

WEEKLY MARKET REPORT

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19th November 2021

Bulk report – Week 46

Capesize

The Capesize market closed out a generally underwhelming week with positive sentiment and an uptick in the final days with the 5TC lifting +2905 to settle at \$29,938. Rates are down week on week and the routes appear to now be oscillating in a trading range. Fundamentals are said to have improved at the later end of the week, but whether they have enough impetus to break above the current upper range is uncertain. In the Atlantic region the Transatlantic C8 now resides at \$33,500 to the Transpacific C10 at 31,562. The China-Brazil Ballaster C14 route, meanwhile, continues to lag at \$24,582. Iron ore trades out of Brazil to Asia are now fixing quite often for second-half December loading dates as we begin to close out the Q4 season. With iron ore prices plummeting to sub \$100 per mt levels, questions are being posed as to the implications for shipping. While a lot of cargo is moved outside of spot markets on longer-term contracts, waning hunger from buyers may begin to take a toll in the coming months - yet Capesize are always anything but clear to forecast.

Panamax

A week which saw substantial losses in the Panamax market, retracting back to values not seen since April of this year. Resistance from Owners was scarce as tonnage far outweighed demand, resulting in Charterers driving down the bids - especially in the Asian basin. In the Atlantic, rates reduced nigh on \$2000 on all routes with little sign of things altering as tonnage lists built and ballasters continued to undermine the market. An 82,000-dwt achieved a vastly reduced rate of \$21,500 for a trans-Atlantic trip. With a lack of demand ex Australia - and ultimately EC South America - Kamsarmax's open SE Asia felt the strain the most. Indonesian coal trips were seen to be massively discounted by the smaller and older units with offers now sub \$10,000. With confidence and sentiment little period activity of note although a 79,000dwt delivery North China achieved close to 104% of BPI5TC index for one year.

Ultramax/Supramax

It has been a very quiet week for the sector with very limited activity across the board. There was resistance shown in the Pacific though largely down to a stand-off between owners and charterers with anything fixed at last done levels or slightly lower. The US Gulf was one area that showed positive signs until the tail end of the week and then the sentiment fell away. And, with a lack of cargoes, the only area of strength looked to be weakening. The larger sizes appear more undervalued in comparison, further eroding the optimism that was briefly felt in the south Atlantic. In the Pacific, despite a wide spread between positions, vessels were being fixed at close to last done. However, it would appear both owners and charterers have looked to a quiet weekend and see what transpires next week. It remains to be seen where the market will head next week. But it was felt Owners might have to wait for any significant improvement in rates.

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Handysize

Another week driven by the negative sentiment in most regions. A 37,000-dwt open in South Korea was fixed for a trip via CIS with redelivery in South Korea – China Range at \$17,000. A 38,000-dwt open in Thailand was fixed for a trip to Japan with an intended cargo of gypsum in the high \$19,000's. A 38,000-dwt open in CJK was fixed for a trip via Australia back to China at \$18,000. The US Gulf continued to soften with a 38,000-dwt fixing a trip from the Mississippi River to the Caribbean with Agri prods at \$32,000 and a 36,000-dwt fixing from Belledune to the UK-Continent with wood pellets at \$29,000. On the Continent a 40,000-dwt was fixed from the UK via the Continent to the US Gulf at \$38,000. A 38,000-dwt open in Casablanca was fixed for a trip via the Continent to the Caribbean at \$32,000.

Tanker report – Week 46

VLCC

Rates have slipped slightly again this week in the Middle East Gulf and Atlantic regions. For the 280,000mt Middle East Gulf to US Gulf (Cape/Cape routing) trip rates are assessed as static at just below WS22. Meanwhile, the rate for 270,000mt Middle East Gulf to China fell another point to WS42.5 (a roundtrip TCE of \$1.9k/day). In the Atlantic, rates for 260,000mt West Africa to China eased half a point to between 44/44.5 level (a TCE of \$5k/day roundtrip) and 270,000mt US Gulf to China recovered \$31,250 to \$5.45625m (a TCE of \$9k per day roundtrip).

Suezmax

In West Africa, the market eased again with the rate for 130,000mt Nigeria/UK Continent down five points from a week ago at WS63.5 level (showing a roundtrip TCE of about \$3.4k/day). However, the latest reports have ST taking a Stena vessel at WS62.5 for the Europe option. The market for 135,000mt Black Sea/Med has fallen six points to WS75 (a TCE roundtrip of about \$1.9k per day). The market for 140,000mt Basrah/Lavera has again been quiet and rates are assessed three points weaker at WS32.

Aframax

In the Mediterranean, the market for 80,000mt Ceyhan/Lavera has fallen 10 points to WS117 (\$13k per day TCE roundtrip). In Northern Europe the market for 80,000mt Cross-North Sea has tumbled 12 points to just below WS110 (a TCE of about \$3.7k/day). The rate for 100,000mt Baltic/UK Continent has shed 7.5 points, currently sitting at WS92.5 (a TCE of about \$12.4k per day roundtrip). On the other side of the Atlantic, the market has fallen again with the 70,000mt Caribbean/US Gulf rate down seven points to between WS117.5-120 (a TCE of \$8k/day roundtrip). The rate for 70,000mt East Coast Mexico/US Gulf route got chopped eight points to WS121.5 (\$10k/day TCE roundtrip). The market for the 70,000mt US Gulf/UK Continent trip fell 5.5 points to WS104.5 (a TCE of \$8k/day roundtrip, but basis one-way economics this improves significantly).

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Clean

The Middle East Gulf appears to have been in limbo this week. On the LR2s TC1 topped out at WS122.5 midweek then resettled out at WS 120.71 - a round-trip TCE of \$11,308/day. The LR1s, despite cargo / tonnage balance, have gradually traded off and TC5 55k Middle East Gulf / Japan is down 6.36 points to WS111.43 - a round-trip TCE of \$7855/day. The MRs have been under pressure all week and 35k Middle East Gulf / East Africa (TC17) is now WS173.75 (-WS 8.33). In the Mediterranean, the Handymax have suffered from insufficient enquiry to maintain freight levels from previous weeks. TC6 30kt Skikda / Lavera is now at WS 144.81 (- WS 32.69). The LR2s, TC15 80k Mediterranean / Japan have shown a similar trait and after peaking at \$2.45m last week are now down at the \$2.35m mark.

The Baltic Handy market has been resolute this week despite enquiry dropping off throughout the week. TC9 30k Baltic / UK-Continent is now WS 153.57 (+ WS 8.21).

On the UK-Continent, MRs have seen a good level of activity this week with approximately 40 charters fixed / on subs reported at time of writing. TC2 37k UK-Continent / US Atlantic Coast is currently pegged at WS125. TC19 37k Amsterdam to Lagos has naturally mirrored TC2 and is currently around WS130. On the LR1s, TC16 60k Amsterdam / Offshore Lome has been steady this week with an incremental uptick in freight levels to around WS137.5.

In the Americas, the MR market freight rates have taken another hit this week. TC14 38k US Gulf / UK-Continent dropped to WS 100 (-WS 15) and TC18 38k from US Gulf / Brazil also fell 15.35 points to WS 159.29. The MR Atlantic basket TCE dropped from \$9605/day to \$7717/day.