

WEEKLY MARKET REPORT

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23rd August 2024

Bulk report – Week 34

Capesize

This week saw a strong and consistent upward trend in the Capesize market, with the Baltic 5TC index rising from \$21,510 on Monday to settle at \$23,645 by Friday. In the Pacific, activity was buoyed by the participation of all the major miners and an increase in coal demand from Australia, driving the C5 index up, despite a slight correction on Thursday. The Atlantic market, while initially quieter, gained momentum midweek, supported by stronger fixtures from South Brazil, West Africa to the Far East, and a notable Transatlantic fixture. Although market activity slightly levelled off towards the end of the week, overall sentiment remained positive, especially in later September dates from South Brazil, reflecting what brokers have described as a well-supported and active Capesize market.

Panamax

This week, the Panamax market experienced a continuous downward trend, with the Panamax timecharter average (P5TC) falling from \$13,970 on Monday to \$12,724 at the end of the week. The summer holidays contributed to a quiet start and despite more activity in the Pacific, the overall weakness in both the North and South Atlantic led to further drops in the overall index as the market struggled to find support reflecting the ongoing imbalance between supply and demand.

The Atlantic market remained under significant pressure throughout the week due to an oversupply of tonnage, especially off the Continent. Rates declined steadily, and with few new cargoes, there was little resistance shown. The Pacific market was relatively stable but saw only modest improvements, with the Indonesian round voyages remaining active but largely unchanged at around \$12,000 and a scarcity of Nopac cargoes.

There was limited period activity reported with a modern 82,000 dwt vessel fixed for two years at region \$17,000 and a 98,000 dwt vessel fixed for 12 months at mid-\$15,000s.

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Ultramax/Supramax

Another convoluted week for the sector that again could be described as positional. From the Atlantic the only bright area was the US Gulf, which saw demand return and tonnage availability becoming a bit restricted. A 61,000-dwt fixed a trip from here with redelivery Arabian Gulf – Japan at \$28,500. Limited action from the South Atlantic, although a 63,000-dwt fixed delivery Santos for a fronthaul in the mid \$17,000s plus mid \$700,000s ballast bonus. Asia was also a mixed bag as demand tapered off as the week came to a close. At the beginning of the week, a 58,000-dwt fixing delivery Southeast Asia via Indonesia redelivery China in the mid \$18,000s, but as it ended a 56,000-dwt fixed a similar run in the mid \$15,500s. Limited demand from the Indian Ocean, with a 61,00-dwt fixing a trip delivery Southwest Africa via South Africa redelivery China at \$21,000 plus \$210,000 ballast bonus. It remains to be seen if these trends will continue as the summer holiday season for many comes to an end.

Handysize

Generally, a steady week, although some areas had softer undertones. The Continent-Mediterranean was described as positional as rates hovered around last done. A 34,000-dwt open Bremerhaven was fixed for a scrap run to the East Mediterranean at \$11,000. From the Mediterranean a 37,000-dwt fixed delivery Black Sea for a trip to Algeria at in the mid \$9,000s. Further erosion was seen from the South Atlantic with limited fresh enquiry and prompt tonnage availability growing. By contrast demand slowly returned to the US Gulf, a 39,000-dwt fixing delivery SW Pass to the West Mediterranean at \$18,000. From the Pacific, another week when fundamentals changed little as rates seemingly remained steady whilst fresh enquiry trickled into the market.

Tanker report – Week 34

VLCC

The VLCC market continued its downward trajectory this week, with the rate for the TD3C benchmark 270,000 mt Middle East Gulf to China falling a further 7.7 points to WS52.95, which provides a daily round-trip TCE of \$30,565 basis the Baltic Exchange's vessel description.

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In the Atlantic, the market was also softer from this time last week. The 260,000 mt West Africa to China was a little over five points lower than last Friday at WS57.67 showing a round voyage TCE of \$36,005/day. The rate for 270,000mt US Gulf to China did manage to recoup a little, climbing by \$270,000 to \$7,470,000 corresponding to a round-trip daily TCE of \$34,225.

Suezmax

The Suezmax market in West Africa took showed signs of an upturn this week. The rate for 130,000 mt Nigeria to UK Continent reflected this by climbing 2.92 points to WS78.61 (a daily round-trip TCE of \$25,986). In the Mediterranean and Black Sea region the rate held stable around the WS87.5 level for the 135,000 mt CPC/Mediterranean route (showing a daily TCE of about \$23,908 round-trip). In the Middle East, the rate for 140,000 mt Middle East Gulf to the Mediterranean (via the Suez Canal) is assessed 4.39 points higher than last Friday at around WS89.

Aframax

In the North Sea, the rate for the 80,000 mt Cross-UK Continent remained steady at the WS120 level (a daily round-trip TCE of \$24,553 basis Hound Point to Wilhelmshaven).

In the Mediterranean market the rate for 80,000 mt Cross-Mediterranean was resolute at around the WS125 mark (basis Ceyhan to Lavera shows a daily round trip TCE of \$27,387).

Across the Atlantic, rates began to show improvement albeit only incrementally. For the 70,000 mt East Coast Mexico/US Gulf (TD26), the rate was less than a point firmer WS116.31 (a daily TCE of \$18,158 round trip) and the rate for 70,000 mt Covenas/US Gulf (TD9) was 2.81 points up on last Friday's rate at WS114.69 (a round-trip TCE of \$17,457/day). The rate for the trans-Atlantic route of 70,000 mt US Gulf/UK Continent (TD25) rose by 3.06 points to WS135.56 (a round trip TCE basis Houston/Rotterdam of \$27,975/day).

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Clean

LR2

MEG LR2's saw freight levels weaken again this week. The TC1 rate for 75Kt MEG/Japan dipped 5.28 points to WS130.83 while the 90kt MEG/UK-Continent TC20 voyage fell by \$46,498 to \$4,128,502. West of Suez, the Mediterranean/East LR2's were somewhat muted, the TC15 index was reduced by \$79,167 to a little over \$3.26 million.

LR1

In the MEG, LR1 freight was relatively stable. The 55kt MEG/Japan index of TC5 snuck up 1.181 points to WS126.19. The 65kt MEG/UK-Continent of TC8 added \$21,450 to hold just over the \$3 million. On the UK-Continent, a 60Kt ARA/West Africa run on TC16 lost 5.39 points this week to WS129.05, taking the Baltic TCE for the run to about \$18,300/day round trip.

MR

MR's in the MEG continued along their current trajectory. The TC17 35kt MEG/East Africa hopped up 3.58 points to WS204.29 (showing a daily TCE of about \$18,278/day round trip).

On the UK-Continent MR's, the 37kt ARA/US-Atlantic coast of TC2 crumbled 10.19 points to WS119.81, which translates to a Baltic round trip TCE of \$8,879/day and the TC19 run (37kt ARA/West Africa) shed 10.32 points to WS139.06.

Across the Atlantic, the MR's began to recover with gusto as TC14 (38kt US-Gulf/UK-Continent) jumped up 29.29 points to WS172.5 (about \$21,139/day basis a round trip TCE). The 38kt US Gulf/Brazil on TC18 went from WS203.57 to WS235.71 (a daily round trip TCE of \$30,920) and the 38kt US-Gulf/Caribbean of TC21 cranked up 46% to \$837,857.

Handymax

In the Mediterranean, 30kt Cross Mediterranean (TC6) continued upward north of WS200 this week, improving by 33.95 points to WS206.17 (a round trip TCE of \$27,798, up 53%). Up in Northwest Europe, the TC23 30kt Cross UK-Continent went from WS128.33 to WS133.12.