Fearnleys Weekly Report

Week 34 - August 24, 2022

Printer version

Tankers

Commentary

TD3

Some expectations charterers might sit on their hands and let some steam escape this week. However, this morning suggests otherwise, as the quoted MEG cargoes coming in for early 2nd decade and owners will push the increased activity to their favour. A couple of quiet days (Friday and Monday) often leads to a wobble, and we saw a little profit taking by handpicked vessels (Ex ddi/charge of ne3) as TCE's remained healthy and owners did not want to miss the opportunity. However, we are back to the WS 80 level MEG/China with expectations of more.

The Atlantic taking a back seat after driving the market last week. Enquiry remains however and with a strong MEG market, potential ballasters will have choice. Wafr remains quiet, but WS 80 is attainable to China and USG/Nordic likely to rebound back towards the USD 9m level.

Tankers

The pricing of the East Suezmax market continues to despite very little surface level enquiry, ships continue to dissipate. When we break down the list there aren't many well approved FOC vessels until early September which shows just how busy this region has been off-market. With this in mind and against a backdrop of firming Y1 MEG/East rounds trade minimum WS 120 kt. The Atlantic is interesting with a busy Mediterranean market likely to hold some ships away from West Africa whilst USG/TA is HIGH 7 WS 125 with a stable feel (Although USG Afras are possibly a little softer). Despite a chunk of second decade Wafr being taken out by VLCCs, the stark reality of the New Atlantic market is that it doesn't necessarily have to rely on a busy Wafr market to remain relatively stable...oh how things have changed.

Aframax

End of last week we had limited activity in the 3rd decade of August loading window resulting in a temporarily dip in Naw Aframax rates. However this week started on a busier note, and the tonnage list thinned out on the back of quite a few owners ballasting away from the area. Owners have managed to push rates back into the WS 90s. Going forward we expect the current firing window to stay steady/firm. Aframaxes been trading sideways in the Med/Black area the past week. On the positive note, we have seen cargo activity pick up somewhat beginning of this week. Though owners showing resistance and eyeing their choices - we still haven't seen this materialize in any significant improvement in rates yet. We expect the area to remain steady/firm in the near term.

Rates

Date (Close WS 2022)		
MEG/WEST (280-000)	WS 46.0	6.0 ↑
MEG/Japan (280-000)	WS 80.0	1.5 ↑
MEG/Singapore (280-000)	WS 81.0	3.5 ↑
WAF/FEAST (260-000)	WS 80.0	0.0 →
WAF/USAC (130-000)	WS 130.0	0.0 →
Sidi Kerir/W Med (135-000)	WS 150.0	0.0 →
N. Afr/Euromed (80-000)	WS 185.0	0.0 →
UK/Cont (80-000)	WS 190.0	5.0 ↑
Caribs/USG (70-000)	WS 315.0	-15.0 ↓

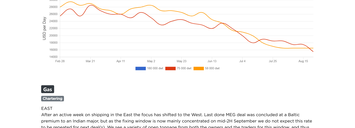
1 Year TC (USD/Day)

VLCC (Modern)	$30000.0	$2,000 ↑
Suezmax (Modern)	$27000.0	$1,000 ↑
Aframax (Modern)	$21000.0	$0 →

FFA

VLCCs fixed in all areas last week	75	11 ↑
VLCCs available in MEG next 30 days	144	-3 ↓

1 Year TC Curve



Dry Bulk

Commentary

General

Market has gone from bad to worse. The average of all routes is down by 37%, and we now experiencing sub operational cost for the fleet. However, you could argue that scrubber ships still in the money as the benefit is approximately USD 9000 per day. Hence, it's hard to predict how the market will look the next week to come as the levels itself is brutal, but still downside for the economical part of the fleet. Another angle to look at is the activity, which has been extremely poor, and it's hard to expect less action. Thus, as we think there will be more requirements the following week, we do assume levels will pick up.

Panamax

After a period of sliding markets in both hemispheres, this week has seen a more dramatic fall in rates, particularly in the Atlantic basin. In the Atlantic there has been a severe shortage of fresh cargoes with tonnage building up. Consequently, there has been a dramatic fall in levels both for transatlantic trips and fronthauls. The Pacific is more complex, with some more activity and cargoes. However, a surplus of tonnage and a very limited ECSAM market has kept rates in the red in the Pacific basin as well. The period market remains quiet with the exception of a few short-medium periods being concluded.

Supramax

Supramax earnings remains the highest amongst all the dry bulk segments. However, downside should be expected going forward, as every major manufacturing and industrial production indicator is weak. Steel production growth is negative and manufacturing PMIs are pointing to a drop in output. From the market view both players (owners and chris) monitoring market. Supramax from Santos covered at USD 14,500 + USD 450,000 bb for trip to Far East. An ultramax open in Continent was fixed with trip via Baltic to East Africa at USD 18,500. From the East, Ultramax open Singapore concluded at USD 20,000 for trip to China via Indonesia. Another Ultramax open Port Kiang was fixed at USD 25,000 to Thailand via Indonesia.

