



Fearnleys Weekly Report

Week 7 - February 17, 2021

Printer version

Tankers

Comments

VLCC

Xin nian kuai le (Happy Chinese New Year). We welcome in the year of the Ox, which is meant to bring stability and calmness and it has certainly started that way. Calm, as there has been very little for owners to get their teeth into; and stable as rates have gone nowhere. It also coincides with the gap between the February and March MEG stems, which exacerbates the feeling of quiet. Chinese tonnage quickly snaring the compatriot cargoes that are available on COA, leaving others to fight over the remaining business. With the MEG so quiet (a disappointing sub 90 fixtures for February), much of the action has been in the Atlantic. Petrobras leading the charge with a couple of deals, but were able to keep rates suppressed. Alarming for owners, who given the oil price, are calculating in some bigger bills for their bunkers.

Suezmax

The Suezmax market in the West is still looking interesting. North Sea, Mediterranean/Black Sea and USG market are all looking tight-ish, making charterers in West Africa focusing mainly on eastern ballasters. This has put pressure on the West Africa market, and owners are doing their best to push rates further. We are hovering around high 50's, but with an upward potential towards the end of the week. In the East, we have had decent activity the last week. Tonnage-wise the MEG-market is well covered, but with many owners looking towards West Africa on their ships, the actual list in the East is rather balanced. One of the main factors for all markets right now, is the increasing bunker prices. There are very few ships left with cheap bunkers, and this alone will help push rates further.

Aframax

After weeks of being flat at the bottom, the North Sea/Baltic market has finally showed some signs of life. Ice conditions persist in the Baltic helping ice-class vessels to pocket 10k/day while delays in major discharge ports of North Sea, alternatives of other markets and a tight window have brought cross-North Sea runs at positive returns. As we move forward, we expect rates to be maintained at these levels but with a downside risk. In the Mediterranean/Black Sea we have seen an upwards correction rates the last few days with benchmark routes picking up close to 40 points on WS. This is due to delays causing a tighter tonnage list combined with a rush of cargoes entering the market. One to watch in the week is how the Suez-market develops and whether they will come into play capping the Afra market.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 18.5	0.5 ↑
MEG/Japan (280 000)	WS 32.0	1.0 ↑
MEG/Singapore (280 000)	WS 32.0	1.0 ↑
WAF/FEAST (260 000)	WS 34.5	2.5 ↑
WAF/USAC (130 000)	WS 57.5	7.5 ↑

Sidi Kerir/W Med (135 000)	WS 67.5	7.5 ↑
N. Afr/Euromed (80 000)	WS 115.0	40.0 ↑
UK/Cont (80 000)	WS 95.0	17.5 ↑
Caribs/USG (70 000)	WS 85.0	12.5 ↑

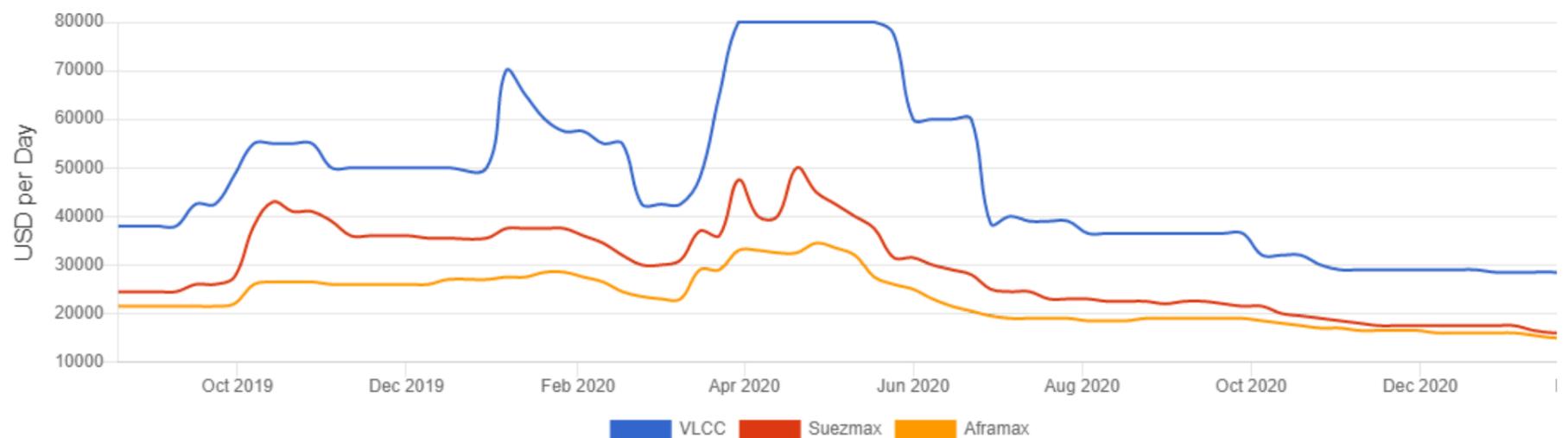
1 Year T/C (USD/Day)

