

WEEKLY MARKET REPORT

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19th January 2024

Bulk report – Week 3

Capesize

The capesize market experienced a varied week with distinct developments in both the Pacific and Atlantic regions. At the start of the week, a lacklustre trend prevailed as the Pacific faced downward pressure, resulting in a 20-cent decline on C5. The Atlantic exhibited restrained activity with a decline in sentiment. Tuesday saw a slight increase in coal enquiry from East Coast Australia, but with a healthy tonnage list limited potential upside, maintaining a flat C5 market. Mid-week, there was a sense of stabilization in the Pacific as fixtures were concluded at last done levels, and weather conditions in Chinese ports impacted by fog added an element of uncertainty. The Atlantic experienced increased activity, influenced by Japanese fronthaul tenders, while trans-Atlantic routes faced downward pressure. Thursday marked a notably active day with an improvement in market sentiment, leading to rate increases on C5. The positive momentum extended to the Atlantic, driven by positional factors, resulting in a busy and positive day. As the week draws to a close the level of activity has slowed in the Pacific, nevertheless, the market has continued its upward trajectory, marked by a further 60-cent rise on C5. The Atlantic market wraps up the week on a positive note, with prevailing bullish sentiment evident in the BCI 5TC, which records a robust increase of \$3,243, culminating in a week-ending value of \$18,608.

Panamax

A week of gains for the Panamax market as a build-up in activity from South Atlantic came to the fore once again, with South America absorbing tonnage demand worldwide, in turn adding support to markets elsewhere. The Atlantic was described as largely grain centric, better levels reflected on the front haul routes with several NC South America front haul deals reported basis delivery Aps load port, rates ranging from \$18,000+\$800,000 to \$18,750+\$875,000 ballast bonus whilst an 82,000-dwt fixed delivery West Mediterranean for a trip via NC South America redelivery China at \$24,000. In Asia, a mixed week with the draw from EC South America enticing some owners to consider the ballast option as Indonesia and Australia returned an underwhelming week. Further north, strong grain demand ex NoPac helped support rates here, with \$12,000 rumoured fixed a couple of times on BPI82 types. Period interest improved, with an 82,000-dwt delivery China agreeing around \$16,000 basis 8/10 months.

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Ultramax/Supramax

A mixed week for the sector. In the Atlantic downward movement was seen from the US Gulf with lower enquiry rates eased, from South America some said as the week closed there seemed to be more enquiry for February dates, which indicated a bottom may have been reached. From the Pacific, whilst in the South sentiment remained rather poor with little fresh enquiry from Indonesia, the North saw increased demand from both the NoPac and more backhaul demand saw rates stabilise. Period activity increased, a 63,000-dwt open North China fixing four to six months trading at \$14,500. In the Atlantic, a 63,000-dwt was heard to have been fixed from the US Gulf for a fronthaul around \$23,000. Elsewhere, a 64,000-dwt was fixed from EC South America to Spain at \$18,000. In Asia, a 56,000-dwt fixed basis delivery passing Taiwan trip via Indonesia redelivery China at \$8,650. Whilst another 56,000-dwt fixed delivery Surabaya trip via Indonesia redelivery Bangladesh at \$11,000. Better levels were seen from South Africa, with a 61,000-dwt fixing delivery Port Elizabeth redelivery EC India at \$20,000 plus \$200,000 ballast bonus.

Handysize

The first glimmers of positivity were seen in the Atlantic as lists of open tonnage reduced. On the Continent there was a flurry of activity for grains ex France with a 36,000-dwt fixing from Rouen to Morocco at \$8,500 one of several fixtures. In the Mediterranean, activity was more subdued, but a 34,000-dwt fixed from Alexandria via the Black Sea to Morocco at a rate of around \$9,750. In the US, a 35,000-dwt fixed from Savannah to UK-Continent with wood pellets at \$19,000 whilst a 35,000-dwt fixed from Lake Charles to Tukey at \$18,000 with grains. The South Atlantic was also said to be turning with a 38,000-dwt fixing from Campana to Algeria with grains at \$15,000. Southeast Asia was also more active with a 35,000-dwt fixing from Singapore via Australia to South Korea at \$8,000. Further North enquiry was said to be limited as a 32,000-dwt fixed from CJK via China to EC India at \$10,100.

Tanker report – Week 3

Tankers

Dirty

Please note that TCE references below are based on the revised details, updated on 15th January 2024 and available on the Baltic Exchange website.

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VLCC

The market weakened this week with the 270,000 mt Middle East Gulf to China route losing 3.5 points to WS66.29, which translates into a daily round-trip TCE of \$44,420 basis the Baltic Exchange's vessel description.

