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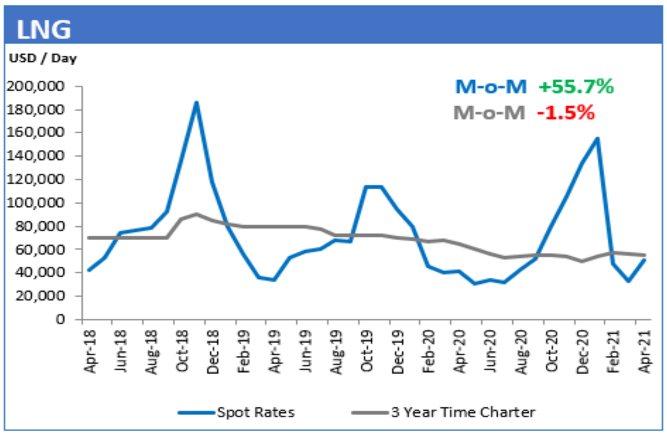
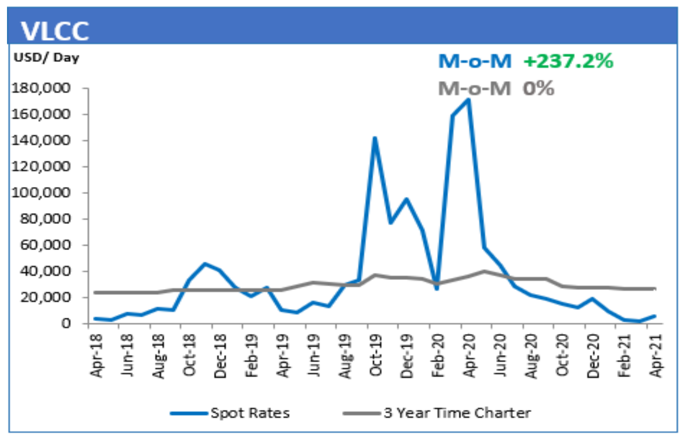
MISC Monthly

May 2021

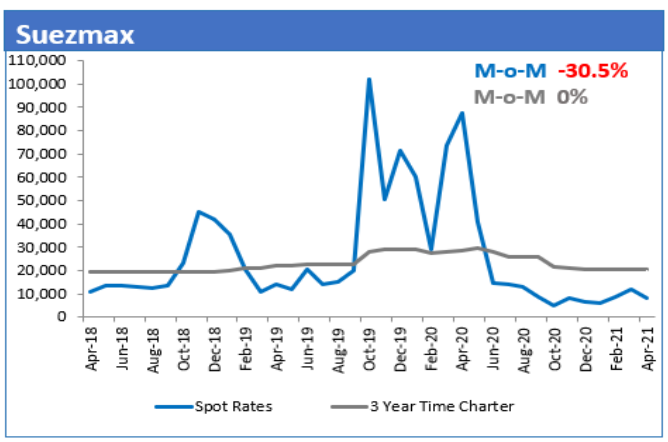
MISC Financial Calendar	
2Q 2021 Quarterly Results	13 August 2021
3Q 2021 Quarterly Results	18 November 2021
MISC Announcements	
MISC Berhad declared its first tax exempt dividend of 7 sen per ordinary share for FY2021	
MISC Berhad announced its Quarterly report on consolidated results for the financial period ended 31 March 2021	
Ordinary Resolutions 1 to 9 as set out in the Notice of 52nd AGM were tabled at MISC Berhad's 52nd AGM on 21 April 2021 and were duly passed, and MISC's Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors were received and duly tabled.	



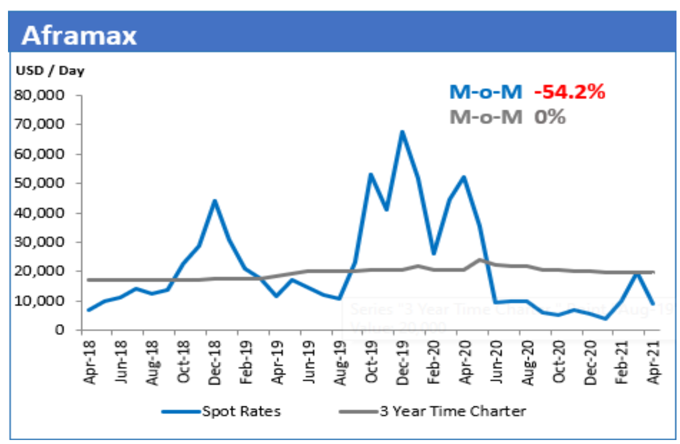
- LNG carrier spot rates rebounded in April, earlier than the usual seasonal pick up ahead of the winter seen in previous years
- This is likely due to charterers securing vessels early to provide coverage for the expected restocking of gas for the coming winter



