WEEKLY MARKET REPORT

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14th July 2023

Bulk report – Week 28

Capesize

This week began on a positive note in the Pacific market, with all three major players actively participating and securing vessels at more favourable rates. However, the momentum quickly dissipated and the market experienced a decline in rates as the week progressed, with a shift in sentiment due to a growing abundance of available vessels. The C5 market in particular experienced a decline compared to the beginning of the week. Similar downward pressure was observed in the South Atlantic market from Tubarao to China, with an increasing number of vessels in ballast, further impacting rates. By mid-week there was a stabilisation to the declining rates in the Pacific. The North Atlantic witnessed heightened activity, leading to increased volume and a scarcity of available tonnage, resulting in notable firm fixtures being concluded. As the week draws to a close, there has been continued downward pressure on rates in the Pacific. Meanwhile, in the Atlantic market, brokers expressed concerns that market conditions were shifting, possibly indicating an impending downturn. Overall, the week saw a mix of positive and negative market conditions, with fluctuations in rates and shifting sentiment. The availability of tonnage and the number of vessels in ballast were key factors influencing market trends.

Panamax

A week of positive gains for the Panamax market as the Atlantic market, both in the North and South, came to the fore once again, with EC South America absorbing tonnage worldwide, adding support to markets. The Atlantic did see better levels as the tonnage availability from the Continent and West Mediterranean tightened mid-week. From the South, a 75,000-dwt was fixed delivery EC South America end-July for a fronthaul at $14,500 plus $450,000 ballast bonus whilst an 82,000-dwt fixed delivery West Mediterranean for a trans-Atlantic run at $13,000. In Asia a mixed week with the draw from EC South America owners hardened their ideas for Indonesian business, although further north tonnage levels remained high thus rates lacked impetus despite relatively healthy amount of cargo from the NoPac and Australian regions. An 82,000-dwt fixing delivery China mid-July for a trip via Australia redelivery Singapore-Japan at $7,000. Period interest remained, an 82,000-dwt open South China fixing for a period until minimum 1 November 2024 to 15 January 2025 at $12,500.

Ultramax/Supramax

A rather mixed affair for the sector over the week. The Atlantic generally remaining in the doldrums with limited fresh enquiry or excitement. The US Gulf region bucked this trend however as sentiment remained positive, although some said it was positional. A slightly more positive feel from Asia, with better levels of enquiry from Indonesia helping rates improve slowly. Although this was tempered by a limited amount of interest from the NoPac and Australian regions. Little in the way of period action, although a 63,000-dwt open WC India was heard fixed for four to six months trading at $12,000. From the Atlantic, a 63,000-dwt was fixed for a trip from US Gulf to India at about $16,000. Elsewhere, a 53,000-dwt fixed a trip from the East Mediterranean to West Africa at $7,000. From Asia, a 56,000-dwt fixed delivery Singapore for a trip via Indonesia redelivery China at $10,000. Whilst a 56,000-dwt was heard fixed from CJK via Australia redelivery Singapore-Japan at about $6,500.

Handysize

The systematic erosion of levels across the sector continued with the ongoing lack of enquiry ensuing in a growing number of open vessels. On the Continent, a 34,000-dwt was fixed from North France to Morocco with an intended cargo of grains in the $4,000s. A 34,000-dwt fixed basis delivery Canakkale via Novorossiysk to Algeria at $10,000, whilst at the end of the week a 32,000-dwt was fixed for a similar trip at $7,000. In Asia, a 39,000-dwt opening in Taiwan was fixed via Indonesia to Vietnam with an intended cargo of coal in the mid-$7,000s. A 40,000-dwt opening in Mikawa was fixed for a trip to the Mediterranean with an intended cargo of steels in the high $7,000s and a 35,000-dwt opening in South China was fixed basis delivery in Indonesia to the Mediterranean in the low $6,000s. A 35,000-dwt opening in Southeast Asia was fixed for eight to 10 months with worldwide redelivery in the $8,000s.

