

WEEKLY MARKET REPORT

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16th August 2024

Bulk report – Week 33

Capesize

This week the capesize market saw a strong start in the Pacific, with consistent activity from all three major miners driving rates upward. Early in the week, the C5 index showed solid gains and this positive momentum continued through to Wednesday as rates climbed steadily, with the C5 index reaching \$11.03. There were also notable gains in the Atlantic markets with the C3 index peaking at \$25.55. However, the end of the week saw a shift in sentiment, with a noticeable drop in activity as the paper market turned negative. This led to decreased fixing levels, particularly on Thursday, where both the C5 and C3 indices fell, reflecting the softer market conditions. Despite the positive start, the week ended on a somewhat more subdued note as rates in the Pacific stabilised. The BCI 5TC index closed at \$21,037, reflecting a slight dip of just \$47, after beginning the week at \$20,008.

Panamax

The Panamax market provided further losses this week and is showing little signs of abating. Despite a steady level of activity, this failed to stem the tide with the Atlantic yielding sizeable losses. The Atlantic saw rates erode for a further successive week as pressure from the nearby and committed ships continued to underpin the market. From East Coast South America, the focus this week was on early September arrival with APS load port rates now hovering around the \$17,500 + \$750,000 mark but limited activity played out for route P6 arrival dates. Conversely, Asia witnessed a week of steady gains, with steady demand on the longer round trips including early season US Gulf stems adding limited support to rates. There were reports midweek of an 82,000-dwt delivery China achieving \$13,000 for an Australian round trip, which was around the mean average for the week. There was limited period activity but this included an 81,500-dwt vessel agreeing \$14,000 for a 10/12 month charter.

Ultramax/Supramax

As the holiday season continued, it was another rather uninspiring week for the sector. The Atlantic was a split affair with limited fresh enquiry appearing from the US Gulf putting downward pressure on rates. A 57,000-dwt was heard fixed delivery US Gulf for a trip WC India at \$23,500. From the South Atlantic, a slightly more balanced

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week as demand trickled into the market. Elsewhere it was described as positional, with a 56,000-dwt fixing delivery West Africa for a trip redelivery EC India – China at \$16,000. From Asia, as the week progressed, it became clear that the recent lull in activity had slowed as more enquiry entered into play and positive sentiment returned. A 56,000-dwt open Singapore fixing a trip via Indonesia redelivery China in the mid \$15,000s. Further north, a 61,000-dwt open Japan fixed a trip via the NoPac redelivery Baltic at \$12,000. Period activity started to surface again, with a 63,000-dwt open Singapore fixing about seven months to maximum 10 months trading at \$17,000.

Handysize

What can only be described as a positional week for the sector as the lacklustre feel continued. The Continent – Mediterranean regions had limited support although a 33,000-dwt was heard fixed for a scrap run from the Baltic to the East Mediterranean in the low to mid \$10,000s. Rates from the South Atlantic remained rather flat, but a 38,000-dwt was fixed from EC South America to the West Mediterranean in the mid \$18,000s. The US Gulf saw limited interest, with a 35,000-dwt fixing a trans-Atlantic run from Tampa in the mid \$15,000s. In the Pacific market, activity remained unmoved with the demand-supply spread at an equilibrium with rates generally remaining unchanged. Although some felt that there was slightly better levels of fresh enquiry appearing as the week came to a close, it remained to be seen if this would yield any change in fortunes for the owning side.

Tanker report – Week 33

VLCC

The VLCC market took a turn for the better this week. The 270,000 mt Middle East Gulf to China trip climbed out of the doldrums, rising 13 points to WS59.25, which gives a daily round-trip TCE of \$36,999 basis the Baltic Exchange's vessel description.

In the Atlantic market, the rate for 260,000 mt West Africa/China rose eight points to WS60.39 (corresponding to a round voyage TCE of \$38,583/day), whilst the rate for 270,000 mt US Gulf/China ascended \$197,550 to just breach the \$7million mark at \$7,002,500 (\$30,418/day round trip TCE).

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Suezmax

Suezmaxes in West Africa were very slightly weaker (about a point) this week with the rate for 130,000 mt Nigeria/UK Continent reaching the latest floor at WS75 (a daily round-trip TCE of \$23,262). The new route (TD27) from Guyana to UK Continent basis 130,000 mt was assessed on Thursday at WS74.72, up almost two points week-on-week, which translates into a daily round trip TCE of \$22,727 basis discharge in Rotterdam. In the Mediterranean and Black Sea region, the 135,000 mt CPC/Med route remained static around the WS86.5/87 level (showing a daily TCE of \$24,596 round-trip). In the Middle East, the rate for 140,000 mt Middle East Gulf to the Mediterranean (via the Suez Canal) again remained around the WS84-85 mark.

Aframax

In the North Sea, the rate for the 80,000 mt Cross-UK Continent held at the WS120 level for another week (translating to a daily round-trip TCE of \$24,596 basis Hound Point to Wilhelmshaven).

In the Mediterranean market, the rate for 80,000mt Cross-Mediterranean had another 10 points hacked away, closing on Thursday at WS121.22 (basis Ceyhan to Lavera that shows a daily round trip TCE of \$25,158).

Across the Atlantic, the market slide has almost been halted. For 70,000 mt East Coast Mexico/US Gulf (TD26), owners managed to claw back almost a point at WS107.5 (a daily TCE of \$13,619 round trip) while the rate for 70,000mt Covenas/US Gulf (TD9) dipped another two points to WS105 (a round-trip TCE of \$13,159/day). The rate for the trans-Atlantic route of 70,000mt US Gulf/UK Continent (TD25) hovered around the WS122 level (a round trip TCE basis Houston/Rotterdam of \$22,625/day).

Clean

LR2

LR2 freight in the MEG continued to shuffle along at the current floor reached last week. The 75Kt MEG/Japan TC1 index remained in the mid WS130's while the 90kt MEG/UK-Continent of TC20 comparably held at the \$4.2m mark. West of Suez, Mediterranean/LR2's on TC15 dipped \$150,000 to \$3.34m.

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LR1

In the MEG, LR1's were both assessed around 10% lighter than last week. The 55kt MEG/Japan index of TC5 dropped 13.75 points to WS124.38 while the 65kt MEG/UK-Continent of TC8 shed another \$393,000 to \$3.05m. On the UK-Continent, the 60Kt ARA/West Africa TC16 index's softening sentiment of last week emerged as the index dropped 7.77 points to WS135.56.

MR

MR's in the MEG did not budge for the third week on week and the TC17 index continued to float along around the WS200-205 level. Meanwhile, UK-Continent MR's have been a little volatile this week. The 37kt ARA/US-Atlantic coast of TC2 bottomed out at WS125 mid-week (down from WS150) before returning back up to WS130 where it currently rests. The 37kt ARA/West Africa (TC19) followed a similar pattern with a circa WS20 point differential to TC2, with the index currently at WS150.

The USG MR's came under downward pressure this week. TC14 (38kt US-Gulf/UK-Continent) lost 18.93 points to WS131.07. The 38kt US-Gulf/Brazil of TC18 also came down to WS201.79 (-18.21) and the 38kt US-Gulf/Caribbean TC21 went from being assessed at \$622,143 to \$524,286.

Handymax

In the Mediterranean, Handymaxes had a welcome upturn. The TC6 index went from WS120 to WS161.67 with the Baltic TCE leaping from \$4,778 to \$15,367 /day round trip. In Northwest Europe, the TC23 30kt Cross UK-Continent sunk another 20% to WS130.63.