International Seaborne Market

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Chartering market at hand: Handysize and Supramax/ Ultramax // week 2

Handy/Supra market on softening mode across all sections

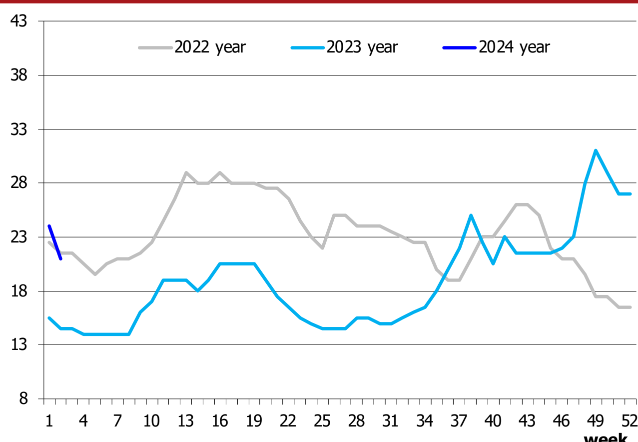
The Supramax/Ultramax and Handysize markets are weakening in almost all sections of the western and eastern hemispheres.

The Supramax tonnage list for January dates is increasing in both ECSA and USG , while almost all spot and prompt requests are already covered, especially for shipments from the USA. TCT rates have decreased by another $1-2k daily, while transportation costs of grain and other cargoes have fallen by $1-3/t over the week. Thus, rates for shipment of 50,000 t of corn or soybeans from Santos to N.China have inched down to $41-42/t.

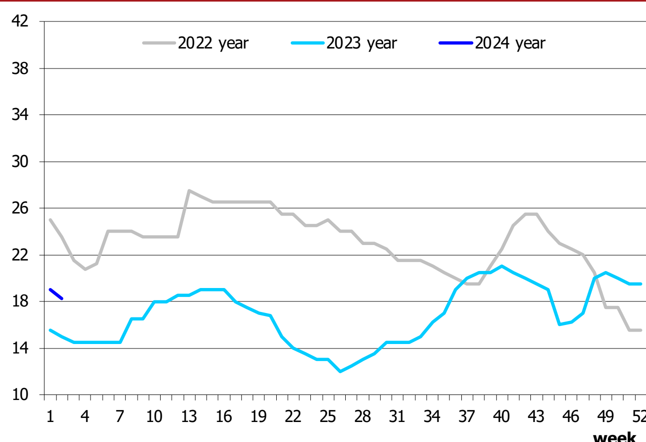
Handy markets follow a similar pattern. Increased tonnage list in ECSA (caused by brisker ballaster inflow from WAfr and WCSA) has a negative impact on freight levels. Corresponding spot rates have dropped by $3-4k daily and $3-5/t. The downtrend can be seen also in the USG, although the decline is slightly less significant ($2k daily and $2-4/t down). Transportation of 25-30,000 t of wheat from New Orleans to Alexandria now costs $39/t.

Despite a slight increase in Handysize shipments of Ukrainian grain, the surplus of tonnage in the Black and

Scrap, 40-45,000t, Ghent - Nemrut Bay (8000x/7000c), $/t



Wheat / corn, 25-30,000t, Constanta - SpanMed (8000x/8000x), $/t



Mediterranean Seas is looking even more significant than last week. «We see mainly forward grain offers from Romania and Bulgaria,» an EU broker commented to ISM. In North Europe , the cargo/tonnage imbalance is even more noticeable than in the south. Time-charter rates have sagged by $1-2k daily in the Mediterranean Sea and by $1.5-4k daily in the Continent; voyage-basis rates have declined by $3/t and $4/t, respectively. Rates for shipment of 25-30,000 t of corn from Constanta to SpanMed have inched down to $18-18.5/t given 8000 sshex bends l/d rates, while transportation of 40-45,000 t of scrap from ARAG to Iskenderun costs $21/t.

The Asia-Pacific market also continues to weaken. Indonesian coal exports are relatively quiet, while ballaster inflow from the Far East to SE Asia has increased (partly due to slower shipments of Chinese steel and Russian coal). «Many deals in the APAC are increasingly failing on subs,» an operator commented. Rates have sagged by $1-3k daily and $0.5-2/t in the region.

In the Indian Ocean , quite healthy ore exports from India remain one of the market drivers, so ship owners show somewhat more resistance compared to the APAC.

However, worsening conditions in all neighboring basins (primarily in ECSA and SE Asia) are negatively affecting the local market as well. Besides, the tonnage list has grown off S.Afr. Rates have dropped by $1-2k daily and $0.5-1.5/t during the week. Freight rates for shipments from the Red Sea are the only exception: amid sharpening military-political situation, ship owners are asking for more and more considerable premium.

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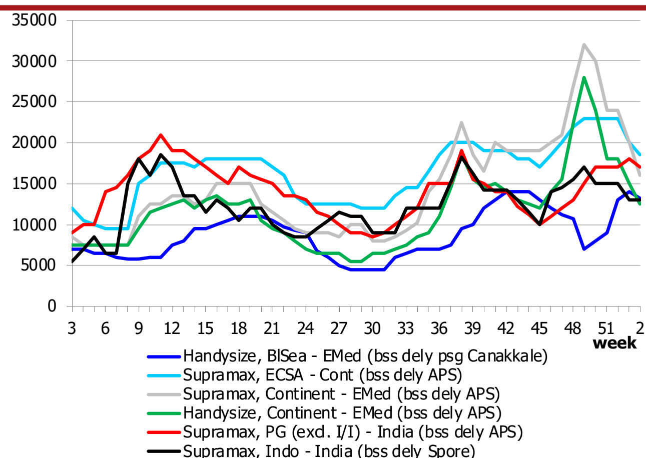
Next week, rates may go down further in the North Atlantic as there are no preconditions for any cargo traffic upturn yet. Note that the demand for US soybeans has weakened in China, while corn exports from the U.S. are rather modest as well. Meanwhile, there are signs of improvement in the South Atlantic: «Seems like market is bottoming out as fresh late January cargoes start entering the market,» a broker mentioned. In the Black Sea and the Continent, the situation will hardly improve for owners as demand for Ukrainian grain remains moderate, while trade in Russian grain is now complicated by increased export duties. Demand for European steel scrap has also declined

TCT rates dynamics, $/day



in Turkey after the New Year. There are few preconditions for improvement in the APAC in the near term. Similar to the Panamax/Kamsarmax market, players agree that improvements are to be expected after the Lunar New Year. Note that Chinese steel exports will remain weak due to low steelmaking margins and tepid demand.

The start of the military operation of coalition forces in the Red Sea may have an impact on the market, because in case the transit via the Suez is closed, the average fleet turnover will significantly decrease on the world market, which may play into the hands of ship owners; however, it is too early to discuss this development.

French wheat: weight of freight in CFR Algeria price