- In the VLCC market, improvement in the VLCC rates were recorded due to higher activity in the Middle East and fresh demand in the US Gulf of Mexico however the rates remained very low
- Middle East volumes and demand have increased as COVID-19 related lockdowns in Europe started to ease



- Suezmax spot rates declined in April as all key trading routes for Suezmax market saw limited activity
- Even though there was an uptick in charterers' interest, rates remained on a downward path due to plenty of available tonnage and weak sentiment



- Average spot rates dropped by 54% in April as the pick-up in activity in the North Sea/Baltic region was not sufficient to absorb the increase in available tonnage as a result of the lifting of restrictions on non-ice class vessels
- Upward support for rates also dissipated further as the earlier disruption in the US Gulf Coast cleared

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FREIGHT MARKET

USD/Day	Mar 2021 Avg	Apr 2021 Avg	1-Month +/-%	2021 Avg	2020 Avg	2019 Avg
LNG						
Modern Tonnage (155k - 165k cbm, DF/TF diesel engine)						
Spot Rates	32,625	50,800	55.7%	71,600	59,527	69,498
1 Year Time Charter	51,375	63,800	24.2%	53,706	55,323	80,674
3 Year Time Charter	56,125	55,300	-1.5%	55,756	58,765	76,446
Steam Engine (145k – 155k cbm, steam turbine)						
Spot Rates	21,250	39,400	85.4%	51,500	41,385	47,688
1 Year Time Charter	28,875	34,800	20.5%	32,256	35,435	53,720
3 Year Time Charter	31,000	29,400	-5.2%	30,950	35,506	50,719
PETROLEUM						
VLCC						
Spot Rates	1,758	5,929	237.2%	5,171	53,995	41,827
1 Year Time Charter	22,750	22,500	-1.1%	23,222	39,607	36,388
3 Year Time Charter	27,125	27,125	-	27,250	33,220	30,094
Suezmax						
Spot Rates	12,098	8,403	-30.5%	8,816	30,197	32,326
1 Year Time Charter	16,500	17,500	6.1%	16,744	27,799	26,692
3 Year Time Charter	20,750	20,750	-	20,750	26,066	23,664
Aframax						
Spot Rates	19,612	8,979	-54.2%	10,557	21,887	26,619
1 Year Time Charter	15,125	16,000	5.8%	15,313	22,192	22,104
3 Year Time Charter	19,500	19,500	-	19,538	21,239	19,370
MR2						
1 Year Time Charter	12,375	12,625	2.0%	12,400	14,389	14,682
CHEMICAL						
Spot Rates (USD/Tonne)						
Rotterdam - Far East	116.0	122.0	5.2%	114.7	112.0	114.9
Rotterdam-Taiwan	87.3	89.6	2.7%	86.1	86.8	79.6
Gulf-Far East	40.3	42.7	6.1%	39.5	45.0	42.6
Singapore-Rotterdam	83.5	87.8	5.1%	80.4	72.3	73.7
Time Charter (USD/Day)						
1 Year Time Charter 19,000 dwt	13,000	13,000	-	13,250	13,479	13,229
1 Year Time Charter 37,000 dwt	11,000	11,000	-	11,000	12,922	13,422

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ASSET VALUE

USD 'Million	Mar 2021 Avg	Apr 2021 Avg	1-Month +/-%	2021 Avg	2020 Avg	2019 Avg
LNG						
Newbuild (174k cbm, MEGI)	188.0	188.0	-	187.5	186.0	185.4
VLCC						
Newbuild	90.5	93.0	2.8%	90.3	88.4	92.6
5-Year	69.0	69.0	-	67.5	70.0	71.3
Suezmax						
Newbuild	60.5	62.0	2.5%	59.8	58.3	61.5
5-Year	45.0	47.0	4.4%	44.8	48.5	50.3
Aframax						
Newbuild	49.5	50.5	2.0%	48.9	47.8	48.5
5-Year	37.0	40.0	8.1%	35.8	37.5	37.7

CHEMICAL

IMO II 37,000 dwt	*S/S	Coated	S/S	Coated	S/S	Coated	S/S	Coated	S/S	Coated	S/S	Coated
Newbuild Prices	49.0	32.0	49.5	32.5	1.0%	1.6%	48.9	32.0	47.8	31.8	50.2	33.0
Secondhand Prices - 10 years	33.0	14.0	33.5	14.5	1.5%	3.6%	33.0	14.0	33.0	14.1	33.7	14.5

