CAPESIZE

2022 in many ways has been a year of extremes, with escalating weather events everywhere - highlighted by the UK recording its hottest year on record whilst at the other end of the globe Australia has been largely under water! 'But there is no change in the climate'..... The push to control climate change and move towards green energy with the expected demise of the Coal industry has been countered by both India and China seemingly importing record amounts of coal in order to keep their lights on. Capesize in contrast has been unremarkable, drifting along and often in the slip stream of the smaller sizes.

Tuesday was the first day of 2023 for most of the market with till plenty not yet back at their desks. A few C5 miners entered the market but there are no offers to speak of, with the last done by a miner $7.50. There were some strong winds in West Australia but as yet not enough to be classed as a cyclone, which led to a slower start on C5. C3/West Africa ended with little fixing last week, whilst even though there were still some promptish cargoes to cover, charterers did not feel under pressure to pay up. A tough day to make any real call then as most were busy updating their schedules. In the first day of the index after holidays, the Capesize 5TC lost almost 30% from the last publishing day 10 days ago. The revised backhaul route declined to the negative territory again and the transatlantic route shrank over one-third in its first publication of the year.
The Brazil and north Atlantic market were very quiet and bearish last week with cheaper offers and rumors of low fixtures going around while in the East the C5 route dropped to $7.43 with fixtures in line with the index.

In the Atlantic, it emerged that Uniper fixed a vessel last week for its January 17-26 coal loading from Baltimore to Rotterdam at $14.80 fio.

Whilst limited fixtures surfaced from the Atlantic, in the Pacific BHP reportedly covered their Port Hedland/Qingdao 17-19 January loading at $7.45 fio. It also emerged that Cargill fixed at the end of last year a vessel for January 12-13 at $7.65.

The paper also slid for the very prompt but the q2 onwards held up and saw some marginal gains which bodes well for the rest of the year. It would be foolishly premature to write the capes off before the year has even got going so stay tuned.

Wednesday was not the welcome back to the market C5 owners hoped for as rates dipped again. Miners were back but the operator enquiry was noticeably quiet. There were definitely some delays in China occurring but with no evidence of this affecting C5 schedules. January C3 spreads were wide. There were reports of Australian coal making a return to Chinese markets on the horizon, which would be a very welcome addition for owners in what so far has been a rather sluggish start to 2023.

A depressed start to the month/year for the paper. All routes were marked lower and the derivative opened under pressure from the start. Volumes were on the low side in the morning session as traders adopted a wait and see approach but post index we saw more activity as the index move gave sellers more confidence to offer at such depressed levels. The deferred held steady and as more market players return to their desks later this week, we expected volumes to increase.

Despite declining nearly another $1,000 to $12,575 today, the 5TC remained having the highest value among all four dry sections. However, compared with the same period last year, the 5TC was almost $7,000 or about 35% lower. All route indices further dropped but at a

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slower pace. Some suggested more fresh cargoes in the Atlantic but the market seemed to await for a fixture to set the benchmark.

In the Atlantic Oldendorff covered their transatlantic trip from Bolivar but no further details were heard, whilst a Sudeste/China end January voyage was done at $20.25 fio but charterers remained unidentified.

In Asia on C5 BHP covered their Port Hedland/Qingdao 18-20 January loading at $7.40 fio and Rio Tinto fixed its Dampier 19-21 January cargo at $7.20. There was rumor of $7.10 done but the details could not be confirmed. Oldendorff's coal from Abbot Point to Krishnapatnam on 21/30 January was said to have fixed in the high $7s.

Thursday -the last full working day here- the decline appeared to be no surprise to many due to the seasonal headwinds and lackluster activity at the beginning of the year. The Capesize 5TC fell $102 to $12,437, the same level as one month ago at the beginning of December 2022. Demand and cargo enquiry in the next few days will determine which direction the Capesize is going before the faster- approaching Chinese New Year. Among all routes, the C5 recovered 0,035 cents back from Wednesday to $7.205, reflecting a minimal lift on the transpacific round voyage.

