

WEEKLY MARKET REPORT

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25th March 2022

Bulk report – Week 12

Capesize

The Capesize market had to contend with volatile bunker concerns once again as the 5TC lost \$5956 week on week to close at \$15,648. It was also a tough few days for Atlantic owners. The basin plunged a little over 40% in value, with the transatlantic C8 settling at \$11,897 on Friday as ample tonnage outweighed the dearth of cargo in the region. The Pacific basin, following relatively healthy activity, saw timecharter rates put up more resistance. However, the transpacific C10 still lost approximately 20% of value under sustained pressure to settle at \$19,400. Voyage rates all slid slightly throughout the week, but as the bunker values made another strong rebound a dampening effect was felt on absolute freight rates. The West Australia to China C5 lowered 0.595 over the week to \$11.641. Meanwhile, the Brazil to China C3 dipped 1.79 to \$26.35. The situation in the Atlantic has seen smaller Panamax stems lifted by Capesize vessels as the spread between the two sectors has widened considerably with smaller vessels well in demand.

Panamax

An emphatic transatlantic market for Panamax vessels this week saw rates climb dramatically. Asia was more moderate in comparison, with slower growth limited to pockets of resistance on certain trades. The Atlantic saw healthy demand from East Coast and North Coast South America, which pushed rates forward in the north. An 82,000-dwt delivery Continent was rumoured to be fixed at \$32,000 for a transatlantic grain round. Meanwhile, further south, the focus on ex EC South America was predominantly transatlantic centric. Asia, overall, appeared passive except for some premium rates paid up on the Australia to India coal trips. This was alongside grain clean/decent spec tonnage open in the North for NoPac grain rounds as demand advanced rates. An 82,000-dwt delivery north China achieved \$30,000 in midweek for a NoPac round trip. Indonesia, after recent strong coal activity, lacked any real replenishment and rates largely remained stagnant. Period activity appeared moderate and there were reports of an 82,000-dwt delivery Vietnam achieving \$32,000 for short period.

Ultramax/Supramax

Overall, a strong week was had in this sector. But as it finished there appeared to be some slowing down in certain keys areas. The Atlantic saw strong demand from South America for transatlantic runs and Ultramax vessels were seeing in excess of \$50,000 for trips to the Mediterranean. From the US Gulf, sentiment weakened as demand returned to the Mediterranean and Continent regions. This meant the recent premiums were less forthcoming. From the Black Sea, a 63,000-dwt was heard to have fixed a trip to China at \$29,000. It was a story of two halves in Asia. The beginning of the week saw strong demand for Indonesian coal business, which buoyed rates. However, this waned as the weekend approached. Further north, backhaul activity helped sustain sentiment. A 61,000-dwt open Zhoushan fixed a trip to the US Gulf at \$44,000. The Indian Ocean

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remained fairly subdued. A 63,000-dwt fixed a trip delivery Port Elizabeth, trip to the Far East at \$27,000 plus \$700,000 ballast bonus.

Handysize

East Coast South America was the main driving force behind gains this week with Charterers scrambling to find vessels for prompt requirements. Rates improved daily with a 37,000-dwt fixing from Praia Mole to Diliskelesi with an intended cargo of Pig Iron at \$58,500. A 34,000-dwt also fixed from Santos via River Plate to Denmark at \$45,000. This has a knock-on effect in other regions as Charterers looked to take tonnage from further afield. A 38,000-dwt fixed a trip from the UK via West Africa and Norway with redelivery Continent at \$21,000. The US Gulf also strengthened with a 39,000-dwt fixing a trip to the Continent with an intended cargo of Wood pellets at \$30,000. Asia, in contrast, has seen sentiment soften due to lack of fresh enquiry and activity. A 36,000-dwt open in South East Asia was rumoured to have fixed a Pacific Round trip in the low \$30,000's.

Tanker report – Week 12

VLCC

The 280,000mt Middle East Gulf/USG (via Cape of Good Hope) is now assessed half a point lower than a week ago at just below WS20. Meanwhile, in the 270,000mt Middle East Gulf/China market, rates fell another two points to around the WS36 level (a round-trip TCE of minus \$18,900 per day) with Chinese charterers putting a handful of vessels on subjects at the WS37-35.5 level midweek.

