WEEKLY MARKET REPORT

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28th October 2022

Bulk report – Week 43

Capesize

The Capesize market is in need of a large cargo injection to rally rates in the run-up to the end of the year. Activity levels showed small pockets of strength, yet fixing values have continued to decline throughout the week. The Capesize 5TC now stands at $13,852, a decline of 3323. The only constant throughout the week was the expected West Australian flow. However, while charterers applied pressure and owners resisted as best they could, the rates seem only to have one direction as the C5 declined slowly to $8.64 with the Transpacific C10 valuing weeks end at $11,105. The Brazilian market was slow to start the week yet had reasonable activity heard with varied destinations. Charterers looked to be taking advantage of the current weakness to secure their Q4 tonnage needs. The C3 now stands at $19.95 while the Ballaster C14 route closed at $8,650. The China Congress has ended, but there is seemingly no change to the cargo demand or any guidance from China that the Cape market can rally behind.

Panamax

With confined demand globally, it proved to be a challenging week for owners with a slow and steady erosion of rates in the Panamax market culminating in the 5TC average losing $2,669 to end the week at $16,350. In Asia, decent specification 82,000-dwt types for trips via NoPac were able to achieve rates well into the $19,000s during the early part of the week. But with limited mineral trade, this had eroded down to rates in the $17,000s as the week ended. With limited action of note in the Atlantic, rates here came under the most pressure with charterers largely able to pick off tonnage at will with APS & BB deals reported a few times for Transatlantic rounds highlighting the negative market trend here. Period news included talk of an 81,000-dwt delivery China agreeing $19,250 for six to eight months, but this appeared unrepeatable as market confidence continued to subside.

Ultramax/Supramax

A turbulent week overall for the sector. The Asian arena saw a big correction with a severe lack of fresh enquiry in most areas. Prompt tonnage was building up and owners were discounting to get cover as charterers remained firmly in the driving seat. The Atlantic generally remained positional. However, as the week closed there were signs of a softening trend. Limited period activity surfaced but a 60,000-dwt open Singapore was rumoured fixed for 14 to 17 months trading at $17,000. From the Atlantic, a 57,000-dwt open West Africa was heard fixed for a trip to China at $20,500. Further north, a little more scrap enquiry. A 55,000-dwt fixing delivery passing Skaw via the North Continent redelivery East Mediterranean at around $22,000. Poor reading from Asia, as Supramax vessels were heard to be fixing around $8,000-$9,000 for trips from North China to Southeast Asia. There was limited fresh enquiry further south, with a 56,000-dwt fixing delivery Kosichang via Indonesia redelivery China at $12,000.

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Handysize

Limited enquiry across Asia resulted in further reductions as levels of open tonnage continued to grow. Sources spoke of a reduction in logs enquiry which also added pressure in the region. A 38,000-dwt open in Humen fixed via Australia to Japan with an intended cargo of Sugar at $12,000. Meanwhile, a 38,000-dwt open in East Australia fixed a trip to Singapore-Japan Range at $16,250 with an intended cargo of concentrates. A 34,000-dwt open in Port Lincoln fixed a trip to China with an intended cargo of alumina at $18,000 with some waiting time for the Owners account. The Atlantic had shown more positivity of late with a 33,000-dwt fixing from Paranagua to Lisbon at $28,000. The Continent has shown signs of slowing, but the Mediterranean remained firm with a steady flow of steel enquiry. A 39,000-dwt fixed from Turkey to the US Gulf at $21,000 with an intended cargo of steel.

Tanker report – Week 43

VLCC

The VLCC market eased back this week. 270,000mt NHC Middle East Gulf to China fell seven points to around the WS98-99 mark (a daily TCE round trip earning of $62,800) with Chinese charterers reported to have taken a few ships (one Frontline and two Korean relets) at these levels. Meanwhile, the 280,000mt Middle-East Gulf to US Gulf (via the cape/cape routing) trip is assessed 1.5 points lower than last week at WS55. In the Atlantic, the rate for 260,000mt from West Africa to China slipped six points to WS100 (a round-trip TCE earning of $65,700 per day) and 270,000mt US Gulf/China is a marginal $6,250 lower than a week ago at $11,587,500 ($56,200 per day round-trip TCE).

Suezmax

The Suezmax market remained firm this week with rates for 135,000mt CPC/Augusta gaining six points to break through the WS200 barrier again at between WS202.5-205 (a TCE showing a daily return of $87,100). In West Africa, the 130,000mt to Rotterdam trip saw rates ascend through WS175 and are now currently peaked at just shy of WS185 ($66,700 per ay round-trip TCE). The 140,000mt Basrah/Lavera market rose a meagre 2.5 points to WS101.5.

Aframax

The Aframax market in the US-Caribbean region has remained on an upward trajectory and the rate for 70,000mt Covenas/US Gulf rose 24 points to WS405 ($103,300 per day round-trip TCE), with an American major charterer now reported to have fixed this route at WS410. The 70,000mt East Coast Mexico/US Gulf trip improved five points to WS407.5 (a round-trip TCE of about $112,300). For the longer-haul 70,000mt US Gulf/Rotterdam voyage the rate has increased by another 3.5 points this week to WS303.5 (a TCE of $67,100 per day round-trip). Across the Atlantic, 80,000mt Hound Point/Wilhelmshaven is now rated two points lower than a week ago at between WS207.5-210 level (a daily TCE of $68,300 round-trip). In the Mediterranean,

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80,000mt Ceyhan/Lavera is 1.5 points firmer at a little over WS237 (showing a daily round-trip TCE of $67,800).

Clean

In the Middle East Gulf this week LR2s began quietly with freight levels propped up by other sizes in the region. TC1 only lost five points to WS192.19 and a trip west, TC20, lost $100,000 to bottom out at the $4,200,000 mark ($39,000 / day round trip TCE). On the LR1s, TC5 has been steady with WS200 repeated several times. A firming sentiment has pushed the Index up 10 points to WS209.64. In addition a voyage west, TC8, has hopped up $145,000 to $3,490,000.

AG MRs have been particularly strong this week seeing the TC17 index rise 42.86 points to WS402.86 and going over the $40,000 /day round trip TCE.

West of Suez, LRs have been somewhat sombre. TC15 lost just over $200,000 to arrive at $3,480,000 and TC16 dropped from WS228.21 to WS218.57.

On the UK-Continent MRs, softened this week from expanding available tonnage and modest activity. TC2 shed 18 points to WS282.5 and TC19 similarly came down from WS309.29 to WS292.5.

In the US Gulf, CPP exports look to have been somewhat limited this week causing MR freight levels to decline. TC14 adjusted down 24.17 points to WS175 and similarly TC18 dipped from WS315.83 to WS268.75. On a run down to the Caribbean (TC21) we saw the index exuviate $183,334 down to $683,333.

The MR Atlantic Triangulation Basket TCE lost $5,369 from $38,732 to $33,363.

On the Handymax, in the Mediterranean there was relatively little enquiry. This allowed tonnage to build and rates to slide, TC6 lost 22.5 points to WS280. In the Baltic, TC9 has improved this week for more activity and tighter ship availability. The index rose from WS399.29 to WS440.71.