

WEEKLY MARKET REPORT

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27th October 2023

Bulk report – Week 43

Capesize

The week in the capesize market concluded with a continued trend of declining rates. In the Pacific region, despite the addition of a second major player later in the week, trading remained lacklustre. Rates for C5 fell by a total of \$2.20 throughout the week, reflecting the prevailing bearish sentiment. The tonnage list expanded adding further pressure to rates. Brokers had noticed an increase in coal cargo activity from Indonesia and the East Coast of Australia, but this failed to significantly bolster the market.

In the Atlantic market, the week followed a similar pattern of quiet trading conditions. Owners in this region attempted to adjust their offers to attract buyers, particularly in routes from South Brazil and West Africa to the Far East. However, the lack of demand led to declining rates and the bid-offer gap widened as market sentiment weakened. Overall, it was a challenging week for the capesize market, characterized by limited trading activity and declining rates, illustrated by the BCI 5TC starting the week at \$28,805 and ending the week at \$18,461.

Panamax

A moderate week for the Panamax sector, with a slower pace seen in both basins. Much of the focus in the Atlantic came ex-EC South America, with mid-week seeing a mini push for first-half November arrivals, with reports of an 82,000-dwt delivery Aps Santos early November achieving \$19,000 + \$900,000 perhaps the highlight. Further north, rates came under pressure with limited trade and a softer outlook ensued. Asia began the week on a positive note primarily led by strong grain demand, but an oversupply of nearby tonnage kept rates in check for the most part, with \$12,000 reportedly paid a few times on 82,000-dwt types delivery China for NoPac round trips. Indonesian coal demand was mostly endorsed by smaller/older types with rates flat at around the \$12,000 mark. Period activity remained meagre, although reports emerged of an 82,000-dwt type deliver India achieving \$14,500 for 11/13 months.

Ultramax/Supramax

A subdued week overall with the Atlantic remaining positional in key areas such as the US Gulf, but the South Atlantic was finely balanced with a limited amount of fresh enquiry. From Asia, brokers spoke of very little fresh enquiry from the south with little demand from Indonesia. In North Asia similarly limited fresh enquiry from the NoPac saw tonnage list growing slightly. A 55,000-dwt was heard fixed from EC South America to EC Mexico at \$15,500. From the Continent,

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a little more scrap movement was seen. A 53,000-dwt open Poland fixing a trip via North Continent to Turkey at \$21,000. From Asia, limited activity saw a 55,000-dwt open Thailand fix a trip to EC India-Bangladesh in the low \$14,000s, while a 63,000-dwt open Malaysia fixed a trip via Indonesia to China at \$15,500. Elsewhere, a 63,000-dwt fixed delivery South Africa trip redelivery China at \$20,000 plus \$200,000 ballast bonus.

Handysize

The lone positive region this week was the US Gulf and US East Coast. Limited tonnage availability led to rumours of large handy's fixing around \$20,000 for Petcoke cargo from Texas to the Mediterranean. On the Continent, activity was said to have improved with a 34,000-dwt fixing from the UK to Turkey with an intended cargo of scrap at \$13,000. The Mediterranean continued to soften and a 32,000-dwt fixed from Morocco to Argentina with a cargo of Fertiliser at \$8,000 for the first 45 days and \$11,000 for the balance. Visible activity in the South Atlantic remained limited with a lack of fresh enquiry and 35,000-dwt fixed from Barcarena to Morocco at \$16,000. The Asia markets were also subdued with limited fresh enquiry. A 38,000-dwt was rumoured to have been fixed from North China to West Africa at \$8,500 while a 28,000-dwt was rumoured to have failed on subjects for a trip from China to Thailand at \$7,250.

Tanker report – Week 43

VLCC

The market steadied this week with rates generally slighter firmer except in the US Gulf arena. The rate for 270,000 mt Middle East Gulf to China rose two points to WS56.38 corresponding to a daily round-trip TCE of \$31,477 basis the Baltic Exchange's vessel description. The 280,000 mt Middle East Gulf to US Gulf trip (via the cape/cape routing) is now assessed one point up from last Friday at WS32.33.

