Fearnleys Weekly Report

Week 23 - June 08, 2022

Printer version

Tankers

Overview

VLCC

The Posidonia festivities are well under way whilst general activity remains sluggish, even quiet. We have some TD dates done in MEG for June which should have, hopefully, another 25-30 fixes for benchmark routes MEG/Far East remains in minus double digits for those without scrubber mainly due to soaring bunker prices. The West/East market remains docile as well and rates basically flat with some softer tone as East just building again. A hope in the near term that WS rates should increase simply to cover the latest increase in bunker prices should be in the cards. Not much of a hope but earnings like the present, can they really remain so low for so long?

Well, we hope not!

Suezmax

Posidonia traditionally keeps principles bogged down in meetings all week which ironically hampers information flows. Despite this, Suezmax owners have had a good enough showing in the Med/Med market to ensure that ballast positioning to West Africa was a little to no impact. Bunker prices continue to put a notional floor under rates with potential upside in the Americas where tons are tight and likely to add some weight (once various participants return from Posidonia). For now, TD20 trades WS 92.5 but is likely to upticks whilst MEG/East remains bereft of meaningful business and needs testing. It probably trades about WS 100 for modern/fully approved tonnage whilst TD23 is the sole bright spot in the market in the East and should trade WS 50 (+/- 2.5).

Aframax

This week we have seen both the Nsea/Baltic and Med/Med markets move sideways with owners repeating last done levels. Vessel supply looks balanced moving forward, but slower activity is expected especially in the North as there will be maintenance in some of the main fields in the Nsea. We might see rates pick up a bit in the week to come but only if US and other surrounding markets improve significantly.

Rates

Clean (Dirty) WS 2022		
MEG/WEST (280 000)	WS 26.0	0.0 ↔
MEG/Japan (280 000)	WS 43.5	-0.5 ↓
MEG/Singapore (280 000)	WS 44.0	-0.5 ↓
WAF/FEAST (260 000)	WS 45.5	-0.5 ↓
WAF/USAC (130 000)	WS 90.0	-5.0 ↓
Sidi Kerir/W Med (135 000)	WS 97.5	0.0 ↔
N. Afr/Sunnmmed (80 000)	WS 120.0	-2.5 ↓
UK/Cont (80 000)	WS 140.0	0.0 ↔
Cariba/USG (70 000)	WS 175.0	-15.0 ↓

1 Year T/C (mls/Day)		
VLCC (Modern)	$22'000.0	$0 ↔
Suezmax (Modern)	$19000.0	$0 ↔
Aframax (Modern)	$21000.0	$0 ↔

VLCC

VLCCs fixed in all areas last week	33	-13 ↓
VLCCs available in MEG next 30 days	176	20 ↑

Dry Bulk

Overview

Capesize

Mid last week the market found some ground after a terrible previous week. However, sentiment never really changed and as this week started it turned sour again. We still see that there is enough tonnage to meet the cargo demand for Australian iron ore to China, which seems to be the only active segment for the moment as the Indian coal demand gone very quiet. Also, the Atlantic is gloomy as Vale keep being extremely quiet and North Atlantic seeing plenty of ships in a very thin segment. Going forward market should improve as the Brazilian output is way behind which is expected, but market is losing faith as some participants starting to question the annual targets.

Panamax

The market seemingly in Posidonia did remain quiet and subdued. The East had a low-key start with the tonnage list building, though Indonesia/India round voyages remained flat elsewhere there were marginal falls. Negative FFA during the week but very little activity.

Some representative fixtures this week:

Kapcs tender for Newcastle to Taiwan 21/31 June was reportedly fixed at USD 24.68, though further details were not immediately available.

Yasa H Mulia 83,482/2011 open Port Kelang 10/11 June was reportedly fixed at USD 29,000 DOP for Indonesia/India, however this was not confirmed.

The Arctunus 76,393/2001 is rumored fixed basis Pasaro 5 June for a Brazil round voyage at USD 22,500, redelivery Pasaro.

Supramax

The Supra market in the Atlantic has different activity level. While USG and ECSA are most lucrative area with good demand, with totally opposite picture across Atlantic, the Continent and Med market suffering lack of inquiry.

Due to the holidays last week across Europe and Greek Posidonia this week we see slowdown in general. Supramax dely Brazil TCT to Algeria fixed at USD 38,000 pd. Trips from Continent to Med with scrap fixing below USD 20's dlys on modern Supramax. Trading in Russian ports paying large premium.

Indian Ocean and South Africa markets are stable with rates remaining strong both for backhaul and firm/half trips. Supramax 58' DWT open WCI was fixed at USD 40,000 pd for trip to Bangladesh with aggregates. A few Ultras were heard to be fixed around USD 50,000 dlay WCI with redely Feast. Far Eastern market is trading sideways with fixture reports. Tess 58 delivery Singapore-China range via Australia with shipping rate around USD 25,000 pd depending on delivery and redelivery.

