

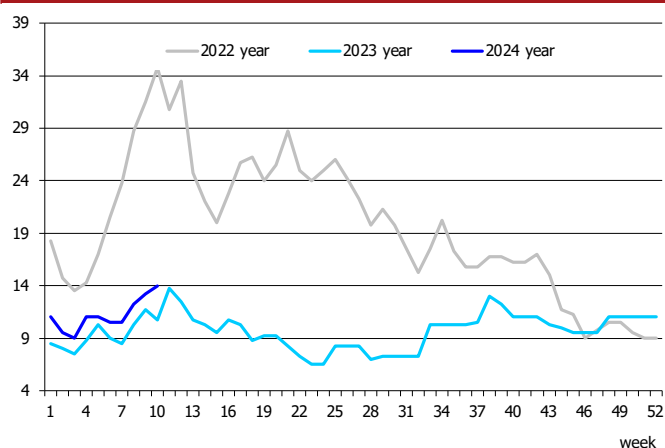
Chartering market at hand: Handysize and Supramax/ Ultramax // week 10

Handysize/Supramax market: positive sentiment prevails only in Mediterranean Sea and SE Asia

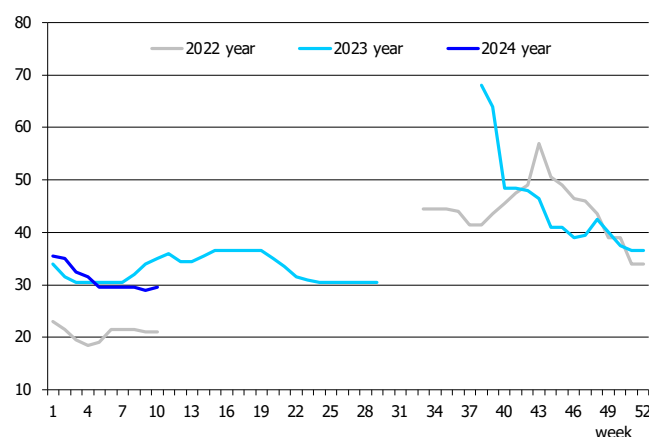
Despite the fact that new offers of ECSA grain with late March-April laycans are quite actively entering the market, the lack of new spot front-haul requests is pushing Supramax/Ultramax rates down. Over the week, corresponding freight levels have dropped by \$0.5-1k daily and \$1/t. Thus, rates for transportation of 50,000 t of soybeans or corn from Santos to N.China have inched down to \$44/t given 8,000 sshex bends l/d rates. Meanwhile, transatlantic rates hold steady: «Availability of tonnage willing to do transatlantic is scarce and this lack of ships keeps the market at stable levels these days,» a broker mentioned. Meanwhile, the ECSA Handysize market has firmed up noticeably, especially in the coastal segment. Note that the decline in Upriver draft led to increased demand for large Handy fleet, which certainly supports the rate upturn. Besides, ship owners are now asking for additional premium for transatlantic shipments, as they are reluctant to reposition tonnage to Continent/Med. This week, Handysize rates have added \$1-2k daily and \$2-3/t.

The USG Supramax market is softening rather rapidly given an acute shortage of cargo offers. Rates have decreased by \$3-5k daily and \$2-5/t on all routes.

Coal, 40,000t, Samarinda - Guangzhou (8000c/12000c), \$/t



Wheat / Corn, 25-30,000t, Odesa / Chornomorsk - Alexandria (8000x/5000x), \$/t



Meanwhile, Handy owners are keeping rates stable, as the cargo traffic for 2H March laycans has perked up in the area. Transportation of 25-30,000 t of wheat from New Orleans to Alexandria still costs \$30/t.

