

4Q 2022	15 February 2023
1Q 2023	24 May 2023
2Q 2023	22 August 2023
3Q 2023	21 November 2023

Inside

Industry news highlights...

Term LNG carrier rates ease slightly

US looks to Asia for long-term LNG demand

VLCCs look for rally as China prospects brighten

Tanker owners could slow steam to deal with carbon rules

and more...

Energy shipping fleet data

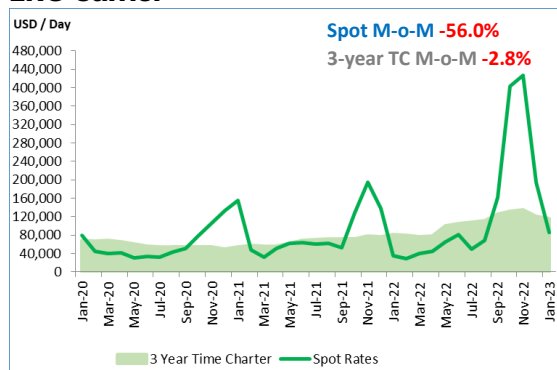
Freight Market

Asset Value

Fleet Development

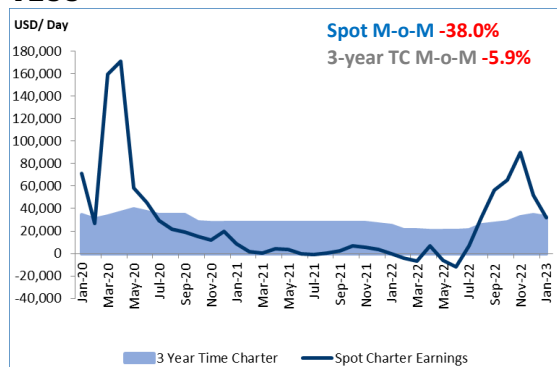
Deliveries & Demolitions

LNG Carrier



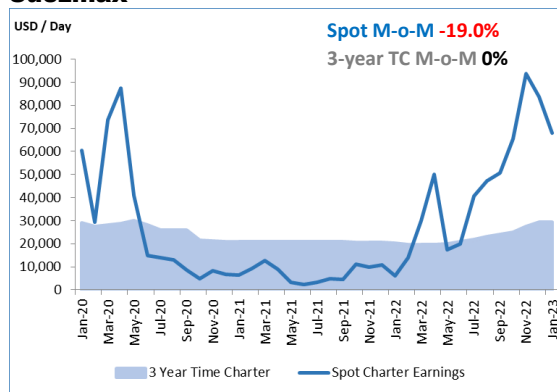
LNG spot rates fell further in January owing to the milder winter and high inventory level in both Europe and Asia that has contributed to the increase in tonnage availability.

VLCC



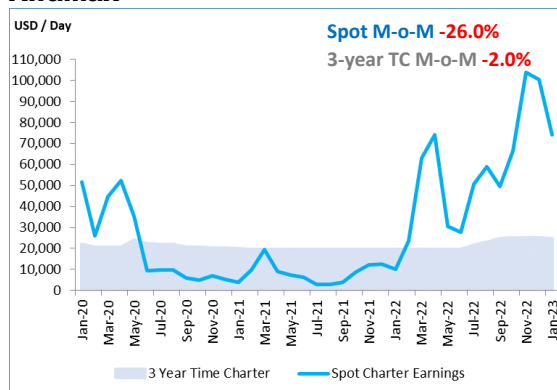
The spot rates for VLCC continued to decline despite similar amount of seaborne crude oil traded in December and January 2023 as disruption concerns due to the trade dislocations from the EU sanctions on seaborne Russian crude exports has eased.

Suezmax



January rates declined along with the lengthening tonnage list affected by the reduced demand from Asia via Suezmax vessels and a subdued Atlantic market trade. In addition, upward pressure to the rates has eased as trade flows had largely adjusted with Russian crude trading below price cap levels.

Aframax



Similarly, the spot rates continued to fall despite the higher trade activities in the UK Coast/Baltic Sea and Mediterranean/Black Sea market, as owners are reluctant to fix at the current price level.

