

WEEKLY MARKET REPORT

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26th January 2024

Bulk report – Week 4

Capesize

The capesize market witnessed a mixed and evolving week with notable fluctuations in different regions. The Pacific market started with limited activity and weather disruptions in North China, causing a decline in C5 rates. Projections of additional port closures due to adverse weather conditions added uncertainty. The North Atlantic continued to grapple with a significant shortage of available tonnage, compounded by additional delays in Rotterdam, leading to limited activity, with some operators nominating their own tonnage for their cargoes. A subtle change in sentiment in the Pacific occurred by the middle of the week, with resistance from some owners leading to a slight increase in C5 rates. South Brazil and West Africa experienced fluctuations throughout the week, initially presenting a weaker outlook with a gap between bid and offer prices. However, towards the end of the week, there were reports of a few fixtures concluded at levels above the published C3 index on the day, suggesting a potential positive shift in sentiment. As the week concludes, the Pacific market seems relatively subdued, while the Atlantic exudes a renewed sense of optimism, exemplified by the BCI 5TC climbing by \$410, closing the week at \$17,708.

Panamax

An eventful week for the Panamaxes with the market finding some life in the first half of the week only to ease and flatline as the weekend approached. In the Atlantic, mid-February arrivals in EC South America supplied much of the action. Nicely described 82,000-dwt types were able to secure rates around the \$18,000 mark for second half arrival dates ex South America for trips Far East. Further north, activity was less liquid. In Asia, rates continued to improve ex NoPac with \$12,650 achieved by an 82,000-dwt delivery China for a grain NoPac round trip, the South saw a minor pick up too with Australia and Indonesia seeing marginally better demand and buoyed somewhat by the pick-up in South America. A solid week too for the period with various deals concluded as optimism in the market persisted. An 87,000-dwt agreed to \$19,500 basis 1 year's trading whilst several deals.

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Ultramax/Supramax

A slight change in direction for the sector throughout the week with positive sentiment returning in a few areas. In the Atlantic firmer numbers were seen from South America with better levels of activity and a fairly tight tonnage count in place. Despite little fresh fixing being reported the US Gulf seemed to have found a bottom. From Asia, despite limited demand from SE Asia, the market was supported with better demand from the NoPac and a limited supply of fresh tonnage rates remained fairly healthy. Period cover was actively short, with a 58,000-dwt open China rumoured fixed in the mid \$14,000s for one year. Whilst a 61,000-dwt also open China was fixed for five/seven months trading at \$15,500. From the Atlantic, a 63,000-dwt was heard fixed delivery Santos for a trip to Chittagong at \$18,000 plus \$800,000 ballast bonus and a 61,000-dwt also fixed from Santos to SE Asia at \$17,250 plus \$725,000 ballast bonus. In Asia, a 58,000-dwt open North China was fixed for an Australian round redelivery Japan at \$11,000 and a 55,000-dwt also open North China fixed a trip via Indonesia redelivery China at \$9,000. Activity remained in the Indian Ocean, a 58,000-dwt fixing delivery Kandla trip via Arabian Gulf redelivery WC India at \$14,000.

Handysize

The Atlantic showed continued signs of positivity. On the Continent a 38,000-dwt open in Amsterdam via the UK to Morocco with an intended cargo of coal at \$16,000 whilst a 37,000-dwt was rumored to have been fixed basis delivery passing Skaw via the Baltic to Bangladesh with an intended cargo of fertilizer with redelivery in South Africa at \$19,250. Earlier in the week an ice classed 30,000-dwt fixed from Algeria via Kotka to EC South America at \$10,000. In contrast, the US Gulf was said to have limited cargo enquiry and sentiment remained negative for now with a 34,000-dwt fixing from SW Pass with an early February laycan to EC Mexico at \$13,000. In Asia, Charterer's appetite for period tonnage remained with a 32,000-dwt opening in South China was fixed for a 12 month period at \$10,250, whilst a 32,000-dwt opening in early March was fixed for five months at \$11,000 but further details were unknown on both.

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Tanker report – Week 4

VLCC

The market weakened again this week with the 270,000 mt Middle East Gulf to China route dropping a further seven points to WS58.17 which translates into a daily round-trip TCE of \$34,397 (about \$10,000 less, week-on-week) basis the Baltic Exchange's recently updated vessel description.

In the Atlantic market, a similar weakness was seen with the rate for 260,000 mt West Africa/China also losing seven points WS58.70 (which shows a round voyage TCE of \$35,996 per day) while the rate for 270,000 mt US Gulf/China had \$427,777 sliced off, to be assessed at \$8,955,556 (which provides a round-trip daily TCE of \$44,543).

