentary

Week started off first with holidays in Asia and in addition shipping event in Denmark slowing down activity on all fronts. USG remained flat with lack of fresh enquiries. STO00 diet seemed to be covered for US Gulf round trip in the higher USD 30,000's. Ultramax was fixed basis delivery Turkey 55/20 May for 10/12 months trading at USD 29,000. Seemed it appeared less tonnage from East Coast South America. From the East, some more activity on Indonesian coal although not too much reported. Ultramax open Lanshan was fixed for a nickel ore run from Philippines to China at USD 30,000 but no further details came to light. S2,000 diet was fixed basis delivery Jakarta via Indonesia redelivery China at USD 29,000.

Freight

Panamax (USD/Day, USD/Tonne)		
TCA Cont/far East (180 DWT)	$33,320	$4,295 ↑
Australia - China	$15.7	$0.5 ↑
Pacific RV	$35,479	$557 ↑

Kamsarax (USD/Day, USD/Tonne)		
Transatlantic RV	$29,625	-$1,105 ↓
TCE Cont/far East	$40,673	$118 ↑
TCE Far East/Cont	$22,263	$733 ↑
TCE Far East RV	$28,921	$2,549 ↑

Supramax (USD/Day)		
Atlantic RV	$30,055	-$2,151 ↓
Pacific RV	$28,571	$542 ↑
TCE Cont/far East	$25,338	$446 ↑

Time TC (USD/Day)		
Newcastlemax (206 000 dwt)	$41,000	$3,000 ↑
Capesize (180 000 dwt)	$34,000	$2,000 ↑
Kamsarmax (82 000 dwt)	$26,500	$1,000 ↑
Panamax (75 000 dwt)	$24,000	$1,000 ↑
Ultramax (64 000 dwt)	$31,000	$0 →
Supramax (58 000 dwt)	$27,000	$0 →

Baltic Dry Index (BDI)		
Baltic Dry Index (BDI)	$3,189	

Time TC Dry Bulk

Gas

Commentary

EAST

At the time of writing Saudi Aramco is yet to publish their lifting dates for June, and we are hearing reports of some production issues causing the delay. First open vessels bass straight out charter in the Middle East currently only available from the 6th of June onwards. While first decade fixing should be more or less spoken for by now, vessel balance for the rest of the month will only be clear once we have Aramco acceptances. With a west premium at around 6-7 dollars and a relatively thin position list we expect the market to remain firm in the near term.

WEST

The western freight rates continue to rise and have now broken the 150-dollar mark for Houston/China which we have not seen since the beginning of 2021. We do not see the rates decrease quite yet as the tight position list is currently dominated by pure shipowners and the ab-rentains wide. Fixing focus has now shifted towards the last decade of June with the majority of fixtures being done for the first 10 days of June. There still a couple of vessels left in mid June and one in end May as well which we expect will find suitable cargos. There have been approximately 20 spot fixtures out of the USG/UKC so far in June, same as May, and we can expect this number to climb closer to 40.

LPG Rates

East Market (USD/Month)		
VLGC (84 000 cbm)	$1,550,000	$50,000 ↑
LGC (60 000 cbm)	$1,280,000	$100,000 ↑
MGC (38 000 cbm)	$940,000	$0 →
HDY SR (22-22 000 cbm)	$710,000	$0 →
HDY ETH (17-22 000 cbm)	$820,000	$0 →
ETH (8-12 000 cbm)	$525,000	$0 →
SR (5-550 cbm)	$480,000	$0 →
CDGASTER Asia	$270,000	$0 →
CDGASTER Europe	$385,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)		
FOB North Sea/ARA	$730	$0 →
Saudi Arabia/CP	$850	$0 →
MT Belvieu (US Gulf)	$644	$4 ↑
Sonatrach/Bethioua	$730	$0 →

LPG/FOB Prices - Butane (USD/Tonne)		
FOB North Sea/ARA	$849	$0 →
Saudi Arabia/CP	$860	$0 →
MT Belvieu (US Gulf)	$557	$10 ↓
Sonatrach/Bethioua	$835	$0 →

LNG Rates		
East Market (USD/Day)		
East of Suez 155-165 000 cbm	$67,500	$1,000 ↑
West of Suez 155-165 000 cbm	$75,000	$20,000 ↑
1 Year T/C 155-160 000 cbm	$110,000	$2,000 ↑

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Moderate	Moderate

Prices

VLCC	$118.0	$2.0 ↑
Suezmax	$80.0	$1.5 ↑
Aframax	$63.0	$0.0 →
Product	$63.0	$0.0 →
Newcastlemax	$66.0	$1.0 ↑
Kamsarmax	$37.0	$0.5 ↑
Ultramax	$35.0	$0.5 ↑
LNGC (M3)(L (cbm)	$225.0	$1.0 ↑

Sale & Purchase

Tankers

5Y-old VLCC		
Capesize	$52.0	$0.0 →
Kamsarmax	$36.5	$0.0 →
Ultramax	$35.0	$0.0 →

10Y-old VLCC		
Capesize	$31.0	$0.0 →
Kamsarmax	$27.5	$0.0 →
Ultramax	$27.0	$0.0 →

Wet 5Y old		
VLCC	$76.0	$0.0 →
Suezmax	$52.5	$0.0 →
Aframax / LR2	$47.0	$0.0 →
MR	$32.0	$0.0 →

Wet 10Y old		
VLCC	$54.0	$0.0 →
Suezmax	$39.0	$0.0 →
Aframax / LR2	$32.5	$0.0 →
MR	$22.5	$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)	2.01%	0.05% ↑
NIBOR NOK (6 months)	1.81%	0.00% →

Commodity Prices

Brent Spot	$112.00	$0.50 ↑

Bunker Prices

Singapore 380 CST	$719.5	$13.0 ↑
Singapore Gasoil	$1,184.5	-$41.5 ↓
Rotterdam 380 CST	$662.0	$61.5 ↑
Rotterdam Gasoil	$1,134.0	$8.0 ↑

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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