VLCC (Modern)	\$28000.0	\$0 →
Suezmax (Modern)	\$16000.0	\$0 →
Aframax (Modern)	\$15000.0	\$0 →

VLCC

VLCCs fixed in all areas last week	34	-26 ↓
VLCCs available in MEG next 30 days	154	10 ↑

1 Year T/C Crude



Dry Bulk

Comments

Capesize

The Capesize market have seen a tremendous recovery over the last week. The two main routes with iron ore from Brazil and Australia to China is up by 23% and 46%, and the total time charter basket of all routes is up by 48%. This is backed by a very firm Panamax market and an increasingly strong belief amongst market participants in the Dry Bulk segment.

Panamax

You might remember 2008, and this week has really given us the same feeling. From 50k being done for a Baltic round one day, and the next day 110k being done. It is extremely hot in the North Atlantic. In a normal market we would need ice conditions in both St. Lawrence and the Baltic to achieve some premium from the P1A. Now we experience sky high rates in a sudden for both breach of INL cgos and regular P1A. Commodity prices have risen significantly, and with cold weather hitting Europe the demand for coal has come up. It is hard to put a figure one it, but the Indices are lagging. We see 40k vs 35k on regular Atlantic trades. In the Pacific we also see rates coming up with 20k being done for a regular Pac round. The Baltic Indices have not been this high since 2010.

Supramax

Sentiment remained strong and the BSI continued its positive mode during the week. Panamaxes are rallying and although positive indexes the BSI not in same pace as PMX. We seen decent period activity and worth mentioning the yesterdays close. Period activity was prevalent, the Star Columba (56,530 2012) open Bin Thuan 18/19 February was heard to have been fixed for period in the mid \$13,000s but further terms were not disclosed. The Star Apus (63,123 2014) scrubber fitted open Fujairah was failed at \$19,900 for minimum 3 months trading. Baltic Ice market remains as its own with a 57kdwt fixed dop West Mediterranean via Baltic to India redel Port Said @ 19,500 and 100k range on the bigger sizes – further out on the week smx holding bids 25k for scrap runs from the Continent.

We expect a positive week ahead.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$31,225	\$4,503 ↑
Australia – China	\$8.4	\$2.7 ↑
Pacific RV	\$16,475	\$10,448 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$27,435	\$8,455 ↑
TCE Cont/Far East	\$31,750	\$6,545 ↑
TCE Far East/Cont	\$5,824	\$1,293 ↑
TCE Far East RV	\$19,792	\$6,857 ↑

Supramax (USD/Day)

Atlantic RV	\$22,093	\$2,658 ↑
Pacific RV	\$12,375	\$1,725 ↑
TCE Cont/Far East	\$28,875	\$2,854 ↑

