

- ▶ **Spot rates:** Spot rates: A quiet start to in the VLCC marked with some fixtures rolled over from last week but little new activity today (OPEC+ decision clearly not helping). Suezmaxes seeing more cargoes worked but momentum here also taking a hit. LR1s and MRs in the East seeing the most activity for product tankers while the West remains quiet with the tonnage list building. Drybulk momentum is still good, and FFAs heading further upwards this morning. The VLGC Index was flat yesterday.
- ▶ **Global equity markets continue to tremble, with shipping equities falling hard yesterday. Container-names hurt the most as the box rate trend appears to reverse a little, while tankers also fell after the OPEC-decision.**

Tankers: OPEC+ maintains output boost according to the blueprint

- ▶ Despite earlier speculation, OPEC+ yesterday agreed to maintain its previously agreed 0.4mbd m/m production hike for November. The Group will wait to see whether we have a cold winter before raising output more steeply than 0.4mbd in further meetings
- ▶ As we suspected, tanker equities were pricing in a steeper output boost, with speculations being on both the November and December hikes coming next month
- ▶ Therefore, tanker shares fell, and oil prices rose yesterday, and the oil market continues to look tight into Q4.
- ▶ For the tanker markets it would obviously have been positive to see more volumes come in early, but in the longer-run we continue to argue that it is the low inventories and rapid demand growth (return) that is setting the stage for a recovery in 2022 – and then low fleet growth and ageing fleet that along with emission-requirements could send rates very high into 2023

MPCC: Charters out two vessels and sells one

- ▶ According to brokers, MPCC has chartered out two of their 2,700 teu vessels for three years at USD 40,000/day. This compares with our 2022/23 estimates of USD 38,000/day and 2024 of 34,000/day. The vessels, built in 2005/06 will consequently be booked through near all of 2024, and generate an accumulated EBITDA of USD 36 – 37m, which is in line with current charter-free valuation
- ▶ Moreover, the company has reportedly sold one of its smallest ships, the 1,100 teu 2012-built 'AS Riccarda'. The price achieved is said to be USD 24m, with ever-hungry MSC believed to be the buyer
- ▶ All of these data-points are clearly backing our NOK 30+ valuation of MPCC, although we obviously understand that the lack of clear dividend policy and potential shareholder overhang – in addition to now cooling box rates – are going to keep a lid on valuation. We do believe the long term returns will be good here though, with a growing backlog at super-profit levels – in addition to selective asset sales where it makes sense

WAWI/Car carriers: 5Y charter-in deal at solid TC-rate

- ▶ According to VesselsValue, Wallenius Wilhelmsen has chartered in the 2009-built 6,750 CEU car carrier 'NOCC Atlantic' for five years at USD 30,000/day
- ▶ While unconfirmed by others, this is in line with where 1Y TCs currently are quoted, and would imply an accumulated EBITDA of USD 40 – 45m over the period, above the value brokers currently would peg on the vessel
- ▶ For WAWI this is obviously a double-edged sword, with its TC-in cost rising in what is a market that is tightening. We expect their end-user to pay up as contracts are renewed, but highlight that this could create earnings uncertainty in the short-run

Research focus: Flex LNG – Raising estimates, still the top pick (Q3 preview)

- ▶ Despite a 200%+ rally over the past year, and ~120% total return YTD, we believe Flex has much more to go. Fuelled by higher cargo-values and newbuild prices we are seeing spot- and term-rates increasing – and we raise our estimates by ~20% for 2022/23. Flex is still priced below replacement cost, which to us is puzzling, and we raise our TP to USD 24 (21) – NOK 206 (181) – equal to YE'22 NAV
- ▶ Please see report sent out earlier this morning

