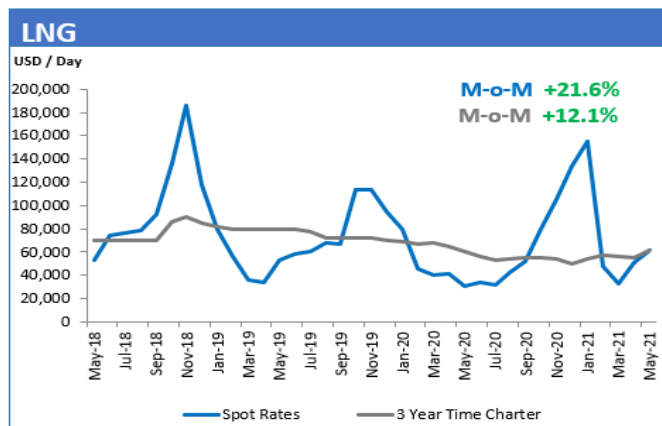
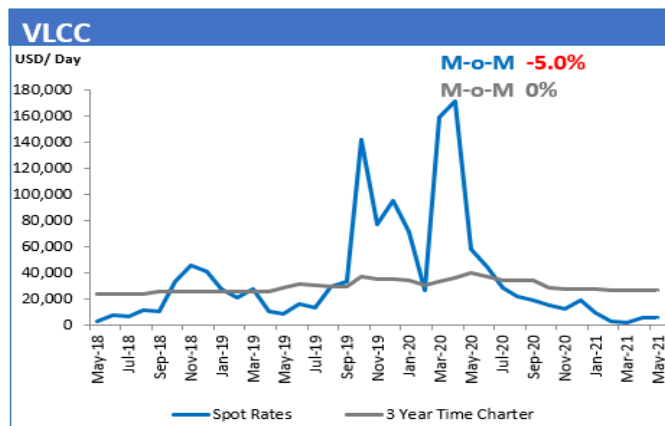


## June 2021

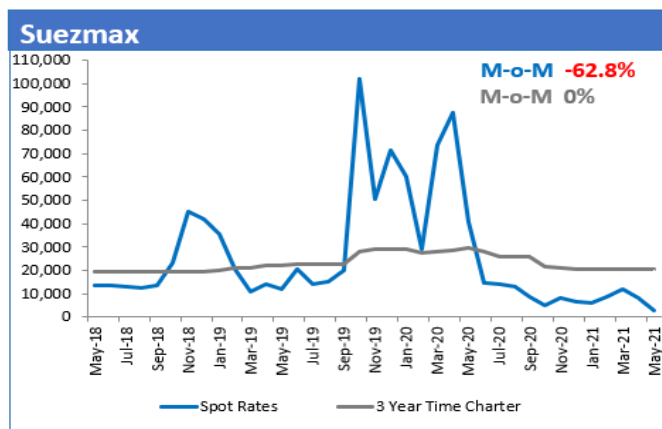
| MISC Financial Calendar   |                  |
|---------------------------|------------------|
| 2Q 2021 Quarterly Results | 13 August 2021   |
| 3Q 2021 Quarterly Results | 18 November 2021 |
| MISC Announcements        |                  |
| Nil                       |                  |



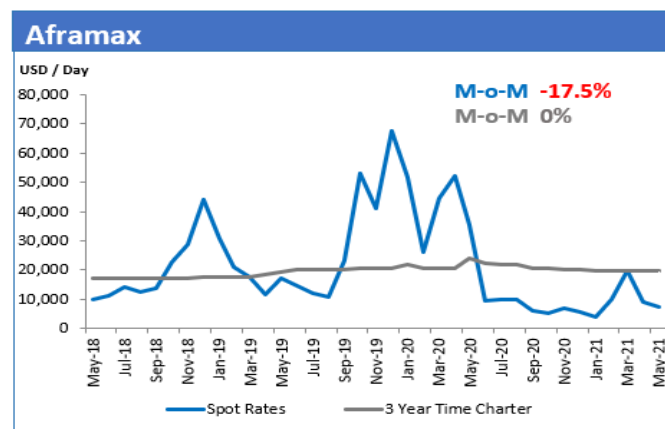
- LNG carrier spot rates continued to strengthen in May, mainly driven by summer demand in China and restocking of European inventories that were run down last winter.
- LNG shipping appear to be unaffected by the COVID-19 resurgence in India as supply outages at a few export terminals and strong demand from elsewhere in Asia helped absorb Indian cargo cancellations.