Industry News Highlights

GAS CARRIERS

Term LNG carrier rates ease slightly as spot levels continue their dramatic falls

[TradeWinds](#)

Period charter rates for LNG carriers are showing slight signs of sliding lower from their firm positions in a market where spot have been plummeting downwards since late December. Clarksons said spot charter rates for two-stroke modern vessels are down around 21% week-on-week to hold at around the \$100,000-per-day mark. While Affinity LNG dropped its spot rates for two-stroke vessels trading in the Atlantic to between \$75,000 per day and \$85,000 per day. However, the shipbroker quoted \$105,000 for ships open in Asia and the Middle East. Howe Robinson Partners said shipowners are looking for longer periods and other players in control of tonnage are considering subletting vessels for between one and three years, to cash in on the strong returns on offer. Affinity LNG said that any vessels open for the winter 2023 to 2024 period are getting serious interest and short shelf life. It also said high prices are being seen for vessels available for 12-to-36-month periods.

Europe's LNG imports to remain high this year, Poten says

[Lloyd's List](#)

Europe will continue to drive the LNG market in 2023 with imports remaining high, though somewhat flat to 2022, according to Poten & Partners. The region's imports swelled by 65% last year, by around 50 million tonnes, as pipeline gas from Russia trickled in the aftermath of the Russia-Ukraine war. Meanwhile, last year was a record year for global LNG imports, with trade up by 19% to 408 million tonnes. Poten estimates further growth this year, with January showing above-average levels so far. It also added that LNG demand in Asia could see a slight rebound as prices have come down since last year's peak. Nevertheless, gas prices are still high and volatile as supplies are tight despite several ramp-ups are planned for this year including the restarting of the Freeport Terminal.

US looks to Asia for long-term LNG demand

[Upstream Online](#)

During Europe's energy crisis, the US stepped up its supply of LNG to the region to replace Russian fossil fuels. However, looking ahead to growth of the US LNG market in the coming years, Asia is likely to be the biggest supporter in the long term. Despite the push for US LNG to aid Europe's energy crisis, the burgeoning US liquefaction capacity is seeing long-term contracts come out of Asia, not Europe. The US is working on growing its LNG capacity 1.5 times by the end of the decade, which will rely on long-term growth of the global LNG market. A slew of new US LNG projects, including Rio Grande LNG, CP2, Commonwealth LNG and Corpus Christi Stage 3, are set to come online around 2026. Several of these projects are securing long-term deals, many from Asia, to support their final investment decisions' schedules. With demand growing in Asia as energy needs expand and natural gas can be used to replace coal and wood, the region presents the opportunity to grow the LNG market as a way to reduce global greenhouse gas emissions.

OIL TANKERS

Tanker rates continued to decline from December 2022

OPEC

Dirty freight rates continued the previous month's decline in January, with m-o-m losses across all monitored routes. The decline came as rates continued to fall from elevated levels that had been pushed higher by concerns about disruptions due to trade dislocations. However, as trade flows had largely adjusted and with Russian crude trading below price cap levels, the upward pressure eased.

Baltic to South Asia tanker tonne-miles up almost 700% in 2022, says Poten

TradeWinds

The tonne-miles on the Baltic to South Asia route surged by almost 700% in 2022, to 566 million from just 71 million in 2021, pushing it up to the ninth largest global dirty trade route up from fifty-fourth a year ago, according to Poten. Russia's invasion of Ukraine also boosted tonne-miles per day on the US Gulf to Southeast Asia and the Arabian Gulf to Europe. Meanwhile, China's dominance of the major tanker trade routes remained. "Four out of the top six tanker routes by tonne-miles are destined for the China Sea which region, apart from China and Taiwan, also includes South Korea and a few smaller importers," the broker said.

VLCCs look for rally as China prospects brighten

TradeWinds

Rising demand from China is likely to boost VLCC earnings in the coming months without hitting the heights of 2022, according to analysts. VLCC rates have stabilised on all main routes heading to Asia after a miserable start to the year, pointing to a potential upturn in fortunes, according to Clarksons and Vortexa. The sector has been boosted by the 5 December crude oil price cap imposed on Russia, which increased voyage distances. The health of the Chinese economy is vital for VLCCs as it carries more than three-quarters of China's seaborne crude imports. Clarksons also predicted rising VLCC fortunes as China picks up and new carbon regulations introduced this year would reduce vessel speed and squeeze supply further.

