Fearnleys Weekly Report

Week 37 - September 15, 2021

Printer version

Tankers

Comments

VLCC

The ‘mini buzz’ of last week has dissipated due to the scant enquiry for the balance of the September MEG stems so far. We count just under 115 cargoes for the month, with expectations of a repeat of July’s 125+ fading. Owners were pushing the market up through the WS 30’s, but Friday saw CPC fixing ‘vintage’ (15+) tonnage at WS 29. For modern, the market has found equilibrium just under WS 35 for MEG/China at present.
In Wafr, WS 36 achieved (up a point), but many owners reluctant to tie in for long voyages, when the prospect of improvement may be likely. Therefore, many holding off to see what the next week or so brings. We expect the recent IEA’s estimate of 3 mbpd global oil production growth from now until year-end to boost rates and sentiment, however it will take time before current overcapacity has been absorbed.

Suezmax

The East Suezmax market took a backward step this week when a modern ship fixed MEG/East in the low WS 50's. It's evident, that without a firmer VLCC market, there is very little that owners can do to stop the rot. All participants need to focus on the flood of East ballasters that are vacuuming up a lot of Atlantic business, which, for the most part, will mainly discharge in the West. These ships are not being recycled back onto the East list in the same volumes as just a few months ago and this will naturally apply a cap to Atlantic rates. Conversely, at some point, this will create a bottle neck in the East and if this coincides with a firmer VLCC market in the next 3-4 weeks, then the usual Suezmax release valve will not be as easy to call upon.

Aframax

The Nsea/Baltic market left mix feelings for the owners this week. After a busy start, which created some momentum, rates are back to last week’s levels. With September dates soon to be all covered and still enough vessels on the list, we expect rates to move sideways. In the Med/Bsea, we have seen the market go from soft to firming this week. This is due to a combination of things, such as ships being fixed under the radar, other ships leaving the area to try their luck in improved surrounding markets, and the fact that a healthy cargo program ex Bsea for October has emerged. Add the uncertain situation in Libya into the mix, and it will be interesting to see if these fundamentals combined are enough to finally put some upwards pressure on rates.

Rates

Dirty (Spot WS 2021)

MEG/WEST (280 000)	WS 18.5	0.5 ↑
MEG/Japan (280 000)	WS 35.0	1.5 ↑
MEG/Singapore (280 000)	WS 36.0	2.0 ↑
WAF/FEAST (260 000)	WS 36.0	1.5 ↑
WAF/USAC (130 000)	WS 47.5	-5.0 ↓
Sidi Kerir/W Med (135 000)	WS 60.0	-2.5 ↓

N. Afr/Euromed (80 000)	WS 87.5	2.5 ↑
UK/Cont (80 000)	WS 92.5	2.5 ↑
Caribs/USG (70 000)	WS 120.0	10.0 ↑

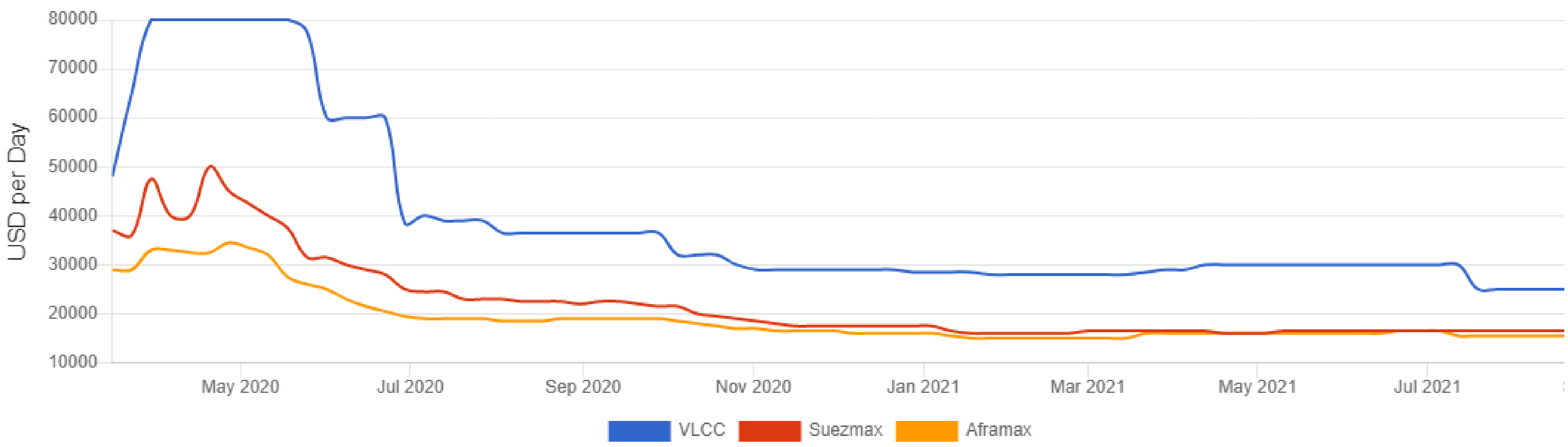
1 Year T/C (USD/Day)

