Fearnleys Weekly Report

Week 21 - May 25, 2022

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Tankers

Commentary

Dirty

If the pain works, why change it? Charterers continue with the shadow, picking a target and keeping quiet on the details or fudging the current market at the status quo. This week we have counted over 20 vessels tucked away on business with no details attached. So it stands to reason that had these cargoes worked openly, we would be in a different world (or at least a few points more). Still, ships disappearing off the position list can't be ignored and bunkers ramping up close to USD 1000/mt, owners are starting to push back. MEG/East is trickling up through the very low WS 40's, depending on age/quality required. The Atlantic is feeding off Sun & Alfa markets which are showing some heat. At the time of writing, only 10-15 VLCC's in the West (or heading West) available to work. Tighter and firmer in the short term likely.

Clean

It's a game of two hemispheres this week, with all the action confined to the West. The tight US Gulf is the key factor as charterers scramble to find the cheapest vessel DWT (Suezmax, Aframax/LR/CC), which in itself only adds to owner sentiment. TD20 in isolation should, if supply/demand models worked as they're supposed to, consider trade momentum up, but there is new momentum in the market and more cargoes are being forced to work in the open market which will see rates push through the WS 100 mark. The East is relatively quiet, save for MEG/Japs but enquiry which may just prevent WAF from taking a really purposeful rate jump. TD23 trades in the mid/high WS 40's whilst a China run needs testing, but owners will be looking for something starting with at least a '6' VLCC's are inevitably the call.

Ballast

Yet another lackluster week for Aframax owners trading in the North Sea and Baltic area with rates moving sideways. The tonnage list might be looking tighter as ships will ballast away from the area turning their bows to cross the Atlantic where the market is considerably stronger. Charterers are expected to be back in the market relatively soon as they will have the tonnage resource expected for a couple strategic ports in the Nore for June, we might see the market continue to move sideways going forward.

The Med/Black continued sideways last week, even dropping a few points as charterers can pick and choose among the many spot ships in the area. We now see a few of them belasting their ships ITA to take part in a stronger US-market. We are not expecting the market to firm up sufficiently in the short run.

Rates

Clean (Sizes WS 2022)		
MEG/WEST (280 000)	WS 25.0	1.5
MEG/Japan (280 000)	WS 43.0	3.0
MEG/Singapore (280 000)	WS 44.0	4.0
WAF/FEAST (260 000)	WS 45.0	1.5
WAF/USAC (130 000)	WS 97.5	12.5
Skit Kerb/W Med (135 000)	WS 95.0	2.5
N. Afr/Euromed (80 000)	WS 125.0	-5.0
UK/Cont (80 000)	WS 140.0	-3.0
Caribs/USG (70 000)	WS 200.0	-62.5
Time T/C (US$/Day)		
VLCC (Modern)	$23500.0	0.0
Suezmax (Modern)	$19000.0	0.0
Aframax (Modern)	$21500.0	0.0

VLCC

VLCCs fixed in all areas last week	57	-1
VLCCs available in MEG next 30 days	159	-24

Time T/C Charts

Dry Bulk

Commentary

Capesize

Slight turbulence at healthy levels for the big units, with most concern being on inter-pacific volumes/activity and consensus hovering around USD 33k/day. The West Australia/China iron ore conference trade remains the fundament, but with a sudden appearance of early ships the value for Pacific rounds has slid more than 20 pct the last 5 trading days to stand at USD 37k. Transatlantic remains somewhat unchanged, but with a slight softening bias. Atlantic round voyages are also expected to move southbound, with the Pacific equivalent to follow, pushing earnings up some 15 pct to approach USD 29k. Fronthaul iron ore trades still delivers well below expectations. Substantial focus on period amongst major takers, with forward expectations being contango or close - representative fixtures include 179,000 dwt, built 2015, done for almost 2 years at USD 35k, also 180,000 dwt, built 2016, hitching USD 39k fixes about 5 years.

Panamax

A weaker and softer tone engulfed the Panamax market this week, with a distinct lack of fresh demand impacting market sources said. The Atlantic was said to be lacking any substantial transatlantic activity, consequently tonnage began to show signs of building up resulting in weaker bids as charterers appeared to hold the upper hand. Asia returned something of a stand-off with a wide bid/offer spread, neither owners nor charterers willing to concede culminating in a slow and inactive days trading with little reported.

Some representative fixtures this week:

Shandong Fu Hui (81,782/2007) Algeciras 5-10 June was rumored to have fixed for a trip via US Gulf option NC South America redelivery Far East at $40,000 with ICRA.

Cape Akamas (79,454/2010) Marininic 26 May fixed for a trip via indonesia redelivery Taiwan at $26,000 + $80,000 ballast bonus, but further details were lacking.

Eitzy Perfection (76,635/2007) Spore 8 May TCT via ECSA redel Spore-Japan $24,000 + COFCO

Ocean Thyme (82,306/2014) Gib 4 Jun TCT via NCSA redel Skaw-Gib $29,500 - ULTRABULK.

TBN 75,000/5 coal Newport News/Vreg 21/30 Jun 40,000/25,000/0 SSHEX bends $53.15 FIO - SAL.

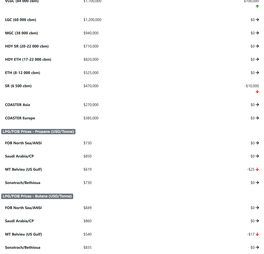
Supramax

The BSI-58 10 T/C route is volatile on week-to-week base, however the average index remain on similar levels above USD 30,000 pd. Supramax market continues to show time and once again we can experience sustainable market despite all the distractions from global perspective of view. The Pacific market is stable with rates maintaining at very high USD 29,000 pd, while transatlantic round voyages paying just a bit more than USD 20,000 pd. USD numbers seems to be under pressure and ECSA describes as firm and stable. Ultramax asking USD 25,000 pd plus USD 1.0M prices 8/8 delivery Santos for TCT to Singapore- Japan. Ultramax 63' DWT delivery Agadir/Mina runnored to be fixed at USD 50,000 pd for trip with grains to WCSA. Fronthaul from the Continent and Mediterranean pays around USD 25,000 pd, while backhauls USD 20,000 pd. We expect the market to be firm with high volatility next coming weeks.

