

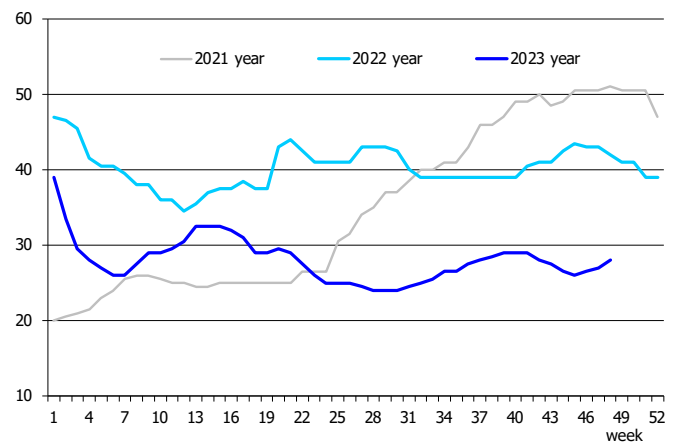
**Chartering market at hand:  
coasters and minibulkers //  
week 48**

**Baltic Sea coaster market keeps climbing up, while owners are still  
unable to raise rates in Black and Mediterranean Seas**

The growth of the large-tonnage market, worsening weather conditions and a slight increase in grain and fertilizer shipments failed to help small-tonnage owners to raise freight rates at least slightly in the Black and Mediterranean Seas. The fact is that the regional vessel list remains excessive. «We certainly see some delays and significantly more vessels waiting at Sulina entrance this week, however list of open vessels still exceeds total cargo offer,» a Turkish broker concluded. Freight rates are virtually unchanged this week, while spot transportation costs from the Danube ports have even sagged by \$1/t on average. Note that earnings of ship owners working from the Danube ports increasingly turn out to be lower compared to shipments from EU, Turkish and Russian ports. Transportation of 5-7,000 t of wheat from Reni or Izmail to Egypt now costs \$37/t, while rates for shipment of 5-6,000 t of wheat from Constanta or Varna to Italian Adriatic are hovering at high \$20s/t bss 1/1.

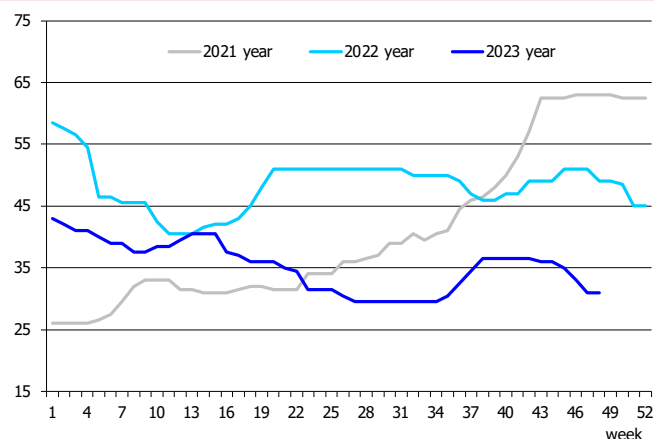
Meanwhile, sea-river owners manage to keep rates stable in the Azov Sea despite the export ban on Russian durum coming into force. «There are literally no

**Wheat / corn, 5-6,000t, Constanta -  
Bari / Ortona (2000x/2000x), \$/t**



open vessels until December 10,» a large grain charterer commented. Note that considering total downtime of 7-10 days, TCEs for sea-river fleet are still 3-3.5 times higher than OPEX (however, TCEs were 40-50% higher than today's in late November last year and the year before).

**Urea, 5-6,000t, Damietta - Seville  
(2500x/2500x), \$/t**



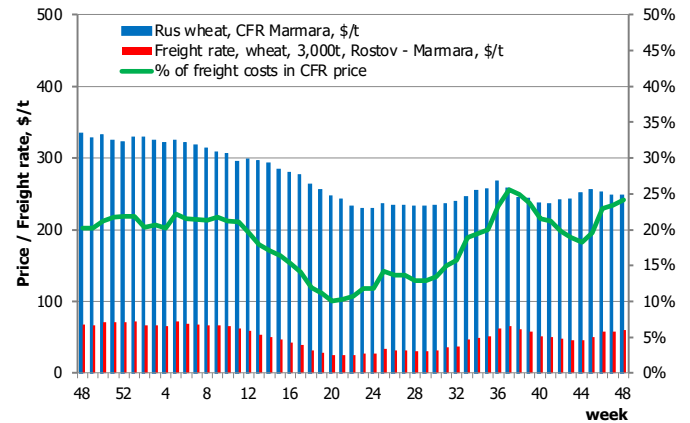
The North European market remains excited. The tonnage list is still extremely limited, and freight rates are highly dependent on how tight the charterer is on laycan dates. «We see many similar stems with different laycans, which are discussed at absolutely different rates,» an EU broker says. Note that this situation is quite typical for the local market 3-4 weeks before Christmas holidays: ship owners try to use almost the only opportunity to raise freight rates this winter. According to ISM, rates have grown by another €1-5/t depending on the route. For instance, the deal for transportation of 6,500 t of urea in big bags from St. Petersburg to ARAG ports has been signed at €55/t.

\*\*\*

In the remaining time before Christmas, ship owners

will surely try to raise rates as much as possible, but their key argument remains weak, frankly speaking. «We always see better rates in December, that’s why one needs to pay more - most experienced charterers are skeptical about this argument,» a ship owner commented. The situation on commodity markets is still not very favorable. This still mainly applies to the steel market: demand for Turkish finished steel products has stabilized again in Europe after a slight increase, while exports of Russian square billets to Turkey and North African countries remain weak. Demand for European grain is not growing in the Mediterranean countries either. Players agree that ship owners have much more chances to push rates up in the Azov and Baltic Seas, where rates can much more sharply react to any - even a slight - upturn in cargo traffic. Most likely, the North European market will traditionally show a rapid fall already on Christmas Eve, although some charterers believe that spot rates in January will be much higher than current levels: «Some grain houses are already fixing cargoes for January as they fear that spot prices will even be much higher,» an EU broker shared with ISM.

### Russian wheat: weight of freight in CFR Marmara price



### Average round voyage TCE (given backhaul leg in ballast), \$/day

