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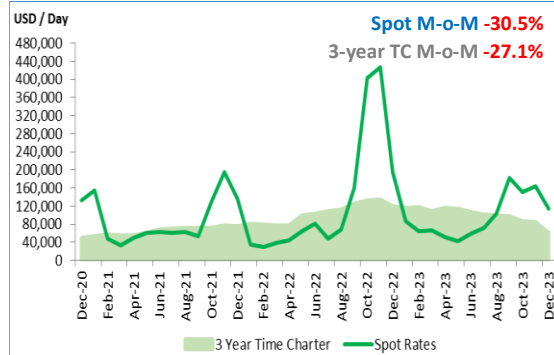
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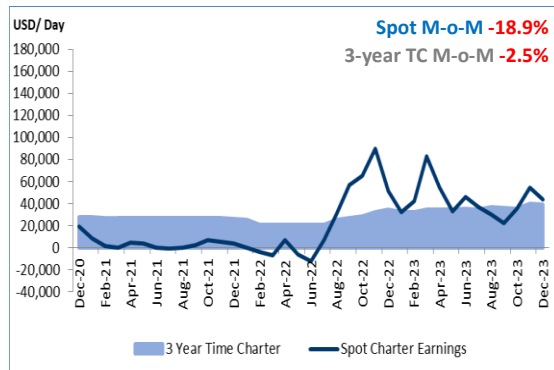
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LNG Carrier



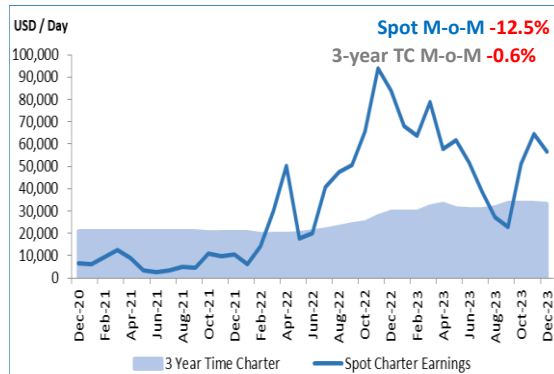
The mild winter and high inventory in Europe and Asia have pushed the LNG spot rates down in December. The lower LNG cargo demand has increased the vessel availability and curbing the recovery for both spot and long-term rates.

VLCC



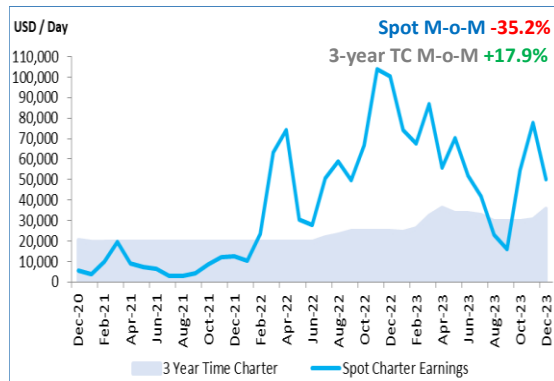
The VLCC spot rates ended the year with a seasonal decline as refineries has already built-up oil inventories ahead of end year demand. The Red Sea is not a major route for VLCC and therefore, the conflict has little impact on the tanker segment.

Suezmax



Similarly, Suezmax rates soften in December, in line with seasonal decline. Excess tonnage availability in the Atlantic sits in favour of the Charterers and there has been no broader impact on suezmax rates although mid-size tankers are the most exposed to disruption in the Red Sea.

Aframax



The Aframax rates also declined in December. The seasonal decline is in line with the general market with downward pressure on rates especially in the UK Coast and Atlantic.

Industry News Highlights

GAS CARRIERS

Suez Canal LNG shipments halved in December amid Red Sea attacks

[TradeWinds](#)

In December, at least 16 LNG carriers took the longer Cape of Good Hope route to Asia, 'an all-time high' for this route. LNG carrier trades were lacklustre over the past few weeks but the forecasted cold weather for northern Europe and the disruption to shipping in the Red Sea could reverse these as charterers seek extra cover for longer-haul voyages. Enquiries for LNG carriers in the east are also picking up as cold weather in northern Asia continues.

Fresh LNG newbuilding action tipped for the new year after orders shrank in 2023

[TradeWinds](#)

Newbuilding orders for LNGC fell in 2023 after a record-breaking contracting spurt in the previous year, but berth space remains at a premium amid expectations of an active year ahead. Market players and brokers have made at least 67 LNGC orders in 2023. This is low compared to more than 170 LNGC ordered in 2022 and is more in line with the 70 ships recorded in 2021 and 50 vessels in 2019 and 2020. QatarEnergy boosted 2023 orders by exercising 17 of its pre-reserved slot with HHI. The bulk of 2023's LNGC orders were placed at South Korean yards followed by Chinese yards. Prices for the 174k cbm to 180k cbm LNGC remain stubbornly around the \$260m mark.