In the Atlantic region the 260,000mt West Africa/China route had a fairly quiet week with only three fixtures reported, first at WS38 then WS37 twice. As a result, the market is now rated three points lower than last week at around WS37.5 (minus \$16,700 per day round-trip TCE).

The 270,000mt US Gulf/China route had a busier week with five fixtures reported and the fixing rates moving from \$5.05m at the beginning of the week to \$5.5m towards the end. Panellists are currently assessing the route at \$5.4m, up \$362,500 from last week, which represents a round voyage TCE of minus \$10,000 per day.

Suezmax

Rates for the 135,000mt Novorossiysk/Augusta route dropped a further 15 points to WS186 (a round-trip TCE of \$70,200 per day), with very little reported activity and news that the CPC berths just outside Novorossiysk have been weather damaged and are likely to be offline for a while. Owners in the 130,000mt Nigeria/UKC market managed to gain some traction on the rates, improving seven points to WS86 (a round-trip TCE of \$1,600 per day) as charterers competed with increasing activity in the US Gulf and Caribbean regions. For the 140,000mt Basrah/West Mediterranean route charterers again managed to put owners under pressure and rates fell 3.5 points to just under WS43.

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Aframax

The 80,000mt Ceyhan/Mediterranean market dipped a further 2.5 points this week to WS134 (a round-trip TCE of \$11,000 per day). In Northern Europe, the rate for 80,000mt Hound Point/UK Continent saw little change and improved almost a point to around WS126.5 (a round-trip TCE of \$3,000 per day). Meanwhile, in the 100,000mt Primorsk/UK Continent, activity is still limited as Russian Crude becomes morally (if not legally) unacceptable due to the continuing Russian invasion of Ukraine. Equity owners of the crude are now having to find buyers further afield. The market is assessed at WS308 (a round voyage TCE of \$116,900 per day) with very few owners of ice-class vessels willing to take part.

Across the Atlantic, the market rapidly rose this week. Rates for 70,000mt EC Mexico/US Gulf climbed 38 points to WS184 (a round-trip TCE of \$21,000 per day). For the 70,000mt Caribbean/US Gulf trip, rates ascended 34 points to the WS177.5 level (a round-trip TCE of \$16,500 per day).

For the longer-haul transatlantic route the rate for 70,000mt US Gulf/UK Continent rocketed 47.5 points to the WS187.5 level (\$21,000 per day round-trip TCE). This is starting to attract ballasters from Europe - and Suezmaxes - which could put a cap on further rate improvements.

Clean

In the Middle East Gulf, LR freight has weakened this week. However, the smaller sizes have strengthened from improved demand. The LR2 TC1 75k Middle East Gulf / Japan route came down to WS167.86 (-9.64), a round trip TCE of \$18,879 /day. The LR1s have been able to hold stable, with TC5 55k Middle East Gulf / Japan only dropping 1.79 points to WS185.71. On a voyage west, TC8 remains around the \$2.85m mark. The MRs of TC17 35kt Middle East Gulf / East Africa rebounded 21.67 points to WS262.5 - a round-trip TCE of \$15,610 / day. West of Suez, on the LR2s, TC15 80k Mediterranean / Japan was a widely reported fixture and little visible activity has kept the index flat at about \$2.7m. The LR1s of TC16 60k Amsterdam / Offshore Lomé look to have suffered from inactivity and subsequently are currently pegged at WS144.29 (-10.71). On the UK-Continent, MRs saw small improvement on TC2 37,000 UK-Continent / US Atlantic Coast and rose to 199.44 (up WS12.22). The TC19 37,000 Amsterdam to Lagos also came up to WS208.57, which saw the delta between the two runs narrow to around 7.5 WS points.

The MRs look to have been in plentiful supply this week in the US Gulf. Subsequently, TC14 38k US Gulf / UK-Continent dropped to WS 151.07 (-35.36) and TC18 the MR US Gulf / Brazil trip also came off again to WS180.36 (-47.17). The MR Atlantic basket TCE dropped from \$23,195 per day to \$15,503 per day. TC9 has taken a downturn this week on the Baltic Handymax, dropping 16.79 points to WS372.5 with reports of lower on subjects at time of writing. In the Mediterranean, TC6 30kt Skikda / Lavera plateaued at WS200 and the market is reported to be balanced at present.