Fearnleys Weekly Report

Week 29 - July 21, 2022

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Tankers

Comments

VLCC

Better rates across the board allowing owners TCE's continue further into the positive, even for those burning the low sulphur fuel oil which has gone up through the WS 50's and Tasman at WS 50 plus points in the last few days. However, despite the positive sentiment, we have passed it well. We've had consecutive months of 50+ deals out of the WS5, and despite the relatively demanding position to ballast, charterers have worked off the strong targets quietly which has prevented the market running away in owner's favour.

In the West, strong returns continue on the smaller sizes and this reflecting on the VLs. WS 62 on subs for West China and continued activity today should encourage rates further upward. USG/China now USD 725m and the USG/AG deal broke no signs of slowing, with more ships rated on subs this morning.

Outlook

Rates appear to be capped in the East, at least for today, as owners start cashing in at current levels. Looking at where the VLCCs are and comparing against general sentiment, we will probably see MEG/East trade about 10kt? X WS 130. TD23 remains active and the Atlantic continues to outperform. TD20 Bonny/UKC WS 60 plus points, Cross Mediterranean WS 100 plus points, Afra/Med/Med/Med cross-over market. West Med CWC Suezmax positions should be running and comparing their SG20 numbers against Crtlo/TA which suggests there is some more upside in the region. For now, we are pricing sg20 at about WS 140-142.5 whilst tcbk should trade WS 190's (natural) WS 200/210 (prompt) subject to dates.

Outlook

The Naos/Baltic Aframax market started on a quiet note this week with very few fixtures reported. However, surrounding markets are looking very firm providing owners with an alternative. Going forward we expect rates to stay around current levels till activity in this area increases again.

Med/Black market saw a significant improvement last week on the back of prompt requirements ex Libya and tight supply of CPC-approved vessels. Owners' sentiment is building up as overall supply of vessels in the West is tight and activity is expected to remain healthy. We expect rates to remain healthy and volatile at the same time.

Rates

East (Spot WS 2022)

MEG/WEST (280 000)	WS 35.0	1.0 ↑
MEG/Japan (280 000)	WS 61.5	3.0 ↑
MEG/Singapore (280 000)	WS 62.5	3.0 ↑
WAF/FEAST (260 000)	WS 62.5	4.0 ↑
WAF/USAC (130 000)	WS 135.0	15.0 ↑
Sidi Kerir/W Med (135 000)	WS 190.0	65.0 ↑
N. Afr/Sumed (80 000)	WS 240.0	70.0 ↑
UK/Cont (80 000)	WS 195.0	15.0 ↑
Carlo/USG (70 000)	WS 292.5	37.5 ↑

Time T/C (USD/Day)

VLCC (Modern)	$25000.0	$500 ↑
Suezmax (Modern)	$22500.0	$2,000 ↑
Aframax (Modern)	$21000.0	$0 →

VLCC

VLCCs fixed in all areas last week	65	11 ↑
VLCCs available in MEG next 30 days	131	11 ↑

Time T/C Chart

Dry Bulk

Comments

Capesize

Moderately up for the big ships as Atlantic showing more promise - average daily earnings improving some 15 pct w-o-w to come in at USD 22,500. European coal demand set to increase significantly for geopolitical reasons, outlook positive for fertilisers of different nature, and major Brazilian miner's production guidance meeting expectations of only a modest reduction. Mediocre interpacific volumes, combined with owners anticipating better times, further widen value spread between the 35-day China-Australia-China round (paying USD 32,500/day) and the 100-day China-Brazil-China round (USD 19k/day) for non-scrubbers. Forward values again not supporting spot period activity, thus recent conclusions limited to tonnage providers obtaining no more than USD 20,500/day for 170,000 dwt, built 2007 basis only 8-10 months.

Panamax

The Panamax market finally found a floor and turned positive yesterday after a long and continues drop. The drop has been USD 8000 loss on average since June 21st, 2022. This has been biggest drop since beginning of the year. In the Pacific, a healthy cargo inquiry via Indonesia and Australia to different destinations, particularly India and Continent, has given the much-needed support with rates increasing to over USD 16,000 at the time of this report. The Nopac days on the sideline with minimal cargo volume being reported.

In the Atlantic, rates have also slightly turned up with reports that TA is close to 17,000 and fronthaul at USD 26,000 daily on back of mineral inquiries and reduced tonnage count on the Continent. The market remains supported for both basins, but it is missing expected spark to guide rates to turn upward, therefore we need to see a continued flow of cargo moving forward. ECSA rather quieter for and July and/or mid-August loaders, with tonnage counts still high as weeks of low Pacific market forced the owners to ballast south towards Singapore, therefore rates remain at best flat hovering around USD 18,000 daily.

Supramax

The BSI-58 10 TC route kept southbound direction for some time and seems still not much ground to turn that direction. Due to the holiday seasons in Europe, we see very limited activity across all markets. The average index trading in very low USD 20,000 pd.

Atlantic is being under pressure, while Pacific market is more stable with rates maintaining at very low to mid USD 20,000 pd, transatlantic round voyages paying just a bit more than USD 15,000 pd. USG numbers seems to be under pressure and ECSA describes as lacking fresh enquiries.

Ultramax activity USD 20,000 pd in West Africa via ECSA for TCT to Singapore-Japan.

Fronthaul from Continent and Mediterranean pays around USD 20,000 pd. Similar level fixing for trip from West Africa to China.