Tanker book to keep shrinking unless 118 ships ordered in 2023, BRS says

TradeWinds

Tanker owners will need to return to shipyards in substantial numbers to reverse the trend of a declining orderbook, BRS Group believes. It said only 85 tankers were ordered in 2022, 4.5% of the active fleet, the smallest figure since BRS' records began in 1990. Unless 118 or more new orders are placed this year, the ratio is set to shrink further to below 4% at the end of 2023. Meanwhile, a total of 84 tankers, or 43% of the orderbook is expected to be delivered before the end of June. However, deliveries will drop in the second half, with the 2023 total set to be 127 deliveries, the lowest number since 2001. After this year, deliveries are set to remain 'extremely low' until at least the end of 2025, BRS believes. This 'anaemic' orderbook will provide support to the tanker market over the coming years, it argues.

OFFSHORE OIL AND GAS

Saudi Aramco's massive \$10 billion-plus expansion for world's largest offshore oilfield hit by fresh delays

[Upstream Online](#)

Saudi Aramco's \$10 billion-plus expansion of its giant Safaniyah offshore oilfield has been hit with fresh delays, with the bid submission for multiple tenders being pushed back to the end of March at the earliest. Safaniyah holds 37 billion barrels of oil in place and currently produces 1.3 million bpd of oil, according to Aramco, with expansion plan aiming for a significant increase in output. The expansion of Safaniyah, the world's largest offshore oilfield, is at the heart of Aramco's capacity expansion programme, which is eyeing an oil production capacity of 13 million barrels per day from its domestic assets by 2027. Up to 10 Engineering, Procurement, Construction and Installation (EPCI) contracts are up for grabs for Safaniyah, with the offshore infrastructure potentially worth more than \$10 billion, sources said. Aramco is fast-tracking several offshore oilfield expansion schemes, similar to its peers in the United Arab Emirates and Qatar, as the nations near their current production capacity and look to position themselves as key suppliers to global markets that may soon start consuming less fossil fuels.

SHIPPING

Tanker owners could opt for slow steaming for years to deal with new carbon rules, BRS says

[TradeWinds](#)

BRS Group said ships have the two options, either to slow down or install new technology to cope with the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) regulations that kicked in at the start of the year. It said going slower could create complications as market conditions could incentivise higher speeds and more fuel consumption, but technological solutions require off-hire time, hitting owners' bottom lines. BRS said few ships are sailing at their designed speeds. Still, the rules would have an impact on fleet size, which is already set to be a positive for tanker earnings as few newbuildings are set to hit the water in the coming years, the firm said. Should ships opt for technology, it will be a relatively small portion of the 68% of the global fleet built before 2015 which were not subject to the Energy Efficiency Design Index rules that were put in place to ensure newbuildings are more fuel efficient.

SHIPYARD

Cost of reviving yards may be hard to pay off as shipping turns green

[Lloyd's List](#)

Shipbuilding markets remain in good shape despite weakened ordering prospects, but investors speculating on a continued boom may face disappointment. Those include companies that are investing in reviving shelved yard capacity and seeking to take advantage of a perceived growing green ship market, according to JP Morgan analyst SM Kim. It will be difficult to have these efforts pay off, said Mr Kim, as the increase of new orders may not be sufficient to back the survival of additional yard capacity, especially amid the rising macro-economic uncertainties. Current shipbuilding capacity stands around 40% lower than a decade ago. The number of active yards has also shrunk significant to about 130 from more than 300 at the previous peak in 2009, according to Clarksons' data. While the operation of revived or new yards could add some pressure on ship prices, raising the alarm about another round of overcapacity may be premature, he added.

