

WEEKLY MARKET REPORT

Provided by kind permission of the Baltic Exchange

26th May 2023

Bulk report – Week 21

Capesize

The capes started the week off at a relatively sluggish pace in both the Atlantic and Pacific regions. However, over the course of the week, there was a considerable uptick in the level of activity. We had all the three majors fixing this week from West Australia to China, but despite the healthy volume, rates began to slide and sentiment turned rather negative. Owners generally were choosing to stay in the Pacific as opposed to ballasting. In the Atlantic there was a similar story, with limited enquiry early in the week resulting in the market drifting and ultimately coming under pressure. Overall, the market has faced downward pressure, resulting in considerable corresponding adjustments in rates. The Capesize timecharter average lost 20% over the week to close at \$13,956.

Panamax

Another softer week for the Panamax market as owners felt the recent pressure continue across all basins. Owners' resistance was hard to find with early tonnage and ballaster tonnage continuing to discount. The P1A route hovered in the \$8,000s all week, although this was being challenged with APS load port deals equating to a lot less by comparison. Activity ex EC South America was flat for index arrival dates, with earlier date arrivals heavily discounted by the armada of ballasters. Asia returned good demand overall, but rates eased over the week with the tonnage count surpassing any demand. Rates of mid-high \$8,000s were seen for various Australia round trips on inferior to index types, whilst much of the Indonesia demand was absorbed by smaller/older tonnage rates going for around the \$5,000/low \$5,000's mark. Period activity was minimal, although reports emerged of an 81,000-dwt delivery China achieving \$15,500 basis 5/7 months.

Ultramax/Supramax

A poor week for the sector with little fresh cargo appearing in key areas and tonnage availability growing steadily. The Atlantic saw the US Gulf and EC South America lose ground as the tables set in charterers favour, with owners forced to compete for the limited cargo appearing on the market. A 63,000-dwt was heard fixed basis delivery Brazil spot for a trip to Singapore-Japan at \$15,000 plus \$500,000 ballast bonus. Elsewhere an Ultramax was heard fixed delivery North Continent for a scrap run to the East Mediterranean at \$13,750. It was a similar story from Asia, with very little Indonesia enquiry throughout the week and little fresh enquiry from the NoPac and Australia meant owners had to discount expectations to secure business. A 53,000-dwt open Vietnam fixing a trip via Indonesia redelivery China at \$7,500. Further north, a 53,000-dwt fixed delivery North China for a trip to the Continent at \$9,000.

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Handysize

Whilst the Asia region remained fairly steady with a delicate balance of enquiry to tonnage, the Atlantic has seen a general lack of enquiry leading to negative sentiment. A 35,000-dwt opening in Paranagua was rumoured to have been fixed basis delivery Recalada for a trip to North Brazil at \$15,500. A 39,000-dwt opening upriver Plate was fixed for a trip to West Coast South America with an intended cargo of grains at \$22,500. A 35,000-dwt in ballast from Vera Cruz was fixed for a trip basis delivery Barcarena to the East Coast of Mexico with an intended cargo of grains at \$15,000. In the Mediterranean, a handy was rumoured to have been fixed for a trip from Tunisia to Peru at \$12,000. A 32,000-dwt open in Lanqiao was rumoured to have failed on subjects for two laden legs at \$8,850. Whilst a 38,000-dwt open in Busan fixed a round trip via the US West Coast at \$11,000.

Tanker report – Week 21

VLCC

The Middle East market has been lacklustre this week, with rates slipping, caused mostly by a tonnage build-up, including oil company relets, and the slow rate of enquiry entering the market. Owners have been standing strong though to keep rates buoyant, although they are under significant pressure to lower their sights. The rate for 270,000 mt Middle East Gulf to China was reduced by four points to WS50.14 (a round trip TCE of \$27,800 per day basis the Baltic Exchange's vessel description). For the 280,000mt Middle East Gulf to US Gulf trip (via the cape/cape routing) the rate is now assessed three points lower than last Friday at WS32.5.