- In the VLCC market, over-supply of tonnage amid sluggish oil demand continues to weigh on sentiment.
- Despite the pick-up of activities in the Middle East Gulf, overall market has softened as Atlantic shipments remain muted.



- Suezmax spot rates continued to decline in May as all key trading routes for Suezmax market saw limited activity.
- The Suezmax market struggled with an oversupply of prompt tonnage across all regions.



- Aframax spot rates dropped by 17.5% in May as demand remains weak in most markets.
- Factors that supported the rates increase earlier in the year including the Suez Canal blockage, US Gulf coast storms and lifting of ice-class restrictions, have dissipated.

[Open]

# MISC Monthly



June 2021

## FREIGHT MARKET

| USD/Day  | Apr<br>2021 Avg | May<br>2021 Avg | 1-Month<br>+/-% | 2021 Avg | 2020 Avg | 2019 Avg |
|--|-----------------|-----------------|-----------------|----------|----------|----------|
| <b>LNG</b>   |                 |                 |                 |          |          |          |
| <b>Modern Tonnage</b> (155k - 165k cbm, DF/TF diesel engine) |                 |                 |                 |          |          |          |
| Spot Rates   | 50,800          | 61,750          | 21.6%           | 69,630   | 59,527   | 69,498   |
| 1 Year Time Charter  | 63,800          | 76,000          | 19.1%           | 58,165   | 55,323   | 80,674   |
| 3 Year Time Charter  | 55,300          | 62,000          | 12.1%           | 57,005   | 58,765   | 76,446   |
| <b>Steam Engine</b> (145k – 155k cbm, steam turbine)         |                 |                 |                 |          |          |          |
| Spot Rates   | 39,400          | 48,750          | 23.7%           | 50,950   | 41,385   | 47,688   |
| 1 Year Time Charter  | 34,800          | 45,000          | 29.3%           | 34,805   | 35,435   | 53,720   |
| 3 Year Time Charter  | 29,400          | 35,000          | 19.0%           | 31,760   | 35,506   | 50,719   |
| <b>PETROLEUM</b>   |                 |                 |                 |          |          |          |
| <b>VLCC</b>  |                 |                 |                 |          |          |          |
| Spot Rates   | 5,929           | 5,632           | -5.0%           | 5,263    | 53,995   | 41,827   |
| 1 Year Time Charter  | 22,500          | 22,500          | -               | 23,078   | 39,607   | 36,388   |
| 3 Year Time Charter  | 27,125          | 27,125          | -               | 27,225   | 33,220   | 30,094   |
| <b>Suezmax</b>   |                 |                 |                 |          |          |          |
| Spot Rates   | 8,403           | 3,123           | -62.8%          | 7,678    | 30,197   | 32,326   |
| 1 Year Time Charter  | 17,500          | 17,500          | -               | 16,895   | 27,799   | 26,692   |
| 3 Year Time Charter  | 20,750          | 20,750          | -               | 20,750   | 26,066   | 23,664   |
| <b>Aframax</b>   |                 |                 |                 |          |          |          |
| Spot Rates   | 8,979           | 7,411           | -17.5%          | 9,928    | 21,887   | 26,619   |
| 1 Year Time Charter  | 16,000          | 16,000          | -               | 15,450   | 22,192   | 22,104   |
| 3 Year Time Charter  | 19,500          | 19,500          | -               | 19,530   | 21,239   | 19,370   |
| <b>MR2</b>   |                 |                 |                 |          |          |          |
| 1 Year Time Charter  | 12,625          | 12,750          | 1.0%            | 12,470   | 14,389   | 14,682   |
| <b>CHEMICAL</b>  |                 |                 |                 |          |          |          |
| <b>Spot Rates (USD/Tonne)</b>                                |                 |                 |                 |          |          |          |
| Rotterdam - Far East   | 122.0           | 125.0           | 2.5%            | 116.8    | 112.0    | 114.9    |
| Rotterdam-Taiwan   | 89.6            | 89.5            | -0.1%           | 86.8     | 86.8     | 79.6     |
| Gulf-Far East  | 42.7            | 43.0            | 0.7%            | 40.2     | 45.0     | 42.6     |
| Singapore-Rotterdam  | 87.8            | 94.0            | 7.1%            | 83.1     | 72.3     | 73.7     |
| <b>Time Charter (USD/Day)</b>                                |                 |                 |                 |          |          |          |
| 1 Year Time Charter<br>19,000 dwt                            | 13,000          | 13,000          | -               | 13,200   | 13,479   | 13,229   |
| 1 Year Time Charter<br>37,000 dwt                            | 11,000          | 11,000          | -               | 11,000   | 12,922   | 13,422   |

