

WEEKLY MARKET REPORT

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06th October 2023

Bulk report – Week 40

Capesize

Throughout the week, the cape market has displayed remarkable resilience and positivity, defying challenges such as holidays in the Far East. The Pacific market saw strong activity at the beginning of the week, with increasing rates and well-balanced conditions. The Atlantic market, particularly in the North Atlantic, continued to demonstrate tight conditions and witnessed improved rates. Midweek, the Pacific market experienced a temporary slowdown, resulting in slightly softer fixtures. However, the Atlantic market maintained its strength, especially with support from South Brazil. By the end of the week, the Pacific market rebounded, remaining robust and supported, while the Atlantic market, particularly in the North Atlantic, saw significantly firmer fixtures, concluding the week on an optimistic note, as illustrated by the BCI 5TC index, which rose this week by \$5,801 to reach \$27,455 as the week draws to a close.

Panamax

A lethargic week for the Panamax market, with minimal action in the Atlantic both from the South whilst the North of the arena fared marginally better but insufficient to prevent the slow drifting of rates. Unsurprisingly Asia was blighted by Golden Week and other Asian holidays, and despite some injection mid-week of cape split Australia cargo, this failed to make any profound impact and the market drifted. Transatlantic highlights included reports of a 77,000-dwt delivery Gibraltar fixing for two laden legs within the Atlantic at \$15,000 whilst on the fronthaul runs, an 82,000-dwt delivery Singapore agreed a rate of \$14,000 for a trip via EC South America option US Gulf back to Far East. In Asia, reports of \$12,000 being achieved a few times for NoPac trips on index type tonnage delivery Japan/Korea. Limited period activity, although unconfirmed reports of \$15,250 being agreed for one year on 82,000-dwt type delivery India.

Ultramax/Supramax

With the Chinese National Day holiday week, it was generally a lacklustre affair for the market. Sentiment remained rather negative in the Atlantic with limited activity being reported. However, as the week ended, some commented there was increasing amounts of enquiry from South America and further north from the US Gulf. In Asia, limited fresh enquiry was seen but brokers commented that there was a steady trickle of NoPac and backhaul enquiry. There was still interest in period cover, with a 58,000-dwt open North China fixing four to six months trading redelivery worldwide at \$12,750. In the Atlantic, a Supramax was heard to have been fixed delivery West Mediterranean for a trip to West Africa (high risk area) at \$14,000. Elsewhere, a 63,000-dwt was

WEEKLY MARKET REPORT

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reported fixed delivery NC South America trip to China at \$16,250 plus \$625,000 ballast bonus. There was limited action from Asia, but a 61,000-dwt fixed delivery Singapore via Indonesia redelivery South China at \$17,000. It remains to be seen what affect the return to work in the upcoming week will have.

Handysize

With widespread holidays in Asia and limited visible activity across the Atlantic, the handy market was in a subdued mood this week. The Continent and the Mediterranean showed mixed sentiment with pockets of positivity. A 40,000-dwt fixed from Gdansk via Heroya to Singapore-Japan range at \$20,000, whilst a 34,000-dwt opening in Varna with prompt dates was rumoured to have been fixed for a trip to the Spanish Mediterranean at \$15,250 to an operator. Meanwhile, a 32,000-dwt was said to have failed on subjects for a trip from Canakkale via the Black Sea to the Mediterranean with an intended cargo of grains at \$16,500 earlier in the week. The US Gulf was said to have seen a continued flow of fresh enquiry and a 37,000-dwt was rumoured to have been placed on subjects for a trip from SW Pass to East Coast Mexico at \$14,000. Whilst holidays in Asia dampened activity levels, sources spoke of an underlying balance this week.

Tanker report – Week 40

VLCC

The market was suppressed this week, with Asian holidays being the main reason. Sentiment was affected and the list of available tonnage increased as the natural fixing window shifted into the back end of the second decade of October. Consequently, when charterers did come forward on a firm basis, rates tumbled. The rate for 270,000 mt Middle East Gulf to China has now fallen 12 points over the week to WS37.08 corresponding to a daily round-trip TCE of \$5,640 basis the Baltic Exchange's vessel description. The 280,000 mt Middle East Gulf to US Gulf trip (via the cape/cape routing) lost about 3.5 points to WS22.72.