In the Atlantic market, the rate for 260,000mt West Africa/China eased back by about 3.5 points to WS51.65 (which shows a daily round voyage TCE of \$30,600). Again, the US Gulf arena has not been busy, which has caused rates to drop on all destinations. The rate for 270,000mt US Gulf/China is now assessed at \$333,334 lower than a week ago to \$8,144,444 (\$33,700 per day round trip TCE).

Suezmax

The Black Sea and Mediterranean markets stumbled backwards this week with the rate for 135,000mt CPC/Med losing 2.25 points to WS129.83 (a round trip TCE of \$58,700 per day).

In the Atlantic region, the West African market was quiet and of the eight reported fixtures to Europe this week, half of it failed. Rates fell more than 11 points for the 130,000mt Nigeria/Rotterdam voyage to WS114.75 (a round trip TCE of \$49,100 per day). In the Middle East, the rate for 140,000mt Basrah/Lavera was shifted down almost two points to hover around the WS70 mark.

Aframax

In the North Sea, the rate for the 80,000mt Hound Point/Wilhelmshaven made a modest three point gain to WS156 (showing a round-trip daily TCE of \$58,800).

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In the Mediterranean, the rate for 80,000mt Ceyhan/Lavera rose by 14.5 points to Thursday's assessment at WS204 (a daily round trip TCE of \$73,000).

Across the Atlantic, the Stateside Aframax market continues the rollercoaster ride of recent months. With very little reported activity and a healthier looking position list aided by several ships ballasting from Europe, rates have fallen sharply. The rate for 70,000mt East Coast Mexico/US Gulf crashed 91 points to WS290, which still shows a healthy TCE of about \$103,000 per day round trip. For the 70,000mt Covenas/US Gulf trip the rate tumbled 86 points to WS274.38 representing a round trip TCE of \$87,600 per day, and for the trans-Atlantic route of 70,000mt US Gulf/Rotterdam charterers were able to pillage 50 points and the market rate now sits at around the WS200 level (a round trip TCE of \$54,600 per day).

Clean

LR2

MEG LR2's saw a welcome rebound this week. A widely reported fixture for a TC20 voyage at \$4,100,000 has led the index to just under that level at the moment. TC1 has also climbed 20.62 points to WS138.75. These improvements have taken the Baltic round trip TCE for both these runs back over the \$30,000/day level.

West of Suez, Mediterranean/East LR2's have also begun to improve, seeing the TC15 index add \$133,000 to \$2,800,000.

LR1

In the MEG, LR1's have remained stable this week despite the improvements on the LR2's. TC5 has hovered around the WS159-160 mark all week and a trip west to TC8 improved and incremental \$58,500 to \$3,250,000.

On the UK-Continent, TC16 peaked mid-week at WS143.93 (up from WS114.29) to then resettle at WS137.5.

MR

MEG MR's improved consistently across the week, with the TC17 index hopping up 29.29 points to WS294.29.

UK-Continent MR's also saw good activity levels throughout this week and an uptick in enquiry. TC2 is currently pegged at WS186.39 (+61.39) and TC19 similarly climbed 61.79 points to arrive at WS196.79.

USG MR's have been the star of the show this week. A big surge in enquiry has driven freight levels firmly upwards. TC14 jumped 66.25 points to WS150 similarly the TC18 index added 55.42 points to WS210.52. A run to the Caribbean on TC21 though rocketed 347,500 to \$862,500, a 67% increase making the TCE also jump 177% to \$31,962 / day round trip.

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The MR Atlantic Triangulation Basket TCE rose from \$14,006 to \$34,841.

Handymax

Mediterranean Handymax's remained in balance this week. Subsequently TC6 held relatively stable in the WS135-140 region.

Up on the UK-Continent the TC23 began to improve, adding 13.12 points to the index taking it up to WS128.75. This took the Baltic TCE for the run back up into four digits/day roundtrip.