

Fearnleys Weekly Report

Week 7 - February 15, 2023

Printer version

Tankers

Comments

VLCC

As interesting a market as we have seen in a while. With a bumper February in the MEG (150 cargoes in a 28-day month), we are moving into the early March stems at the time of writing. Two schools of thought persist on where we go from here, but both have limited downside. Current levels for MEG/China sit around the WS 65 level, and owners could try to hold back, harness the sentiment and drive rates up through the WS 60's. However, the alternative is for charterers to play it well from the shadows and owners to 'profit take' on cargoes off their dates. Either way, any imminent downside in the market remains unlikely.

The Atlantic cargoes continue, with a fresh Petrobras quote at the time of writing. Some recent deals not quite the jumps owners will have hoped for, but TD15 stands around WS 62.5 and rates Wafr/UKC at WS 72.

Suezmax

A key feature of this Suezmax market is "volatility" in which the main protagonist has been the Atlantic. Markets tend to adjust to change (Ukraine) after a period of bedding in, but these recent market nuances have undeniably left an indelible mark on charterers psyche. West Africa, and more precisely, TD20 end/early February/March dates, should have traded with minimal upside but charterers dispensed with the tried and tested method of chronological fixing and piled in on top of each which sent very positive signals to owners, and with that, firmer rates. Now the froth has settled the region is looking moderately overpriced and with V's munching on second decade positions rates are beginning to look toppy: WS 110's. MEG/East remains tight for 20T cranes and trades WS 130 whilst TD23 trades mid/high WS 50's.

Aframax

Aframax rates in the Nsea market dropped a few points as activity slowed down and most cargoes been taken out on relets in the current fixing window. The USG market is the most interesting right now in the Western hemisphere, and we might see ballasters from the Nsea and Wmed turning their bow in that direction and ballasting transatlantic. We expect the market to move sideways with a softish feel to it. In the Med/BSea rates dropped by 30 points for local runs even though earthquake didn't affect loadings in Ceyhan that much. Tonnage list had built up the last 10 days as there wasn't enough activity to absorb sufficient number of vessels and inevitably charterers managed to push rates lower. We expect market to remain weak for the rest of the month unless firming USG market will attract more ballasters from Europe.

Rates

Dirty (Spot WS 2023)

MEG/WEST (40.0)	WS 40	2.5 ↑
MEG/Japan (65.0)	WS 65	12.5 ↑
MEG/Singapore (66.0)	WS 66	12.5 ↑
WAF/FEAST (63.5)	WS 63.5	5.0 ↑
WAF/USAC (117.5)	WS 117.5	5.0 ↑

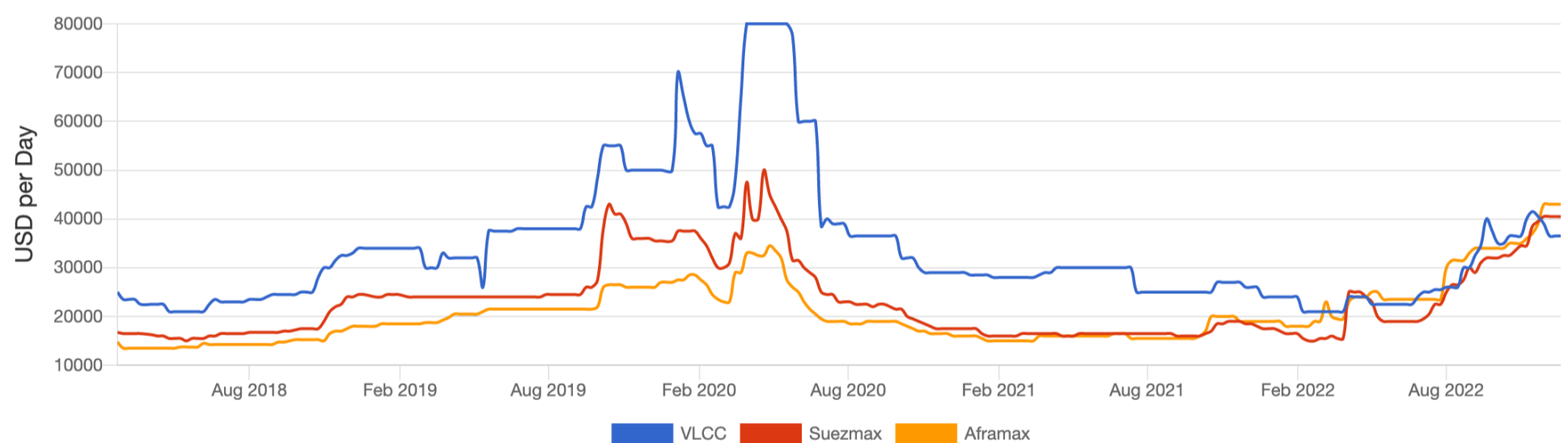
Sidi Kerir/W Med (130.0)	WS 130	0.0 →
N. Afr/Euromed (165.0)	WS 165	-25.0 ↓
UK/Cont (155.0)	WS 155	-10.0 ↓
Caribs/USG (170.0)	WS 170	12.5 ↑