**S/S = Stainless Steel*

FLEET DEVELOPMENT

No. of Vessels	Current Fleet	2021	2022	2023	2024+	Total Orderbook	Orderbook as % of Fleet
LNG							
LNG Carriers	580	38	29	31	28	126	22%
PETROLEUM							
VLCC	839	20	40	22	0	82	10%
Suezmax	625	10	34	7	0	51	8%
Aframax	672	36	42	16	0	94	14%

DELIVERIES & DEMOLITIONS

Deliveries	Mar-21	Apr-21	YTD	Demolitions	Mar-21	Apr-21	YTD
LNG							
LNG Carriers	2	2	19	LNG Carriers	0	0	0
PETROLEUM							
VLCC	2	3	14	VLCC	2	1	3
Suezmax	1	2	14	Suezmax	0	0	1
Aframax	1	1	6	Aframax	4	2	9

Sources: Clarksons, Drewry, Braemar and Woodmac.

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INDUSTRY HEADLINES

LNG: Modern LNG carriers inch higher towards six-figure rates
Spot charter rates for modern LNG carriers (LNGCs) are closing in on the USD100,000 per day mark in a market that is traditionally weaker at this time of year. Shipbroker Affinity (Shipping) put up its rate estimate for 174,000 cubic metre, two-stroke LNGCs trading in the Atlantic basin at USD95,000 per day. The broker said: “Atlantic spot rates are now at the highest April levels since 2013.”, adding that rates for vessels trading in the Pacific have also been “dragged up significantly”. Brokers described sentiment as “firm” across all types of vessels including tri-fuel diesel-electric (TFDE) ships and steam-turbine tonnage. Tradewinds thinks that some charterers moved early to take period cover for the coming winter, despite market uncertainty. Strong forward LNG pricing in Asia, a rise in US production and fewer cargo cancellations has pushed rates upwards. The longer US to Asia voyage will also boost the tonne-mile position for vessels.
Source: TradeWinds

LNG: China rushes to secure spot LNG cargoes as price spikes
Chinese traders and suppliers have ramped up purchases of liquefied natural gas cargoes as spot prices in the Asian market begin to rise. Asian spot prices have been on the rise since early this year, with the Platts Japan Korea Market (JKM) price increasing from USD7.04 per million British thermal units (MMBtu) at the end of March 2021 — for May 2021 deliveries — to $7.35 per MMBtu in the second week of April 2021. LNG, along with pipeline gas, is seen as a cleaner fuel to sustain China’s growing energy demand amid the country’s energy transition drive, which is in line with the government pledge to achieve a carbon dioxide emissions peak in 2030 and carbon neutrality in 2060.
Source: Upstream Online

LNG: US set to overtake Qatar as world’s second-largest LNG exporter
The US has emerged as the world’s second-largest exporter of liquefied natural gas by liquefaction capacity, on par with Qatar and just behind Australia. This was told by Jia Yin, chief representative of Cheniere Energy in China, at the 15th China LNG conference held by Guangdong Oil & Gas Association in April 2021. The 100 million tonnes per annum (mtpa) combined liquefaction capacity at Cheniere and Calcasieu Pass will surpass Qatargas’s 77 mtpa, although an expansion project at the North Field is expected to eventually ramp up the Persian Gulf nation’s liquefaction capacity to 126 mtpa in two phases. “US LNG represents a rapidly growing share of global capacity and contracts,” Jia said.
Source: Upstream Online

PETROLEUM: Dirty tanker rates declined in April
Dirty tanker rates declined in April 2021, as the improvement seen in March 2021 in the Suezmax and Aframax classes proved temporary and VLCCs rates moved sideways for routes originating from the Middle East and West Africa. Rates fell as gains in the Atlantic Basin triggered by the fallout from the February 2021 big freeze in the US Gulf Coast (USGC) unwound. Clean tanker rates rose across the board, except on the North West Europe to US East Coast route, where rates fell back from the relatively strong levels seen in the prior two months. Dirty tanker rates are not expected to pick up until 2H21 or 2022, with the latter date more likely. The outlook for clean rates, however, is slightly more positive.
Source: OPEC

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PETROLEUM: Tankers demand to take a hit as India grapples with massive COVID-19 wave

The ongoing massive wave of the coronavirus in India is likely to reduce demand for oil tankers amid a slowdown in the South Asian nation's crude imports, and potentially refined products exports, market participants said. A series of province-specific lockdowns across India, the world's third largest crude importer, are already being implemented, reducing demand for gasoline and diesel, which will prompt refineries to produce less of these products in the next two months and thereby process lesser crude, they said. India's refined products exports such as gasoil and jet fuel, which was hit by weak European demand last year, has so far not seen a deterioration, but as lesser crude is processed, the impact of the slowdown could be felt in June, sources said. There are also concerns over some ports refusing to allow crew changes in those ships which have called on Indian ports over the previous 14 days. With petroleum product demand expected to slow, market sources said some laden tankers that have already called at a few Indian ports are waiting for over 10 days to discharge their cargoes due to lack of space at shore-based tanks.

