

WEEKLY MARKET REPORT

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25th November 2022

Bulk report – Week 47

Capesize

The market ended the week on a high as the Atlantic region stepped up its activity and ignited other regions to also build in value. The Capesize 5TC now stands at \$13,373. That is hardly an impressive level for this time of year - or in regards to the past 18 months - yet it has lifted +4,068 week on week. The stark difference in earnings between regions is evident as the Transpacific pays \$13,518 to the Transatlantic C8 at \$18,144, while the Ballaster C14 route lags at a paltry \$9,080 even after several days of gains. The Pacific activity was largely stable in rates at the beginning of the week. But as the Atlantic continued to gain, the positive sentiment infected the Pacific region as a run up in West Australia to Qingdao C5 was seen by Friday. The C5 route now prices at \$8.98, while the Brazil to China C3 was similarly affected and closed up at \$19.006. The Capesize market is not anywhere near where Owners were expecting, or are happy with, but a rally like this is welcomed and sparks hope for a strong finish to the year.

Panamax

Some described the market in Asia as a bloodbath this week with values seeing extensive corrections. The Aussie/NoPac round trips were now traded at levels not seen since Q4 2020 as demand and confidence waned in the basin. Older and smaller units by the end of the week were conceding rates of sub \$7,000 in order to fix for the shorter trips, which highlighted the fall out here. The Atlantic revitalised midweek on the back of some much-needed demand in the north of the arena. Transatlantic and fronthaul trips yielded improved rates. The East Coast South America early arrival window was affected somewhat by the fall out in the Pacific and doubled down on sentiment a little here too. But a number of US Gulf to Far East deals were heard concluded midweek at \$21,500, with improving rates to come some felt. Period news included an 82,000-dwt delivery Japan agreeing \$15,000 for approximately 17/19 months charter.

Ultramax/Supramax

A story of two halves during the week as positive momentum returned to the Asian arena with stronger levels of enquiry from Indonesia and later on in the week from the North Pacific. In contrast, the Atlantic overall lost ground with limited support from key areas such as the US Gulf and South America. Period activity included a 61,000-dwt open Kandla fixing one year at \$12,500 for the first four months trading thereafter at 112 per cent of BSI. From the Atlantic, a 56,000-dwt open Spain was heard fixed for a trip via Morocco to India at \$25,000. The US Gulf saw Supramax sizes now seeing in the low \$20,000s for Transatlantic runs. From Asia, a 56,000-dwt open Singapore fixed a trip via Indonesia redelivery China at \$12,000. A 63,000-dwt open Singapore fixed a trip via Indonesia redelivery Vietnam at \$13,250. The Indian Ocean saw limited activity. A 58,000-dwt fixed a trip from EC India redelivery China with iron ore at \$8,000.

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Handysize

With minimal activity across the Atlantic and Pacific this week, levels have continued to soften. The Continent and Black Sea have seen levels of enquiry reduce further. A 35,000-dwt was fixed from Rouen to West Africa at \$15,750. In East Coast South America, larger sizes continued to take smaller stems and levels are softening with a 36,000-dwt rumoured to have been fixed for a trip from Recalada to Skaw-Passero Range at \$23,000. In Asia, a 40,000-dwt open in Thailand was fixed for a trip via Western Australia to China at \$10,500. There has been more activity from the NoPac region with a 38,000-dwt fixing from Japan via NoPac for a round voyage at \$11,500 and a 33,000-dwt fixed from Astoria to Japan at \$13,500. Period has been more active with a 38,000-dwt fixing basis delivery in China with December dates at 108% of the BHSI index.