Handysize owners' sentiment has improved slightly in the Continent and the Mediterranean Sea due to the recovery of cargo traffic seen in the middle of the week; especially this applies to shipments of grain and steel products. At the same time, the number of requests for fertilizer and scrap transportation from EU and North African ports is extremely small. There is even a slight shortage of Handysize fleet in the eastern Mediterranean, while the Handysize and Supramax tonnage list is excessive in the Baltic & Continent. «It's a better mood I can say, but I have fixed even lower levels,» an EU broker commented on Continent levels. At the moment, rates for shipment of 25-30,000 t of steel scrap (sf 55-58') from ARAG ports to Turkey are hovering at high \$20s/t bss 1/1. In the Black and Mediterranean Seas, Handysize rates have grown by \$0.5-1k daily and \$0.5-1.5/t on most routes. Note that only voyage-basis rates ex Ukraine are virtually unchanged, which is referred to the ongoing gradual decline in average EWRI. Thus, a month ago, owners of a 15-year old

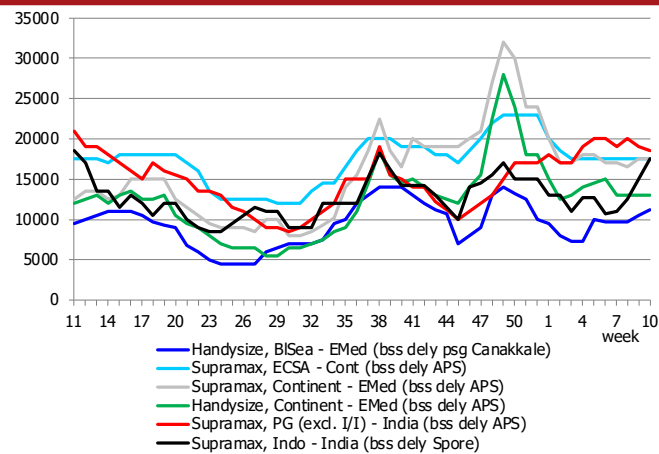
Handysize vessel had to pay about \$200k of EWRI, while now it reaches \$120-140k.

The Asia - Pacific market continues to strengthen due to an increase in exports of Indonesian and Australian coal as well as of NOPAC grain. In addition, players note brisker shipments of steel from CJK and timber from New Zealand. Time-charter rates have risen by \$1-3k daily during the week, while transportation costs of main cargoes have added \$1-3/t.

In contrast, the Indian Ocean market continues to weaken gradually. Shipments of South African coal have slowed down again after a slight upturn, while the tonnage list is growing in the basin. Over the week, freight rates have dropped by \$1-2k daily and \$1-2/t.

Freight rates for shipments from ECSA are likely to go up next week as the cargo offer for late March dates is actively increasing. «We remain optimistic on the market strength for the rest of March,» a broker mentioned.

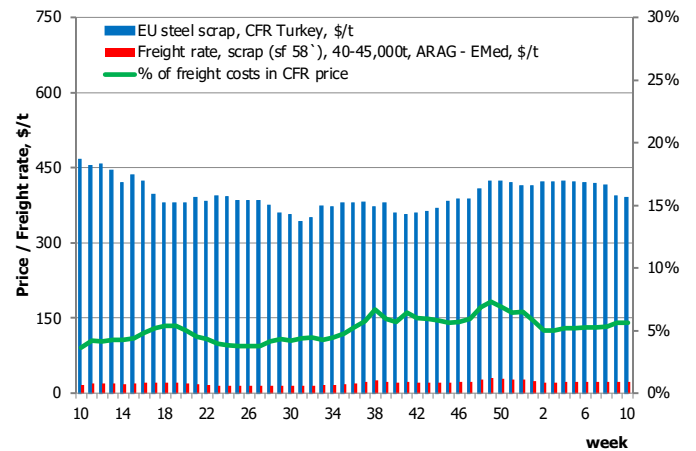
TCT rates dynamics, \$/day



Meanwhile, negative trends are likely to continue in USG. «Pessimistic sentiment on the market will likely continue,» another broker shared. In addition, some ship owners are hesitant to perform F/H trips, which will create more pressure on the transatlantic market: «Concerns emerged amongst owners to fix F/H trips due to the limited bunker availability in SAfr,» a broker mentioned.

Positive trends will hardly continue in the Mediterranean Sea and the Continent, as there are no serious preconditions for a cargo traffic increase in the basin (the current surge in activity is likely to be positional).

EU scrap: weight of freight in CFR Turkey price



The decline in export prices for grain and metallurgical cargoes as well as the start of Ramadan do not favor the growth of activity and rates.

The market picture may even get worse in the Indian Ocean amid holidays in India. Besides, the Handysize vessel list for 2H March is gradually growing in SE Asia and the Indian Ocean.