

WEEKLY MARKET REPORT

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11th March 2022

Bulk report – Week 10

Capesize

The Capesize market appeared to get caught up in the wider market rallies this week as geopolitical tensions run high, with the 5TC lifting \$8635 over the week to settle at \$22,195. The 5TC lifted \$8635 over the week to settle at \$22,195. And, while tailwinds surely helped push the market higher, there was also plenty of physical activity to support the rising rates. Fresh demand in Europe for alternative energy sources other than gas were answered by coal suppliers globally. Sources from as far afield as Eastern Australia saw the backhaul C16 spring to life, lifting \$14125 over the week to close at \$14,550. The Atlantic basin was particularly lively this week with a mix of coal and iron ore cargos that had owners raising their offers as the Transatlantic C8 rose \$8625 week on week to \$23,050. The Pacific region rose as the Transpacific C10 closed the week at \$19,633. Bunkers continues to play havoc with voyage rates and are now responsible for a larger share of vessel running costs. The market remains very active and prone to surges of volatility while being very much linked to political activity amongst a rapidly changing market landscape.

Panamax

A thriving Panamax market overall and a fervent FFA market lent support to period and numerous deals were concluded. An 81,000-dwt delivery India agreeing \$31,750 for one year's trading. The market in Asia got ahead of steam midweek and eased somewhat by end week as markets cooled. Primarily it was an Indonesia-centric market, but heightened demand from NoPac gave support with some firm rates agreed. A new build 82,000-dwt delivery Japan achieving \$35,000 for a NoPac round trip the highlight. In the Atlantic EC South America returned a two-tier market on the week. End of March arrivals heavily discounted to index dates as ballasters competed with Mediterranean tonnage diverting away from the Black Sea. The North Atlantic remained underwhelming on the week. Mediterranean tonnage conceded APS rates for EC South America round trips redelivery Continent-Mediterranean. An 82,000-dwt achieving \$42,500 for a trip via US east coast redelivery Continent.

Supramax / Ultramax

As the war in Ukraine entered its third week, the Atlantic was seemingly finding its feet. However, owners remained reluctant to trade towards the East Mediterranean and expected a premium for such runs. From the Mediterranean, rates remained soft. A 58,000-dwt fixing a trip delivery Canakkale to Houston with cement at \$15,750. From East coast South America, a 53,000-dwt was heard fixed for a trip to Haifa in the upper \$30,000s. It was overall a strong week from Asia. With the continued lack of prompt tonnage and strong backhaul demand, some impressive rates were reported. A 56,000-dwt fixing delivery Indonesia redelivery China at \$51,000. That said, as the weekend approached some brokers commented there was a slowing in pace. Period activity remained as a 56,000-dwt open Mombasa mid-March was fixed for five to seven months trading

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at \$35,000. BSI did continue its upward push, rising 353 points week on week and the 10 TC weighted average finishing at \$32,330.

Handysize

The BHSI continues to make gains. In Asia, brokers spoke of pressure remaining on Charterers in both the container and dry bulk markets. A 37,000-dwt fixed from Japan to the Mediterranean at \$60,000. A 37,000-dwt open in Panjin 9-13 March fixed a trip to Chittagong at \$38,000. In East Coast India, a 40,000-dwt open 17-21 March fixed a trip to Safaga at \$54,750. A 34,000-dwt open in China 18 March fixed for two to three laden legs redelivery Singapore-Japan range at \$38,000. The Atlantic also rallied this week, brokers spoke of stems - which had been due to load in the Black Sea - have now moved to other loading regions including the US Gulf, which has seen more activity. A 38,000-dwt was fixed from Savannah to the Continent at \$21,000. A 37,000-dwt fixed from Punta Rincon to China with a intended cargo of Copper Concentrates in the low \$20,000s.

