

WEEKLY MARKET REPORT

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11th February 2022

Bulk report – Week 6

Capesize

There was positive sentiment throughout the dry freight sector this past week, including Capesize, as traders returned from Lunar New Year holidays. Activity was clearly seen to be elevated as the Capesize 5TC rose +5095 over the week to close on a mild Friday at \$15,397. All regions in the market were affected. However, the Transpacific C10 was coming from a lower level and saw the most gains to now be priced at \$11,092. The Transatlantic C8 and the ballaster C14 closed at \$18,875 and \$14,982 respectively. On the voyage basis the West Australia to China C5 closed at \$8.559, while the Brazil to China C3 at \$23.485 - significant lifts for both routes. The softer day to close the week is thought to be a case of too much too soon, with the market overly excitable to see a repeat of last year's bull run. In classic Capesize style the sector looks to have stalled out. Yet to the relief of many owners, rates are back well into the five digit levels. With smaller sizes supporting with their higher earnings levels, the Capesize market remains in good stead to consolidate its recent gains.

Panamax

The Panamax market came to life this week with the return from Asian holidays. The Atlantic quintessentially was driven by the Americas with a healthy demand not seen in some time, adding a much-needed impetus to most markets and improving sentiments. An 82,000-dwt basis delivery Continent achieving \$30,000 for a trip via NC South America redelivery Far east typifying this improved market. Asia returned post holidays on a cautious approach for the first part of the week, but did spring into life midweek with robust demand ex Indonesia and to a lesser degree ex NoPac. A scrubber fitted 81,000-dwt delivery Korea agreeing \$25,500 for a trip via NoPac redelivery China perhaps the high rate of the week. A plethora of period fixing was also seen this week as both physical and FFA markets aligned. Several players were rumoured to have taken cover. An 82,000-dwt delivery Japan accomplishing an impressive \$24,750 for 8/11 months trading.

Supramax / Ultramax

A much more buoyant week than of late as increased demand from many areas helped market levels. Period cover was also active, with Ultramaxs open Southeast Asia now seeing around \$30,000 for medium period. From the Atlantic, increased action from the Mediterranean saw a 56,000-dwt fixing delivery Egypt trip to West Africa at \$20,000. Stronger numbers were also seen from the US Gulf. A 58,000-dwt fixing a trip from SW Pass to the Black Sea at \$20,000 and a strong rebound in Asia with increased demand in the South. A 63,000-dwt open Manila being heard fixed for a trip to Bangladesh at \$41,000. Also, a 55,000-dwt open Chennai was heard fixed via Indonesia redelivery India at \$25,000. Elsewhere, the backhaul runs strengthened as a 63,000-dwt open Zhoushan fixing a steels run to Gibraltar-Skaw at \$20,000 for first 65 days and

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\$25,000 thereafter. From the Indian Ocean, a 66,000-dwt was heard fixed delivery South Africa trip redelivery India in the mid \$24,000s plus mid \$400,000s ballast bonus.

Handysize

The Pacific markets continued to rise this week after the Chinese New Year celebrations. Brokers spoke of improving numbers with more enquiry in all sectors, including the logs trade, which is said to have lead some charterers to explore period Charters. A 35,000-dwt was rumoured to have been fixed basis delivery China for four to six months with worldwide redelivery at \$25,000. A 38,000-dwt vessel was fixed for a trip from China to South East Asia at \$25,000. A 38,000-dwt was also rumoured to have been fixed from South East Asia via Australia to China at around \$25,000. In the Atlantic, a 36,000-dwt fixed from the Black Sea to the US Gulf at \$18,000 with an intended cargo of steels. A 37,000-dwt was fixed from Canakkale via the Black Sea to Thailand at \$23,000. A 38,000-dwt open Rotterdam was fixed for a trip to East Coast South America at \$14,500.

Tanker report – Week 6

VLCC

The market remains weak in both the Atlantic and Middle East. Rates for 280,000mt Middle East Gulf/USG (via Cape of Good Hope) slipped a point to the WS16.25 level, after Exxon were reported to have taken a Cosco vessel to the UK Continent via Suez at WS16. For the 270,000mt Middle East Gulf/China route, rates eased about a quarter of a point to a fraction below WS33 (which shows a round trip TCE of minus \$10,600 per day). However, a major Chinese charterer is today reported to have covered on an Omani controlled ship at WS33.5.

