

Fearnleys Weekly Report

Week 41 - October 11, 2023

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Tankers

VLCC

Just 5 working days ago, owners were fighting a losing battle to keep WS rates north of the WS 40 level MEG/East. Charterers were eyeing up numbers in the mid WS 30's and S-Oil (as per usual form) found the bottom of the market at WS 33 (albeit bigger cargo size, better terms, etc). However, it is likely rates fell too quickly, as we write these words, WS 50 reported on subs and owners will be pushing for more as the end October stems are cleared out.

As we have seen many times, the Atlantic market provides the impetus for any improvement. With the WTI vs Dubai price differential closing and thus causing the failing a few vessels USG/East last week, there was a pickup in Brazil and other Atlantic activity. West Africa/East rptd just done at WS 50 and USG/East at USD 7.75m. There is limited tonnage availability for the next 30 days in the Atlantic, so higher numbers likely, certainly with some assistance from the smaller sizes.

A yo-yo market, of which we likely to see more of in the coming months.

Suezmax

The MEG market has benefited from a procession of prompt replacement cargoes that has seen rates reach as high as WS 75/TD23. For the natural window, we freight this run at about WS 65 with no downside. MEG/East will pay circa WS 100 with little to suggest rates will come off this side of the weekend.

The Atlantic market has a generally firm feel with TD20 presently trading just under WS 75 (as of going to print) with rates likely reach WS 80 by the end of the week. A high volume of enquiry against a tight tonnage list will maintain momentum in the region.

The USG Suezmax market is underpinned by a firming Aframax market which will support further upside potential.

Aframax

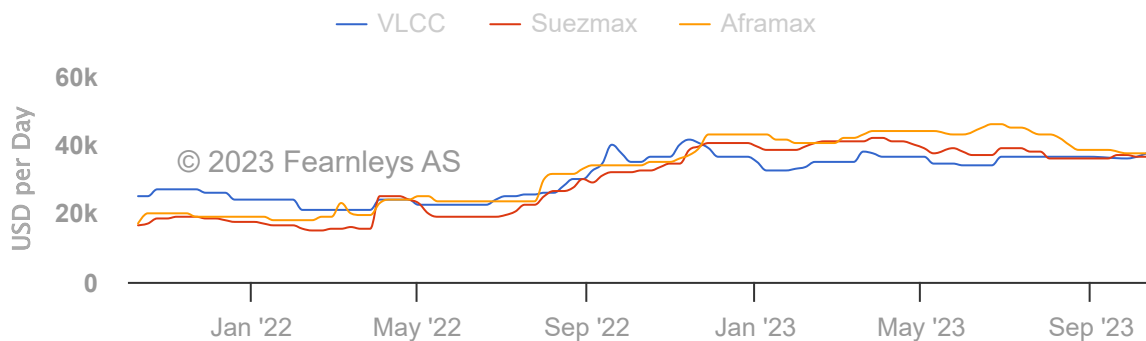
The market in the North Sea started slower than last week with rates hovering around the WS 100 level for cross North Sea. US markets are stronger providing better returns which has seen tonnage ballast away. In the short term at least USG looks to remain active which will pull more tonnage away from North Sea reducing the list further. Natural fixing window now pushing into 3rd decade, and we could see rates firming.

Rates steady/firm in the Mediterranean as owners remain bullish in their approach. Has been minimal week on week growth as the market has struggled to navigate outside influences. However, there is a positive feel amongst owners who anticipate incremental rate increases with increased supply, as we progress into winter

months. Natural tonnage continues to be picked off though there should be plenty of options looking forward with vessels heading in off the back of TA fixtures and North Sea earnings falling behind slightly making the Mediterranean market a viable option for ballasters.