Rates

Capesize (USD/Day, USD/Tonne)		
TCE Cont/far East (180 DWT)	$42,575	-$340 ↓
Australia - China	$12.4	-$0.2 ↓
Pacific RV	$17,717	$2,408 ↑
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$22,490	-$1,710 ↓
TCE Cont/far East	$33,791	-$6,977 ↓
TCE Far East/Cont	$19,406	-$3,217 ↓
TCE Far East RV	$23,268	-$6,368 ↓
Supramax (USD/Day)		
Atlantic RV	$25,754	$2,784 ↑
Pacific RV	$27,971	$1,058 ↑
TCE Cont/far East	$24,546	-$962 ↓
Time S/C (USD/Day)		
Newcastlemax (206 000 dwt)	$33,750	-$2,250 ↓
Capesize (180 000 dwt)	$27,250	$1,750 ↑
Kamsarmax (82 000 dwt)	$24,000	-$100 ↓
Panamax (75 000 dwt)	$23,000	-$100 ↓
Ultramax (64 000 dwt)	$25,000	$1,000 ↑
Supramax (58 000 dwt)	$26,500	$1,000 ↑

Bulk Dry Index (BDI)

Baltic Dry Index (BDI)	$2,410	

Oil

Overview

EAST

The BLPG1 index has continued to come off and the gap between the Houston/Chiba route has narrowed further. A few charterers tested freight ideas at the beginning of the week, but only to pull back as hoping market would go down further. Since then, we have seen a couple of pail Indian cargos in play talk of potential cargos from outside regions, and for now this has stabilised freight ideas for the 20-30 June window. Further into July however the position list still looks long, and rates could come under pressure again unless we see healthy exports from the region.

WEST

The western freight market has been fairly quiet so far this week, but the rates still look strong as the Houston/Chiba index route is currently trading at just below USD 50,000 per day. We still see Houston/Flushing producing quite a big premium, with current spot rates assessed, trading at USD 13,500 higher than N.C. Only eight days into June and we have already seen 8 lifting as USG+USEC head towards Northwest Europe which is high knowing that the average the last three months have been 11 NWE cargos per month. With the expectations of a big build in US inventories and only 6 spot fixtures so far in July out of the USG, there is definitely much more to come.

LPG Rates

Spot Rates (USD/Month)		
VLGC (84 000 cbm)	$1,550,000	-$250,000 ↓
LGC (60 000 cbm)	$1,200,000	$0 ↔
MGC (38 000 cbm)	$950,000	-$50,000 ↓
HDY SR (20-22 000 cbm)	$710,000	$0 ↔
HDY ETH (17-22 000 cbm)	$820,000	$0 ↔
ETH (8-12 000 cbm)	$575,000	$0 ↔
SR (5-500 cbm)	$465,000	-$5,000 ↓
CDGASTER Asia	$270,000	$0 ↔
CDGASTER Europe	$380,000	$0 ↔
LPG/FOB Prices - Propane (USD/Tonne)		
FOB North Sea/ARA	$735	$0 ↔
Saudi Arabia/CP	$750	$0 ↔
MT Balexo (US Gulf)	$644	$0 ↔
Sonatrach/Bethioua	$750	$0 ↔
LPG/FOB Prices - Butane (USD/Tonne)		
FOB North Sea/ARA	$803	$0 ↔
Saudi Arabia/CP	$750	$0 ↔
MT Balexo (US Gulf)	$583	-$20 ↓
Sonatrach/Bethioua	$825	$0 ↔

LNG Rates		
Spot Rates (USD/Month)		
East of Suez 155-165 000 cbm	$86,000	$0 ↔
West of Suez 155-165 000 cbm	$96,000	$1,000 ↑
1 Year T/C 155-160 000 cbm	$120,000	$0 ↔

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Moderate	Moderate

Prices

VLCC	$119.0	$0.0 ↔
Suezmax	$80.0	$0.0 ↔
Aframax	$63.0	$0.0 ↔
Product	$63.0	$0.0 ↔
Newcastlemax	$66.0	$0.0 ↔
Kamsarmax	$37.0	$0.0 ↔
Ultramax	$35.0	$0.0 ↔
LNGC (MEGI) (cbm)	$227.0	$0.0 ↔

Sale & Purchase

Tanker

Dw 5 yr old		
Capesize	$53.0	$1.0 ↑
Kamsarmax	$38.0	$1.5 ↑
Ultramax	$34.5	-$0.5 ↓

Dw 10 yr old		
Capesize	$38.5	$1.5 ↑
Kamsarmax	$29.5	$2.0 ↑
Ultramax	$27.0	$0.0 ↔

Blk 15 yr old		
VLCC	$78.0	$2.0 ↑
Suezmax	$52.5	$0.0 ↔
Aframax / LR2	$48.0	$1.0 ↑
MR	$33.0	$1.0 ↑

Blk 20 yr old		
VLCC	$55.0	$1.0 ↑
Suezmax	$39.0	$0.0 ↔
Aframax / LR2	$34.0	$1.5 ↑
MR	$23.0	$0.5 ↑

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)	2.24%	0.12% ↑
NIBOR NOK (6 months)	1.79%	0.06% ↑

Commodity Prices		
Brent Spot	$120.50	$1.00 ↑

Bunker Prices		
Singapore 380 CST	$628.5	-$10.5 ↓
Singapore Gasoil	$1,346.0	$90.0 ↑
Rotterdam 380 CST	$641.0	-$45.5 ↓
Rotterdam Gasoil	$1,343.0	$85.5 ↑

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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