In the Atlantic it was rumored Mittal took a Newcastlemax vessel from Tubarao to Gijon and Rotterdam on 15-24 January at $11.00 whilst a CSN/Qingdao early February loading went a rate in the mid/high $17s and Jera booked a babycape for its Drummond to Gdansk 20-29 January coal stem at $15.50 fio.

In Asia BHP covered their Port Hedland/ Qingdao 21-23 January C5 stem at $7.20 fio.

A day where physical went down and FFA went up always makes for a confusing analysis of where the market is actually going. Surely the paper was reacting against the Australia/China coal news as touch upon Wednesday, whilst physical was not only under pressure from ship numbers but also a rather dramatic fall in bunkers (some of the fall on bunkers has been reversed in am). C5 miners remain present but happy to cherry pick when they see value rather than hoover up handfuls of ships whilst the C3 market is very segmented subject to eta. Whilst we don't have live spreads trading yet, C5 will likely battle around the $7.00 marks while C3 index is marked pretty close to reality.

Despite our first week of 2023 was too short, as it practically started on Tuesday and finished on Thursday, it was really not promising at all. BCI was down 131 to end at 1,504 and BCI 5TC average lost $1,088 standing on Thursday at $12,473 daily.

PANAMAX

The market was predictably quiet by the end of 2022 with many traders absent due to holidays. As a result activity remained slow and uninspiring, bringing no relief for the sector, with rates easing further and players expecting low levels to hold in the start of the New Year 2023.

As the market returned from the New Year festivities, there was limited demand in both basins with most traders just getting back to pricing. However straight from the get-go, talk of much reduced numbers being exchanged and agreed over the festive period in the North Atlantic for index round deals, with voyage rates traded implying weaker timecharter equivalents too. In Asia, little fresh reported as the market looked to find its feet, but most of the talk was of a weaker looking market here too but remained a watching brief.

In the South Atlantic, Tuesday started slow, with a surplus of ballasters heading towards EC South America versus a short count of end January stems and some early February still being discussed. We heard an aps bid at $15K plus $500K gross ballast bonus for end January vs quite a few offers from ships ballasting since the New Year in the high/mid $12Ks ex India-

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Muscat. Grain houses were on the bid in the very low $11Ks, but as gap/offer remained wide we didn't see any February fixtures concluded.
For trans-Atlantic owners maintained last week's offers at $15K to mid $14Ks basis Gibraltar/Skaw range, however charterers were not entertaining such levels. In the North Atlantic, demand was limited too with owners more keen to offer versus charterers waiting to see how the week would unroll. Talk of a 2010-built 82,163 dwt kamsarmax fixed aps EC South America 18-20 January for a trip redelivery China at far ranging rates of between $16,100 daily plus $610,000 gross ballast bonus and $16,500 daily plus $650,000 with Cofco rumored as charterers although this was refuted by some. Nordic reportedly booked a 2016-built 81,718 dwt vessel December 30 delivery Amsterdam for a trip via the US Gulf and Riga redelivery Skaw at $16,750 daily.

In the North Pacific, more tonnage entered the market, with NoPac stems focused on end January. A kamsarmax was offering mid $11Ks from Japan but bids were all sub $10K. Charterers were keen to hear period offers, but with FFA trades dipping further and with the lack of any support throughout the day, exchanges were limited. Indonesian demand was alarmingly low versus the fresh tonnage hitting the market and it remained to be seen if this would improve in the next few days. From Australia we saw some demand for minerals and a few grains stems keeping ships busy, yet rates were fairly disappointing as a kamsarmax from mid-China held a bid at low $8Ks for trip back to India. Activity was minimal with rumors of a scrubber fitted 2021-built 80,917 dwt vessel open Macun 5-6 January fixed for 5/8 months period to unnamed charterers at a strong $16,250 daily or so with the scrubber benefit to be shared equally. Voyage business heard RINL awarded their January 11-20 coal tender from EC Australia to Gangavaram at $16.40 fio and SAIL their January 20-29 EC Australia/Visakhapatnam coal tender at $16.05. Earlier the charterer had covered its January 17-16 Gladstone to Visakhapatnam tender at $16.25 fio. Elsewhere KEPCO awarded their January 13-22 coal tender from Kaliorang to Hosan at $8.24 fio.