1 Year T/C (USD/Day)

VLCC (Modern)	\$35,000	\$1,500 ↑
Suezmax (Modern)	\$40,500	\$1,000 ↑
Aframax (Modern)	\$40,500	\$0 →

VLCC

VLCCs fixed in all areas last week (Modern)	\$62	-\$8 ↓
VLCCs available in MEG next 30 days (Modern)	\$136	-\$6 ↓

1 Year T/C Crude**Dry Bulk****Comments****Capesize**

Biggies keep burning cash in heavy seasonal downturn, and with new environmental rating regime idling is not an attractive alternative. Already miserable average daily earnings down some 30 pct w-o-w to come in at a tragic USD 2,600, close to USD 5k below running cost. Whilst Pacific just keeps on scraping bottom, lately Atlantic has followed suit as demand dwindles further. Volume on the West Australia/China conference trade is fair but far from sufficient to absorb spot supply - and iron ore + bauxite + coal fronthaul/transatlantic trades not by far matching amount of tonnage ballasting or present in western hemisphere. Period interest nevertheless remains high in anticipation of better times to come, focus however on indexed structures - recent fixtures include 171,000 dwt, built 2004, done for about a year at 94 pct, 180,000 dwt, built 2011, at 103 pct, and 179,000 dwt, built 2016, at 132 pct of BCI AVE5TC.

Panamax

A week with little activity of note, thus a clear direction was hard to call and yet to be found. Market continuing to be depressed with little signs of recovery at the moment.

Supramax

Supramax and Ultramax market in the Atlantic was not giving any encouragement to owners despite FFA market pushing the forward curve up. Due to a lack of fresh inquiries, the rates in the main loading area remained flat. TA RV from USG and ECSA was at the lowest level fixing sub USD 10,000 pd and fronthaul at low USD 10,000 pd. North Atlantic was very quiet despite scrap prices being stable and several stems with scrap from the Continent to Turkey were concluded. For this, charterers paid USD 9,000 pd on Supra 56' dwt. Last week we reported the Pacific market recovery, and however, it didn't last. The support for the market recovery in Asia was limited. Ultramax delivery Indonesia fixed at USD 11,000 pd for a trip via Australia to South Asia. Another smaller Ultra was fixed at USD 9,000 pd delivery China for a trip via NoPac to SE Asia.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$15,588	-\$1,318 ↓
Australia – China	\$6	-\$0 ↓
Pacific RV	\$2,500	-\$458 ↓

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$4,530	-\$133 ↓
TCE Cont/Far East	\$14,541	-\$77 ↓
TCE Far East/Cont	\$3,708	-\$46 ↓
TCE Far East RV	\$7,785	-\$169 ↓

Supramax (USD/Day)

