Fearnleys Weekly Report

Week 21 - May 26, 2021

Printer version

Tankers

Comments

VLCC

Last week was active with rates ticking in owners' favour, but since Monday, charterers have been able to apply the brakes, holding off when possible and concluding deals off market. This air of inactivity usually plays on owners' minds, and as such, without further volume, it is likely we are looking at a softer numbers in the near future. We ticked up to WS37.5 for MEG/East end of last week, but despite the best efforts of owners to hold the line, reports are ships are already firm at last done levels, with charterers aiming a few points lower (although it remains to test). June was expected to post the highest volumes of the year to date, so owners should not lose hope.
With Iran coming back on line at some point in the near future, and potential OPEC production increases, Q3 looks a little brighter.

Suezmax

Signs of life emerging in the East as the list for modern, 2x20T cranes vessels have tightened significantly for the first decade with owners pushing for more than last done levels. Hitherto, charterers have been able to fix off-market with zero noise, but now, reduced tonnage availability is likely to smoke a few more cargoes out into the open market, as the perceived bottom has been reached. MEG/East trades WS55 on modern with possible upside and Td23 looks susceptible to adding a little more weight. In the Atlantic, charterers still have the luxury of attaining in and around last done without too much trading. With V's stalling and possibly coming off a tad, support for Td20 is lacking and it's going to need a further reduction of Eastern ballasters to lift rates, should trade WS47.5 with potential 1-2 points upside.

Aframax

It was a relatively quiet week for the North Sea/Baltic market with rates moving sideways at bottom levels. However, with quite a few vessels having left the area and net tonnage supply decreasing, the tonnage list is looking somewhat tighter for first decade loadings. Moving forward, rates could remain under upward pressure supported by a healthier Urals schedule for June.
In the Mediterranean/Black Sea we have seen rate levels pick up a few points this week due to healthy activity on the cargo side combined with a tighter tonnage list. However, at the time of writing Suezmaxes are coming into play, capping the market at current levels. Due to same we do not expect a noteworthy increase in rates in the short run.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 19.5	1.0 ↑
MEG/Japan (280 000)	WS 37.0	4.5 ↑
MEG/Singapore (280 000)	WS 37.5	5.0 ↑
WAF/FEAST (260 000)	WS 37.0	2.0 ↑
WAF/USAC (130 000)	WS 45.0	-2.5 ↓
Sidi Kerir/W Med (135 000)	WS 54.0	-1.0 ↓
N. Afr/Euromed (80 000)	WS 90.0	5.0 ↑
UK/Cont (80 000)	WS 95.0	5.0 ↑
Caribs/USG (70 000)	WS 92.5	-7.5 ↓

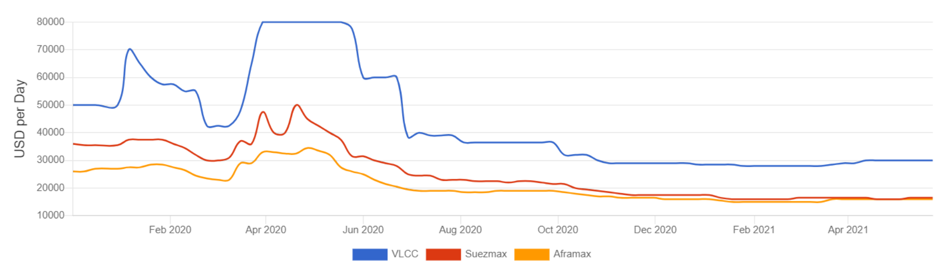
1 Year T/C (USD/Day)

VLCC (Modern)	$30000.0	$0 →
Suezmax (Modern)	$16500.0	$0 →
Aframax (Modern)	$16000.0	$0 →

VLCC

VLCCs fixed in all areas last week	54	8 ↑
VLCCs available in MEG next 30 days	172	7 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Still correcting, arguably at high levels. Average daily earnings for the big ships down another 6 pct w-o-w, coming in at just over USD 29k. Transatlantic doldrums and fronthaul imbalance for June being mostly to blame - ballasters presently having a hard time achieving last done or close on the Brazil/China route as demand side pretty much limited to one major miner. Present gap between 100 days China-Brazil-China and 50 days Pacific round is roughly USD 10k in favour of the latter, meaning no flow of "new" ballasters as long as Pacific iron ore and coal trades keep absorbing prompt tonnage. Main players waiting for market to find a floor and again improve, as major commodities much in demand and overall fleet efficiency moderate.