In the Atlantic region the 260,000mt West Africa/China trip also lost a quarter point to just below WS34 (a round-trip TCE of minus \$8,900 per day) and 270,000mt US Gulf/China is \$278,000 weaker at \$4.075m (a round-trip TCE of minus \$9,800 per day) after a Greek owner found demand lacking for their reportedly weak-positioned Atlantic-committed vessel and covered with a trader at \$4m. Overnight reports have that same trader reletting another of their vessels to a major Chinese charterer at \$4.3m with a slightly later loading date.

Suezmax

The rate for 130,000mt Nigeria/UKC eased a further 3.5 points to the WS62 mark (showing a round-trip TCE of \$450 per day), with only a couple of fixtures reported midweek at WS62.5 leading to weaker sentiment rather than fundamentals. For the 135,000mt Black Sea/Augusta route, rates fell two points to about WS71 (round-trip TCE showing minus \$2,000 per day). In the 140,000mt Basrah/West Mediterranean a couple of fixtures were reported for Shell and Repsol at WS29.5 and rate assessments have remained static this week at between WS29.5/30.

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Aframax

The 80,000mt Ceyhan/Mediterranean market was a little weaker with rates falling two points to WS97.25, which shows a round-trip TCE of \$3,600 per day. In Northern Europe rates for 80,000mt Hound Point/UKC were still around WS95 (a round-trip TCE of minus \$3,900 per day) while in the 100,000mt Baltic/UKC market rates regained 2 points to just over WS84 (a TCE of \$5,500 per day). On the other side of the Atlantic, the market rose as the list of available tonnage shortened and demand grew - especially from East Coast Mexico.

Rates for 70,000mt Caribbean/US Gulf were up 30 points to WS132.5 (a round-trip TCE of \$11,100 per day), while for 70,000mt EC Mexico/US Gulf rates escalated 37.5 points from a week ago to WS144 (a TCE of about \$17,800 per day round trip). In the US Gulf/UK Continent market rates rose 11 points to just shy of WS120 (\$9,400 per day round-trip TCE, which calculates to a much improved figure basis one-way economics).

Clean

The Middle East Gulf has been steady this week with the exception of the MRs. On TC1 the LR2s held at about WS75. The LR1s have also been balanced all week around the WS97.5 mark for TC5 55k Middle East Gulf / Japan. LR1 voyages to the west have also been subdued and TC8 currently sits at 24.68 or \$1.6m. On the MRs TC17 was tested down to WS185 (-WS10), a round trip TCE of \$8616/day. West of Suez, The LR2s, TC15 80k Mediterranean / Japan have suffered from a week of inactivity and currently sit at the \$1.825m mark. The LR1s, TC16 60k Amsterdam / Offshore Lomé have been active this week. There has subsequently been a welcome 13 point upturn ending up at WS111.57.

On the UK-Continent, MR tonnage has thinned a little at the front end and cargo flow looks to be still relatively stable. TC2 37k UK-Continent / US Atlantic Coast has come up WS6.95 and is currently at WS150.56 - a round trip TCE of \$6350/day. TC19 37k Amsterdam to Lagos has also risen 7.14 points to WS155.71 (a round trip TCE of \$8659/day).

In the Americas both MR routes have shown a consistently firming sentiment this week. TC14 38k US Gulf / UK-Continent is now WS 94.29 (-WS6.79) and TC18 38k from US Gulf / Brazil WS 146.79 (+8.22). The MR Atlantic basket TCE rose from \$7393/day to \$9216/day.

The Baltic Handymax market spiked a WS220 midweek but has then resettled and TC9 30k Baltic / UK-Continent is now at WS210 for the moment. In the Mediterranean, Cross Mediterranean Handymax rates bottomed out at around WS150 midweek, a flurry of cargoes followed resulting in levels resurging. TC6 30kt Skikda / Lavera is now back at WS160 at time of writing.