In the Atlantic market, while the rate for 260,000 mt West Africa/China rose three points to WS60.40 (which shows a round voyage TCE of \$37,535/day), the rate for 270,000 mt US Gulf/China is \$88,889 softer at \$9,677,778 (\$42,334/day round trip TCE, which is actually about \$500/day up on last Friday).

Suezmax

Suezmaxes in West Africa have had another good week with rates climbing further. The rate for 130,000 mt Nigeria/UK Continent rose 27 points to WS145 (a daily round-trip TCE of \$65,933). In the Mediterranean and Black Sea region the 135,000 mt CPC/Med route, aided by a firm Aframax market, rose another 10 points to WS145.26 (showing a daily TCE \$69,006 round-trip).

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In the Middle East, the rate for 140,000 mt Middle East Gulf to the Mediterranean slackened by two points to a shade under WS80.

Aframax

In the North Sea, the rate for the 80,000 mt Cross-UK Continent route rocketed another 40 points to WS213.57 (showing a round-trip daily TCE of \$103,055 basis Hound Point to Wilhelmshaven). In the Mediterranean market, the rate for 80,000 mt Cross-Mediterranean firmed by another six points to WS220.28 (basis Ceyhan to Lavera showing a daily round trip TCE of \$79,117).

On the other side of the Atlantic, the trans-Atlantic market caught up with the short haul voyages. The rate for 70,000 mt East Coast Mexico/US Gulf is 10 points firmer than a week ago at WS265 (a daily round-trip TCE of \$91,158) and the 70,000 mt Covenas/US Gulf rate climbed 13 points to WS256.88 (a round-trip TCE of \$76,901/day). The rate for the trans-Atlantic route of 70,000 mt US Gulf/UK Continent shot up 65 points to WS265 (a round trip TCE basis Houston/Rotterdam of \$77,448/day).

Clean

LR2

LR's in the MEG look to have lost steam this week following last week's moderate firming. The 75Kt MEG/Japan TC1 index has remained stable with enough activity for it to climb from WS170 to WS173. Similarly, a 90kt MEG/UK-Continent TC20 run freight has hovered around the \$4.4m level all week.

West of Suez, Mediterranean/East LR2's on TC15 has been somewhat inactive this week, with the index shedding just under \$80,000 to \$3.529m.

LR1

In the MEG, LR1's have also been subject to some softening from their momentum slowing this week. The 55kt MEG/Japan index of TC5 dipped from WS175 to WS170. Similarly on the 65kt MEG/UK-Continent of TC8 lost circa \$85,000 to \$3.55m.

On the UK-Continent, the 60Kt ARA/West Africa TC16 index saw an incremental improvement from WS175 to WS179.69 where it has sat for three days at time of writing.

MR

MR's in the MEG felt a little busier this week but despite this there was not enough enquiry to pull rates up. The 35kt MEG/East Africa TC17 index, as a result, lost 16.07 points to WS228.57.

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UK-Continent MR's consistent fixing activity assisted by some enquiry from further towards the Mediterranean in helped freight rates resurge a little. The 37kt ARA/US-Atlantic coast of TC2 added 13.5 points to its index climbing to WS154.75. TC19 (37kt ARA/West Africa) as usual mirrored this and is currently pegged at WS165 (+13.75). These improvements have taken the round trip TCE's back into the mid-teens of thousands of dollars per day.

The USG MR's improved early this week, with strong activity and Panama Canal delays notably reduced. TC14 (38kt US-Gulf/UK-Continent) climbed optimistically to WS115 (+12.5) where it looks to have paused for the moment. The 38kt US-Gulf/Brazil TC18 run has followed the same pattern up to WS198.5 which is where it currently sits. A 38kt US-Gulf/Caribbean TC21 run has been a little more unsettled in pricing this week but ultimately the index has risen \$35,000 to \$664,286.

The MR Atlantic Triangulation Basket TCE climbed back up \$4,905 to \$21,143.

Handymax

In the Mediterranean, Handymax's crept back up 9.72 points to WS196.94 for the TC6 30kt Cross-Med index with wide reports of that WS200 is on subjects.

Up in northwest Europe, the TC23 30kt Cross UK-Continent index held resolute in mid WS170's.