OIL TANKERS

Tanker rates dropped in December as seasonal decline

[OPEC](#)

Freight rates in 2023 has declined from the elevated levels seen in 2022. VLCC rates were less impacted by last year's trade dislocations and thus experienced a less pronounced decline, falling 7% on the Middle East-to-East route in 2023. Suezmax averaged 17% lower on the US Gulf Coast (USGC)-to-Europe route. Aframax saw the largest decline, giving up about one-third of 2022's gains. Rates on the Intra-Med route fell by about 32% in 2023 after more than doubling in 2022. Broadly speaking, increased tanker demand and longer distances travelled were insufficient to support charter rates to its 2022 level.

Tanker owners still willing to use Suez Canal, says Braemar

[TradeWinds](#)

Tanker owners appear to be comfortable sailing through the Suez Canal despite a slew of attacks against commercial shipping, according to Braemar. While the attacks have failed to influence the broader tanker market, the conversation on route and shipping cost have changed dramatically. Around 9% of tanker trade has moved through the Suez Canal in Q4 2023, with roughly 5% heading east and 4% heading west. Around 60% of eastbound oil tanker cargo is crude oil. Few tankers have rerouted via South Africa, which can add 10 to 14 days to a typical voyage from Asia to Europe, or up to 3,500 nautical miles to a voyage, depending on the starting point.

OFFSHORE OIL AND GAS

US confirms plan for fewest ever oil and gas lease sales as focus shifts to offshore wind

[Upstream Online](#)

The US government has confirmed a dramatic phase-down of proposed oil and gas lease sales to a maximum of three in the Gulf of Mexico over five years through 2029, and will allow it to focus on offshore wind development there and along the Atlantic and Pacific coasts. The plan sets a course for the Department of Interior (DoI) to support President Joe Biden's twin national goals of 30 gigawatts of offshore wind capacity by 2030 and net-zero emissions by 2050. Curtailing oil and gas lease sales to one every other year from 2025 through 2029 will allow the Bureau of Ocean Energy Management (BOEM), a DoI agency to comply with terms of the 2022 climate law.

Floating LNG sector finally counts down for takeoff

[TradeWinds](#)

Floating LNG (FLNG) production has been poised for lift-off for over a decade, but this year and next are expected to be pivotal in bringing the sector to life and into the mainstream. By 2030, more than 60 million tonnes per annum (mtpa) of LNG could be produced from about 18 FLNG units. There is existing capacity in operation from five projects to produce over 12 mtpa. The first major newbuilding order announced for 2024 is for Cedar LNG's 3.3-mtpa FLNG. It is expected that at least four more FIDs on FLNG schemes will be announced in the next two years. These projects could see more than 19 mtpa LNG production sanctioned, all of it to be produced from offshore units.

Petronas kicks off chase for sizeable FPSO for ultra-deepwater field

[Upstream Online](#)

Petronas Carigali has set the tender ball rolling for a sizeable FPSO vessel to exploit its Kelidang ultra-deepwater gas project at offshore Brunei. The charter term for the Kelidang FPSO would be at least 12 years, with likely extensions for up to three additional years, according to multiple sources familiar with the bid process. Bids are due in May 2024 and Petronas is likely to award the FPSO contract in the same year, after taking the final investment decision. The Kelidang development is likely to involve substantial investments. A year ago, Petronas began giving indications that it was in the mood to revive the project following a suspension during the COVID-19 restrictions.

SHIPPING

Clarksons hails 'hugely significant' year for shipping industry decarbonization

[TradeWinds](#)

Clarksons Research states that in 2023, 539 newbuilding orders (45% of orders) involved alternative fuel capable vessels. The largest share remained with LNG dual-fuel ships with 220 orders, of which 152 were non-LNG carriers. The global fleet is ageing at 12.6 years average, up from 9.7 years a decade ago. Tracking of vessel performance under the Carbon Intensity Indicator (CII) in 2023 suggests that more than 30% of tonnage will be rated D or E, so continued investment in the existing fleet will be critical, the research team said.

SHIPYARD

Petronas unveils platforms bonanza for Malaysian projects

[Upstream Online](#)

Petronas in its 2024-2026 outlook released this week said that 2024 would require the award of three heavy wellhead platforms (WHPs) topping the scales at more than 7500 tonnes, one medium WHP weighing between 1000 and 7500 tonnes, and three light WHPs of up to 1000 tonnes. Looking ahead to 2025, developments in Malaysia are expected to call for the fabrication of 10 fixed structures, of which four light WHPs have yet to be contracted. Next year will also have a floating production, storage and offshore vessel (FPSO) or floating storage and offloading vessel (FSO) plus a mobile offshore production unit (MOPU) to tempt contractors, while 2025's forecast activity will see another FPSO or FSO required. Petronas said its future is anchored on a long-term target to sustain and grow Malaysia's oil and gas production of 2 million barrels of oil equivalent per day by 2025 and beyond. This target will be supported by various oil and gas projects in the pipeline including Kasawari, Jerun, Rosmari-Marjoram and Lang Lebah offshore the state of Sarawak; the Gumusut-Kakap redevelopment and Belud Clusters offshore Sabah; and the Bekok Oil, Tabu and Seligi redevelopment projects offshore Peninsular Malaysia.