# MISC Monthly



June 2021

## ASSET VALUE

| USD 'Million                 | Apr 2021 Avg |        | May 2021 Avg |        | 1-Month +/-% |        | 2021 Avg |        | 2020 Avg |        | 2019 Avg |        |
|------------------------------|--------------|--------|--------------|--------|--------------|--------|----------|--------|----------|--------|----------|--------|
| LNG                          |              |        |              |        |              |        |          |        |          |        |          |        |
| Newbuild (174k cbm, MEGI)    | 188.0        |        | 189.0        |        | 0.5%         |        | 187.8    |        | 186.0    |        | 185.4    |        |
| VLCC                         |              |        |              |        |              |        |          |        |          |        |          |        |
| Newbuild                     | 93.0         |        | 95.0         |        | 2.2%         |        | 91.2     |        | 88.4     |        | 92.6     |        |
| 5-Year                       | 69.0         |        | 70.0         |        | 1.4%         |        | 68.0     |        | 70.0     |        | 71.3     |        |
| Suezmax                      |              |        |              |        |              |        |          |        |          |        |          |        |
| Newbuild                     | 62.0         |        | 63.0         |        | 1.6%         |        | 60.4     |        | 58.3     |        | 61.5     |        |
| 5-Year                       | 47.0         |        | 47.5         |        | 1.1%         |        | 45.3     |        | 48.5     |        | 50.3     |        |
| Aframax                      |              |        |              |        |              |        |          |        |          |        |          |        |
| Newbuild                     | 50.5         |        | 50.5         |        | -            |        | 49.2     |        | 47.8     |        | 48.5     |        |
| 5-Year                       | 40.0         |        | 40.0         |        | -            |        | 36.6     |        | 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              | 49.5         | 32.5   | 52.0         | 33.5   | 5.1%         | 3.1%   | 49.5     | 32.3   | 47.8     | 31.8   | 50.2     | 33.0   |
| Secondhand Prices - 10 years | 33.5         | 14.5   | 33.5         | 14.5   | -            | -      | 33.1     | 14.1   | 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 |
|------------------|---------------|------|------|------|-------|-----------------|-------------------------|
| <b>LNG</b>       |               |      |      |      |       |                 |                         |
| LNG Carriers     | 580           | 38   | 29   | 31   | 28    | 126             | 22%                     |
| <b>PETROLEUM</b> |               |      |      |      |       |                 |                         |
| VLCC             | 841           | 16   | 41   | 22   | 0     | 79              | 9%                      |
| Suezmax          | 627           | 7    | 34   | 9    | 1     | 51              | 8%                      |
| Aframax          | 672           | 33   | 41   | 16   | 0     | 90              | 13%                     |

## DELIVERIES & DEMOLITIONS

| Deliveries       | Apr-21 | May-21 | YTD | Demolitions  | Apr-21 | May-21 | YTD |
|------------------|--------|--------|-----|--------------|--------|--------|-----|
| <b>LNG</b>       |        |        |     |              |        |        |     |
| LNG Carriers     | 2      | 3      | 22  | LNG Carriers | 0      | 0      | 0   |
| <b>PETROLEUM</b> |        |        |     |              |        |        |     |
| VLCC             | 3      | 2      | 16  | VLCC         | 1      | 2      | 5   |
| Suezmax          | 2      | 3      | 17  | Suezmax      | 0      | 0      | 1   |
| Aframax          | 1      | 3      | 9   | Aframax      | 2      | 4      | 13  |

Sources: Clarksons, Drewry, Braemar and Woodmac.

