Fearnleys Weekly Report

Week 28 - July 13, 2022

Printer version

Tankers

Overview

VLCC

The MEG July volume has finished off with 140 or so fixtures for the month, continuing the trend of healthy activity. The week the Eid holidays coulded with falling in the twilight zone between July and August stems has meant a quieter few days, but rates continue to improve for owners with each successive fixture. MEG/China sits a little under WS 60, but consensus is that once the August items kick in, pasing WS 60 is a given.

The smaller sizes continue their firm trend, certainly in the Atlantic, so strong upward pressure on VL rates from below. West Africa/China rates sit at WS 58.5, and stronger numbers in the LSG, with LR2 Tym fixed 575 USG/China (about 1M prompter dates), and a couple of unfixed Vitol stems to the UKC reported at the time of writing. No downside for the VLCC's in the short term.

Suezmax

MEG has experienced sustained injury owners this week which brought some much-needed balance to the global Suezmax market and provides a strong support mechanism to an already firmer Atlantic market (holding some ships in the East). TD23 is presently WS 70 with upward bias and if present enquiry levels persist, this could easily jump 5-10 points in a blink. MEG/China will trade min WS 115-120 on modern but is susceptible to further upside. Rumors persist of an early August TsSD cargo working off market, which creates its own self-fulfilling scenario. TD20 is minimum WS 117.5-120 but has potential to firm quickly as owners should be comparing numbers against a Guyana/TA run etc. The USG is the key component to the Atlantic market, and we expect this region to remain firm.

Aframax

Last week the Aframax market in the North Sea took a very positive turn. Rates got fixed at above WS 200 levels yielding TC earnings at about USD 70k. This week started on a quiet note, but surrounding markets is still offering an alternative for those owners willing to ballast away. Going forward we expect spot earnings to stay healthy. However, some charterers could try and take advantage of a quiet market and challenge the current fixing levels which owners are asking for. In the Mediterranean and the Black Sea area we have seen some slightly improvement in rates. With some anticipation that we will see further lifting of force majeure on more ports in Libya, charterers have reached out to owners aiming to cover on forward dates. With more Libyan cargos coming into the market, rates will continue to firm.

Rates

Crude Tanker WS 2022		
MEG/WEST (250 000)	WS 34.0	1.0 ↑
MEG/Japan (280 000)	WS 58.5	3.0 ↑
MEG/Singapore (280 000)	WS 59.5	3.0 ↑
WAF/EAST (260 000)	WS 58.5	1.0 ↑
WAF/USAC (130 000)	WS 120.0	5.0 ↑
Sidi Kerir/W Med (135 000)	WS 70.0	10.0 ↑
N. Af/Euromed (80 000)	WS 170.0	15.0 ↑
UK/Cont (80 000)	WS 210.0	35.0 ↑
Caribs/USG (70 000)	WS 300.0	107.5 ↑

1 Year T/C USD/Day	
VLCC (Modern)	$25000.0
Suezmax (Modern)	$20000.0
Aframax (Modern)	$23500.0

LNG

VLCCs fixed in all areas last week 48 -2 ↓

VLCCs available in MEG next 30 days 118 -24 ↓

Dry Bulk

Overview

Capesize

Still unravaging and not living up to expectations for the big ships - but with some promise for the immediate future, with in particular transatlantic and trimthaul trades to lead. Brazilian miners quietly but actively picking early ships, pretty much clearing out July arrivals for C3 loading. This combined with limited supply and weather seems a substantial August programme. Pacific subsequently pushing China-Brazil-China round values up 50 pct to USD 19k/day w-o-w and counting. The West Australia/China conference trade remains limited in volume and Pacific rounds stuck in a 9-10k range, whilst overall average daily earnings up some 10 pct to come in at USD mid 18k's. Spot appearing more balanced, whilst forward values at time of writing give little support for significant period activity.

Panamax

We have seen another week with limited supply of new cargoes in both hemispheres. It seems an old fashioned "summer market" is creeping in on us with both physical and paper finding little support. In the Atlantic, despite of low tonnage supply, levels continue to drop on back of thin volume of cargoes. However, the North Atlantic seems to be finding some sort of support as longer delays in N. Continent ports keeping a lid on vessels output. ECSA has also followed the same suit with levels sub 20k for August loaders. Transatlantic trips have dipped well into the teens and trimthaus are being concluded in the high USD 20,000's. The Pacific market held up a bit better than the Atlantic at the start of the week, but trend is weaker for the past few days. Pacific rounds are concluded close to US 15k and PK are now below USD 20k. There has been very limited period fixture reported.

Supramax

Quiet start to the week with holidays across the board. Slight dip in the count of vessels heading to the South Atlantic, from all time high levels. Slight increase in vessels heading to the North Atlantic. Continued decline in vessels heading to Med/Black Sea. Ultramax from ECSA to Vietnam was fixed at USD 20,000 + 350k ballast bonus. Another Supramax from ECSA to Indonesia/Japan range was covered at USD 16,500 + 600k ballast bonus. Supramax del Paranaguo to Montoire finalized at USD 30,000. Petcoke run from USG to China done at USD 25,000. 52,000 dwt open in Bahodopi fixed very low USD 20,000 for trip via Indonesia with redel to China.

