WEEKLY MARKET REPORT

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21st July 2023

Bulk report – Week 29

Capesize

The Pacific market this week was marked by overall sluggishness, experiencing limited activity. The presence of two out of the three major players failed to stimulate trading volumes, leading to stagnant and lacklustre market conditions. Rates in the Pacific have continuously declined throughout the week, reflecting the subdued demand and limited fixture activity. Today's market activity has shown a slight correction in rates, with a few fixtures concluding at slightly improved levels.

In contrast to the Pacific, the Atlantic market has experienced a slightly higher level of activity, primarily driven by the South Brazil and West Africa routes to the Far East. However, despite this modest increase in activity, the market faced difficulties in gaining momentum or making any significant progress. Throughout the week, freight rates have come under pressure, although, as the week comes to an end, brokers have observed signs indicating that the market is gradually stabilising, suggesting that it may be beginning to establish a more balanced level and a notable clear out of tonnage.

Panamax

The Panamax market provided further losses this week and is showing little signs of abating. Despite a steady level of activity, this failed to stem the tide with both basins yielding sizeable losses. The Atlantic saw rates erode for a further successive week, as pressure from the nearby and committed ships continued to underpin the market. From East Coast South America, the focus this week was on mid-August arrival with the APS load port rates now hovering around the $14,000 + $400,000 mark, but limited support to end the week. Asia similarly witnessed another week of falls. A lack of demand on the longer round trips remained the nemesis to an already weak market. There were reports midweek of an 82,000-dwt delivery Japan achieving $8,750 for an Australian round trip, but activity remained light as the market drifted. Like previous weeks, older and smaller units tended to soak up much of the Indonesia coal demand.

Ultramax/Supramax

A mixed week for the sector with the Asian arena leading the way. The Atlantic generally remained positional throughout, with the US Gulf being the only relatively stable region despite slightly lower levels of enquiry as the week progressed. From Asia, the demand for Indonesian coal remained, which helped rate levels to remain fairly reasonable. However, a lack of support from the NoPac kept rates in check and readily available tonnage. In the Atlantic, a 52,000-dwt was heard to have been fixed for a trip to EC Mexico at $12,500. Elsewhere a 54,000-dwt fixed a trip from Spain to Morocco with grains at $9,500. From Asia, a 56,000-dwt open Indonesia fixed a trip to China in the mid $10,000s. Further north, a 55,000-dwt fixed from North China to SE Asia at $5,000. Elsewhere, a 55,000-dwt fixed a trip delivery Bin Qasim redelivery Madagascar at $6,750 for the first 33 days and $10,750 thereafter.

Handysize

With summer fully underway, it was a week of limited activity across both basins. In the South Atlantic, whilst prompt activity was said to have remained restrained, there was optimism that August would bring some positivity to the region as levels of enquiry were said to improve. A 39,000-dwt was fixed from Santos to Morocco at $11,500 and a 37,000-dwt fixed from Rio Grande to Venezuela with an intended cargo of paddy rice at $13,500. Meanwhile a 40,000-dwt fixed from San Lorenzo to Santos at $8,500. On the Continent a 36,000-dwt fixed from Rostock to the US Gulf with an intended cargo of grains at $5,000 and a 34,000-dwt fixed from Grenaa to Icdas with an intended cargo of scrap at $5,250. In Asia, a 38,000-dwt was fixed from Geelong via Western Australia to China with an intended cargo of grains in the high $8,000s whilst a 38,000-dwt was fixed from Kuantan via Indonesia to Taiwan at $6,300.

Tanker report – Week 29

VLCC

The market weakened slightly this week. In the Middle East, while the market has been a little quiet on the face of it, ships have been fixed under the radar, adding to the cargo count. The feeling is that early August stems are almost covered, which provides for a softer sentiment. Latest reports have a Taiwanese charterer reported to have taken a trader's relet on subjects for MEG/Taiwan at WS51.5. The rate for 270,000 mt Middle East Gulf to China yesterday was assessed at WS52.42, a week-on-week drop of a single point, which shows a daily round-trip TCE of $31,200 basis based on the Baltic Exchange's vessel description. The 280,000 mt Middle East Gulf to US Gulf trip (via the cape/cape routing) is also rated one point lower than a week ago at WS32.61.

