

WEEKLY MARKET REPORT

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16th February 2024

Bulk report – Week 7

Capesize

The week started on a subdued note as Asia observed Lunar New Year holidays, all three major mining companies active in the Pacific, contributing to an upbeat sentiment despite minimal activity elsewhere. Conditions were notably calm from South Brazil and West Africa to the Far East at the early part of the week, leading to a noticeable disparity between the bid and offer prices on C3. By mid-week it was rather a mixed market, the overall sentiment leaned towards a slight softening in the Pacific. Activity in the Atlantic picked up as the week progressed, tonnage in the North Atlantic region had been tight all week, resulting in a robust fixture from East Coast Canada to the Far East which led to a noticeable uptick in the C9 index. Conditions in South Brazil and West Africa started to stabilize towards the end of the week, with reports of a major fixing at \$24.00, from Tubarao to China resulting in C3 index settling at \$24.275 on the day. Towards the end of the week, there has been a decline in overall activity. However, in the Pacific, owners displayed resistance, a move that seems to have been rewarded as the C5 index increased by 0.65, reaching \$9.70 today to end the week on a positive note.

Panamax

An energetic week with EC South America claiming the headlines with activity stepping up for March arrivals. Index type tonnage fixing at around \$16,000-\$16,500 was achieved several times basis delivery India via EC South America redelivery Singapore-Japan whilst the scrubber fitted fleet commanded premium levels. By comparison demand was slow in the north with many of the ballasters continuing to price competitively for NC South America grain business. In large parts of Asia, it was a shortened week which created a little confusion, however sentiment returned firm with all three major loading origins returning small increments in rates. This was aided by staunch support from the Americas and a robust period time charter market. A mix of rates seen for trips via NoPac including reports of a 75,000-dwt delivery Japan for a NoPac round trip at \$11,750. Various period rumours including an 82,000-dwt delivery South China fixing basis one year at \$18,250.

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Ultramax/Supramax

A rather protracted week with the Asian arena lacking fresh impetus during the first part dominated by the Chinese New Year holidays. Having said that the week ended with stronger demand and rates were being seen from the region. The Atlantic similarly had a rather positional feel about it. The recent gains made from key areas such as the US Gulf being driven back with limited fresh enquiry as the weekend approached. Period cover remained in play, a 63,000-dwt open China fixing one year at \$16,500, whilst another 63,000-dwt open Arabian Gulf fixed five to seven months trading at around \$17,000. From the Atlantic, a 64,000-dwt was fixed from the US Gulf to Asia at \$30,500. A 61,000-dwt fixed from Spain to the US East Coast in the upper \$10,000s. The Indian Ocean remained active, a 58,000-dwt fixing from Karachi to South Asia in the mid \$20,000s. From South Africa, a 63,000-dwt fixed for a trip to China at \$24,000 plus a \$240,000 ballast bonus.

Handysize

Despite limited visible activity across the handy sector, pockets of positivity remained. On the Continent improving levels of scrap and lumber requirements brought gains for Owners, a 30,000-dwt semi-open hatch box-shaped vessel fixing from Riga to Houston with a cargo of lumber at around \$11,000, whilst a 39,000-dwt was fixed from Flushing to West Africa at \$13,000. Levels in the Mediterranean remained balanced, as a 35,000-dwt fixed from Alexandria to the Spanish Mediterranean at \$12,000. With Carnival in Brazil activity was minimal and improvements were expected next week. The US Gulf remained under pressure with limited cargo availability for the remainder of February, a 38,000-dwt was fixed from the US Gulf for a trip to Morocco with an intended cargo of coal at \$10,750. In Asia, despite the widespread holidays levels had remained steady. Period interest also remained as a 35,000-dwt opening in Morocco was fixed for three to five months with worldwide redelivery at \$15,000.

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Tanker report – Week 7

VLCC

Despite the Lunar New Year Holiday in the East, the market has significantly firmed this week. The rate for the 270,000 mt Middle East Gulf to China route amassed 23 points since last Friday to WS89.23 which corresponds to a daily round-trip TCE of about \$69,784 basis the Baltic Exchange's vessel description.