Tanker report – Week 28

VLCC

The market fell earlier in the week, bottomed and seemingly begun a slow climb. In the Middle East, Thai charterers put a 2004-built vessel on subs at WS50, demonstrating owners' resistance. TD3C assessments dipped below WS50 on Wednesday and now the rate for 270,000 mt Middle East Gulf to China is still two points lower than last Friday at WS51.23 (a daily round-trip TCE of $29,200 basis the Baltic Exchange's vessel description), while the 280,000mt Middle East Gulf to US Gulf trip (via the cape/cape routing) is rated two points lower than a week ago at WS32.94.

In the Atlantic market, a similar situation prevails with the rate for 260,000 mt West Africa/China also dropping two points over the course of the week to WS51.15 (which shows a round voyage TCE of $30,000/day). The rate for 270,000 mt US Gulf/China is now $438,889 less than last Friday at $7,411,111 (about $27,400/day round trip TCE).

Suezmax

Suezmaxes have had a busier week, most notably in West Africa. For 130,000 mt Nigeria/Rotterdam rates hit a floor at the end of last week and now owners are clawing back the recent reductions gaining eight points to WS92.73 (a daily round-trip TCE of $33,500). In the 135,000 mt CPC/Med market the rate slid a further nine points, with owners unsupported by a lack of cargo enquiry while tonnage remains well supplied, to WS97.63 (showing a daily TCE of $31,900 round-trip) and in the Middle East the rate for 140,000 mt Basrah/Lavera gained two points to WS56.4.

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Aframax

In the North Sea, the rate for the 80,000 mt Hound Point/Wilhelmshaven rose three points to WS133.18 (showing a round-trip daily TCE of $36,200, $100/day less than last Friday's). Meanwhile, in the Mediterranean, the 80,000 mt Ceyhan/Lavera rate lost a further six points over the week to WS122.33 (a daily round trip TCE of $27,100).

Across the Atlantic, in the Stateside Aframax market, the rollercoaster ride is back in motion. The rate for 70,000 mt East Coast Mexico/US Gulf climbed 22.5 points to WS151.88 (which shows a TCE of about $35,600/day round trip) and for 70,000 mt Covenas/US Gulf the rate is 16.5 points higher than last Friday at WS141.56 (a round-trip TCE of almost $30,000/day). For the trans-Atlantic route of 70,000 mt US Gulf/Rotterdam the rate improved by 17 points to WS160.31 (a round trip TCE of $35,500/day).

Clean

LR2

MEG LR2 demand has been somewhat subdued this week. Subsequently TC1 has held stable in the WS100-102.5 range. TC20 has also followed suit, pegged all week in the $2,800,000-2,900,000 region.

West of Suez, Mediterranean/East LR2's remained sombre and a charter at $2,300,000 reported fixed mid-week has guided the TC15 index to currently sit at this level for now.

LR1

In the MEG, LR1's have suffered limited enquiry and plenty of available tonnage to accommodate same. TC5 came off 9.69 points to WS113.44 and similarly a TC8 dipped an incremental $57,200 to $2,442,700.

On the UK-Continent, TC16 continued to hover along at WS125 with little activity reported.

MR

MEG MR's managed to recover early in the week as we saw TC17 resurge from WS179.64 to WS200, which has since resettled to WS196.43. An abundance of LR1's has been cited to have put a cap on rates climbing further at time of writing.

UK-Continent MR's have been undoubtedly soft this week. Freight rates have been tested down to varying levels with the dominant talking point around vessel trading histories. TC2 dipped 25 points to WS112.25 and similarly TC19 dropped from WS146.25 to WS123.44.

USG MR's continued on a downward trajectory this week as a result of limited stems working in the Gulf. TC14 came down 12.09 points to WS107.08, TC18 dropped from WS204.17 to WS183.75 and a run to the Caribbean on TC21 lost $47,917 to $693,750. Despite this, TC18 and TC21 are still generating more than $20,000/day round trip Baltic description TCE's.

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The MR Atlantic Triangulation Basket TCE dropped from $22,036 to $15,642.

Handymax

In the Mediterranean, after seeing TC6 hopping up to WS185 last week Handymax's were recorrected back down to WS175.

Up on the UK-Continent, TC23 steadily climbed all week from WS129.72 to WS137.78.

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Handymax

Mediterranean Handymax's, after ticking up to WS145 end of last week, have plateaued there this week.

Up on the UK-Continent, TC23 has been chipped away at this week and we have seen the index dip from WS135 to WS122.78.