In the Atlantic market, a similar situation prevailed, with the market being perceivably quiet and oil company relets seem to be the favourable candidates, whilst independent owners hold back as much as possible in order to resist a rate drop, leaving sentiment flat. For the 260,000 mt West Africa/China trip the rate is 0.5 points up on last week at WS53.10, which shows a round voyage TCE of $33,000 per day, about $1,500 more than last Friday. The rate for 270,000 mt US Gulf/China has firmed though and is now $344,445 more than last Friday at $7,805,556 (about $31,300 per day round trip TCE).

Suezmax

Suezmaxes in West Africa have had a torrid week, with rates marching downwards and despite a five-point reset on Wednesday for West Africa to Europe, the market has since been quiet which suggests the floor has not yet been reached. For 130,000 mt Nigeria/Rotterdam, rates have lost 18.5 points over the week at WS84.55 (a daily round-trip TCE of $27,700). In the 135,000 mt CPC/Med market, rates are down not helped by political tensions being raised between Russia and Ukraine after both sides claim "all ships are warships" rhetoric, losing about a further six points to WS94 (showing a daily TCE of $28,600 round-trip). The likelihood of this climbing back up is fairly strong with owners not willing to take the risk of sending their vessels in to the Black Sea, or only at a price. In the Middle East, the rate for 140,000 mt Basrah/Lavera remains flat around the WS56-57 mark.

Aframax

In the North Sea, the rate for the 80,000 mt Hound Point/Wilhelmshaven remained steady around the WS132.5-135 level (showing a round-trip daily TCE of $37,800, about $1,700 more than last Friday). In the Mediterranean, with increased tensions in the Black Sea, some of the traditional Black Sea export vessels have been fixing short cross-Med cargoes, which begs the question if that is their future business as well, thereby increasing the pool of available vessels and weakening sentiment. The rate for 80,000mt Ceyhan/Lavera lost three points over the week to WS121.17 (a daily round trip TCE of $26,200).

Across the Atlantic, in the Stateside Aframax market, the rollercoaster ride continues, with the rate for 70,000mt East Coast Mexico/US Gulf peaking at WS195 and now beginning to drop back. Week-on-week the rate has risen about 16 points to WS189.38 (which shows a TCE of about $52,700/day round trip) and for 70,000mt Covenas/US Gulf the rate is 13 points higher than last Friday at WS173.13 (a round-trip TCE of $43,100/day). Conversely, the rate for the trans-Atlantic route of 70,000 mt US Gulf/Rotterdam has dropped about seven points since last Friday to WS173.13 (a round trip TCE of close to $43,200/day).

Clean

LR2

MEG LR2's have been tested down this week off the back of an abundance of available tonnage. Subsequently TC1 again dropped below WS100, dipping 11.67 points to WS88.61. TC20 has similarly come off $81,250 to $2,775,000.

West of Suez, Mediterranean/East LR2's suffered another week of inactivity. The TC15 index has held at just under the $2,300,000 mark and, with the TCE in the negative, freight looks to have reached a floor.

LR1

In the MEG, LR1's managed to hold onto freight levels better than their larger siblings this week. TC5 dropped 10 points to WS101.25 and TC8 lost in incremental $14,300 to $2,421,250.

On the UK-Continent, TC16 was again pressured down from little open market demand. The index lost 10.62 points to WS110.94.

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MR

MEG MR's recovered for the second week-on-week. The TC17 index ticked up 11.78 points to WS206.07 at the time of writing. This also takes the TCE back over the $20,000/day Baltic TCE round trip.

UK-Continent MR's resurged this week, with a consistent influx of cargoes cemented in a bullish sentiment from early on in the week. TC2 accumulated 40.75 points, taking the index up too WS155.25 with the Baltic vessel TCE improving 135% to $15,195/day round trip. TC19 similarly hopped up 39.37 points to WS166.25.

USG MR's followed their new characteristic of notably steep freight climbs in busy periods. TC14 shot up from WS110 to WS163 early in the week, only to resettle at WS153.33 at the time of writing. A run the Caribbean and TC21 rocketed up from $720,000 to $941,000 to the return back to $854,000.

The MR Atlantic Triangulation Basket TCE saw an 85% improvement from $16,379 to $30,053.

Handymax

In the Mediterranean, rates held level around the WS170 mark. Up on the UK-Continent, TC23 rocketed up 32.5 points to WS169.17.