Far East market is more active and keeps balanced out. Supra open Greek and July was fixed for a trip from Indonesia to China at USD 23,000. The Ultramax mv Pacific Activity, 63,000 dwt, fixed for trip with coal delivery Samarinda to China at USD 29,000. Backhaul trips also lost value from previous month. Supra 56,000 dwt open CJK was fixed for a trip to EC South America at USD 26,000. We expect market remains flat and quiet for upcoming week.

Rates

Capesize (USD/Day, USD/Tonne)		
TCE Cont/far East (180 DWT)	$47,722	-$5,889 ↓
Australia - China	$113	$0.0 →
Pacific RV	$13,664	-$381 ↓
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$18,290	$1,945 ↑
TCE Cont/far East	$27,177	$1,655 ↑
TCE Far East/Cont	$13,038	$294 ↑
TCE Far East RV	$16,546	$1,155 ↑
Supramax (USD/Day)		
Atlantic RV	$22,858	$115 ↑
Pacific RV	$20,086	$307 ↑
TCE Cont/far East	$19,521	-$192 ↓
Time T/C (USD/Day)		
Newcastlemax (208 000 dwt)	$26,000	$1,000 ↓
Capesize (180 000 dwt)	$21,000	-$500 ↓
Kamsarmax (82 000 dwt)	$20,500	$500 ↑
Panamax (75 000 dwt)	$19,000	$1,000 ↑
Ultramax (64 000 dwt)	$22,000	-$2,000 ↓
Supramax (58 000 dwt)	$18,000	-$2,000 ↓
Baltic Dry Index (BDI)	$2,118	

Time T/C Dry Bulk

Gas

Chartering

EAST

It's been a busier week in the East with several cargos quoted for 1H August load in the Middle East. Last done deal was concluded in the low-mid $3 Baltic Exports (compared to mid-high $60s from the week before), and we have certainly reached a turning point in freight ideas. Time of writing we have seen about 11 deals done in August, but there are still other cargos in play within 1H August. We expect freight ideas to remain firm in the coming weeks as the fixing window gradually shifts towards 2H August.

WEST

Last week we saw only two fixtures concluded in the Western market. The same lethargic has continued into this week as we have only seen one deal done at freight levels around USD low 100s Houston/Chiba and low 60s Hi?. Although we got a big build in US inventories and the arb widened a bit last week, we did not see any change of pace in terms of fixing. The position list has not gotten shorter, at least for the first decade of August, and we are soon entering the last week of July.

LPG Rates

Spot Market (USD/Tonne)		
VLGC (84 000 cbm)	$980,000	-$20,000 ↓
LGC (60 000 cbm)	$900,000	-$150,000 ↓
MGC (38 000 cbm)	$935,000	$0 →
HDY SR (20-22 000 cbm)	$700,000	$0 →
HDY ETH (17-22 500 cbm)	$620,000	$0 →
ETH (8-12 000 cbm)	$500,000	$0 →
SR (5 500 cbm)	$465,000	$0 →
COASTER Asia	$270,000	$0 →
COASTER Europe	$365,000	$0 →
LPG/CO2 Direct / Volume (USD/Tonne)		
FOB North Sea/ANSI	$696	$0 →
Saudi Arabia/CP	$725	$0 →
MT Belview (US Gulf)	$588	-$10 ↓
Sonatrach/Bethioua	$700	$0 →
LPG/CO2 Direct / Value (USD/Tonne)		
FOB North Sea/ANSI	$657	$0 →
Saudi Arabia/CP	$725	$0 →
MT Belview (US Gulf)	$497	-$15 ↓
Sonatrach/Bethioua	$650	$0 →

LNG Rates

Spot Charter (USD/Day)		
East of Suez 155-165 000 cbm	$53,000	$0 →
West of Suez 155-165 000 cbm	$45,000	$0 →
1 Year T/C 155-160 000 cbm	$133,000	$0 →

Newbuilding

Activity Level

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Moderate	Moderate

Prices

VLCC	$120.0	$0.0 →
Suezmax	$81.0	$0.0 →
Aframax	$63.5	$0.0 →
Product	$63.0	$0.0 →
Newcastlemax	$66.0	$0.0 →
Kamsarmax	$37.5	$0.0 →
Ultramax	$35.5	$0.0 →
LNGC (MEGI) (cbm)	$228.0	$0.0 →

Sale & Purchase

Prices

Dry 5Y old		
Capesize	$54.0	$0.0 →
Kamsarmax	$38.0	$0.0 →
Ultramax	$34.5	$0.0 →
Dry 10Y old		
Capesize	$28.0	$0.0 →
Kamsarmax	$29.0	$0.0 →
Ultramax	$28.0	$0.0 →
Wet 5Y old		
VLCC	$80.0	$0.0 →
Suezmax	$55.0	$0.0 →
Aframax / LR2	$51.0	$0.0 →
MR	$34.0	$0.0 →
Wet 10Y old		
VLCC	$56.0	$0.0 →
Suezmax	$40.5	$0.0 →
Aframax / LR2	$34.0	$0.0 →
MR	$24.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	118.50	2.03 ↑
USD/KRW	1255.50	7.25 ↑
USD/NOK	9.24	-0.01 ↓
EUR/USD	1.10	0.00 ↓

Interest Rates

LIBOR USD (6 months)	3.30%	-0.08% ↓
NIBOR NOK (6 months)	1.85%	0.00% →

Commodity Prices

Brent Spot	$107.80	$6.00 ↑

Bunker Prices

Singapore 380 CST	$488.5	$73.5 ↑
Singapore Gasoil	$1,081.0	$46.5 ↑
Rotterdam 380 CST	$477.0	$22.0 ↑
Rotterdam Gasoil	$1,136.0	$6.5 ↑

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.

Disclaimer