Rates

Capesize (US$/Day, USD/Tonne)		
TCE Cont/Far East (180 DWT)	$33,122	-$3,728
Australia - China	$143	-$13
Pacific RV	$30,982	-$7,831
Panamax (US$/Day, US$/Tonne)		
Transatlantic RV	$29,175	-$650
TCE Cont/Far East	$35,845	-$826
TCE Far East/Cont	$22,513	$256
TCE Far East RV	$29,521	$606
Supramax (US$/Day)		
Atlantic RV	$28,940	-$772
Pacific RV	$30,071	-$1,057
TCE Cont/Far East	$25,513	$134
Time T/C (US$/Day)		
Newcastlemax (208 000 dwt)	$37,000	-$4,000
Capesize (180 000 dwt)	$30,000	-$4,000
Kamsarmax (82 000 dwt)	$27,000	$500
Panamax (75 000 dwt)	$24,500	$500
Ultramax (64 000 dwt)	$30,000	-$1,000
Supramax (58 000 dwt)	$26,500	-$500
Baltic Dry Index (BDI)		
$3,137		

Time T/C Dry Bulk



Gas

Commentary

EAST

The MEG market has been quite active lately and during the course of this and last week, rates have increased from mid USD 70's to around USD 90 on flat Tanuru/China basis. This brings the East and West market earnings almost at par around mid USD 50,000 per day for a conventional vessel running VLSFO. As a consequence, more owners are considering to ballast towards Singapore instead of going straight to Ballzas after Far East discharge, which has been the name of the game for the last couple of months this year. A good amount of spot FOB sales and some distressed cargoes has contributed to lifting the sentiment, however, the question remains for how long this will last.

WEST

The western freight market continues to be strong with last done deal concluded at mid 130s Houston/Chiba and mid-high 70s Houston/Flushing/Le Havre. At the time of writing there are still a handful of vessels left in end June, but with as much as 35 spot fixtures so far in June it is likely that we will see couple of them be pushed over to early July which is where focus now has shifted towards. There are more visits appearing, but the position list still remains tight for the first half of July and with the expectation of a big build in US inventories we expect the rates to maintain.

LPG Rates

Spot Market (US$/Month)		
VLGC (84 000 cbm)	$1,700,000	$100,000
LGC (60 000 cbm)	$1,200,000	$0
MGC (38 000 cbm)	$940,000	$0
HDY SR (35 -22 000 cbm)	$710,000	$0
HDY ETH (17-22 000 cbm)	$630,000	$0
ETH 22 12 000 cbm)	$525,000	$0
SR (6 500 cbm)	$410,000	-$10,000
COASTER Asia	$270,000	$0
COASTER Europe	$385,000	$0
LPG/FOB Prices / Propane (US$/Tonne)		
FOB North Sea/ARA	$730	$0
Saudi Arabia/CP	$855	$0
MT Belvieu (US Gulf)	$619	-$25
Sonatrach/Bethioua	$730	$0
LPG/FOB Prices / Butane (US$/Tonne)		
FOB North Sea/ARA	$849	$0
Saudi Arabia/CP	$860	$0
MT Belvieu (US Gulf)	$540	-$17
Sonatrach/Bethioua	$835	$0

LNG Rates

Spot Market (US$/Day)		
East of Suez 155-165 000 cbm	$65,000	$1,000
West of Suez 155-165 000 cbm	$77,000	$2,000
1 Year T/C 155-160 000 cbm	$110,000	$0

Newbuildings

Market Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Moderate	Moderate

Prices

VLCC	$118.0	$0.0
Suezmax	$80.0	$0.0
Aframax	$63.0	$0.0
Product	$43.0	$0.0
Newcastlemax	$66.0	$0.0
Kamsarmax	$37.0	$0.0
Ultramax	$35.0	$0.0
LNGC (MEGI) (cbm)	$225.0	$0.0

Sale & Purchase

Tanker

Resale		
Old (5 yrs)		
Capesize	$52.0	$0.0
Kamsarmax	$36.5	$0.0
Ultramax	$35.0	$0.0
Mid (5-10 yrs)		
Capesize	$37.0	$0.0
Kamsarmax	$27.5	$0.0
Ultramax	$27.0	$0.0
New (5 yrs)		
VLCC	$76.0	$0.0
Suezmax	$52.5	$0.0
Aframax / LR2	$47.0	$0.0
MR	$32.0	$0.0
Wet (5 yrs)		
VLCC	$54.0	$0.0
Suezmax	$39.0	$0.0
Aframax / LR2	$32.5	$0.0
MR	$22.5	$0.0

Market Brief

Exchange Rates

USD/JPY	118.50	2.50
USD/KRW	1235.50	7.25
USD/NOK	8.92	-0.02
EUR/USD	1.10	0.00

Interest Rates

LIBOR USD (6 months)	2.07%	0.05%
NIBOR NOK (6 months)	1.72%	-0.05%

Commodity Prices

Brent Spot	$113.50	$1.00

Newbuilding Prices

Singapore 380 CST	$655.0	-$64.5
Singapore Gasoil	$1,113.5	-$71.0
Rotterdam 380 CST	$657.5	-$4.5
Rotterdam Gasoil	$1,107.0	-$27.0

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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