Rates		
MEG/WEST	27.50 \$	2.50 ↑
MEG/Japan	47.50 \$	5.50 ↑
MEG/Singapore	48.00 \$	5.00 ↑
WAF/FEAST	50.00 \$	3.00 ↑
WAF/USAC	77.50 \$	10.00 ↑
Sidi Kerir/W Med	75.00 \$	2.50 ↑
N. Afr/Euromed	115.00 \$	5.00 ↑
UK/Cont	105.00 \$	5.00 ↑
Caribs/USG	160.00 \$	70.00 ↑
VLCC	37500.00 \$	0.00 →
Suezmax	36500.00 \$	0.00 →
Aframax	37500.00 \$	0.00 →
Fixed in all areas last week	60.00 \$	24.00 ↑
Available in MEG next 30 days	158.00 \$	-7.00 ↓

1 Year T/C Crude



Dry Bulk

Capesize

We see healthy volume levels on end October to early November C5, East Australia and Pacific. On South Africa and Indian business, we see several enquiries for end October to mid November. On C3 ex Brazil to China, volumes are healthy from operators and 2 major miners for early November and second half of November respectively. On West Africa, volumes remain comparatively flat. On a whole, market optimism sustained from last week. Tonnage remains tight in Far East and on ballasters. On C5, fixtures concluded at mid USD 10 pmt to low USD 11 pmt levels. On C3, fixtures concluded at a range of mid USD 25 pmt to high USD 26 pmt levels for first half of November stems. One known fixture of a 210k dwt 2024-built scrubber for 2 years at BCI 143% plus sharing basis 75/25% scrubber premium per day.

Panamax

The Panamax market witnessed a divergence with significant congestion in Brazil and a tight Pacific market, notably due to Indonesian coal supply disruptions and low minor bulk demand from China. Contrarily, the Atlantic market presented a flat and uneventful week despite occasional spurts of activity in specific routes. The forthcoming market trajectory is closely tied to potential changes in bulk demands and regional coal supply dynamics; we do not expect any significant changes to the Panamax market in the near term.

Supramax

From the Atlantic, USG become tight on tonnage again. East Mediterranean less volumes, so tonnage might start seeking cargoes from Continent instead. ECSA steady with Ultra fixing about USD 19k from NCSA to East Mediterranean.

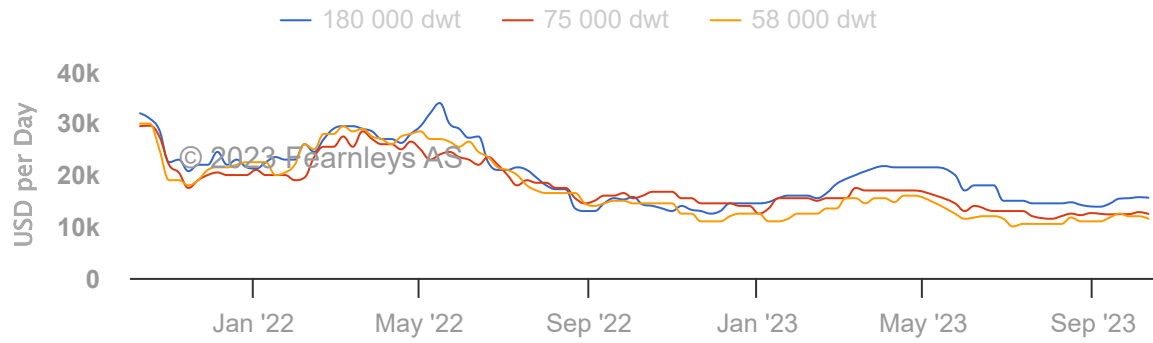
Far east holding up, tight on prompt tonnage and rates better there.

Rates

TCE Cont/Far East	38125.00 \$	312.00 ↑
Australia/China	10.50 \$	-0.51 ↓
Pacific RV	16464.00 \$	1496.00 ↑
Transatlantic RV	15375.00 \$	-295.00 ↓
TCE Cont/Far East	23668.00 \$	-232.00 ↓
TCE Far East/Cont	5606.00 \$	112.00 ↑
TCE Far East RV	13588.00 \$	346.00 ↑
Atlantic RV	15522.00 \$	52.00 ↑
Pacific RV	10956.00 \$	25.00 ↑
TCE Cont/Far East	23933.00 \$	12.00 ↑
Newcastlemax	19600.00 \$	-100.00 ↓
Kamsarmax	13600.00 \$	-300.00 ↓
Ultramax	13500.00 \$	-500.00 ↓
Capesize	15600.00 \$	-100.00 ↓