In the Atlantic market, the 260,000 mt West Africa/China gained 18 points to WS85.65 which shows a round voyage TCE of \$65,531 per day while the rate for 270,000 mt US Gulf/China recovered a further \$433,334 during the course of the week to \$9,827,778 (providing a round-trip daily TCE of \$51,020).

Suezmax

Suezmaxes in West Africa bottomed out last Friday with the rate for 130,000 mt Nigeria/UK Continent recovering eight points this week to WS113.64 (a daily round-trip TCE of \$44,264). In the Mediterranean and Black Sea region the rate for 135,000 mt CPC/Med remained steady at around the WS128 level (showing a daily TCE of around \$52,500 round-trip). In the Middle East, the rate for 140,000 mt Middle East Gulf to the Mediterranean (via the Suez Canal) dropped another seven points to a shade below WS110, but the continuing risk of attacks means most owners and charterers choose to go via the Cape of Good Hope which is reported to be fixing at about WS80.

Aframax

In the North Sea, the rate for the 80,000 mt Cross-UK Continent route stemmed the recent falls and recovered three points to WS161.07 (showing a round-trip daily TCE of \$55,078 basis Hound Point to Wilhelmshaven).

In the Mediterranean market the rate for 80,000 mt Cross-Mediterranean also firmed, regaining 22 points of the recent losses to WS187.5 (basis Ceyhan to Lavera, which shows a daily round trip TCE of \$56,708).

Across the Atlantic, the Stateside market has been steadier this week with rates firming slightly. The rate for 70,000 mt East Coast Mexico/US Gulf (TD26) firmed by three points to WS216.56 (a daily TCE of \$60,822 round trip) and the rate for 70,000 mt Covenas/US Gulf (TD9) is 2.5 points firmer than a week ago at WS205 (a round-trip TCE

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of \$49,971 per day). The rate for the trans-Atlantic route of 70,000 mt US Gulf/UK Continent (TD25) rose another 10 points to WS210.94 (a round trip TCE basis Houston/Rotterdam of \$52,544 per day).

Clean

LR2

LR's in the MEG softened again for the second week. The 75kt MEG/Japan TC1 index dipped 12.22 points to WS246.67. The 90kt MEG/UK-Continent TC20 trip to the UK-Continent steadily dropped across the week from \$6.9 million to \$6.4 million.

West of Suez, Mediterranean/East LR2's look to have been dormant all week seeing the index drop an incremental \$62,500 to \$5.83 million.

LR1

In the MEG, LR1 freight has been under pressure. The 55kt MEG/Japan index of TC5 has been hammered down 46.88 points to WS246.25. The 65kt MEG/UK-Continent of TC8 lost 11% of its value across the week settling down at \$5.25 million.

On the UK-Continent, the 60kt ARA/West Africa TC16 run remained relatively sedate this week, the index dropped to WS229 where it has held for a couple of days.

MR

MR's in the MEG have been under consistent pressure this week again resulting in the TC17 index losing 100 points and is currently pegged at WS286.43.

UK-Continent MR's have continued their upward trajectory this week. The 37kt ARA/US-Atlantic coast of TC2 index ticked up 35 points across the week to be currently marked at WS250.83. On a TC19 run (37kt ARA/West Africa) the index similarly added 36.25 points to its value and sits at WS272.81 for the moment.

The USG MR's after a slow start continued their positive movement this week. TC14 (38kt US-Gulf/UK-Continent) went from WS170.36 to WS185.71. The 38kt US Gulf/Brazil on TC18 also crept up 27.5 points to WS260.36. The 38kt US-Gulf/Caribbean TC21 climbed \$191,428 to \$885,714. At these levels on Baltic TCE round trip TC14 is returning over \$20,000 per day and TC18 and TC21 are returning over \$30,000 per day.

Handymax

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In the Mediterranean, Handymax's saw another week of improvement although not to the same magnitude as last week. The TC6 index climbed 8.28 points to WS278.06.

Up in North West Europe, the TC23 30kt Cross UK-Continent index hopped up to WS264.44 (+51.11) increasing the Baltic round trip TCE for the run by 55% to \$39,000 per day.