VLCC (Modern)	$25000.0	$0 →
Suezmax (Modern)	$16000.0	$0 →
Aframax (Modern)	$15500.0	$0 →

VLCC

VLCCs fixed in all areas last week	36	-20 ↓
VLCCs available in MEG next 30 days	162	-2 ↓

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Big ships earning big bucks on robust fundamentals assisted by Chinese weather disruption. General spot earnings up more than 30 pct w-o-w to come in at USD 53k/day, and main drivers being iron ore miners in deep need of early tonnage from West Australia and Brazil, supported by very healthy coal volumes into India + China. The Pacific under pressure in particular, as differential China-Brazil-China vs Pacific RV has gone from par to almost USD 10k/day in favour of the latter. Short- and long-term views encouraging, period interest considerable - recent fixtures predominantly at floating rates, including 180,000 dwt/2006-built spot China done for 12-16 months at BCI 5tc index flat.

Panamax

The market took a turn this week and rates have been firming in both hemispheres. In the Atlantic it is getting tighter for available tonnage, and the P1A is currently priced at 33/34k while the shorter rounds are breaking the 40k mark.
In the Pacific, rounds are being fixed at similar levels as in the Atlantic. Period market has regained confidence and Kamsarmaxes being fixed at 30k for 1 year.

Supramax

Positive start of the week across all markets. Impressive push on a FFA made optimism to return. USG and ECSA were lacking action past week, but activity returned, and we see good premium paid on prompt ships. Tess 58,000 dwt fixed around USD 40,000 pd with delivery Brazil for TCT with grains to Mediterranean. Nice Ultramax 63,000 dwt modern fixed delivery Praia Mole, Brazil, at USD 27,000 pd plus USD 1.7 mill GBB for TCT to South East Asia with grains. Rates from Med to West Africa stable at around USD 45,000 pd. Trips from Continent to ECSA paying high USD 30,000 pd with premium to USEC and USG destinations. The Pacific remains stable with Indonesian trips into China fixed around USD 35,000 pd. Nopac and Aussie RV paying slightly less. Supra 57,000 dwt fixed delivery China via Australia to discharge in Indonesia with sugar cargo at USD 34,500 pd.

Rates

Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	$79,815	$9,965 ↑
Australia – China	$16.2	$3.1 ↑
Pacific RV	$52,317	$14,952 ↑

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	$32,850	-$150 ↓
TCE Cont/Far East	$49,209	-$1,214 ↓
TCE Far East/Cont	$19,896	$0 →
TCE Far East RV	$33,900	-$822 ↓

Supramax (USD/Day)