Despite all the 'New Year, New Me' quotes going around the paper market still continued to hold onto the market of 2022 as we opened up 2023 with rates trending lower in the morning session. January and February sold off to $10,250 lows respectively, which in turn saw Q1 testing $11K support, while Q2 slipped to $13,250 and Cal23 trading $12,500 low. However it was not all doom and gloom and we began to see some support pre index and rates being pushed up off the lows post index with offers thinning out into the close.

The news of the day were that China was close to lifting a more than two-year-old unofficial ban on Australian thermal and coking coal imports for its power and steel plants, as the country looks to expand its procurement origins and reduce trade flow disruptions following the Russia-Ukraine war. While the exact timeline of the ban's removal remains unclear, Chinese traders and end-users said three China's state-owned power plants and a steel producer had received intimations from the government to import Australian coal.

Wednesday a rush from ballasters to offer for end January in the South Atlantic for fronthaul stems and with charterers preferring to fix on aps basis. We heard bids in EC South America ranging in the mid to upper $15Ks + $500Ks gross ballast bonus depending on spec/dates mainly for January stems, while for later arrivals in February owners were offering basis dop in the $12000-$12500 ex Indonesia/Muscat vs charterers bidding now well below P6 ($11,991), in the low $11Ks. Rates eased for trans-Atlantic trips with rumors of a kamsarmax concluding in the upper $12Ks late in the afternoon. In the North Atlantic pressure was rising as there was a lack of grain cargoes and for the very few mineral stems seen, we heard bids in the low $10Ks vs offers in the $12Ks from vessels in the North Continent. Reported fixtures included a 2012-built 80,410 dwt kamsarmax fixed to Louis Dreyfus December 28 delivery retro-Antwerp for a trip via the US Gulf redelivery Singapore-Japan at $21,500 daily. Earlier Norden took a 2009-built 83,651 dwt vessel January 20 delivery EC South America for a trip redelivery Southeast Asia at $16,250 daily plus a ballast bonus of $625,000.
The charterer also took on the same run a 2014-built 81,716 dwt kamsarmax January 10-20 delivery at $14,500 daily. Oldendorff booked a 2019-built 81,772 dwt kamsarmax January 5 delivery Gibraltar 5 January for a trip via Kamsar redelivery Stade at $15,000 daily and Cargill a 2005- built 76,812 dwt panamax January 7-9 delivery Gibraltar for a trip via NC

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South America redelivery Skaw-Barcelona at $12,750 daily.

In Asia a quick drop in NoPac rates with quite a few prompt candidates revising their offers following rumors that ships had concluded sub $9K. A kamsarmax from North China was offering $10K traded at sharp $8K by Far eastern closing as competition was fierce with the few cargoes in the area being in high demand. Indonesian cargo count remained low, with prompt vessels left with very few options, as vessels from the North also competed for Southeast Asia business. We heard a kamsarmax from North China offering $8K for Indonesia/Korea vs charterers bid at very low $7K. For Australia back to Korea a kamsarmax from Southeast Asia covered at low $7Ks, while another kamsarmax from South China held a bid at sub $7K for Australia back to India. Overall volume of cargo in Australia improved, yet rates due to oversupply plummeted.

Thursday, the last working day in Greece, proved an active day for the sector with many rumors emerging. Rates in North Atlantic continued to slide with sparse activity, although the limited grain clean tonnage open on prompt dates were able to command slightly better numbers, but the rest of the basin continued to fall under further pressure despite owners' resistance. An uptick in activity ex EC South America was an interesting read with some early date tonnage achieving slightly better levels than index dates. Asia was described by some to be a blood bath with rates agreed heavily discounted to last done, this said rates on some deals destination Japan were confusing the issue a little with paid up rates on some date sensitive business.

