

WEEKLY MARKET REPORT

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29th September 2023

Bulk report – Week 39

Capesize

This week the cape market has been marked by varying levels of activity and changing sentiments. At the beginning of the week, the Pacific market showed promise for owners, with support from East Coast Australia coal cargo contributing to a positive outlook and two major players driving momentum, from West Australia to China, resulting in a modest uptick in rates. Midweek, both the Pacific and Atlantic regions saw active engagement, leading to rate increases, particularly in C5 and the North Atlantic, due to tighter availability contributing to positive fixtures. However, towards the end of the week, the Pacific market experienced a dip in rates and activity, with a negative influence from the FFA market. In the Atlantic, there was a noticeable shift in sentiment, with charterers reducing bids, potentially driven by owners seeking coverage before upcoming holidays, encompassing Mid-Autumn Festival and Golden Week. Overall, it has been a week of mixed dynamics and evolving market conditions.

Panamax

A mixed week for the Panamax sizes, the Atlantic generally well supported in the north whilst from South America it returned overall an underwhelming week by comparison. Solid levels of mineral demand were duly backed up by some fresh US Gulf stems on the fronthaul runs, rates for trans-Atlantic peaked at \$19,500 midweek and appeared to taper away as the weekend approached, but with a tight tonnage count, the general feeling was much of the same for next. It was a lethargic Pacific market, perhaps due to anticipation of impending golden week holidays. A scrubber fitted 82,000-dwt conceding low \$15,000's midweek for a NoPac trip, but this represented a one off with levels of \$13,000 more akin to true market value. Indonesia coal demand diminished week on week with smaller/older types discounting rates to cover prior to Asian holidays. Period news included an 82,000-dwt type delivery Korea achieving \$13,500 basis 8/10 months.

Ultramax/Supramax

Negative sentiment crept into the Atlantic, with declining levels of cargo availability and a general slowing of activity across both basins. In the South Atlantic a 58,000-dwt fixed from Santos to South East Asia at \$15,750 plus a \$575,000 ballast bonus whilst a 61,000-dwt fixed from North Brazil to West Coast Central America at \$26,000 to a grain house. The US Gulf was said to have lost momentum after a bright start, where a 63,000-dwt fixed from SW Pass to Arabian Gulf-India range at over \$30,000 whilst later in the week similar vessels were being bid in the upper

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\$20,000's. Asia saw activity slow as many took early cover with a 58,000-dwt fixing from North China for a round trip via the Philippines at \$16,000 whilst a 58,000-dwt opening in Thailand fixed via Indonesia to Cambodia at \$14,500. Period interest had remained active, with a 63,000-dwt fixing for a minimum of 100 days to about five months at \$17,000.

Handysize

A mixed week across the handy sector which lost momentum as activity slowed after a bright start. The South Atlantic was still experiencing a lack of cargo availability and numbers continued to soften with a 36,000-dwt fixing from Santos to Morocco at \$12,250, whilst a 30,000-dwt opening in Luanda fixed via Abidjan to China in the low teens. In the US Gulf, a 38,000-dwt fixed from the Mississippi to NC South America at \$16,000. The Mediterranean also saw activity slow and a 35,000-dwt opening in Gabes was fixed basis passing Canakkale for a trip to the US Gulf at \$15,500. On the Continent, a 39,000-dwt fixed from Rotterdam to WC South America with an intended cargo of fertiliser at \$19,000. With upcoming holidays in China, the Asia markets also slowed. A 38,000-dwt opening in Xiamen fixed a trip via Australia to China at \$12,000 and a 32,000-dwt fixing from Taiwan via Indonesia to the Philippines at under \$9,000.

Tanker report – Week 39

VLCC

The market was calm this week. The assessed rate for 270,000mt Middle East Gulf to China remains at WS50.71 corresponding to a daily round-trip TCE of \$21,812 basis Baltic Exchange's vessel description. The 280,000mt Middle East Gulf to US Gulf trip (via the cape/cape routing) is steady around the WS26-27 level.

For the Atlantic market, the 260,000mt West Africa/China rate was flat at WS52-53 region (which shows a round voyage TCE of around \$24,600/day). The rate for 270,000mt US Gulf/China, with a number of deals falling through on subjects, has fallen \$427,778 to \$8,022,222 (\$25,967/day round trip TCE) perhaps demonstrating the fragile sentiment of this market.