### INDUSTRY HEADLINES

#### **LNG: Strong Asian LNG demand soaks up India cargo diversions amid COVID-19 crisis**

Strong Asian LNG demand for summer and tight supply amid maintenance and outages at multiple terminals have helped the market absorb the spot LNG cargoes rejected by India due to its COVID-19 related lockdowns, according to traders and market participants. This has muted the market impact of the diversions and enabled Indian gas importers and their suppliers to find alternate destinations for contracted LNG volumes without any force majeure notices being issued or triggering any major disputes, they said. Several LNG carriers headed for Indian ports have been diverted in recent weeks; the South Korea-flagged HL Ras Laffan was diverted from Dahej to South Korea on May 15-16, and other vessels were previously diverted to Fujian, Europe and the Middle East, according to shipbrokers and vessel tracking data. LNG sellers were able to offer the diverted term cargoes in the spot market and fetch a higher price amid sustained high spot LNG price levels. Asia's spot LNG market is being supported by unprecedented LNG demand from North Asia, especially China, where economic activity has been relatively robust in 2021 on the back of recovery from the pandemic.

Source: [S&P Global Platts](#)

#### **LNG: Shifting trade patterns in next 10 years could affect LNG shipping, Poten says**

A move to an LNG market dominated by four to five major suppliers and driven by fragmented demand pull from Asia could change trade patterns and the picture for LNG shipping over the next 10 years, according to broker and consultant Poten & Partners. Poten sees LNG demand growing from 350m tonnes to 500m tonnes by 2031 with a shift to a more fragmented buying market comprising new entrants. Forecasting manager Kristen Holmquist said traditional buyers in Japan, South Korea, Taiwan and Europe will account for less than 10m tonnes of the projected demand increase in the next 10 years. China and India combined will add 40m tonnes, she said, with Bangladesh and Pakistan proving "robust markets" for growth. But for countries in Southeast Asia, Poten forecasts LNG demand will grow from 15m tonnes in 2020 to nearly 59m tonnes by 2031, or 44% of all Asian demand growth. Poten forecasts that Qatar, the US, Australia, Russia and Mozambique will account for 74% of LNG supply by 2031. She added that it is "really rare" to see this concentration of supply among producers in the commodity sector.

Source: [TradeWinds](#)

#### **PETROLEUM: Dirty tanker rates saw mixed movement in May**

Dirty tanker rates saw mixed movement in May, although they remain at low levels. The improving US market supported rates on the UK-US route, while very low rates on the Mideast-Asia Pacific route edged-up amid anticipation of the end of seasonal maintenance. Meanwhile, clean tanker rates were largely steady, with rates on the UK to US Atlantic Coast boosted earlier in the month, supported by disruptions on the Colonial Pipeline. There has been a slight improvement in sentiment regarding the outlook for dirty tanker rates in second half of 2021, although scrapping will need to pick up to better balance ample tonnage supply with slightly improving cargo demand.

Source: [OPEC](#)

#### **PETROLEUM: Tanker newbuilding orders on pace for doubling during 2021**

Ship owners' appetite for crude tankers has intensified since the start of 2021, manifesting itself in an increased newbuilding contracting pace. According to shipbroker Intermodal's data, year-to-date, crude carriers contracting activity in dwt terms is estimated at around 9.6 million which is about +47.7% when compared to the same period last year (6.5 million dwt). The majority of orders that have materialised so far this year referred to VLCC units which account for 71% of the total orders (27 of the total tanker contracting activity of 38 units). If buying interest for crude carrier tonnage continues at the same pace it would not be a surprise to see 2021 contracting activity doubling the previous year volumes (around 15.4 million in dwt terms during 2020).