Panamax	12450.00 \$	-350.00 ↓
Supramax	11500.00 \$	-500.00 ↓
Baltic Dry Index (BDI)	1948.00 \$	-35.00 ↓

1 Year T/C Dry Bulk



Gas

Chartering

EAST

Earnings in the two major loading regions has started to converge as freight coming off in US and MEG earnings climb. Still the gap sits at USD 11-12 West premium which alone could lead to higher freight in the East. Having said that, talks are of significant delays from Adnoc which could ease the cargo supply in the front of the month, which again should create more competition between owners.

WEST

A few deals have been done in the West this week and we have now count 17 spot fixtures done for November dates ex USG/USEC – for reference the average the last three months have been 32. The position list is still looking balanced to tight despite seeing several MEG candidates appearing on the West list, and with delays in ports and the Panama Canal we expect the strong freight rates to stay put.

LPG Rates

VLGC	3600000.00 \$	600000.00 ↑
LGC	0 \$	0.00 →
MGC	0 \$	0.00 →
HDY SR	875000.00 \$	0.00 →
HDY ETH	0 \$	0.00 →
ETH	550000.00 \$	0.00 →
SR	470000.00 \$	0.00 →
COASTER Asia	0 \$	0.00 →
COASTER Europe	315000.00 \$	0.00 →
FOB North Sea/Ansi	536.50 \$	0.00 →
Saudi Arabia/CP	600.00 \$	0.00 →
MT Belvieu (US Gulf)	358.00 \$	-19.00 ↓
Sonatrach/Bethioua	560.00 \$	0.00 →
FOB North Sea/Ansi	559.50 \$	0.00 →
Saudi Arabia/CP	615.00 \$	0.00 →
MT Belvieu (US Gulf)	329.50 \$	-23.00 ↓
Sonatrach/Bethioua	570.00 \$	0.00 →

LNG Rates

East of Suez 155-165k CBM	140000.00 \$	-25000.00 ↓
West of Suez 155-165k CBM	140000.00 \$	-10000.00 ↓
1 Year T/C 155-165k TFDE	92000.00 \$	-4000.00 ↓

Newbuilding

Activity Levels

Tank Activity	Increasing
Dry Bulk Activity	Moderate
Other Activity	Moderate

Prices

VLCC	124.00 \$	0.00 →
Suezmax	82.00 \$	0.00 →
Aframax	65.00 \$	0.00 →
Product	44.00 \$	0.00 →
Newcastlemax	66.00 \$	0.00 →
Kamsarmax	36.00 \$	-0.50 ↓
Ultramax	34.00 \$	-0.50 ↓
LNGC (MEGI) (cbm)	260.00 \$	0.00 →

Sale & Purchase

Prices

Dry

Segment: Capesize 5YO: 47.5, 10YO: 33

Segment: Kamsarmax 5YO: 32.5, 10YO: 23

Segment: Ultramax 5YO: 28, 10YO: 22

Wet

Segment: VLCC 5YO: 94.5, 10YO: 74.5

Segment: Suezmax 5YO: 71, 10YO: 56

Segment: Aframax / LR2 5YO: 63.5, 10YO: 51.5

Market Brief

Exchange Rates

USD/JPY	148.60 \$	0.05 ↑
USD/NOK	10.84 \$	-0.02 ↓
USD/KRW	1339.70 \$	-8.70 ↓
EUR/USD	1.06 \$	0.00 →

Interest Rates

LIBOR USD (6 month)	5.20 \$	0.00 →
NIBOR NOK (6 month)	3.12 \$	0.00 →

Commodity Prices

Brent Spot	86.00 \$	-2.00 ↓
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Bunker Prices

380 CST	479.00 \$	-1.00 ↓
MGO	888.50 \$	19.00 ↑
Spread MGO/380 CST	409.50 \$	20.00 ↑
380 CST	531.50 \$	-4.00 ↓
MGO	882.00 \$	-8.00 ↓
Spread MGO/380 CST	350.50 \$	-4.00 ↓

