WEEKLY MARKET REPORT

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25th August 2023

Bulk report – Week 34

Capesize

In the Pacific, the week began with promising involvements from all three majors, yet this enthusiasm did not translate into substantial market gains, yielding a relatively stagnant atmosphere. As the week unfolded, Pacific trading maintained a decent cargo volume, although the presence of surplus tonnage limited potential gains and led to a relatively stable market. In the Atlantic, a pattern emerged where increasing offers were noted, particularly from South Brazil and West Africa to the Far East, despite relatively thin enquiry in the North Atlantic. However, as the week progressed, activity in the Atlantic experienced fluctuations. The midweek saw an increase in Pacific activity, yet freight rates remained relatively flat. Simultaneously, the North Atlantic continued to exhibit minimal activity and scant enquiry, contributing to an overall subdued sentiment. The latter part of the week witnessed a persistently bearish outlook in the Pacific, marked by reduced activity despite the engagement of key market players. Contrary to initial hopes of stabilisation, further declines were evident, notably on the C5 route. Meanwhile, in the Atlantic, the activity saw a mild decrease following a series of fixtures concluded earlier in the week. Brokers noted an increase of vessels in ballasts, adding to the prevailing bearish sentiment in the market. Overall, the week encapsulated a mixed performance in the capesize market, with varying degrees of activities and sentiment shifts across the Pacific and Atlantic regions.

Panamax

The Panamax market returned with mixed results this week. With limited activity emerging the North Atlantic drifted over the course of the week, a few signs of better fronthaul rates midweek failed to materialise into much. By comparison, EC South America saw a healthy level of demand both for September and October arrivals and rates stabilised the latter part of the week, $13,500 around the mean average for BPI82 types of delivery Southeast Asia/India region. In Asia, a smattering of NoPac fixtures emerged mid-week with rates in the $11,000's and whilst trips via Indonesia and Australia to India paid a small premium to standard Pacific rounds, rates overall were pegged down as demand ex Indonesia failed to materialise and pressure grew on an increasing tonnage count. Limited period talk this week however we end the week with a positive push from the FFA market, enabling some owners to remain cautiously optimistic.

Ultramax/Supramax

It was a two-sided affair over the week. As sentiment remained positive in the Atlantic, a healthy demand from key areas such as the US Gulf and EC South America combined with better levels of cargo from the Continent-Mediterranean saw stronger numbers being achieved. A 58,000-dwt fixing delivery SW Pass for a trip Singapore-Japan at $16,500. A 58,000-dwt was also fixed delivery West Africa trip via Morocco redelivery EC India at $15,000. From Asia, a change in direction occurred with a buildup of prompt tonnage as less fresh enquiry entered the market from Indonesia. Further north, some described a finely balanced market but again less enquiry was seen. A 58,000-dwt fixed delivery Ko Sichang via Indonesia redelivery WC India at $8,500. Sustained activity from the Indian Ocean, a 63,000-dwt fixing delivery Jebel Ali trip redelivery Bangladesh at $14,000. Period enquiry remained active, a 63,000-dwt open South Africa fixing 10-12 months redelivery worldwide at $14,000.

Handysize

Whilst there was minimal visible activity, bullish sentiment remained for owners across the handy sector. The summer season is drawing to a close across Europe and a 37,000-dwt was fixed basis delivery passing skaw via the Baltic to the USEC with an intended cargo of grains at $8,500 whilst improved levels were also seen in the Mediterranean. Tonnage availability in the South Atlantic and US Gulf regions was also still evident and owners were said to be seeing improving levels. In Asia, it was more balanced but a 38,000-dwt opening in Indonesia was fixed via Western Australia to China with an intended cargo of concentrates in the $13,000's and a 37,000-dwt was fixed from Tarakan via Indonesia to China with coal at $10,500. Period interest was also still evident from charterers with a 28,000-dwt being fixed basis delivery in China for 3 to 5 months at $9,000 and rumours of a 35,000-dwt opening in Japan fixing at $10,500 for a similar period.