FREIGHT MARKET

USD/Day	Dec 2022 Avg	Jan 2023Avg	1-Month +/-	2023 Avg	2022 Avg	2021 Avg
LNG						
Modern Tonnage (155k - 165k cbm, DF/TF diesel electric)						
Spot Rates	195,300	85,938	-56.0%	85,938	133,115	87,375
1 Year Time Charter	150,100	139,750	-6.9%	139,750	131,744	78,173
3 Year Time Charter	119,850	116,500	-2.8%	116,500	104,296	66,033
Steam Engine (145k – 155k cbm, steam turbine)						
Spot Rates	81,000	51,563	-36.3%	51,563	69,725	63,502
1 Year Time Charter	78,600	82,188	4.6%	82,188	69,029	46,898
3 Year Time Charter	51,100	52,188	2.1%	52,188	50,905	37,108
PETROLEUM						
VLCC						
Spot Charter Earnings ¹	51,817	32,149	-38.0%	32,149	23,329	3,076
1 Year Time Charter	42,650	38,938	-8.7%	38,938	25,438	20,949
3 Year Time Charter	34,550	32,500	-5.9%	32,500	24,745	27,106
Suezmax						
Spot Charter Earnings ¹	83,869	67,920	-19.0%	67,920	43,319	7,251
1 Year Time Charter	44,300	43,000	-2.9%	43,000	26,095	16,899
3 Year Time Charter	29,500	29,500	-	29,500	22,533	20,723
Aframax						
Spot Charter Earnings ¹	100,293	74,186	-26.0%	74,186	54,910	8,270
1 Year Time Charter	42,300	42,063	-0.6%	42,063	24,807	15,623
3 Year Time Charter	25,000	24,500	-2.0%	24,500	21,783	19,513
MR2						
1 Year Time Charter	29,700	27,125	-8.7%	27,125	20,407	12,421
CHEMICAL						
Spot Rates (USD/Tonne)						
Rotterdam - Far East	133.2	131.3	-1.5%	131.3	132.2	121.0
Rotterdam-Taiwan	95.6	97.3	1.7%	97.3	93.6	87.1
Gulf-Far East	79.4	70.1	-11.7%	70.1	69.5	42.0
Singapore-Rotterdam	211.2	197.0	-6.7%	197.0	179.3	93.9
Time Charter (USD/Day)						
1 Year Time Charter 19,000 dwt	21,500	21,500	-	21,500	15,385	13,021
1 Year Time Charter 37,000 dwt	27,700	26,500	-4.3%	26,500	17,547	10,806

Notes: ¹ Spot Charter Earnings are calculated by taking the total revenue net of commission, deducting bunker costs based on latest prices at representative regional bunker ports, estimated port costs (after currency adjustments) and then dividing the result by the number of voyage days.

ASSET VALUE

USD 'Million	Dec 2022 Avg	Jan 2023 Avg	1-Month +/- %	2023 Avg	2022 Avg	2021 Avg
LNG						
Newbuild (174k cbm, MEGl)	248.0	248.0	-	248.0	233.2	195.2
VLCC						
Newbuild	120.0	120.0	-	120.0	117.8	99.5
5-Year	95.0	100.0	5.3%	100.0	81.0	69.4
Suezmax						
Newbuild	80.0	80.5	0.6%	80.5	78.8	67.2
5-Year	65.0	68.0	4.6%	68.0	55.8	46.8
Aframax						
Newbuild	62.0	62.5	0.8%	62.5	61.1	53.7
5-Year	60.0	62.5	4.2%	62.5	51.6	38.8
CHEMICAL						
IMO II 37,000 dwt	S/S ²	C ³	S/S	C	S/S	C
Newbuild Prices	66.0	41.5	66.0	41.5	-	-
Secondhand Prices - 10 years	48.0	23.5	48.0	23.5	-	-

FLEET DEVELOPMENT

No. of Vessels	Current Fleet	2023	2024	2025	2026+	Total Orderbook	Orderbook as % of Fleet
LNG							
LNG Carriers ⁴	650	43	79	84	95	301	46%
PETROLEUM							
VLCC	887	17	0	1	1	19	2%
Suezmax	655	8	7	6	0	21	3%
Aframax	681	40	24	18	3	85	12%

DELIVERIES & DEMOLITIONS

Deliveries	Dec-22	Jan-23	YTD	Demolitions	Dec-22	Jan-23	YTD
LNG							
LNG Carriers	2	3	3	LNG Carriers	0	0	0
PETROLEUM							
VLCC	1	7	7	VLCC	0	0	0
Suezmax	0	1	1	Suezmax	0	0	0
Aframax	1	4	4	Aframax	0	0	0

Sources: Affinity, Clarksons, Drewry and Woodmac.

Notes: ² Stainless Steel. ³ Coated. ⁴ LNG carrier fleet total updated quarterly

Disclaimer. All the information contained in this newsletter is published in good faith and for general information purpose only based on the sources stated therein. MISC Berhad (8178-H) shall not be responsible for, and expressly disclaims any and all warranties including without limitation warranties of merchantability and/or fitness for a particular purpose, warranties against infringement and title, warranties the information is timely and free of errors. MISC Berhad is not in any manner responsible for the completeness, reliability, accuracy, and correctness of this information or otherwise.

Limitation of Liability. In no event shall MISC Berhad and/or any of its officers, directors, employees, or agents be liable for any loss and/or damage, whether in contract, tort, strict liability or otherwise, for any direct, indirect, punitive, special, or consequential damages (including without limitation lost profits, cost of procuring substitute service or lost opportunity) arising out of or in connection with the use of, reference to, or reliance on any information contained in this newsletter.