MISC Berhad Announcements

Change in Risk Committee

12 Jan 2024 – Retirement of Dato' K Sekhar A/L S Krishnan and Dato' AB Halim bin Mohyiddin from Member of Risk Committee positions and appointment of Mr Chew Liong Kim as Member of Risk Committee, effective 15 Jan 2024.

Change in Audit Committee

12 Jan 2024 – Retirements of Dato' K Sekhar A/L S Krishnan from Chairman of Audit Committee position and Dato' AB Halim bin Mohyiddin from Member of Audit Committee position, redesignation of Mr Chew Liong Kim from Member to Chairman of Audit Committee and appointment of En Mohammad Suhaimi bin Mohd Yasin and Cik Wan Shamilah binti Wan Muhammad Saidi as Members of Audit Committee, effective 15 Jan 2024.

Change in Boardroom

12 Jan 2024 – Redesignation of Mr Chew Liong Kim from Independent Non-Executive Director to Senior Independent Non-Executive Director and retirement of Dato' K Sekhar A/L S Krishnan and Dato' AB Halim bin Mohyiddin from Independent Non-Executive Director positions, effective 15 Jan 2024.

Change in Principal Officers

4 Jan 2024 – YM Raja Azlan will assume the role of Vice President of Corporate Planning from 1 March 2024. En. Affendy bin Mohamed Ali will assume the role of Chief Financial Officer from 1 March 2024.

FREIGHT MARKET

USD/Day	Nov 2023 Avg	Dec 2023 Avg	1-Month +/-%	2023 Avg	2022 Avg	2021 Avg
LNG						
Modern Tonnage (155k - 165k cbm, DF/TF diesel electric)						
Spot Rates	164,375	114,250	-30.5%	96,382	133,115	87,375
1 Year Time Charter	79,100	59,400	-24.9%	112,085	131,744	78,173
3 Year Time Charter	84,800	61,820	-27.1%	101,247	104,296	66,033
Steam Engine (145k – 155k cbm, steam turbine)						
Spot Rates	112,500	62,000	-44.9%	59,305	69,725	63,502
1 Year Time Charter	51,100	38,880	-23.9%	69,729	69,029	46,898
3 Year Time Charter	48,600	38,240	-21.3%	49,473	50,905	37,108
PETROLEUM						
VLCC						
Spot Charter Earnings ¹	54,212	43,983	-18.9%	42,743	23,329	3,076
1 Year Time Charter	45,750	45,250	-1.1%	41,165	25,438	20,949
3 Year Time Charter	40,000	39,000	-2.5%	35,495	24,745	27,106
Suezmax						
Spot Charter Earnings ¹	64,554	56,472	-12.5%	53,564	43,319	7,251
1 Year Time Charter	43,500	43,250	-0.6%	40,561	26,095	16,899
3 Year Time Charter	33,438	33,250	-0.6%	31,866	22,533	20,723
Aframax						
Spot Charter Earnings ¹	77,453	50,208	-35.2%	55,776	54,910	8,270
1 Year Time Charter	41,688	42,000	0.7%	41,777	24,807	15,623
3 Year Time Charter	30,375	35,800	17.9%	31,061	21,783	19,513
MR2						
1 Year Time Charter	26,000	26,300	1.2%	26,816	20,407	12,421

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	Nov 2023 Avg	Dec 2023 Avg	1-Month +/- %	2023 Avg	2022 Avg	2021 Avg
LNG						
Newbuild (174k cbm, MEGI)	265.0	265.0	-	259.4	233.2	195.2
VLCC						
Newbuild	128.0	128.0	-	124.8	117.8	99.5
5-Year	98.0	105.0	7.1%	99.8	81.0	69.4
Suezmax						
Newbuild	85.0	85.0	-	83.6	78.8	67.2
5-Year	78.0	78.0	-	72.7	55.8	46.8
Aframax						
Newbuild	70.0	70.0	-	67.0	61.1	53.7
5-Year	70.5	70.5	-	64.9	51.6	38.8

FLEET DEVELOPMENT

No. of Vessels	Current Fleet	2023	2024	2025	2026+	Total Orderbook	Orderbook as % of Fleet
LNG							
LNG Carriers	674	0	82	86	163	331	49%
PETROLEUM							
VLCC	908	0	3	4	16	23	3%
Suezmax	661	0	8	27	32	67	10%
Aframax	694	0	33	57	54	144	21%

DELIVERIES & DEMOLITIONS

Deliveries	Nov-23	Dec-23	YTD	Demolitions	Nov-23	Dec-23	YTD
LNG							
LNG Carriers	2	4	31	LNG Carriers	0	0	4
PETROLEUM							
VLCC	1	0	22	VLCC	0	0	0
Suezmax	0	0	8	Suezmax	0	0	1
Aframax	0	1	16	Aframax	0	0	2

Sources: Clarkson and Affinity.

Notes: ² Stainless Steel. ³ Coated.

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