	Last 6 days	Yesterday	1-day change %	Week ago	1-week change %	1-month change %	
Tanker spot rates (VLSFO)							
VLCC (TD3)	USD/day	\$3 676	24.2%	\$949	267.6%	267.6%	
Suezmax (average)		\$2 242	17.0%	\$3 106	-27.8%	-27.8%	
Alramax (average)		\$535	224.2%	\$1 577	-66.1%	-66.1%	
LR2 (TC1)		\$8 173	2.2%	\$12 242	-33.2%	-33.2%	
LR1 (TC5)		\$5 232	2.9%	\$10 551	-50.4%	-50.4%	
MR (TC2 & TC10 avg.)		\$4 576	-3.0%	\$5 365	-14.7%	-14.0%	
Market Indicators:	Last 6 days	Last price	1-day ch.	Week ago	1-week ch.	1-month ch.	
Brent oil price	USD/bbl	\$81.5	0.3%	\$78.1	3.0%	12.2%	
WTI oil price		\$77.7	0.1%	\$75.3	3.2%	12.2%	
Railway outages	mil/boe/day	3.5	5.8%	2.5	40.8%	-18.6%	
Oil Import Data	Last 6 months	Last date	Month ago	1-month ch.	Year ago	1-yr ch.	
US crude oil imports	mil/boe/day	6.8	6.2	6.4%	5.1	27.9%	
China crude oil imports		10.5	9.8	8.0%	11.2	-8.2%	
OPEC oil production		27.5	27.1	1.3%	24.3	13.3%	
Oil price spreads	6-month curve	Month fwd:	1	3	6	12	24
Brent contango (backwardation)	USD/boe	-\$0.78	-\$2.29	-\$4.24	-\$7.59	-\$12.60	
Simplified max VLCC dayrate	USD/day	-\$49 000	-\$47 800	-\$44 300	-\$39 500	-\$32 795	
Drybulk (VLSFO)	Last 6 days	Yesterday	1-day change %	Week ago	1-week change %	1-month change %	
Capesize	USD/day	\$77 035	2.5%	\$63 030	22.2%	65.1%	
Panamax		\$34 312	-0.8%	\$34 844	-1.5%	10.3%	
Supramax		\$37 192	-0.1%	\$36 998	0.5%	1.0%	
Market Indicators:	Last 6 days	Last price	1-day ch.	Week ago	1-week ch.	1-month ch.	
Iron ore import price (China)	USD/ton	\$118.5	0.0%	\$109.0	8.7%	-26.9%	
Baltic Dry Index	Index	5 267	-1.2%	4717	11.7%	33.5%	
Commodity Trade (monthly)	Last 6 months	Last date	Month ago	1-month ch.	Year ago	1-yr ch.	
China iron ore imports	mtons	97.5	85.5	10.2%	100.4	-2.9%	
China coal imports		28.1	30.2	-7.1%	20.7	35.8%	
LPG:	Last 6 days	Yesterday	1-day change %	Week ago	1-week change %	1-month change %	
Baltic LPG Index	USD/ton	\$45.9	0.3%	\$41.4	10.9%	8.6%	
Time-charter equivalent rate	USD/day	\$12 726	-	\$7 674	65.8%	-	
Market Indicators:	Last 6 days	Last price	1-day ch.	Week ago	1-week ch.	1-month ch.	
Mt. Belvieu spot propane	USD/ton	\$785	1.2%	\$714	9.9%	28.2%	
Japan 1M fwd propane		\$911	1.9%	\$814	11.8%	24.6%	
Japan spot naphtha		\$725	1.3%	\$723	0.3%	7.3%	
Saudi Arabia spot propane		\$866	1.9%	\$771	12.2%	24.8%	
Commodity Trade (monthly)	Last 6 months	Last date	Month ago	1-month ch.	Year ago	1-yr ch.	
Japan LPG imports	mtons/month	6.2	5.7	8.5%	#VALUE!	#VALUE!	