Rates

Panamax (USD/Day, USD/Tonne)		
TCE Cont/Far East (180 DWT)	$21,875	-$4,938 ↓
Australia – China	$8.0	$0.1 ↑
Pacific RV	$6,855	$1,231 ↑
Panamax (USD/Day, USD/Tonne)		
Transatlantic RV	$11,450	-$4,155 ↓
TCE Cont/Far East	$21,436	-$2,991 ↓
TCE Far East/Cont	$9,749	-$1,107 ↓
TCE Far East RV	$13,369	-$1,329 ↓
Supramax (USD/Day)		
Atlantic RV	$18,074	$222 ↑
Pacific RV	$18,950	$986 ↑
TCE Cont/Far East	$20,117	$263 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$16,500	-$500 ↓
Capesize (150 000 dwt)	$12,250	-$250 ↓
Kamsarmax (82 000 dwt)	$16,000	-$1,000 ↓
Panamax (75 000 dwt)	$14,500	-$1,000 ↓
Ultramax (64 000 dwt)	$18,000	-$3,000 ↓
Supramax (58 000 dwt)	$15,000	-$1,500 ↓
Baltic Dry Index (BDI)	$1,213	

1 Year T/C Dry Bulk

Gas

Commentary

EAST
After an active week on shipping in the East the focus has shifted to the West. Last done MEG deal was concluded at a Baltic premium to an Indian major, but as the fixing window is now many days/ceased on mid-3rd September we do not expect this rate to be repeated for next deal(s). We see a variety of open tonnage from both the owners and the traders for this window, and thus expect freight ideas to be more stable.

WEST
The US market has been very much alive this week. Several fixtures were concluded, and the Houston/Chiba rates have entered into three digit territory on the back of tight shipping availability in the USG in the end of September.

The shipping market for first half September is basically under the control of one pure ship owner, however, to sustain further jumps in the freight rates, the product market needs to strengthen further. A handful of uncovered cargoes are still left in the last decade of September ex USG and a couple of cargoes ex Arrgola are being marketed for sale.

LPG Rates

East (Petrol (USD/Hour))		
VLGC (84 000 cbm)	$1,000,000	$100,000 ↑
LGC (40 000 cbm)	$850,000	$0 →
MGC (38 000 cbm)	$900,000	$0 →
HDY SR (20-22 000 cbm)	$700,000	$0 →
HDY ETH (17-22 000 cbm)	$780,000	-$40,000 ↓
ETH (8-12 000 cbm)	$480,000	-$10,000 ↓
SR (6 500 cbm)	$440,000	$0 →
COASTER Asia	$270,000	$0 →
COASTER Europe	$330,000	$5,000 ↑
LPG/TCE (Propane (USD/Tonne))		
FOB North Sea/ARGS	$636	$0 →
Saudi Arabia/CP	$670	$0 →
MT Belview (US Gulf)	$582	$27 ↑
Sonatrach/Bethioua	$660	$0 →
LPG/TCE (Butane (USD/Tonne))		
FOB North Sea/ARGS	$608	$0 →
Saudi Arabia/CP	$660	$0 →
MT Belview (US Gulf)	$490	$1 ↑
Sonatrach/Bethioua	$645	$0 →

LNG Rates

East (Petrol (USD/Day))		
East of Suez 155-165 000 cbm	$60,000	$2,500 ↑
West of Suez 155-165 000 cbm	$80,000	$0 →
1 Year T/C 155-160 000 cbm	$125,000	$3,000 ↑

Newbuilding

Activity Levels

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	$43.0	$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

Bulkers

5Y old		
Capesize	$53.0	$0.0 →
Kamsarmax	$37.0	$0.0 →
Ultramax	$34.0	$0.0 →
10Y old		
Capesize	$37.0	$0.0 →
Kamsarmax	$27.0	$0.0 →
Ultramax	$27.0	$0.0 →
15Y old		
VLCC	$85.0	$3.0 ↑
Suezmax	$58.0	$2.0 ↑
Aframax / LR2	$53.0	$1.0 ↑
MR	$37.0	$0.0 →
20Y old		
VLCC	$60.0	$0.0 →
Suezmax	$43.0	$1.0 ↑
Aframax / LR2	$39.0	$1.0 ↑
MR	$28.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	118.50
USD/KRW	1,295.50
USD/NOK	9.24
EUR/USD	1.10

Interest Rates

LIBOR USD (6 months)	3.57%
NIBOR NOK (6 months)	1.85%

Commodity Prices

Brent Spot	$100.00	$3.50 ↑

Bunkers Prices

Singapore 380 CST	$517.5	-$8.0 ↓
Singapore Gasoil	$1,101.0	$89.0 ↑
Rotterdam 380 CST	$515.5	-$6.5 ↓
Rotterdam Gasoil	$1,124.0	$86.5 ↑

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