The long list of ballasters continued to negatively affect EC South Americas' performance and in conjunction with a slower demand, a few vessels dropped their offers in order to find coverage. We heard a few kamsamaxes retro India/Mussat holding bids at very low $11Ks vs offers breaking $12K late in the afternoon. For trans-Atlantic an lme fixed aps EC South America in the high $19Ks for a trip back to Continent, depicting a large gap from the nominal rates in the $22K/$23K we heard earlier on this week. The North Atlantic remained dull with a lack of fresh cargo and an increase in vessel supply. We heard a bid for trans-Atlantic on a kamsarmax from the Continent at low $12Ks but no more details were disclosed. Bunge fixed a 2016-bult 81,056 dwt kamsarmax Ghent 11 January for a trip via France redelivery China at $24,250 daily; some said this was fixed as a replacement for a vessel running late. A 2011-built 82,181 dwt kamsarmax was heard fixed retro-sailing Singapore 10 December a trip via EC South America redelivery AG-Japan at an unconfirmed rate in the low-mid $12,000's. Reachy appeared active with several fixtures including a 2013-built 81,793 dwt kamsarmax retro Jaigarh 19 December for a trip via EC South America redelivery Singapore-Japan with rates mentioned of $14,000 daily or $16,500 daily plus $650,000 ballast bonus basis aps EC South America, a 2011-built 82,181 dwt vessel retro Singapore 10 December at $14,000 daily redelivery AG/Southeast Asia with option redelivery Singapore/Japan at $15,700 daily and a 2006-built 75,331 dwt panamax retro Navlakhi 1 January again for a trip via EC South America to Singapore/Japan at $9,750 daily. On the same run Cargill fixed a 2014-built 81,855 dwt kamsarmax delivery EC South America 23-24 January for a trip redelivery Southeast Asia $16,000 daily plus $600,000 gross ballast bonus, Cofco booked a 2019-built 81,191 dwt vessel aps NC South America 11-12 January to Singapore/Japan at a good $17,500 daily plus $750,000 ballast bonus, Olam took a 2021-built 82,046 dwt kamsarmax aps EC South America 19 January at $16,500 daily plus $650,000 ballast bonus, whilst a 2012-built 81,542 dwt kamsarmax went to an undisclosed charterer at $12,500 daily retro Singapore 17 December at $12,500 daily. Elsewhere Cobelfret booked a 2016-built 82,044 dwt kamsarmax delivery Immingham 7-8 January for a trip via US East coast redelivery China at $22,500 daily.

In Asia some fresh stems surfaced in the NoPac but as bids remained very sharp, most owners had to reduce offers in order to find coverage. We heard a kamsarmax from Korea offering in the mid $8Ks vs holding a bid sub $7k. Vessel oversupply is still distressing the balance of the market in region, with some ships still preferring to ballast south. Indonesian cargo count remains low, with rumors that a spot lme from South China covered sub $7K for an Indonesia round. Australian fresh demand up to early Feb is what kept once again the market lively with exchanges, albeit rates once again plummeted as a handful of ships competed for the same business.

We heard eco kamsarmax open North China offered at $12K for an Aussie round, while another kamsarmax from the same position offered $8K for the same route vs bids remaining circa $8K-$9K throughout the day for trips back to the Pacific. Fixtures emerged late in the day of a 2019- built 82,044 dwt kamsarmax Tianjin 12-14 January fixed to LDC for a NoPac round at $8,000 daily. Cobelfret booked a 2011-built 98,681 dwt eco type scrubber-fitted post panamax delivery Busan 3-4 January for a trip via NoPac redelivery China at $12,000 daily. From Australia Iino booked a 2016-built 84,956 dwt vessel delivery Kinuura prompt for a trip via EC Australia redelivery Japan at $12,500 daily and an unnamed charterer fixed on the same run a 2009-built 76,529 dwt panama delivery Kobe 8-9 January at a poor $7,000 daily. Elsewhere a 2001-built 74,816 dwt vessel open Qinzhou 4 January went for a trip via Indonesia to South China at $4,000 daily and at $5,700 basis redelivery North China. On voyage CSE covered their Newcastle/Taiwan 25-29 January coal stem slightly below $12.00 fio.

The first week of 2023 started out in a very bearish trend and got worse as the week progressed. The market eased on a daily basis over the course of the week and looked like running out of fuel. Indices and rates kept falling with both basins at a heavy discount. The outbreak would probably get worse before it gets better.