Tanker report – Week 10

VLCC

As market participants adjust to the continuing situation in Ukraine, rates have fallen this week. However, the challenges for owners is made worse by the extreme bunker prices affecting the timecharter equivalents. For 280,000mt Middle East Gulf/USG (via Cape of Good Hope) the latest assessment is two points lower at WS22.5. In the 270,000mt Middle East Gulf/China market rates dropped six points to WS46.5 level (a round trip TCE of minus \$15,300 per day). In the Atlantic region, the 260,000mt West Africa/China route fell five points to WS45.5 level (minus \$15,200 per day round-trip TCE), with the only reported fixture being a BP-operated VLCC to Exxon for a West Africa to India trip at WS48 at the beginning of the week. The 270,000mt US Gulf/China route has lost \$437,500 since last week and is now valued at \$5.425m (a round-trip TCE of minus \$17,600 per day). However, there are reports overnight of \$5.5m being on subjects for a trip to Korea.

Suezmax

The 135,000mt Black Sea/Augusta route jumped down 31 points to WS257 (a round-trip TCE of \$112,900 per day) and rates for 130,000mt Nigeria/UKC continued their tumble, losing another nine points this week to WS80 (a round-trip TCE of minus \$9,300 per day). For the 140,000mt Basrah/West Mediterranean route, charterers have managed to claw back seven points and the market is now assessed at WS48.5.

Aframax

The 80,000mt Ceyhan/Mediterranean market dropped 91 points to just below the WS140 level (a round-trip TCE of \$6,500 per day). In Northern Europe, the rate for 80,000mt Hound Point/UKC has settled back down to WS135 (a round-trip TCE of minus \$2,000 per day) - a drop of 81 points for the week. Meanwhile, rates for the Russian loading route of 100,000mt Baltic/UKC have rocketed a further 63 points to just below WS570 (a round-trip TCE of \$253,100

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per day) on the back of the very restricted number of vessels able - and willing - to load in Russia, discharge in Europe and that are ice region suitable. On the other side of the Atlantic, the market slid further downwards. A 70,000mt EC Mexico/US Gulf has fallen three points to WS160 (a round-trip TCE of \$3,700 per day). And similarly 70,000mt Caribbean/US Gulf rates fell three points to the WS152.5 level (a round-trip TCE of \$849 per day). For the transatlantic route, the rate for 70,000mt US Gulf/UK Continent fell 15 points to WS137 (minus \$2,000 per day round-tip TCE, or a slightly more positive figure basis one-way economics).

Clean

The BCTI ticked over the 1000 mark this week as CPP tanker freight continued to climb on the majority of sectors. Extreme bunker prices are, however, putting a dampener on owners' returns. In the Middle East Gulf, the LR2s have been the hot topic this week. Reports of a steady flow of naphtha stems from the region assisting TC1 to rise to WS194.29 (+42.15). The LR1s have been on the heels of their bigger sisters and TC5 55k Middle East Gulf / Japan has seen a 22.5 point jump to WS202.14. On a voyage west to the UK Continent, TC8 has also leaped again from \$2.65m to \$3.22m this week. The MRs of TC17 jumped twice, firstly from WS230 to WS260, plateauing. Then a widely reported options voyage paying WS272.5 to East Africa looks to have played a factor in the index arriving at WS271.67 at the time of writing. West of Suez, on the LR2s TC15 80k Mediterranean / Japan has been stable at \$3.2m all week.

The LR1s, TC16 60k Amsterdam / Offshore Lomé, peaked at WS155 midweek then resettled back at WS150.71. On the UK-Continent, MR freight saw a 15.83 point improvement on a TC2 run transatlantic to WS185 and similarly on TC19 +12.5 points WS192.14. Freight levels picked up again for the USG MR's this week. TC14 38k US Gulf / UK-Continent rose to WS 198.21 (+WS21.07) and TC18 the MR US Gulf / Brazil run hopped up to WS239.29 (+20.72).

Baltic Handymax vessels have fluctuated up and down this week, which is a side effect of the conflict in Ukraine creating uncertainty in the region at present and resulting in a multi-tiered market. TC9 currently sits at WS370. In the Mediterranean, TC6 30kt Skikda / Lavera has held stable on dropping a modest three points to WS281.38.