In the Atlantic market, where a stepper drop occurred, the rate for 260,000 mt West Africa/China lost eight points to WS66.60 (which shows a round voyage TCE of \$45,738 / day) while the rate for 270,000 mt US Gulf/China shed \$627,777 to \$9,555,556 (which provides a round-trip daily TCE of \$51,078).

Suezmax

Suezmaxes in West Africa have had another steady week, with rates overall for 130,000 mt Nigeria/UK-Continent route gaining only two points to WS143.41 (a daily round-trip TCE of \$63,637). In the Mediterranean and Black Sea region the rate for 135,000 mt CPC/Med route has remained flat at around the WS145 level (showing a daily TCE of \$68,873 round-trip). In the Middle East, the rate for 140,000 mt Middle East Gulf to the Mediterranean gained 30 points to WS120.50 on the back of the widely reported increased risks in the Red Sea.

Aframax

In the North Sea, the rate for the 80,000 mt Cross-UK-Continent route is marginally softer, easing two points to WS183.57 (showing a round-trip daily TCE of \$74,751 basis Hound Point to Wilhelmshaven).

In the Mediterranean market the rate for 80,000 mt Cross-Mediterranean has increased by 22 points to WS211 (basis Ceyhan to Lavera, that shows a daily round trip TCE of \$71,568).

On the other side of the Atlantic, the market rose significantly early on, peaked mid-week and is falling back now. The rate for 70,000 mt East Coast Mexico/US Gulf (TD26) has peaked at WS425 and has now fallen to WS386.25 (a daily round-trip TCE of \$137,043), which is still a week-on-week gain of 39 points. For the 70,000 mt Covenas/US Gulf trip the rate climbed to WS402.5 and has since fallen to WS367.81 (a round-trip TCE of \$115,193 / day), a weekly rise of about 40 points. The rate for the trans-Atlantic route of 70,000 mt US Gulf/UK-Continent surged to almost WS290 and has since dropped to WS236.88 (a round trip TCE basis Houston/Rotterdam of \$63,147 / day), a drop of 48 points since last Friday.

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Clean

LR2

LR's in the MEG have strengthened this week. The 75kt MEG/Japan TC1 index rose about 48 points to WS200.56 (\$49,522 / day TCE round-trip). The 90kt MEG/UK-Continent TC20 run significantly improved, not least of all by the well reported problems in the Red Sea, rising \$537,000 week-on-week to a shade over \$5 million.

In the West of Suez market however, the Mediterranean/East trip on LR2's (TC15) dropped \$87,500 to be last assessed at just over \$4.27 million despite the problems with transiting the Red Sea.

LR1

In the MEG, LR1 freight levels followed the sentiment of the bigger units. The rate for 55kt MEG/Japan (TC5) climbed 62 points to WS254.38 (a daily TCE of \$46,392 / day round-trip). For the 65kt MEG/UK-Continent (TC8) market, the rate has risen nearly \$400,000 to \$4.3-4.4 million level.

On the UK-Continent, the 60kt ARA/West Africa (TC16) market dropped about 2.5 points to just under WS180 (which translates to a round trip daily TCE of about \$33,500).

MR

MRs in the MEG made further gains this week with the 35kt MEG/East Africa (TC17) trip rising 21 points to WS301.43 (a TCE of \$34,316 / day round trip).

UK-Continent MRs made significant improvements with the 37kt ARA/US-Atlantic coast of TC2 gaining 70 points to WS190.89 (a round trip TCE of \$22,147 / day). Similarly, TC19 (37kt ARA/West Africa) rose 77 points to be marked between the WS225-227.5 level (a TCE of just shy of \$29,000 / day round-trip)

The USG MR market was weaker. TC14 (38kt US-Gulf/UK-Continent) has lost about five points to WS166.79 (a daily round-trip TCE of just over \$18,300). The 38kt US Gulf/Brazil on TC18 also receded by 3.5 points to be assessed at a shade under WS220 (about \$27,700 / day for the round-trip TCE) and for the 38kt US-Gulf/Caribbean TC21 trip the rate has shed a about \$42,000 to just over \$675,000 (a daily round-trip TCE of close to \$21,300).

Handymax

In the Mediterranean, Handymax's had a slight upturn this week with TC6 improving by 9.5 points to WS205.06, which corresponds to a daily TCE of \$27,790 basis a round trip voyage from Skikda to Lavera.



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In North West Europe, the TC23 30kt Cross UK-Continent route greatly improved by 82.5 points to WS218.06 (a daily round-trip TCE of \$27,834 basis a voyage from Amsterdam to Le Havre).