

## WEEKLY MARKET REPORT

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18<sup>th</sup> March 2022

### Bulk report – Week 11

#### Capesize

The surge in Capesize rates abruptly flattened off this week as global markets continue to be highly volatile. The Capesize 5TC lowered -591 from last week to settle at \$21,604, yet the market remains primed for movement. Underlying reductions in bunker prices can take a lot of responsibility for taking the wind out of the sails of many markets, yet they are still far from settled. Rumours are being heard that prices are building again due to ongoing geopolitical tensions. The Transpacific C10 switched to paying a premium over the Transatlantic C8 this week, with both routes closing at \$24,133 and \$20,175 respectively. Fixtures heard out of Brazil with options to load West Africa, discharging Fareast, helped to push up the Tubarao to Qingdao C3 towards the end of the week with it now marking at \$28.14. The Backhaul C16 has descended from levels posted early in the week, with a few shorter sharper fixtures, but still remains at a healthy \$10,250. The Capesize market will soon be coming out of the first quarter of the year when, historically, it has been known to lift a notch or two in value. With recent strong fixture activity, global tensions and economies continuing to re-open from the pandemic, the market is sure to be pulled in numerous directions and unlikely to stay flat for long.

#### Panamax

This week returned a mixed bag for the Panamax market, but ultimately the week ends at softer levels. The sentiment in the Atlantic continued from last week with a softer start, but did appear to find a floor midweek, particularly for the transatlantic trips via the Americas. An 81,000-dwt, delivery Morocco, achieved \$21,000 for a trip via US Gulf option NC South America redelivery Skaw-Barcelona. Overall, the week ends with some support. A raft of fixtures midweek on sub-index types were agreed around the \$29,000 mark for fronthaul trips via NC South America. However, better bids were evident in the latter part of the week with the Atlantic finding backing. The NoPac and Australia round-trip routes lost circa \$5,000 in value week-on-week with limited activity. Indonesian coal, for large parts, was the driver for tonnage open further south, but this fell under pressure as the weekend approached.

#### Ultramax/Supramax

Positivity returned to the Atlantic as brokers spoke to a declining list of open tonnage against a steady flow of enquiry, which has seen levels climb. A 63,000-dwt, open in Houston, was fixed for a trip to Imbituba at \$30,000. A 53,000-dwt, open in the North Coast South America end of March, fixed a trip to the UK-Continent in the low \$30,000s. A 56,000-dwt, open in the US Gulf, was fixed to the West Coast Italy with an intended cargo of Petcoke at \$31,750. A 56,000-dwt open in Jorf Lasfar fixed via the Western Mediterranean to Nigeria in the high \$20,000s. A 63,000-dwt, open in Vietnam 21-25 March, was fixed for a trip to Bangladesh with an intended cargo of Clinker at \$30,000. A 63,000-dwt, open in Singapore with spot dates, was fixed via Indonesia to China at

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\$41,000. A 61,000-dwt, open in Tianjin end of March, was fixed for short period with worldwide redelivery at \$42,000.

### **Handysize**

The BHSI made positive gains this week, driven by positivity in East Coast South America where brokers spoke of increasing enquiry. A 37,000-dwt, open Upriver Plate, 22 March was fixed for a trip to North Brazil with an intended cargo of grains at \$45,000. The US Gulf improved with a 39,000-dwt fixing from Puerto Cortez, via the US Gulf to the Continent, at \$30,000. Activity in the Mediterranean also saw an upswing. A 33,000-dwt open in Spain fixed via multiple load ports in the Mediterranean to the US Gulf at \$16,000. In Asia, activity has been limited. A 33,000-dwt open in China fixed a via Indonesia, redelivery China, in the mid \$30,000s. In West Coast South America a 39,000-dwt open in Peru was fixed for a trip via Chile to the St Lawrence River at \$30,000. A 28,000-dwt open in Colombia 16-24 March was fixed for five to seven Months with worldwide redelivery at \$32,000.