Tanker report – Week 34

VLCC

The Middle East VLCC market looks to have bottomed out this week with little business working in the open market. For the 270,000 mt Middle East Gulf to China voyage the rate dipped by 1.45 points to WS44.13. This shows a daily round voyage TCE of $16,688/day based on the Baltic Exchange's vessel description. The rate for 280,000 mt Middle East Gulf to US Gulf (via the cape/cape routing) is assessed a further 0.16 points lower, holding around the WS26 mark.

In the Atlantic, the 260,000 mt West Africa/China held flat around the WS51-52 level, showing a round-trip TCE of $28,000/day. The rate for 270,000 mt US Gulf/China climbed $111,111 to $8,400,000 ($33,274/day round trip TCE) off the back of a couple of fixtures with improved levels.

Suezmax

The rate for 135,000 mt CPC/Augusta stepped up and incremental two points this week to WS72.8 (a round-trip TCE of just under $9,500/day). In West Africa, the 130,000 mt Nigeria/Rotterdam voyage was more active this week. Freight levels ticked up over the WS70 mark to WS75.45 (+6.59) (a daily round-trip TCE of about $19,586/day). In the Middle East, activity levels were minimal seeing the 140,000 mt Basrah/Lavera drop to just under WS60.

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Aframax

In the North Sea market, rates for the 80,000 mt Hound Point/Wilhelmshaven climbed optimistically to WS105 (+8.57) (a round-trip daily TCE of $9,497). In the Mediterranean, the rate for 80,000 mt Ceyhan/Lavera also took a small positive jump to the tune of 2.5 points to WS108.72 (a daily round-trip TCE of $18,106). Across the Atlantic, the Stateside Aframax began to show signs of rebounding. The rate for 70,000 mt East Coast Mexico/US Gulf improved by 4.06 points to the WS130's region (about $21,722/dayround-trip TCE). Meanwhile, the rate for 70,000 mt Covenas/US Gulf ticked up 0.62 points to WS120 (a daily round-trip TCE of $18,240). For the transatlantic route of 70,000 mt US Gulf/Rotterdam, rates similarly eased upwards, rising 2.19 points up over the WS120 mark to WS121.25 (showing a round-trip TCE of $20,920/day).

Clean

LR2

LR2's in the MEG have simmered along this week with just enough enquiry to prevent freight levels degrading. TC1 has hovered around the WS130-135 mark (a Baltic TCE of around $27,000/day). Meanwhile a run to the UK-Continent on TC20 also bubbled up and down around the $3.6-3.8m level, with the round trip TCE around the $30,000/day mark.

West of Suez, Mediterranean/East LR2's saw a $112,000 improvement on TC15 taking the index up over $2.9m and the round trip TCE back to four figures ($3,082/day).

LR1

In the MEG, LR1's were put under pressure this week after starting positively. The TC5 index was ultimately squashed to the tune of 7.82 points to WS144.06 and similarly for a trip to the UK-Continent on TC8, after peaking at $3,339,000 sunk back down to $3,200,000.

On the UK-Continent, TC16 ticked 6.87 points firmly back over the WS130 mark to WS135.31.

MR

MEG MR's climbed early in the week to see the TC17 index peak at WS281.43 after a handful of market reported fixtures at WS280 level. The index has since been retested back down to WS274.29. UK-Continent MR's were poised this week from supply and demand balancing freight on a knife edge. TC2 has held in the WS200-205 region with TC19 also floating around WS210-215 level.

USG MR's upward trajectory slowed down this week and even saw some softening. TC14 shed 5.83 points to WS152.5 and TC18 dipped 4.58 points to WS242.5.

Meanwhile a run to the Caribbean on TC21 sunk back under the $1,000,000 mark to $916,000 after a widely reported fixture at $925,000 late in the week.

The MR Atlantic Triangulation Basket TCE dropped from $35,032 to $34,676.

Handymax

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In the Mediterranean, Handymax's improved for the second week on week and the TC6 index accrued 32.22 points to WS254.44. This took the Baltic round trip TCE back over the $40,000/day mark for the run. Meanwhile up on the UK-Continent, the TC23 index remained stable at the WS185 mark again all week.