Clean

LR2

LR2 freight levels have appeared to have been somewhat unsettled this week with no clear direction. TC1 has bubbled around the WS130-135 level with Baltic TCE hovering around the \$24,000/day round trip. Meanwhile a run to the UK-Continent on TC20 took a less than 1% dip to \$3,825,000.

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West of Suez, Mediterranean/East LR2's saw a circa \$70,000 rise on the TC15 index to creep over the \$3,000,000 mark to \$3,016,000.

LR1

In the MEG, LR1's weakened a little which was uprising considering the market around them. TC5 shed 4.68 points to WS155.63 and a TC8 run to the UK-Continent remained around the \$3,400,000 level.

On the UK-Continent, after holding resolute for the last few weeks, TC16 finally saw a drop due to a couple of fixtures reported at WS155 late in the week. The index dipped to its current WS157.50 (-8.13).

MR

MEG MR's were tested down relatively harshly this week and we saw the TC17 index lost 48.57 points to WS212.86 with WS210 widely reported on subjects.

UK-Continent MR's have had just enough activity to prevent a major downturn this week. The TC2 index lost around 10 points early in the week to the low WS180's and has since stabilised in the mid 180's for the balance of the week. TC19 has as usual followed the same pattern just with its usual circa 10 points premium to TC2.

In the USG MR's redemonstrated their notable characteristic of dramatic rises and falls this week. TC14 peaked at WS162.5 mid-week, climbing 60% in two days to then resettle back down to WS122.5 48 hours later. TC18 also followed the same trend, spiking at WS259.29 mid-week (up from WS185) to then return back to WS222.50 at time of writing. A trip to the Caribbean on TC21 topped out at \$1,100,000, nearly double what it started at the beginning of the week and has since gone back down to \$891,000.

The MR Atlantic Triangulation Basket TCE gained \$3,344 to \$24,972.

Handymax

In the Mediterranean, Handymax's took a hit to the tune of 94.45 points for the TC6 index which is currently marked at WS204.44. Up on the UK-Continent, the TC23 index pushed up a resounding 44.45 points to WS237.78 taking Baltic TCE for the run over the \$30,000/day level.

Suezmax

Suezmaxes in West Africa continue to struggle, with the rate for the 130,000mt Nigeria/UK Continent trip going sideways this week at WS67.5 (a daily round-trip TCE of \$12,000). In the Mediterranean and Black Sea region, the 135,000mt CPC/Med route was held again at the WS70-72.5 level (showing a daily TCE of \$6,800 round-trip). In the Middle East, the rate for 140,000mt Middle East Gulf to the Mediterranean fell six points to WS55.

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Aframax

In the North Sea, the rate for the 80,000mt Cross-UK Continent route is stuck for the time being at WS91-92 (showing a negative round-trip daily TCE of about -\$1,900 basis Hound Point to Wilhelmshaven). In the Mediterranean market, the rate for 80,000mt Cross-Mediterranean fell back seven points to just below WS107 (basis Ceyhan to Lavera, that shows a daily round trip TCE of about \$15,500), with sentiment described as weak, so a further drop is expected.

Across the Atlantic, the market was pancake-like with rates staying the same all week. The rates for 70,000mt East Coast Mexico/US Gulf and 70,000mt Covenas/US Gulf were steady at around the WS80-81 level (a round-trip negative TCE of -\$3,200 and -\$363/day respectively). The rate for the trans-Atlantic route of 70,000mt US Gulf/UK Continent were in line with last week's rate at between WS90-91 (a round trip TCE basis Houston/Rotterdam of \$7,023/day). There is an unconfirmed report at the time of writing that a TD25 voyage paid WS95 last night; it remains to be seen if this is correct and repeatable.

points to the WS90 region (showing a negative round-trip daily TCE of about -\$2,800). In the Mediterranean market, the rate for 80,000 mt Ceyhan/Lavera showed signs of a recovery, climbing 24 points by the end of Thursday to WS108.61 (a daily round trip TCE of \$16,800), and the climb will likely continue with overnight reports of WS112.5 being on subjects for a TD19 trip.

Across the Atlantic, in the Stateside Aframax market, a different story unfolds with the rate for 70,000 mt East Coast Mexico/US Gulf losing 11 points to WS80 (which shows a negative TCE of -\$3,300/day round trip) and for 70,000 mt Covenas/US Gulf the market rate was reduced 10 points to WS90.71 (a round-trip negative TCE of -\$377/day). The rate for the trans-Atlantic route of 70,000 mt US Gulf/Rotterdam shed another 10 points this week to settle at WS90 (a round trip TCE of \$7,045/day).