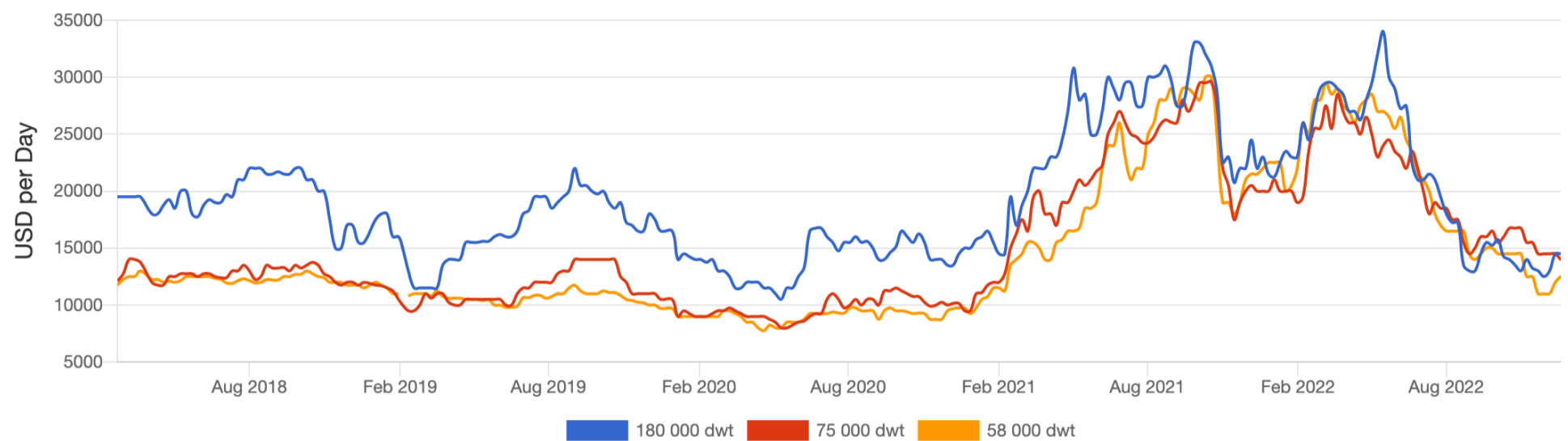
Atlantic RV	\$7,345	\$241 ↑
Pacific RV	\$6,550	-\$50 ↓
TCE Cont/Far East	\$12,550	-\$658 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$19,000	-\$500 ↓
Capesize (180 000 dwt)	\$15,500	-\$500 ↓
Kamsarmax (82 000 dwt)	\$16,000	-\$500 ↓
Panamax (75 000 dwt)	\$15,000	-\$500 ↓
Ultramax (64 000 dwt)	\$14,250	\$0 →
Supramax (58 000 dwt)	\$12,500	\$0 →

Baltic Dry Index (BDI)

541

1 Year T/C Dry Bulk**Gas****Chartering****EAST**

East fixing has gradually moved into second decade of March, although one first decade cargo is still in play, and more could still appear after the release of Aramco acceptances. We expect Saudi to be released earliest by today, after which we will have a clear picture of March allocations ex Middle East. With a current 10-dollar premium for East freight, MEG cargoes become quite attractive, but should we end up seeing a substantial cut in volumes also this month, most positions in the East might as well head West for longer voyages and still very healthy earnings.

WEST

Fixing activity in the West has slowed down lately and we have only seen two spot fixtures so far this week in the USG. With that said we count 33 spot fixtures out of the USG/USEC for March dates and we still count about 5 open positions left this period with the first available 19-20 Mar. We are now seeing vessels with April laycans appear on the position list as some players slowly is starting to sniff for early dates and it is looking balanced to tight, but it is still far ahead. Last done fixture concluded at mid 130s H/C.

LPG Rates**Spot Market (USD/Month)**

VLGC (84 000 cbm)	\$2,000,000	\$0 →
LGC (60 000 cbm)	\$1,500,000	\$0 →
MGC (38 000 cbm)	\$1,150,000	\$0 →
HDY SR (20-22 000 cbm)	\$800,000	\$0 →
HDY ETH (17-22 000 cbm)	\$875,000	\$0 →
ETH (8-12 000 cbm)	\$530,000	\$0 →
SR (6 500 cbm)	\$490,000	\$0 →
COASTER Asia	\$280,000	\$5,000 ↑
COASTER Europe	\$400,000	\$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$706	\$0 →
Saudi Arabia/CP	\$790	\$0 →
MT Belvieu (US Gulf)	\$424	\$7 ↑
Sonatrach/Bethioua	\$720	\$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$617	\$0 →
Saudi Arabia/CP	\$790	\$0 →
MT Belvieu (US Gulf)	\$536	-\$12 ↓
Sonatrach/Bethioua	\$640	\$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$70,000	\$5,000 ↑
West of Suez 155-165 000 cbm	\$55,000	\$2,500 ↑
1 Year T/C 155-160 000 cbm	\$152,000	\$0 ↓