Source: S&P Global Platts

PETROLEUM: OPEC raises 2021 oil demand forecast with more supply on the way

OPEC has increased its oil demand outlook for 2021 just as the bloc and its allies plan to unleash more crude supplies over the next few months. In its closely watched monthly oil market report released April 13, OPEC raised its demand forecast by 190,000 barrels per day (bpd) from its March estimate, expecting consumption to average 96.46 million bpd this year, citing economic stimulus programs and a further easing of COVID-19 lockdown measures. Year on year, global oil demand was projected to grow 5.95 million bpd in 2021, compared with the 5.89 million bpd forecast in March.

Source: S&P Global Platts

OFFSHORE: Petrobras to contract another giant floater for Brazil's Buzios field

Brazilian oil giant Petrobras has kicked off the tendering process for the contracting of another giant floating production, storage and offloading (FPSO) vessel for the Buzios pre-salt field in the prolific Santos basin. The P-80 FPSO, as it is called, will have capacity to process 225,000 barrels per day (bpd) of light oil and 12 million cubic metres per day (MMcmd) of natural gas, according to a Petrobras statement. The acquisition will be carried out through the award of a big engineering, procurement and construction (EPC) contract, open to participation by recognised international and domestic players, Petrobras stated. The P-80 will have the same production capacity as the Almirante Tamandare FPSO, which will serve on the same field, but on a charter basis. Petrobras has been using a mix of contracting formats on the Buzios field to seek the best mix of capital expenditure and operating expenditure. Petrobras describes Buzios as the largest deep-water oilfield in the world, boasting low lifting costs and low subsurface risks.

Source: Upstream Online

SHIPPING: ABS advises shipowners to prepare for a 'staged transition' to decarbonisation

The American Bureau of Shipping (ABS) is urging shipowners to take gradual progressive steps toward low-carbon operations until a breakthrough in technology and alternative fuels become established. The Houston-based classification society said shipowners need to respond to the decarbonisation drive, because it will play a key role in shaping the shipping business in the future, as well as the influence how environmental and financial performances are assessed. But in its recently released "Setting the Course to Low Carbon Shipping" report, ABS warned that the pathways to achieve the International Maritime Organization's decarbonisation goals to 2050 are not yet clear enough. The outfit advised that shipowners need to look toward a "staged transition". ABS said a focus on retrofitting existing vessels and fuel substitution "can offer valuable time for more aggressive deployment of decarbonisation technologies while allowing supply chains to become commercially available". "At the same time, this can help to avoid early vessel retirement and asset depreciation, while also avoiding some technology selection risks," the outfit said.

Source: TradeWinds

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INDUSTRY HEADLINES

SHIPPING: SEA-LNG: study affirms LNG cuts shipping GHG emissions

LNG bunkering coalition SEA-LNG highlighted the findings of an independent study reconfirming that LNG as a marine fuel reduces greenhouse gas (GHG) emissions by up to 23%. The study commissioned by SEA-LNG and The Society for Gas as a Marine Fuel (SGMF) notes that this level of GHG reductions is achievable depending on the marine technology employed. This is compared with the emissions of current oil-based marine fuels measured from Well-to-Wake (WtW). Methane emissions from the supply chains as well as methane released during the onboard combustion process (methane slip) have been included in the analysis. SEA-LNG chairman Peter Keller said "Often based on outdated data, methane slip has become an overused argument for those wishing to justify inaction. This study underlines the advances being made to counteract this concern". Importantly, the study also reaffirms that the use of LNG as a marine fuel has significant air quality benefits, with local emissions, such as sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matter (PM), all close to zero.

Source: Offshore Energy

SHIPYARD: Shipyard earnings feel impact of steel price spike

Surging steel costs have struck a blow to shipyards' earnings despite a recovery in the newbuilding market and ship prices. Several major shipbuilding companies have recorded deficits or thin margins in their first quarter of the year financial reports. A study by the China Newbuilding Price Index (CNPI), which tracks ship prices at domestic yards based on inputs from 21 broking houses, said the price for 10 milimetre ship plates had reached nearly 6,000 Yuan per tonne in April, up 25.8% from December. By comparison, price increases for fresh tonnage were between 7.4%–18.2% for most types of merchant vessels over the same period, suggesting a continued squeeze of yard profits. A CNPI member broker predicted the newbuilding price would continue its upward trend. "The shipbuilding market is quite hot with limited yard slots available in 2022," the broker said. "Steel price stays at high levels. Freight markets are healthy while investment appetite remains rather strong."

Source: Lloyd's List