

WEEKLY MARKET REPORT

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05th July 2024

Bulk report – Week 27

Capesize

This week began on a positive note, with the BCI 5TC increasing significantly by \$2,881 to reach \$31,438. Early in the week, the Pacific market saw significant activity, with increased participation from all of the miners and rising rates. However, the latter part of the week experienced a downturn due to increased tonnage availability and reduced coal demand, leading to a significant drop in the C5 index to \$10.28 on Friday. The Atlantic market, previously buoyant with strong bids for end July loaders from south Brazil and west Africa to the Far East, saw limited activity as index dates shifted into August, resulting in a rate adjustments and weaker fixtures. Overall, the week started strong but ended on a softer note, reflected in the decline of the BCI 5TC, which lost \$3,746 over the course of the week to close at \$27,692.

Panamax

It has been another week that saw further significant losses. A similar pattern emerged in both basins, owing predominantly to a lack of mineral demand in the Atlantic basin and little fresh cargo emerging from Indonesia and NoPac in Asia. Transatlantic rates fell sharply to circa \$11,000 BPI type whilst reports had a 79,000-dwt delivery Gibraltar achieving \$10,750 for a trip via NC South America redelivery Skaw-Gibraltar. Despite decent volume ex Australia, Asia lacked any meaningful cargo both in the south and the north. Consequently, rates came under pressure from said origins, with an 82,000-dwt delivery Korea agreeing \$12,000 for a NoPac round trip, whilst smaller/older types absorbed the minimal demand ex Indonesia \$13,000 the mean average on the week for route P5, highlighting the lack of support. There was limited period activity, although an 84,000-dwt delivery Singapore-Japan accomplished 117% of the BPI timecharter average for one-year period.

Ultramax/Supramax

A rather dull week for the sector as rates and demand fell away in most areas. The only bright point seemed to be the US Gulf, which, despite the holiday, saw better demand and the Ultramax size seeing in the mid-upper \$20,000s for trips to Asia. Elsewhere, limited fresh enquiry saw vessels struggle from the Continent-Mediterranean, although a 56,000-dwt fixed a trip delivery central Mediterranean via the Black Sea to the Far

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East in the low \$20,000s. From Asia, limited cargo from the south saw rates drop. A 56,000-dwt open Vietnam fixing an Indonesian round at \$14,000. Further north, a 63,000-dwt open China fixed a trip to the US Gulf in the \$12,000s. The Indian Ocean similarly lacked fresh impetus, with a 56,000-dwt fixing delivery Maputo trip WC India at \$16,500 plus \$165,000 ballast bonus. There was little appetite for period cover and it remains to be seen how the summertime feel might change.

Handysize

A week of minimal visible activity across both basins in the handy sector. In the Atlantic, a general lack of cargo availability set the tone. Whilst Independence Day celebrations in the US slowed activity towards the end of the week, a 36,000-dwt fixed from the Mississippi River to Chile at \$17,000, whilst a 38,000-dwt fixed from Atlantic Columbia to the Continent with coal in the \$15,000s. A 35,000-dwt was rumoured to have fixed from SW Pass to Morocco in the \$12,000s. Limited prompt enquiry in the South Atlantic led to a downward trend with a 36,000-dwt fixing from Fazendinah to Morocco with grains at \$14,500, whilst a 43,000-dwt fixed from Recalada to Puerto Quetzal with grains at \$23,500 both earlier in the week and, whilst numbers had continued to soften, many had hope positivity would return in the coming weeks with cargo availability rumoured to improve. In Asia, visible activity was also muted but sources spoke of a balanced market in general.

Tanker report – Week 27

VLCC

The VLCC market eased ever so slightly this week. The rate for the benchmark 270,000 mt Middle East Gulf to China slipped a point from last Friday to WS48.45, which provides a daily round-trip TCE of \$24,266 basis the Baltic Exchange's vessel description.

