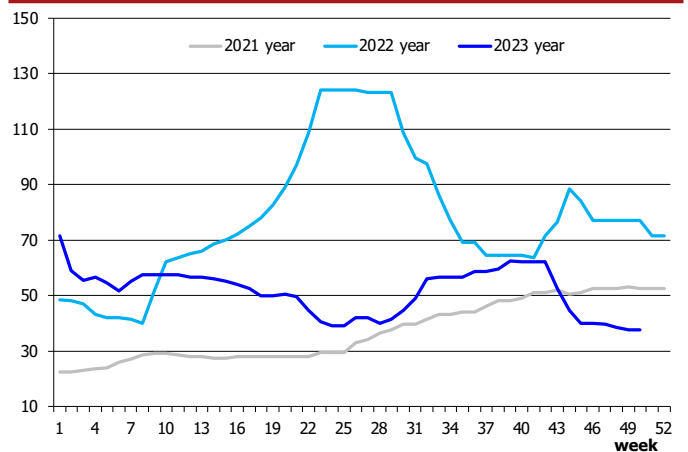


**Chartering market at hand:
coasters and minibulkers //
week 50**

Small-tonnage market: Baltic and North Seas are the only areas showing rate growth

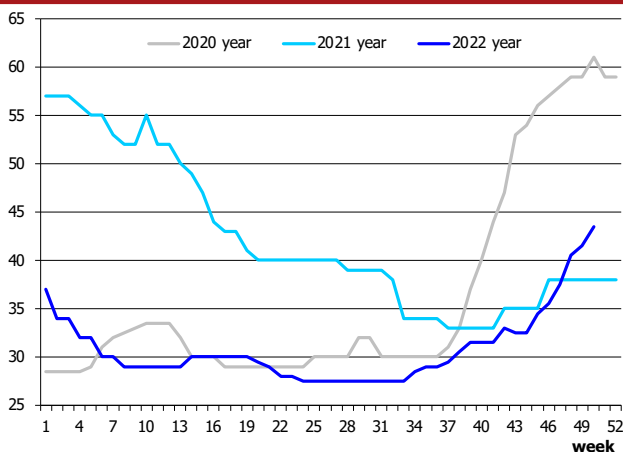
Considering the upcoming Christmas and New Year holidays as well as the absence of any considerable activity growth on the markets of the Black and Mediterranean Seas, ship owners seem to have resigned themselves to the fact that they will not manage to raise freight rates even slightly till the end of the year. Exports of Ukrainian grain from the ports of the Danube and Odessa region remain the most popular cargo flow in the basin, but volumes are obviously insufficient to compensate the weakness of other cargo flows. The tonnage list has declined in the region compared to 2H November, but it remains quite long: more than 170 vessels of 2-12k dwt are open for 2H December and early January in the Black Sea (100 of them of up to 6k dwt), more than 80 in the Marmara Sea, more than 150 in the eastern Mediterranean and about 80 in the western Mediterranean. In these circumstances, charterers are confidently keeping freights at previous levels and even try to lower rates, especially discussing deals with very late December laycans. «We would rather suggest ship owners to bring vessels in hot laid up with these levels» - a Turkish ship manager commented to ISM. However, ISM experts do not think the current market is that bad since owners are still able to earn above the OPEX. Thus, rates for

**Wheat / corn, 5-6,000t, Reni / Izmail -
Alexandria (1250x/1250x), \$/t**



shipment of 5-7,000 t of wheat or corn from Izmail or Reni to Alexandria are hovering at \$36-37/t, which is equivalent to \$2.6-2.9k daily bss RV given 10 days of waiting time for in+out. Transportation of 5-6,000 t of urea from Damietta to Ravenna costs mid \$20s/t, which means \$2.4-2.7k daily bss RV.

**Fertilizers, 4,000t, Klaipeda - N.Spain
(2500x/2500x), \$/t**



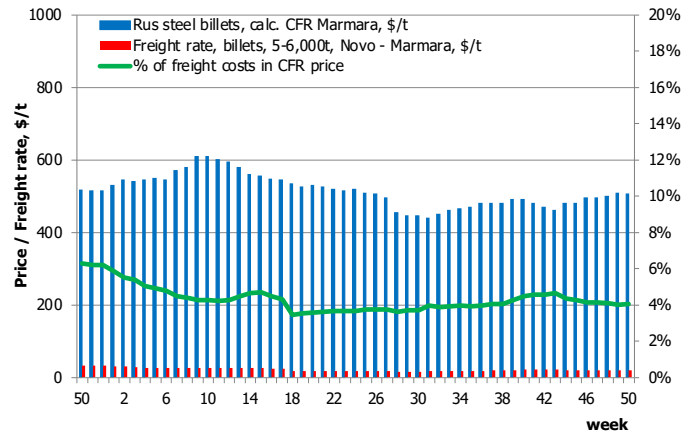
In general, the market picture remains the same in the Azov Sea, with continuing shortage of sea-river vessels open in spot positions. Despite not the briskest exports of Russian wheat and limited activity of coal charterers, freight rates are steadily high in the region. Moreover, ship owners even managed to sign deals at higher rates at the start of the week (transportation costs of wheat from Rostov/Azov to Marmara reached high \$60s/t on Monday, but the market has cooled down a bit afterwards).

Meanwhile, excitement continues in the Baltic Sea. Despite modest number of fresh cargo requests, lack of tonnage allows ship owners to dictate their terms and push for further rate upturns. «Bad weather and worsening ice conditions plus plenty of off market long-term contracts

affect vessels availability,» an EU broker commented. Rates have strengthened by another €1-3/t in the region. Thus, carrying 10-12,000 t of steel from Latvia to Hamburg is already quoted by brokers at mid-€20s/t. Note that even in case of shipments from ice-free EU ports, earnings of ship owners are now twice as high (on average) as in the neighboring Mediterranean Sea.

Next week will be the last one on the freight market before holidays in European countries, so we should not expect any particular growth of activity and rates. There are no preconditions for a cargo traffic increase, and annual statistics shows that the market traditionally sees a decline in late December (sometimes quite a strong one). Only possible worsening of weather conditions can restrain the rate drop in late December and early January.

Russian square billets: weight of freight in CFR Marmara price



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