Newbuilding

Activity Levels

Tankers	Slow	
Dry Bulkers	Slow	
Others	Moderate	

Prices

VLCC	\$121	\$0 →
Suezmax	\$81	\$0 →
Aframax	\$64	\$0 →
Product	\$44	\$0 →
Newcastlemax	\$66	\$0 →
Kamsarmax	\$38	\$0 →
Ultramax	\$36	\$0 →

LNGC (MEGI) (cbm)	\$240	\$0 →
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Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$44	
Kamsarmax	\$30	
Ultramax	\$29	

Dry (10 yr)

Capesize	\$30	
Kamsarmax	\$23	
Ultramax	\$23	

Wet (5 yr)

VLCC	\$93	
Suezmax	\$67	
Aframax / LR2	\$60	

Wet (10 yr)

VLCC	\$71	
Suezmax	\$52	
Aframax / LR2	\$48	

Market Brief

Exchange Rates

USD/JPY	131.70	2.53 ↑
USD/KRW	1267.90	7.25 ↑
USD/NOK	10.11	-0.01 ↓
EUR/USD	1.08	0.00 ↓

Interest Rates

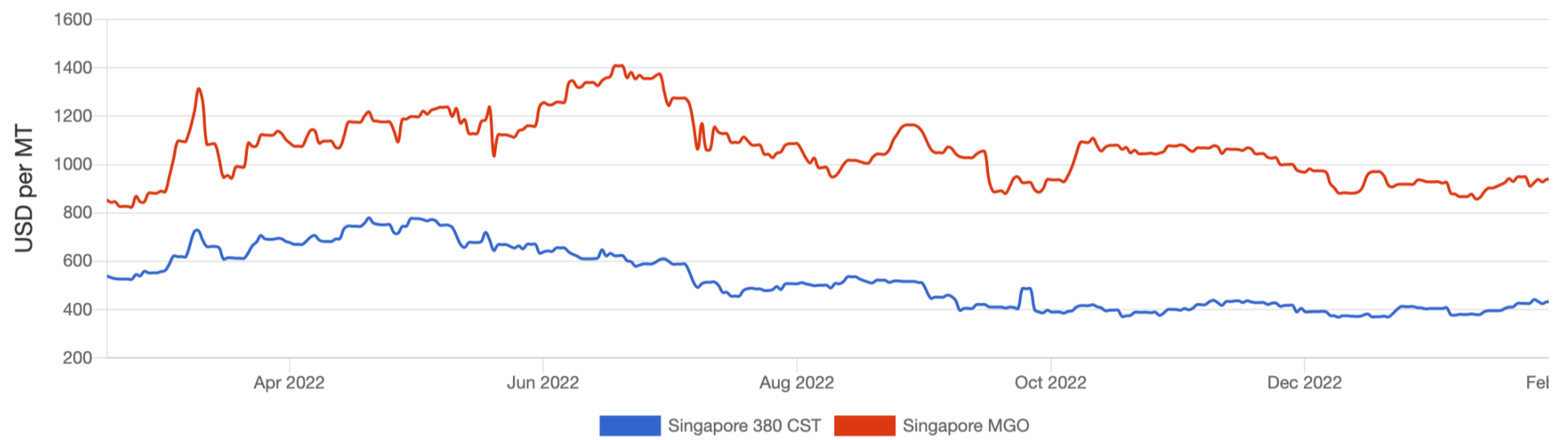
LIBOR USD (6 months)	5.20	0.06 ↑
NIBOR NOK (6 months)	3.12	0.00 →

Commodity Prices

Brent Spot	85.50	0.50 ↑
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Bunkers Prices

Singapore 380 CST	427.00	37.00 ↑
Singapore Gasoil	826.00	17.00 ↑
Rotterdam 380 CST	405.00	16.50 ↑
Rotterdam Gasoil	815.50	22.00 ↑



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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