In the Atlantic, market weakness was matched. The 260,000mt West Africa to China was down a point for the week at WS54.17, showing a round voyage TCE of \$30,976/day, and the rate for 270,000mt US Gulf to China fell by \$108,500 to \$7,630,000 corresponding to a round-trip daily TCE of \$34,072.

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Suezmax

The Suezmax market in West Africa took a tumble this week, with little activity being reported. An oil major was reported to have had a cargo early in the week, for which at least 10 ships were offering so the sentiment dropped off. The rate for 130,000mt Nigeria to UK Continent route fell almost 10 points by Thursday to WS100 (a daily round-trip TCE of \$36,509) while the 135,000mt CPC/Mediterranean route remained flat hovering around the WS120 mark (showing a daily TCE of a little above \$47,000 round-trip). In the Middle East, the rate for 140,000mt Middle East Gulf to the Mediterranean (via the Suez Canal) continues to be assessed around the WS93.5 level.

Aframax

In the North Sea, the rate for the 80,000mt Cross-UK Continent plummeted 14 points to WS131.67 (a daily round-trip TCE of \$32,041 basis Hound Point to Wilhelmshaven).

In the Mediterranean market the rate for 80,000mt Cross-Mediterranean slipped one point to WS152.61 (basis Ceyhan to Lavera that shows a daily round trip TCE of \$39,764).

Across the Atlantic, the US Independence holiday on Thursday meant a short week. For the 70,000mt East Coast Mexico/US Gulf (TD26) the rate slipped 2.5 points to WS171.56 on Wednesday (a daily TCE of \$39,634 round trip) and the rate for 70,000mt Covenas/US Gulf (TD9) was a little over three points softer at WS168.75 (a round-trip TCE of \$32,041/day). The rate for the trans-Atlantic route of 70,000mt US Gulf/UK Continent (TD25) eased almost 2 points to WS171.39 (a round trip TCE basis Houston/Rotterdam of \$38,404 per day).

Clean

LR2

MEG LR2's saw just enough demand to keep rates stable this week. The TC1 rate for 75Kt MEG/Japan floated around the WS180-WS190 level all week and the 90kt MEG/UK-Continent TC20 voyage held in the \$5.8-\$5.9m region.

West of Suez, Mediterranean/East LR2's improved off the back of some activity this week. The TC15 index hopped up \$200,000 to \$3.9m.

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LR1

In the MEG, LR1's looked to soften this week with available tonnage abundant. The 55kt MEG/Japan index of TC5 dipped from WS231.88 to WS227.19 and the 65kt MEG/UK-Continent of TC8 remained flat at \$4.8m.

On the UK-Continent, a 60Kt ARA/West Africa run on TC16 came down to WS138.61 (-2.78) off the back of very little activity this week.

MR

MR's in the MEG came under significant pressure this week. The TC17 35Kt MEG/East Africa index lost 55.72 points to WS248.57.

On the UK-Continent MR's held onto current freight levels. The 37kt ARA/US-Atlantic coast of TC2 settled at the end of the week at WS182.19, which is a Baltic round trip TCE of \$19,675/day. The TC19 run (37kt ARA/West Africa) mirrored TC2 all week and is currently pegged at WS202.19.

As USG MR's dropped off significantly this week prior to the national holiday. TC14 (38kt US-Gulf/UK-Continent) dropped to WS192.14 (-37.86). The 38kt US Gulf/Brazil on TC18 went from WS329.29 to WS282.14 and the 38kt US-Gulf/Caribbean of TC21 came down 36% to \$1.04m now returning \$40,647 /day on Baltic description round trip TCE.

The MR Atlantic Triangulation Basket TCE dropped \$8012 to \$36,391.

Handymax

In the Mediterranean, 30kt Cross Mediterranean (TC6) remained flat at the WS185-190 level. In northwest Europe, the TC23 30kt Cross UK-Continent came back down 10.84 points this week to WS165.83.