

WEEKLY MARKET REPORT

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23rd June 2023

Bulk report – Week 25

Capesize

The week began with a sluggish and quiet market in both the Pacific and Atlantic regions. There was a noticeable lack of participation from any of the majors, from West Australia to China, resulting in an absence of activity. However, by mid-week, the Pacific market stabilized, with conditions gradually improving and rates showing a slight increase. Towards the end of the week, the Pacific market witnessed a notable resurgence, despite the holidays in Hong Kong and China. Two of the major players re-entered the market and engaged actively, leading to upward pressure on rates.

After a subdued start, the Atlantic market began to gain momentum with an increase in activity, especially from Brazil and West Africa to the Far East. Fresh enquiry began to emerge, particularly in the North Atlantic. This, together with constrained tonnage supply, resulted in more favourable rates being achieved. As the week draws to a close, it has been a positive one overall. The BCI 5TC, which opened on Monday at \$12,375, has experienced a significant rise and currently stands at \$17,252.

Panamax

A subdued week for the Panamax sector. Trans-Atlantic grain trades were few and far between, although slight premium rates were achievable on same with reports of an 82,000-dwt delivery, France achieved \$9,000 for a NC South America trans-Atlantic round trip with grains. EC South America returned a contrasting week with a mixed feel here, limited demand so far but P6 index dates appeared well balanced whilst first half July arrival dates remained softer with committed and ballaster tonnage undermining any potential upside in rates. The Asian market continued to ease as the week wore on, blighted by holidays towards the end part support was hard to come by as the tonnage count continued to grow, and with limited enquiry ex NoPac mineral demand ex Australia and Indonesia returned insufficient to prevent the softening of rates in the arena. On the period front, reports of an 82,000-dwt delivery China agreeing \$13,000 basis 9/11 months trading.

Ultramax/Supramax

East Coast South America saw a flurry of activity as more July requirements entered the market. A 63,000-dwt fixing from Paranagua to Chittagong at \$15,500 and a \$550,000 ballast bonus, and a 55,000-dwt fixing from Santos to Port Kelang at \$13,000 plus a \$300,000 ballast bonus. The South Africa region also saw numbers improve, with an Ultramax rumoured to have been fixed from South Africa to China at \$16,000 plus a \$160,000 ballast bonus. Asia saw activity slow due to holidays but a scrubber fitted 60,000-dwt fixed from Japan via Nopac to South East Asia at \$11,000 and a 63,000-dwt fixed from CJK via Australia to China with an intended cargo of grains at \$10,000. A scrubber fitted 64,000-dwt fixed from Japan to West Coast India at \$10,500. A

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60,000-dwt opening in West Coast India was fixed for a period from the 25 June 2023 up to a minimum of 10 August 2024 up to a maximum of 10 October 2024 at \$13,800.

Handysize

Despite limited visible activity in general, small pockets of positivity returned to the Handy sector, with East Coast South America seeing more requirements for July dates with a 36,000-dwt being linked to fixing from Upriver Plate for a trip to Morocco in the high \$12,000's. In contrast, the Mediterranean had seen minimal fresh enquiry and an unnamed Handy was rumoured to have been fixed for a trip from Gijon to the Continent at \$5,000 whilst a 30,000-dwt was rumoured to have fixed from Morocco to Brazil at \$4,000. In the US Gulf a 37,000-dwt fixed from Houston to West Coast of Central to West Coast South America with an intended cargo of petcoke at \$11,000. In Japan a 33,000-dwt was fixed for a trip to the Arabian Gulf with an intended cargo of steels at \$8,250. A 38,000-dwt fixed from Balawan to South Korea at \$8,250. A 33,000-dwt fixed basis delivery in Singapore for two to three laden legs at \$9,100.