### **Tanker report – Week 11**

#### **VLCC**

The markets continue to settle back down after the Russian invasion of Ukraine three weeks ago. For 280,000mt Middle East Gulf/USG (via Cape of Good Hope) the latest assessment is another two-points lower at WS20.5. Meanwhile, in the 270,000mt Middle East Gulf/China market, rates had seven points chipped away to WS38.5 level (a round-trip TCE of minus \$9,700 per day). In the Atlantic region the 260,000mt West Africa/China route had four points chopped out and is now rated at WS41 (minus \$6,200 per day round-trip TCE). The only reported fixture is a French Oil Major, which is claimed to have taken a vessel for a West Africa trip Far East voyage at WS44 (with West options a little higher) at the beginning of the week. The 270,000mt US Gulf/China route has lost a further \$306,250 since last week and is now valued at a touch above \$5m (a round-trip TCE of minus \$7,000 per day).

#### **Suezmax**

Rates for the 135,000mt Novorossiysk/Augusta route dropped 44 points to WS211 (a round-trip TCE of \$93,900 per day) with very little reported activity, whilst rates for 130,000mt Nigeria/UKC have settled at the WS77.5/80 level (a round-trip TCE of \$3,700 per day). For the 140,000mt Basrah/West Mediterranean route, charterers were able to again draw owners down a further two points to just above WS46, with reports this morning detailing Delta Tankers on subjects to Saras at this level.

#### **Aframax**

The 80,000mt Ceyhan/Mediterranean market dipped five points earlier in the week and rates have recovered to show a weekly change of 0.5 points at WS130 (a round-trip TCE of \$14,800 per day). In Northern Europe, the rate for 80,000mt Hound Point/UK Continent has slipped 7.5 points to WS125 (a round-trip TCE of \$11,500 per day). Meanwhile, rates for the Russian loading route

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of 100,000mt Primorsk/UK Continent steeply fell by 42 points to WS517.5 (a round-trip TCE of \$245,100 per day). However, reports this morning have a Delta Tankers vessel on subjects to a Chinese charterer at WS375, with an option to the Mediterranean at WS300. On the other side of the Atlantic, the market slipped further for the shorter haul voyages; 70,000mt EC Mexico/US Gulf fell 11 points to WS147.5 (a round-trip TCE of \$14,500 per day) and 70,000mt Caribbean/US Gulf rates fell six points to just below WS145 (a round-trip TCE of \$10,800 per day). For the longer-haul transatlantic route, the rate for 70,000mt US Gulf/UK Continent has plateaued at WS135 (\$9,700 per day round-trip TCE, or a much higher figure basis one-way economics).

### Clean

The BCTI held up just over the 1000 mark this week with high bunker prices (albeit not quite so high as last week) still playing a leading role. In the Middle East Gulf, freight levels seem to have stalled and then have been tested down on all sizes this week. The LR2s of TC1, 75k Middle East Gulf / Japan, have come down to WS180 (-14.29), a round-trip TCE of \$26,564 /day. LR1s have also seen a similar downward trend with TC5, 55k Middle East Gulf / Japan, dipping 14.28 points to WS192.68. On a trip to the West, TC8 is still holding over the \$3m level for the moment. The MRs of TC17, 35kt Middle East Gulf / East Africa, came off 29.16 points to WS240.42 - a round-trip TCE of \$14,626 / day.

West of Suez, on the LR2s, TC15 80k Mediterranean / Japan, have been subject to softening sentiment this week, currently pegged around \$3m. The LR1s of TC16 60k Amsterdam / Offshore Lomé held stable this week with WS155 being repeated. On the UK-Continent, MRs saw the TC2 (WS180.83) and TC19 (WS194.64) delta expand this week from its customary five points. We understand owners are currently less willing to end up in West Africa due to high bunker prices and repositioning costs.

US Gulf MRs appear to have been suffering from subdued activity this week. Subsequently TC14, 38k US Gulf / UK-Continent, dropped to WS 188.93 (-8.57) and TC18 the MR US Gulf / Brazil run also came off to WS230 (-10). Baltic Handymax vessels on TC9 have crept up this week from WS385 to WS390, where they look to have settled for the moment. In the Mediterranean TC6 30kt Skikda / Lavera has seen tonnage availability increase this week and subsequently the run has been tested down to around the WS230 mark.