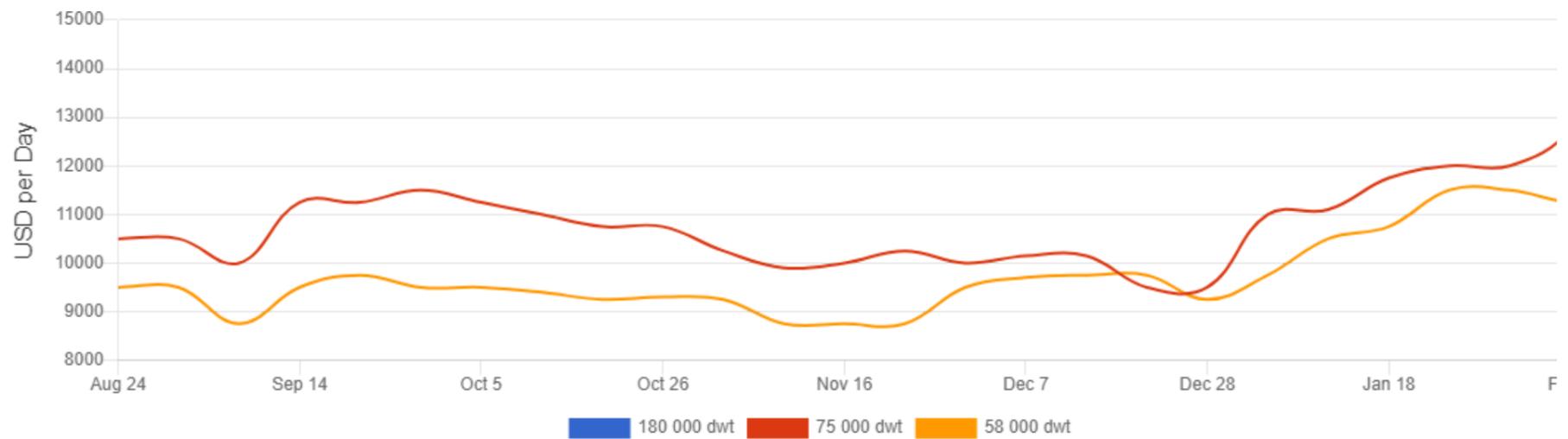
1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$23,250	\$6,000 ↑
Capesize (180 000 dwt)	\$19,500	\$5,000 ↑
Kamsarmax (82 000 dwt)	\$16,500	\$2,500 ↑
Panamax (75 000 dwt)	\$15,000	\$2,250 ↑

Ultramax (64 000 dwt)	\$14,000	\$1,250 ↑
Supramax (58 000 dwt)	\$13,500	\$2,250 ↑

Baltic Dry Index (BDI)	\$1,756
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1 Year T/C Dry Bulk



Gas

Chartering

EAST

Tonnage availability still remains long while firm shipping requirements have been limited. The latter is partly due to market players returning from the Chinese New Year holidays, but also because of reported cuts from one Middle Eastern supplier in March, and generally poor cargo economics seen currently. Freight rates have therefore continued its downward trend, and some are worried that we might even reach closer to OPEX levels before we see the freight market turn. In terms of deals done this week, one trader took a ship on subs for a short time charter in the USD high teens per day, and one Japanese player was reported fixing a ship from North Australia in the mid/high USD 30s Baltic.

WEST

The current freezing weather in the US parallel to the Chinese New Year celebration is halting any activity in the shipping market. There is not much momentum (if any) on the product side and with the arb consistently shrinking, it pulls freight expectations into a downward spiral despite nothing being concluded. Once the cold weather in the US disappears and the Far Eastern players resume trading activity, the hope is that fixing activity will resurrect.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	\$550,000	-\$150,000 ↓
LGC (60 000 cbm)	\$900,000	-\$200,000 ↓
MGC (38 000 cbm)	\$850,000	\$0 →
HDY SR (20-22 000 cbm)	\$680,000	\$0 →
HDY ETH (17-22 000 cbm)	\$780,000	\$30,000 ↑
ETH (8-12 000 cbm)	\$475,000	\$0 →

SR (6 500 cbm)	\$380,000	\$0 →
COASTER Asia	\$260,000	\$0 →
COASTER Europe	\$195,000	\$15,000 ↑

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$466	\$0 →
Saudi Arabia/CP	\$605	\$0 →
MT Belvieu (US Gulf)	\$504	\$56 ↑
Sonatrach/Bethioua	\$495	\$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$458	\$0 →
Saudi Arabia/CP	\$585	\$0 →
MT Belvieu (US Gulf)	\$440	\$7 ↑
Sonatrach/Bethioua	\$510	\$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$50,000	-\$10,000 ↓
West of Suez 155-165 000 cbm	\$54,000	-\$11,000 ↓
1 Year T/C 155-160 000 cbm	\$48,000	\$0 →