Panamax

This week has been influenced by holidays in most European countries beginning week, and Singapore mid-week. It is not a clear direction but rather a standoff between charterers and owners.
The firm underlying sentiment is still there and P1A is currently yielding around 20k. Grain volumes out of ECSA is certainly picking up with several June stems entering the market. On the other hand we see volumes out of USG evaporating as US grain is currently priced out. In the eastern hemisphere we see index levels come off, much lead by early positions reducing their offers in order to cover before Singapore holidays. Pacific rounds are currently priced in region of 27/28k.

Supramax

Another positive week for the market with BSI routes rising up. More activity from key areas such as the US Gulf and ECSA pushed rates up. The fixtures reported from the US Gulf showed good gain in rates. TCT from Miss River to Med-Cont being fixed at USD 27,000 pd on Ultramax and TCT to Far East was fixed mv Grande Island Tess 58 at USD 31,000. Trips with clinker from Med to West Africa also showed improvement in rates by gaining USD 2,000-3,000 per day from last done. Scrap from Continent followed the same trend fixing in hi USD 20,000'. Indian Ocean and Asia remain strong with stable flow of cargoes and shortage of tonnage. A 56,000 open west coast India was fixed for a trip from Persian Gulf to Bangladesh around USD 32,000. MV Unity Discovery 60' dwt open Pakistan rumoured to be fixed for a trip to Chittagong at USD 40,000. Inter-Pacific coal voyages paying around USD 31,000.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$43,500	-$3,400 ↓
Australia – China	$12.7	$0.1 ↑
Pacific RV	$37,581	$585 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$19,115	$230 ↑
TCE Cont/Far East	$33,932	$1,073 ↑
TCE Far East/Cont	$14,985	$2,139 ↑
TCE Far East RV	$27,510	$1,561 ↑

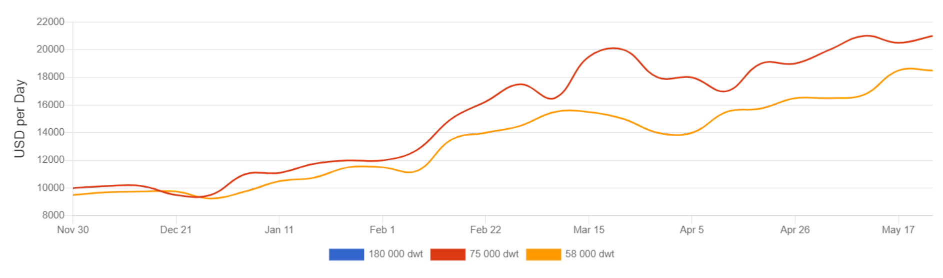
Supramax (USD/Day)

Atlantic RV	$21,943	$3,277 ↑
Pacific RV	$29,093	$486 ↑
TCE Cont/Far East	$29,046	$303 ↑

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$30,000	-$3,000 ↓
Capesize (180 000 dwt)	$25,000	-$3,500 ↓
Kamsarmax (82 000 dwt)	$23,000	$500 ↑
Panamax (75 000 dwt)	$21,000	$500 ↑
Ultramax (64 000 dwt)	$22,000	$1,000 ↑
Supramax (58 000 dwt)	$18,500	$0 →
Baltic Dry Index (BDI)	$2,754	

1 Year T/C Dry Bulk



Gas

Chartering

EAST
With the preceding week failing to revive any real momentum this week has so far followed suit with less than a handful of fixtures so far concluded. Thus, freight has followed in a downward direction. Hopes are that with a couple of Indian cargoes together with a few more end June stems, supply/demand will be more or less in equilibrium and as such making sure the drop in freight will close and flat out from here.