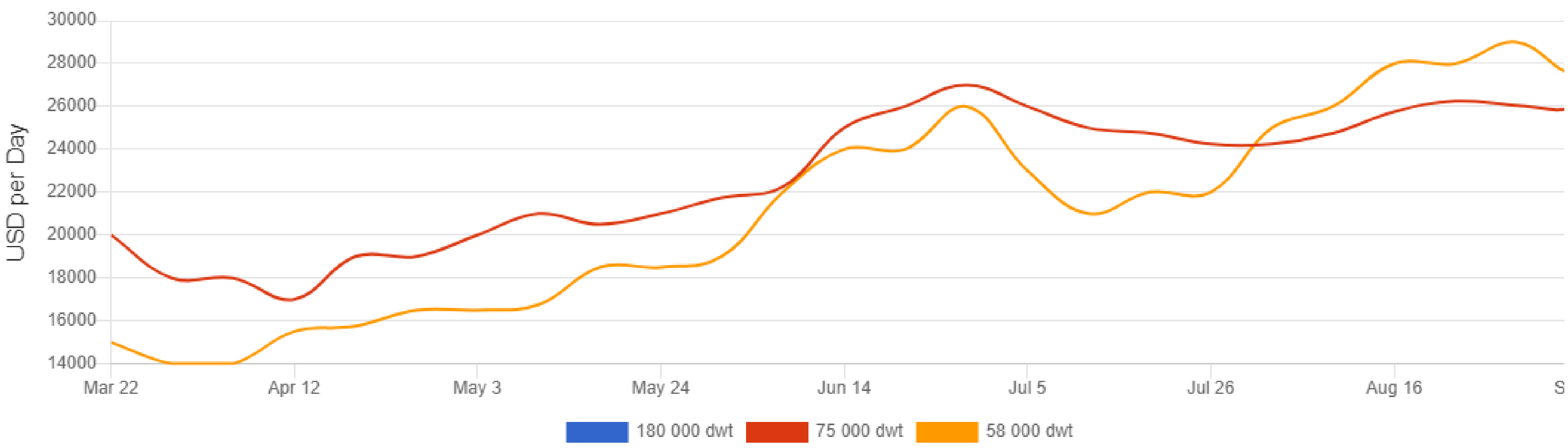
Atlantic RV	$34,076	$1,750 ↑
Pacific RV	$34,800	$407 ↑
TCE Cont/Far East	$55,896	-$96 ↓

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	$33,500	$500 ↑
Capesize (180 000 dwt)	$27,500	$0 →
Kamsarmax (82 000 dwt)	$30,000	$2,000 ↑
Panamax (75 000 dwt)	$28,000	$2,000 ↑
Ultramax (64 000 dwt)	$31,000	$1,000 ↑
Supramax (58 000 dwt)	$29,000	$1,500 ↑

Baltic Dry Index (BDI)	$4,233

1 Year T/C Dry Bulk



Gas

Chartering

EAST
The Middle East shipping market is slowly coming back to life after a couple of rather quiet weeks. There are still a few theoretical September MEG positions available, some soon about to reach their deviation points for alternative West voyages and some which inevitably will slide into October, bringing an overhang of ships into next month. Aramco acceptances expected to be released today after which October fixing should be in full swing. In general, the market in the East is still looking long and we need a healthy amount of spot cargoes before an eventual shift in sentiment.

WEST
On the surface the market has been relatively quiet, however, there's more to it than meets the eye. September is basically wiped out and early October positions and cargo enquiries are dwindling. USD 75-76 per ton on a Houston/Chiba basis has been the going rate, however, the majority of such concluded fixtures entails up to a week's worth of waiting. Focus is shifting to the 2nd decade October cargo enquiries where there are limited (if any) relets available and any would-be charterers are left with the two largest owners to choose from. Having said that, if the market moves up too quick for the arb to keep the pace, it may ruin the fun.

LPG Rates

Spot Market (USD/Month)

VLGC (84 000 cbm)	$500,000	-$200,000 ↓
LGC (60 000 cbm)	$725,000	$0 →
MGC (38 000 cbm)	$750,000	-$25,000 ↓
HDY SR (20-22 000 cbm)	$640,000	$0 →
HDY ETH (17-22 000 cbm)	$750,000	$0 →
ETH (8-12 000 cbm)	$465,000	$0 →
SR (6 500 cbm)	$375,000	$0 →
COASTER Asia	$275,000	$0 →
COASTER Europe	$265,000	$0 →

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	$621	$0 →
Saudi Arabia/CP	$665	$0 →
MT Belvieu (US Gulf)	$627	$6 ↑
Sonatrach/Bethioua	$640	$0 →

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	$653	$0 →
Saudi Arabia/CP	$665	$0 →
MT Belvieu (US Gulf)	$643	$10 ↑
Sonatrach/Bethioua	$670	$0 →

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	$58,500	-$3,500 ↓
West of Suez 155-165 000 cbm	$61,500	-$3,500 ↓
1 Year T/C 155-160 000 cbm	$93,000	$0 →