India LPG imports		1.7	1.4	20.7%	#VALUE!	#VALUE!	
China LPG imports		2.1	2.1	3.6%	#VALUE!	#VALUE!	
LNG:	Last 6 days	Yesterday	1-day change %	Week ago	1-week change %	1-month change %	
LNG Carrier spot rate	USD/day	\$125 396	0.0%	\$100 639	24.6%	51.9%	
Henry Hub spot natural gas	USD/mmbtu	\$5.88	2.0%	\$5.84	0.7%	24.8%	
Japan spot LNG		\$31.56	0.0%	\$29.35	7.5%	71.0%	
UK spot natural gas	GBP/mmbtu	\$24.59	0.0%	\$19.54	25.8%	88.5%	
Commodity Trade (monthly)	Last 6 months	Last date	Month ago	1-month ch.	Year ago	1-yr ch.	
China LNG imports	mtons/month	6.2	5.7	8.5%	#VALUE!	#VALUE!	
Korea LNG imports		6.7	5.7	17.3%	6.0	11.7%	
India LNG imports		3.5	4.0	-13.9%	2.0	77.1%	
India LNG imports		2.2	1.9	13.6%	#VALUE!	#N/A N/A	
Share prices	Last 6 days	Last price	Price chg 1-day	-1 week	YTD	Short interest	Consensus P/E 2021e
Arcore Shipping		\$4.16	-2.1%	1%	27%	1.0%	10.2x
DHT Holdings		\$6.62	-1.3%	4%	29%	4.5%	12.7x
Euronav (US)		\$9.87	0.5%	6%	25%	0.9%	31.8x
Frontline (US)		\$9.20	-4.7%	5%	48%	2.2%	7.1x
Halmia Ltd.	kr	18.0	-2.9%	-1%	13%	na	7.0x
Hunter Group	kr	3.2	-1.5%	4%	48%	na	7.7x
International Seaways		\$19.0	0.1%	4%	25%	2.8%	8.3x
Nordic American Tankers		\$2.78	-3.5%	12%	-4%	2.9%	10.6x
Okeanos Eco Tankers	kr	86.5	-2.8%	1%	72%	na	4.0x
Scorpio Tankers		\$18.7	-3.8%	3%	70%	4.2%	8.4x
Teekay Tankers		\$14.2	-4.1%	2%	29%	2.3%	6.4x
2020 Bulkers	kr	135.5	-2.2%	-1%	162%	na	5.1x
Bethships	kr	14.0	-2.8%	0%	129%	na	3.8x
Diana Shipping		\$5.52	-7.2%	-1%	186%	2.3%	3.5x
Genco Shipping		\$18.92	-7.6%	-3%	160%	2.4%	4.7x
Golden Ocean (US)		\$10.47	-7.3%	-2%	143%	0.7%	4.9x
Star Bulk Carriers (US)		\$23.40	-7.4%	-1%	178%	1.6%	4.6x
Avance Gas	kr	43.0	-0.2%	0%	11%	na	5.5x
BW LPG	kr	50.1	-1.4%	4%	-6%	na	5.9x
Dorian LPG		\$12.80	0.3%	3%	13%	4.3%	7.7x
Zwilco LNG	kr	4.4	1.4%	1%	177%	na	8.4x
Flex LNG	kr	163.3	0.5%	9%	137%	na	8.1x
Golar LNG		\$13.27	-1.1%	4%	38%	2.2%	na
Teekay LNG Partners		\$17.19	9.6%	11%	59%	0.5%	6.8x
American Shipping Company	kr	32.0	0.2%	1%	23%	na	10.4x
Ocean Yield	kr	41.0	0.0%	0%	62%	na	11.5x
SFL Corp.		\$8.4	-1.8%	1%	41%	1.0%	10.2x
Outfit SE	kr	28.6	-1.4%	-2%	4%	na	9.9x
Slob-Nielsen	kr	121	-0.8%	3%	12%	na	7.2x
Maersk	kr	15 520	-5.1%	-12%	26%	na	4.5x
MPCC Container Ships	kr	19.7	-7.2%	-7%	21%	na	2.9x
Wallenius Wilhelmsen	kr	32.0	-1.3%	-3%	38%	na	5.8x

Eirik Haavaldsen, Head of research
+47 24 13 21 20, eirik.haavaldsen@paretosec.com
August Klemp
+47 22 87 87 68, august.klemp@paretosec.com