Tanker report – Week 47

VLCC

The VLCC market took a downturn this week with charterers quelling the freight level highs reached last week. 270,000mt Middle East Gulf to China had 19.84 points cut from it to WS109.75 (a daily TCE round trip of \$76,854), while the 280,000mt Middle-East Gulf to US Gulf (via the cape/cape routing) trip is currently assessed only 1.66 points lower than last week at WS71.56. In the Atlantic basin, the rate for 260,000mt from West Africa to China also took a tumble down to WS111.56 (-17.76) (a round trip TCE Earning of \$79,686 per day). 270,000mt US Gulf/China has, by comparison, remained relatively stable at around the \$14,400,000 - \$14,600,000 region and is still returning (\$84,000 per day round trip TCE).

Suezmax

The Suezmax market also topped out this week, where 135,000mt CPC/Augusta peaked at WS323 - up from WS258 - and has now resettled back at WS320 for the moment and is still returning a TCE of \$170,000 /day. Meanwhile, for the 130,000mt voyage Nigeria to Rotterdam market, rates steadily increased to WS225 midweek and has now returned back down to WS212.5. The 140,000mt Basrah/Lavera market maxed out at WS121.69 to then end up at WS116.56, with wide reports of a WS110 on subjects at time of writing.

Aframax

The Aframax market in the US-Caribbean region saw a significant cooling off period this week in the run up to the long Thanksgiving weekend. This put pressure on the red hot freight levels that had previously shown no sign of slowing. TD26, 70,000mt East Coast Mexico/US Gulf shed 40.62 points, down to WS679.38 (\$217,984 per day round-trip TCE). By comparison the 70,000mt Covenas/US Gulf voyage saw minimal activity, but was led by the other behaviour in the region. The TD9 index subsequently dropped to WS623.13 (-17.5) (a daily round-trip TCE of about \$180,000). For the longer-haul 70,000mt US Gulf/Rotterdam voyage, charterers were also able to chip away at freight early in the week and the run is currently pegged at WS393.57 - a 37.14 point drop from last week. At these levels the trip is still rendering \$98,000 / day round trip TCE.

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In Europe, 80,000mt Hound Point/Wilhelmshaven continued to gain traction with the run pegged at WS307.5 (+43.75) (a daily TCE of about \$137,000 round-trip). In the Mediterranean, which remained very busy, particularly out of Libya, this week the 80,000mt Ceyhan/Lavera route saw a near WS50 point improvement to WS430, returning a daily round-trip TCE of \$157,629.

Clean

The market has generally seen improvements all round this week. This was reflected in the BCTI climbing 277 points to 1738.

The Middle East Gulf has seen a surge in activity on all sectors. TC1 has shot up 95 points to WS291.25 and on a trip west TC20 has sailed over the \$6,000,000 mark to \$6,164,000 - a jump of a little over \$2,000,000 and seeing returns of over \$75,000 /day round-trip TCE. On the LR1s TC5 has similarly climbed 92.14 points to WS305.71 and TC8 is currently pegged at \$4,441,000, an improvement of \$965,900.

Just as the larger vessels saw a return to strength this week, subsequently the TC17 index has jumped 60 points to WS397.86

West of Suez, LR1s have been busy this week. The TC16 index has climbed 98.57 points to WS332.14 with reports of WS350 on subjects at time of writing. The LR2s have also been pulled up and TC15 is currently marked at \$4,866,000 (+\$1,791,000).

On the UK-Continent, MRs have been consistently active throughout the week resulting in the inevitable uptick in freight. TC2 has added 15.51 points to WS378.57 and TC19 pushed up another 24.64 points to WS403.57.

In the US Gulf, MRs began a resurgence early in the week with rates beginning to climb. However, as the Thanksgiving weekend approached activity looked to trail off and freight levels then dipped prior to the long weekend.

The MR Atlantic Triangulation Basket TCE lost \$2243 from \$66,897 to \$64,654.

On the Handymax, current market dynamics in both North West Europe and in the Mediterranean has driven another lift in rates. TC6 gathered steam, fueled by a lack of tonnage availability, up to WS391.88 (+31.25). In the Baltic TC9 has likewise climbed 34.28 points to WS597.14.