Newbuilding

Activity Levels

Tankers	Moderate	Moderate
Dry Bulkers	Moderate	Moderate
Others	Strong	Strong

Prices

VLCC	$102.0	$2.0 ↑
Suezmax	$70.0	$1.0 ↑
Aframax	$57.0	$0.5 ↑
Product	$40.0	$0.5 ↑
Newcastlemax	$61.0	$1.0 ↑
Kamsarmax	$33.5	$1.0 ↑
Ultramax	$31.5	$0.5 ↑

LNGC (MEGI) (cbm)	$205.0	$2.0 ↑

Sale & Purchase

Prices

Dry (5 yr)

Capesize	$47.0	$0.0 →
Kamsarmax	$31.0	$0.0 →
Ultramax	$30.0	$0.0 →

Dry (10 yr)

Capesize	$34.0	$0.0 →
Kamsarmax	$24.0	$0.0 →
Ultramax	$25.0	$0.0 →

Wet (5 yr)

VLCC	$74.0	$0.0 →
Suezmax	$47.5	$0.0 →
Aframax / LR2	$40.0	$0.0 →
MR	$28.0	$0.0 →

Wet (10 yr)

VLCC	$51.5	$0.0 →
Suezmax	$32.0	$0.0 →
Aframax / LR2	$26.0	$0.0 →
MR	$18.0	$0.0 →

Market Brief

Exchange Rates

USD/JPY	109.66	-0.67 ↓
USD/KRW	1170.85	4.30 ↑
USD/NOK	8.63	-0.09 ↓
EUR/USD	1.18	0.00 ↑

Interest Rates

LIBOR USD (6 months)	0.15%	0.00% ↑
NIBOR NOK (6 months)	0.95%	0.25% ↑

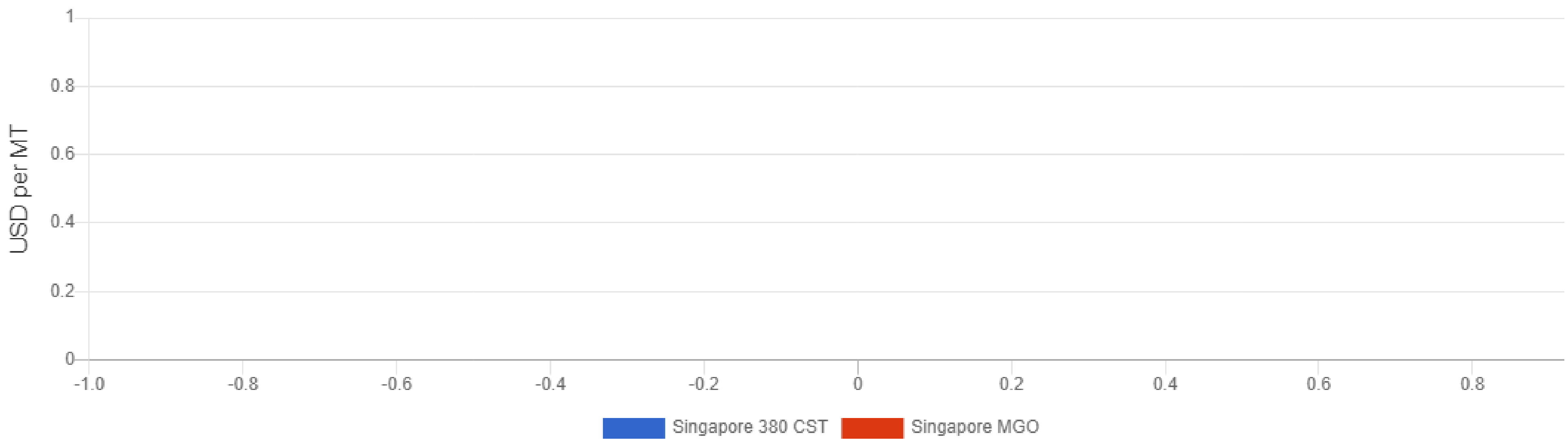
Commodity Prices

Brent Spot	$73.00	$0.00 →

Bunkers Prices

Singapore 380 CST	$469.0	$18.0 ↑
Singapore Gasoil	$600.0	$8.0 ↑

Rotterdam 380 CST	$415.0	$7.5 ↑
Rotterdam Gasoil	$594.0	$6.0 ↑



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.