Tanker report – Week 25

VLCC

Another busy week as charterers took the last remaining opportunities to fix tonnage for June dated barrels before the OPEC+ cuts come into effect from 1 July. As that came to an end, tied in with the Chinese holiday on Thursday and Friday, the market has slackened in the Middle East. The rate for 270,000mt Middle East Gulf to China, having peaked at a shade over WS85 on Monday, has since plummeted almost 20 points to WS66.73 (a round trip TCE of nearly \$48,700 per day basis the Baltic Exchange's vessel description), while the 280,000mt Middle East Gulf to US Gulf trip (via the cape/cape routing) is now rated 7.5 points less than a week ago at WS40.33.

In the Atlantic market, the rate for 260,000mt West Africa/China dropped 17 points to WS64.15 (which shows a round voyage TCE of \$45,600 per day). The rate for 270,000mt US Gulf/China is now assessed \$738,889 less than last Friday at \$9,616,667 (about \$45,000 per day round trip TCE).

Suezmax

Suezmaxes have had another busy week. In West Africa the effects of recently introduced tax claw-back have been lessened to encourage owners to keep loading in Nigeria. Tonnage is still a little tight so whilst rates have fallen, they have not collapsed. The rate for 130,000mt Nigeria/Rotterdam has dropped back 15 points to WS122.75 (a daily round-trip TCE of \$53,400). In the 135,000mt CPC/Med market, an Italian charterer replaced an earlier fixture at WS122.5 and the market appears to be a little less now, assessed three points higher than a week ago at WS120.83 (producing a daily TCE of \$50,300 round-trip) and in the Middle East the rate for 140,000mt Basrah/Lavera firmed a meagre 3.5 points to WS63.

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Aframax

In the North Sea, the rate for the 80,000mt Hound Point/Wilhelmshaven remained flat at WS135 (showing a round-trip daily TCE of \$39,800) and in the Mediterranean the 80,000mt Ceyhan/Lavera rate was stopped from falling further ending the week three points firmer overall at the WS142.50 mark (a daily round trip TCE of \$38,200).

Across the Atlantic, the Stateside Aframax market has again peaked and fallen down. The rate for 70,000mt East Coast Mexico/US Gulf and 70,000mt Covenas/US Gulf both lost 23 points this week to WS192.81 (which shows a TCE of about \$55,200 per day round trip) and WS180.94 (a daily round-trip TCE of \$46,700) respectively. For the trans-Atlantic route of 70,000mt US Gulf/Rotterdam the rate fell 38 points to WS156.19 (a round trip TCE of \$36,700 per day).

Clean

LR2

MEG LR2's remained stable for the majority of the week with inklings of an upturn as we head towards the weekend. TC1 after bottoming out at WS107.5 is currently back at WS112.19 and a TC20 trip west was also steady across the week rising and incremental \$78,000 to \$3,292,000.

West of Suez, Mediterranean/East LR2's have continued to be mute this week and the TC15 index dipped \$38,500 to \$2,583,000.

LR1

In the MEG, LR1's were firm all week. TC5 scrambled up 11 points to WS154.29 and a run west on TC8 has also hopped up another \$167,000 to \$2,900,000.

On the UK-Continent, TC16 continued along its current WS125 path without much sign of movement. The run is still rendering \$20,000/day round trip TCE at these levels.

MR

MEG MR's have been just busy enough and held up by the LR1's to keep levels flat this week in mid WS230's.

UK-Continent MR's continue to trundle along this week with plenty of available tonnage. As a result TC2 and TC19 have not move from WS125 and WS135 respectively.

USG MR's despite being active this week rates have tumbled. TC14 shed 12.5 points to WS105.83 and similarly TC18 lost 9.17 points to WS180.83. TC21 also came down \$33,000 to \$700,000. At these levels TC18 and TC21 are still returning over \$20,000 day round trip TCE whereas TC14 is only returning a quarter of that.

The MR Atlantic Triangulation Basket TCE dropped from \$20,097 to \$17,273.

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Handymax

Mediterranean Handymax's showed sign of movement this week and the TC6 index climbed into the WS140 after having been at WS135 for over five weeks.

Up on the UK-Continent, TC23 again meandered along at around the WS135 level with the real need for an uptick in enquiry to move things along from this level.