Suezmax

Suezmaxes in West Africa have been trending down this week with rates for 130,000 mt Nigeria/UK Continent being gouged 28 points to WS109.86 (a daily round-trip TCE of \$42,978, down from \$60,619 last Friday). In the Mediterranean and Black Sea region the rate for 135,000 mt CPC/Med has come off 13 points to WS130.80 (showing a daily TCE of \$56,581 round-trip). In the Middle East, the rate for 140,000 mt Middle East Gulf to the Mediterranean slipped back five points to WS115.11 with the Red Sea increased risk still playing a major role in perceived freight levels and actual activity which has been thin on the ground according to reports while some charterers have been able to co-freight on VLCCs.

Aframax

In the North Sea, the rate for the 80,000 mt Cross-UK Continent route has remained the same as a week ago, at WS181.43 (showing a round-trip daily TCE of \$72,186 basis Hound Point to Wilhelmshaven).

In the Mediterranean market the rate for 80,000 mt Cross-Mediterranean has weakened by 21 points to WS183.33 (basis Ceyhan to Lavera, that shows a daily round trip TCE of \$56,828).

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Across the Atlantic, the Stateside market has been unable to support recent levels. The rate for 70,000 mt East Coast Mexico/US Gulf (TD26) had 31 points cut away and is currently at WS267.5 (a still healthy daily round-trip TCE of \$84,832). For the 70,000 mt Covenas/US Gulf trip the rate is assessed 28 points softer at WS259.38 (a round-trip TCE of \$72,576 per day). The rate for the trans-Atlantic route of 70,000 mt US Gulf/UK Continent has dropped 24 points to WS203.13 (a round trip TCE basis Houston/Rotterdam of \$50,539 per day).

Clean

LR2

LR's in the MEG have rocketed this week. The 75kt MEG/Japan TC1 index rose almost 115 points to WS353.89 (\$101,134 per day TCE round-trip). The 90kt MEG/UK-Continent TC20 run saw rates significantly improve while Red Sea transits have been met with resistance by most owners and now is being freighted close to \$8.45 million, up almost \$2.8 million on last week's assessment.

In the West of Suez market however, the Mediterranean/East trip on LR2's (TC15) has seen rates rise in a more measured fashion, climbing \$600k to the \$4.8-4.9 million level.

LR1

In the MEG, LR1 freight levels followed big jump seen on the bigger units. The rate for 55kt MEG/Japan (TC5) climbed 113 points to WS379.38 (a daily TCE of \$76,696 per day round-trip). For the 65kt MEG/UK-Continent (TC8) market, the rate has risen about \$2 million to just over \$6.9 million, with the Red Sea transit undesirable. On the UK-Continent, the 60kt ARA/West Africa (TC16) market rose 24 points to a shade over WS205 (which translates to a round trip daily TCE of \$40,254).

MR

MRs in the MEG made big gains this week with the 35kt MEG/East Africa (TC17) trip rising 100 points to WS420.71 (a TCE of \$52,817 per day round trip).

UK-Continent MRs made further improvements this week with the 37kt ARA/US-Atlantic coast of TC2 gaining 20 points to WS243.06 (a round trip TCE of \$31,976 per day). Similarly, TC19 (37kt ARA/West Africa) rose 15 points to be marked at the WS265 level (a TCE of just over \$35,800 per day round-trip)

The USG MR market steadied and made little improvement on last Friday's assessments. TC14 (38kt US-Gulf/UK-Continent) has regained two points to WS164.29 (a daily round-trip TCE of just

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over \$17,300). The 38kt US Gulf/Brazil trip (TC18) also similarly saw a rise of three points to be assessed at between WS215-217.5 (\$26,721 per day for the round-trip TCE) and for the 38kt US-Gulf/Caribbean TC21 trip the rate reversed the drop as reported a week ago, recovering \$45,000 to just over \$705,000 (a daily round-trip TCE of \$22,673).

Handymax

In the Mediterranean, Handymaxes had a dramatic boost in rates with TC6 improving by almost 115 points WS323.67 which corresponds to a daily TCE of \$59,837 basis a round trip voyage from Skikda to Lavera.

In North West Europe, the TC23 30kt Cross UK-Continent route saw further strong gains made, climbing 78 points to WS332.83 (a daily round-trip TCE of \$59,016 basis a voyage from Amsterdam to Le Havre).