Rates

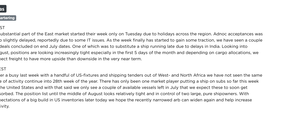
Capesize (USD/Day, USD/Tonne)		
TCE Cont/Far East (180 DWT)	$46,944	$3,611 ↑
Australia - China	$16.6	$0.8 ↓
Pacific RV	$11,727	$2,109 ↓

Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$17,235	$2,915 ↓
TCE Cont/Far East	$27,018	$2,346 ↓
TCE Far East/Cont	$13,854	$1,758 ↓
TCE Far East RV	$16,578	$1,758 ↓

Supramax (USD/Day)	
Atlantic RV	$22,361
Pacific RV	$22,536
TCE Cont/Far East	$20,063

1 Year T/C USD/Day	
Newcastlemax (208 000 dwt)	$27,000
Capesize (180 000 dwt)	$21,500
Kamsarmax (82 000 dwt)	$20,000
Panamax (75 000 dwt)	$18,000
Ultramax (64 000 dwt)	$24,000
Supramax (58 000 dwt)	$20,000
Baltic Dry Index (BDI)	$2,092

1 Year T/C Dry Bulk			
Newcastlemax (208 000 dwt)	$27,000	$500 ↑	
Capesize (180 000 dwt)	$21,500	$500 ↑	
Kamsarmax (82 000 dwt)	$20,000	$2,000 ↓	
Panamax (75 000 dwt)	$18,000	$2,000 ↓	
Ultramax (64 000 dwt)	$24,000	$1,000 ↓	
Supramax (58 000 dwt)	$20,000	$1,000 ↓	



Gas

Overview

EAST

A substantial part of the East market started their week only on Tuesday due to holidays across the region. Adnoc acceptances was also slightly delayed, inactivity due to long-off cargos. As the week finally has started to gain some traction, we have seen a couple of fixtures concluded and July dates to be worked. It is still quite a challenge to arrange a ship running late due to delays in India. Looking into August, positions are looking increasingly tight especially in the first 5 days of the month and depending on cargo allocations, we expect freight to have more upside than downside in the very near term.

WEST

Quiet a busy last week with a handful of US-Fixtures and shipping tenders out of West- and North Africa we have not seen the same rate of activity continue into 28th week of the year. There has only been one market player putting a ship on subs so far this week in the United States and with that said we only see a couple of available vessels left in July that we expect these to soon get absorbed. The position lot until the middle of August looks relatively tight and in control of two large, pure shipowners. With expectations of a big pull in US inventories later today we hope the recently narrowed arb can widen again and help increase activity.

LPG Rates

Gas Fares (USD/Month)		
VLGC (84 000 cbm)	$1,050,000	$0 →
LGC (60 000 cbm)	$1,050,000	$0 →
MGC (38 000 cbm)	$935,000	$0 →
HDY SR (20-22 000 cbm)	$700,000	-$10,000 ↓
HDY ETH (17-22 000 cbm)	$820,000	$0 →
ETH (8-12 000 cbm)	$500,000	$0 →
SR (6 500 cbm)	$465,000	$0 →
COASTER Asia	$270,000	$0 →
COASTER Europe	$365,000	$0 →

Arb/NOLP Netbacks (Propane USD/Metric)		
FOB North Sea/ANSG	$686	$0 →
Saudi Arabia/CP	$725	$0 →
MT Belview (US Gulf)	$598	-$11 ↓
Sonatrach/Bethioua	$700	$0 →

CP/LTCR Pdham - Sabine (USD/Metric)		
FOB North Sea/ANSG	$617	$0 →
Saudi Arabia/CP	$725	$0 →
MT Belview (US Gulf)	$532	-$34 ↓
Sonatrach/Bethioua	$650	$0 →

LNG Rates

East Rates (USD/Day)		
East of Suez 155-165 000 cbm	$53,000	-$1,000 ↓
West of Suez 155-165 000 cbm	$45,000	-$1,000 ↓
1 Year T/C 155-160 000 cbm	$133,000	-$2,000 ↓

Newbuilding

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

Prices

VLCC	
VLCC (84 000)	$120.0
Suezmax	$81.0
Aframax	$63.5
Product	$43.0
Newcastlemax	$66.0
Kamsarmax	$37.5
Ultramax	$35.5
LNGC (MEGI) (cbm)	$228.0

Sale & Purchase

Prices

Dry 5Y yrs	
Capesize	$34.0
Kamsarmax	$38.0
Ultramax	$34.5

Dry 10Y yrs	
Capesize	$28.0
Kamsarmax	$29.0
Ultramax	$28.0

Wet 5Y yrs	
VLCC	$80.0
Suezmax	$55.0
Aframax / LR2	$51.0
MR	$34.0

Wet 10Y yrs	
VLCC	$56.0
Suezmax	$40.5
Aframax / LR2	$34.0
MR	$24.0

Market Brief

Currency Rates

USD/JPY	118.50
USD/NKW	1235.50
USD/NOK	9.24
EUR/USD	1.10

Interest Rates

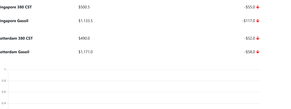
LIBOR USD (1 months)	3.06%
NIBOR NOK (1 months)	1.85%

Commodity Prices

Brent Spot	$99.50

Bunker Prices

Singapore 380 CST	$500.5	-$55.0 ↓
Singapore Gasoil	$1,133.5	-$117.0 ↓
Rotterdam 380 CST	$490.0	-$52.0 ↓
Rotterdam Gasoil	$1,171.0	-$58.0 ↓



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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