WEST
As we are approaching the end of May, the number of VLGC liftings in total ex US and Canada is approaching about 90 VLGC equivalents (including some LGCs loaded). June looks set to follow suit. At the time of writing there are only a handful of vessels left for the balance of June and these vessels are largely controlled by only one owner. A few fixed rate bids from potential charterers have been shown for last decade June loading ex USG, however, the tight vessel supply makes it somewhat difficult to strike due to a large difference between bids and offers. Freight for second half June will find its feet again at some point, but the list of open vessels is not getting any longer.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$1,250,000	-$50,000 ↓
LGC (60 000 cbm)	$850,000	$0 →
MGC (38 000 cbm)	$800,000	$0 →
HDY SR (20-22 000 cbm)	$650,000	$0 →
HDY ETH (17-22 000 cbm)	$750,000	$0 →
ETH (8-12 000 cbm)	$465,000	$0 →
SR (6 500 cbm)	$400,000	$0 →
COASTER Asia	$260,000	$0 →
COASTER Europe	$250,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$464	$0 →
Saudi Arabia/CP	$495	$0 →
MT Belvieu (US Gulf)	$446	$10 ↑
Sonatrach/Bethioua	$465	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$442	$0 →
Saudi Arabia/CP	$475	$0 →
MT Belvieu (US Gulf)	$421	$27 ↑
Sonatrach/Bethioua	$460	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$57,000	-$5,000 ↓
West of Suez 155-165 000 cbm	$57,000	-$8,000 ↓
1 Year T/C 155-160 000 cbm	$77,000	$0 →

Newbuilding

Activity Levels

Tankers	Increasing	Increasing
Dry Bulkers	Increasing	Increasing
Others	Increasing	Increasing

Prices

VLCC	$96.0	$0.0 →
Suezmax	$65.0	$0.0 →
Aframax	$54.0	$0.0 →
Product	$37.5	$0.0 →
Newcastlemax	$58.0	$0.0 →
Kamsarmax	$31.0	$0.0 →
Ultramax	$28.5	$0.0 →
LNGC (MEGI) (cbm)	$193.0	$1.0 ↑

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$42.0	$0.0 →
Kamsarmax	$28.0	$0.0 →
Ultramax	$23.0	$0.0 →

Dry (10 yr)

Capesize	$29.0	$0.0 →
Kamsarmax	$21.0	$0.0 →
Ultramax	$18.0	$0.0 →

Wet (5 yr)

VLCC	$66.5	$0.0 →
Suezmax	$47.0	$0.0 →
Aframax / LR2	$40.0	$0.0 →
MR	$28.0	$0.0 →

Wet (10 yr)

VLCC	$47.0	$0.0 →
Suezmax	$32.0	$0.0 →
Aframax / LR2	$24.0	$0.0 →
MR	$18.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	108.93	0.33 ↑
USD/KRW	1122.05	-8.40 ↓
USD/NOK	8.31	0.00 ↑
EUR/USD	1.22	0.00 ↑

Interest Rates

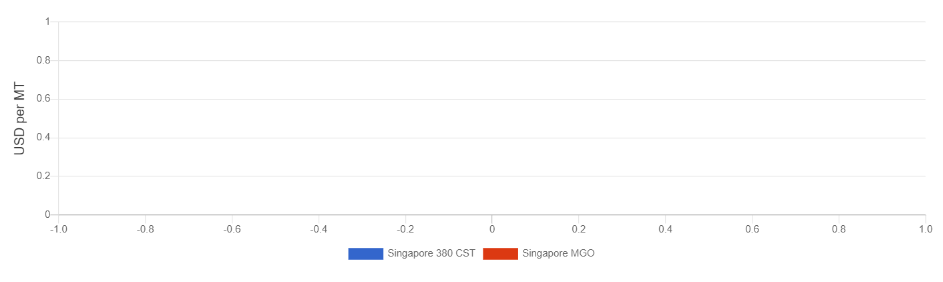
LIBOR USD (6 months)	0.18%	-0.01% ↓
NIBOR NOK (6 months)	0.40%	0.00% →

Commodity Prices

Brent Spot	$68.50	$2.00 ↑

Bunkers Prices

Singapore 380 CST	$378.0	-$7.0 ↓
Singapore Gasoil	$564.0	-$10.0 ↓
Rotterdam 380 CST	$373.5	-$10.0 ↓
Rotterdam Gasoil	$554.0	-$5.0 ↓



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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