Source: [Hellenic Shipping News](#)

## INDUSTRY HEADLINES

### **PETROLEUM: Tanker scrapping underwhelming so far in 2021**

In its latest weekly report, shipbroker Gibson said that despite almost every driver being supportive, scrapping activity has continued to underperform during 2021. Gibson remains convinced that a key driver behind this is the presence of buyers willing to pay a premium price for vintage tonnage to operate in sanctioned trades. Embargoes against Iran and Venezuela have forced buyers and sellers of sanctioned crude to find owners willing to risk the wrath of the US government. These owners are usually small, previously unknown single ship owning entities and often the vessels are likely to have been sold several times through multiple entities before ending up with the final owner, evading even the most stringent know-your-client (KYC) procedures. However, if an Iran sanctions deal is agreed, then vessels involved in Iranian shipments will see their freight rates drop to 'market' levels, and in many cases will be untradable due to their commercial history and vetting concerns. Further, demand in these illicit trades is finite, and eventually the market will become saturated. In addition, rising scrap prices have put scrap prices above 20-year-old second-hand values. In summary, sales into these illicit trades are expected to slow down, whilst any sanctions relief will erode the premium rates paid for such activity. These vessels are unlikely to ever return to compete in the regular market, and when production rises and if sanctions are removed, the international fleet will be the main beneficiary, Gibson concluded.

*Source: Hellenic Shipping News*

### **SHIPPING: Shipowners focus on 2030 carbon cut target**

The shipping industry faces a new environmental challenge to sharply reduce its carbon dioxide (CO<sub>2</sub>) emissions. The IMO's next environmental targets will require vessels to reduce their CO<sub>2</sub> intensity by 40% by 2030 and by 70% by 2050 compared with 2008 base levels. Separately, the European Union (EU) voted in September 2020 to include shipping in its Emissions Trading System (ETS) starting in January 2022, although the legal text has yet to be finalised. To lower carbon emissions, shipowners have been looking into more energy-efficient engines and experimenting with an array of low-carbon fuels and batteries. LNG is the most widespread current alternative fuel. There are nearly 200 vessels sailing worldwide powered by LNG, according to classification society DNV, and there are nearly 300 currently on order. Further along the route of alternative fuels are green ammonia and green hydrogen, which emit no greenhouse gas emissions when burnt, and can be produced in a carbon-neutral process. Hydrogen is already a mature technology on land, but storage on a ship will present a problem due to its low energy density compared with current bunker fuels. Hydrogen can also be used to make green ammonia and some think this will be hydrogen's main role in shipping's decarbonisation, rather than as a fuel itself. ABS (American Bureau of Shipping) has forecast ammonia and hydrogen will make up nearly 40% of marine fuel consumption in 2050, from just 3% in 2030.

*Source: TradeWinds*

### **SHIPPING: Ammonia to power 45% of shipping in 2050 net-zero scenario: IEA**

Ammonia and hydrogen will be the main marine fuels if the world reaches net-zero in 2050, accounting for about 60% of the market together and with ammonia occupying the largest share, the IEA said on May 18. Outlining its first road map for how the global energy sector can achieve net-zero emissions, the IEA said in such a scenario, ammonia will account for 45% of energy demand from shipping. One of its advantages is that ammonia can be burnt in an internal combustion engine and such engines for ammonia-fueled vessels are being developed by two of the largest manufacturers of maritime engines. They are expected to become available on the market by 2024. Besides ammonia, sustainable biofuels will provide almost 20% of total shipping energy needs in net-zero 2050. Net-zero in 2050 will be a tall order. The global rate of energy efficiency improvement also needs to ramp up to 4% per year through 2030 - about three times the average over the last two decades, the IEA said.

*Source: S&P Global Platts*

## INDUSTRY HEADLINES

### **SHIPYARD: Newbuilding talks stall as spiralling steel plate costs hit shipyards**

Shipyards are withholding quotes on fresh orders from shipowners for fear soaring steel plate prices will leave them with a spike in shipyard costs and delivering ships at below break-even levels. Shipyards are said to be bracing themselves to be hit hard by the hike in steel plate costs and many are not expecting to make a profit from newbuildings that they contracted between the final quarter of 2020 and April 2021. The rise in steel plate price is not only taking place in China as South Korean shipbuilders are also being hit by rising steel plate costs. Cost-escalation adjustment clauses on future contracts are also being considered by some yards, as Tradewinds understands, a proposal that many expect buyers to resist. Marketing activities have also been put on hold by the yards involved. It appears the rise in steel plate price is not going to relent any time soon.

*Source: TradeWinds*

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