For the Atlantic market, the 260,000 mt West Africa/China rate fell 10 points to WS41.53 (which shows a round voyage TCE of \$12,863/day). The rate for 270,000 mt US Gulf/China proved fragile this week and is now assessed at \$7,488,889 (\$23,800/day round trip TCE), which is a reduction of \$455,555 since last Friday.

WEEKLY MARKET REPORT

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Clean

LR2

The TC1 index ultimately rose just under seven Worldscale points this week but the LR2's have been in limbo in the MEG for the last few days. Rates have consistently been fixing around the WS135-WS140 mark. Similarly on a trip to the UK-Continent TC20 has bubbled around the \$3.8m level.

West of Suez, Mediterranean/East LR2's on TC15 saw some activity this week, which stimulated the index to climb \$208,000 to just over \$3.2m.

LR1

In the MEG, LR1's held resolute this week with the market being kept busy from a mixture of different enquiry formats. TC5 remained stable in the mid WS150's and a TC8 run to the UK-Continent shed \$42,000 but it has not dipped below the \$3.4m mark.

On the UK-Continent, following last week's drop to WS155 where it has been all this week, the TC16 run looks to have bottomed out at this level for the moment.

MR

MEG MR's have been consistently in strong demand this week. As a result we have seen the TC17 index shoot up 65.72 points to WS274.29.

UK-Continent MR's have seen just enough enquiry to keep rates in the high WS180's – low WS190's for a TC2 run. Tonnage had been reported to be looking a little healthier and been able to accommodate demand without any trouble. TC19 has as usual follows suit of TC2 and hovered around the WS197.5-200 mark.

In the US Gulf MR's showed positive signs of recovery this week following last week dramatic dip. TC14 ticked up and optimistic 24.59 points to WS140.42 and TC18 also followed in the form of a large jump mid-week from WS205 to WS240 with the index currently pegged at WS242.92. A trip to the Caribbean on TC21 after bottoming out at \$795,000 has been able to recuperate to \$990,000 at time of writing.

The MR Atlantic Triangulation Basket TCE gained \$5,987 to \$30,089.

Handymax

In the Mediterranean, Handymax's took another recorrect down this week and the TC6 index lost 28.34 points to WS172.22. Up on the UK-Continent, the TC23 index topped out at the end of last week at WS240 to then shed just under 30 Worldscale points to WS211.67 at time of writing.

WEEKLY MARKET REPORT

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Suezmax

Suezmaxes in West Africa had a positive change in fortunes this week, with 130,000 mt Nigeria/UK Continent now worth 5.5 points more than a week ago at WS73.32 (a daily round-trip TCE of \$18,251). In the Mediterranean and Black Sea region the 135,000 mt CPC/Med route gained a point to just shy of WS73 (showing a daily TCE of about \$9,700 round-trip, which is up almost \$3,000/day on last Friday). In the Middle East, the rate for 140,000 mt Middle East Gulf to the Mediterranean also gained a point to a fraction over WS57.5, despite reported limited activity for Western discharge.

Aframax

In the North Sea, the rate for the 80,000 mt Cross-UK Continent route had an eight-point shaving to WS99.61 (showing a round-trip daily TCE of about \$6,900 basis Hound Point to Wilhelmshaven). In the Mediterranean market, the rate for 80,000 mt Cross-Mediterranean rose 3.5 points to WS109.5 (basis Ceyhan to Lavera, that shows a daily round trip TCE of about \$19,000, which is close to a \$4,000/day increase week-on-week).

Across the Atlantic, the market quickly changed on Wednesday and into Thursday. The rate for 70,000 mt East Coast Mexico/US Gulf has risen this week 26.5 points to WS106.56 (a daily round-trip TCE of \$10,800) and the 70,000 mt Covenas/US Gulf trip climbed 20 points to WS101.88 (a round-trip TCE of \$10,400/day). The rate for the Transatlantic route of 70,000 mt US Gulf/UK Continent secured a 20-point rise to WS115.31 (a round trip TCE basis Houston/Rotterdam of \$18,600/day).