Newbuilding

Activity Levels

Tankers	Slow	Slow
Dry Bulkers	Slow	Slow
Others	Slow	Slow

Prices

VLCC	\$86.0	\$0.0 →
Suezmax	\$56.0	\$0.0 →
Aframax	\$46.5	\$0.0 →

Product	\$34.5	\$0.0 →
Newcastlemax	\$48.0	\$0.0 →
Kamsarmax	\$26.5	\$0.0 →
Ultramax	\$24.5	\$0.0 →
LNGC (MEGI) (cbm)	\$180.0	\$0.0 →

Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$36.0	\$0.0 →
Kamsarmax	\$22.0	\$0.0 →
Ultramax	\$21.5	\$0.0 →

Dry (10 yr)

Capesize	\$23.0	\$0.0 →
Kamsarmax	\$15.5	\$0.0 →
Ultramax	\$14.0	\$0.0 →

Wet (5 yr)

VLCC	\$65.0	\$0.0 →
Suezmax	\$43.5	\$0.0 →
Aframax / LR2	\$34.0	\$0.0 →
MR	\$26.0	\$0.0 →

Wet (10 yr)

VLCC	\$45.0	\$0.0 →
Suezmax	\$30.0	\$0.0 →
Aframax / LR2	\$21.5	\$0.0 →
MR	\$17.5	\$0.0 →

Market Brief

Exchange Rates

USD/JPY	105.72	1.05 ↑
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USD/KRW	1099.95	-7.10 ↓
USD/NOK	8.42	-0.02 ↓
EUR/USD	1.21	0.00 ↓

Interest Rates

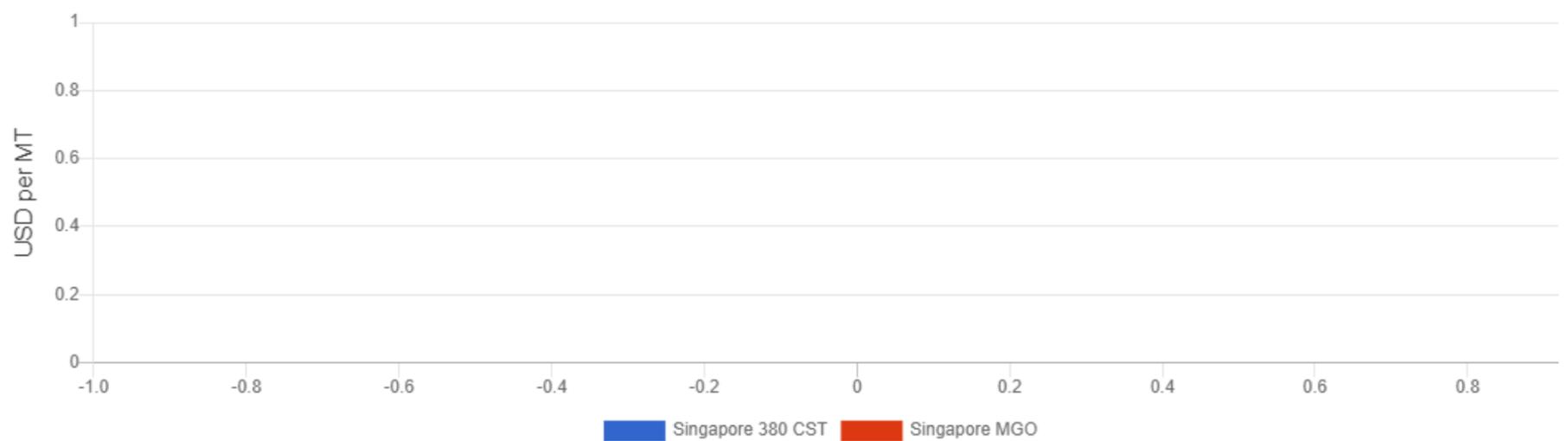
LIBOR USD (6 months)	0.20%	-0.01% ↓
NIBOR NOK (6 months)	0.49%	0.00% →

Commodity Prices

Brent Spot	\$63.50	\$1.00 ↑
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Bunkers Prices

Singapore 380 CST	\$388.5	\$9.0 ↑
Singapore Gasoil	\$538.0	\$24.0 ↑
Rotterdam 380 CST	\$369.5	\$11.0 ↑
Rotterdam Gasoil	\$523.0	\$14.5 ↑



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.

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