SUPRAMAX – HANDYMAX - HANDYSIZE

EAST COAST SOUTH AMERICA / WEST AFRICA

Market is closing with its fluctuation being negative throughout the week for both handies and supramax vessels. Ultramaxes in ECSA could get paid very low 20ies for trips to USG/ East Coast Mexico. Rates via ECSA to Persian Gulf/India range were around $15/15,500 + $550 gbb for Ultramaxes and around $13,5/14,000 + $400 for small Supramaxes, while the trips to WCCA were paying around 20ies. Handies in East Coast South America were seeing mid-teens afsps for coastal trips and very low teens for trips to east Mediterranean and slightly less for trips to west Mediterranean.

MEDITERRANEAN/ CONTINENT / BLACK SEA

The New Year began like the previous year ended. There were losses in Mediterranean and Continent area and little excitement as no fresh enquiry appeared in both areas and overall sentiment remained rather negative. Generally it was a dull week as expected following the holiday period.

For the handysize in Med, the usual intermed grain runs were paying close to $8,000 whilst similar levels were rating the trip to Continent. The backhaul trips to USG region were at almost $7,500.
A 36,000-dwt was fixed for a trip basis with steels delivery passing Canakkale via the Black Sea to the Caribbean at $7,500 whilst another 36,000-dwt fixed for a trip basis delivery passing Canakkale via the Black Sea to Lisbon at $8,500.

On the supramax sector the clinker run to West Africa dropped at very low teens. A 58,000-dwt was heard to have been placed on subjects for a trip from the East Mediterranean to West Africa at $10,000. Another 57,000-dwt fixed a trip via Agadir at West Africa at similar levels and a 63,000-dwt ultramax fixed for same run at $11,000.
From Continent also there were talks of reduced numbers being exchanged between owners and charterers. Also owners have to consider the ice in some ports which make it tougher to employ their vessels as not all vessels can follow or break ice breaker.

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Handies could secure $7/8,000 levels for trip to Med area either for grains or steels. As far the supramaxes the activity was minimal. A 56,000dwt was heard to have been fixed basis delivery Stettin for a trip to the US Gulf at $7,500.

FAR EAST/ INDIA

(**Below info on the basis of an average 58k dwt vessel - basis our views/feeling/information on the market)

Market's shape kept deteriorating throughout the week with Charterers/Head Charterers trying to push the rates to record lows, owners have been trying to resist, and it has been a real game of timing and luck that would finally prevail over the other. Some very prompt shipments ex South Africa or Indonesia did pay very impressive levels, while price for same route could drop significantly for a 10 days later laycan. A 58 could fix around $7,500 basis Philippines for a coal shipment via Indonesia to India or closer to $5,500/6,000 basis CJK for an Australia round, subject to the cargo/duration and actual destination. Limestone via Persian Gulf to Bangladesh has been paying around $11,500/12,000 basis Fujairah while rates have been fluctuating around $12,500 plus $125,000 afsps Richards bay if not less for full India direction or closer to $15,000 plus $150,000 passing Durban for Far East direction.

FFA

Following the long weekend after the New Year festivities, on Tuesday the BCI dropped $5,188 starting the year with $13,561 on the cape index alas setting a very negative tone for the rest of the day. Activity was limited with Jan23 printing at $9,570 and Cal23 at offers at $13,250. Panamax activity was also slow with a downward trend as Jan23 printed down at $10,200 and Cal23 at bids at $11,900. Mid-week as the physical market drifted further, while the futures market saw small upward spark but with limited volume of trading on both cape and panamax. We saw Jan23 on capes up to $10,500 and cal23 at $13,900. On panama Jan23 drifted down to $9,750 and Cal23 was flat trading at low $12,000. The majority of the market appeared to have faith in Q2 as a handful of trades took place with numbers in the low/mid $13,000s. A well supported start on Thursday with the Jan23 trading $10,600 on the capes and Q2 trades further improving with offers in the $13,500 range. On panamax sentiment drove trades up, with Jan23 at $9,800 high and Cal23 at $12,900.

Friday am the market showed a climb across both curves with prompt January23 support boosting Feb23 at $8,150 and March at $10,500 bid, while on panamax Jan23 traded at $9,850 and Cal23 was offers in the $13,000 range. It remains to be seen if the positive FFA trades at the end of this week will manage to improve sentiment into the physical market, early on next week.

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