



# WEEKLY REPORT

WEEK 48 – December 3, 2023

## Dry Bulk

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B.D.I. reached an 18-month peak, marking its fifth consecutive session of gains. The overall index surged by 12.8% to 2,696, the highest level since May 2022. BCI hit a nearly two-year high, rising by 20.6% to 6,231 points, with average daily earnings increasing to US\$ 45,500's a day. The surge in the fourth quarter is attributed to a significant rise in iron ore exports with Panama Canal restrictions having an impact on the sector. The tight Atlantic market also contributed to the impressive rally seen thus far.

B.P.I. also reached its highest level in over a year on Friday, rising to 2,341 points with average daily earnings reaching US\$ 20,000's a day. B.S.I. was also up to 1,489. Capesize spot rates experienced a significant rebound after a previous drop into the mid-teens. However, futures suggest a gradual softening as we approach the year-end, aligning with historical seasonal trends.

The current quarter is anticipated to be the strongest in 2023. Expectations for minimal spot Capesize requirements from Brazil in the early months of 2024 are likely to dampen spot rates during that period. Although such predictions are reflected in the futures curve, past experiences have seen low-single digit spot rates in weak periods. Despite uncertainties, Q4 contracts are settling with unexpected gains, generating positive returns in the industry. The potential for volatility in the coming months remains a factor to watch.

### Capesize:

International iron ore prices hit a record high after China's stimulus announcements, prompting Chinese authorities to crack down on speculative trading and limiting additional purchases by importers. Additionally, restrictions on Panama Canal navigation have led to an increase in coal shipments from the United States to Asia via the Cape route, contributing to the shortage in the North Atlantic supply.

Despite a minimal supply of ships in the Atlantic, both major regions continue to experience steady cargo inflows, leading to sustained strength in the Cape route. T/A saw levels jump to US\$ 68,750's a day while Pacific r/v jumped some US\$ 3,000's a day to

US\$ 35,750's a day.

### **Panamax/Kamsarmax:**

The upward trend in shipping rates continues due to a combination of port congestion in South America, increased grain exports from North America, and a rise in coal shipments in the Pacific region. In Brazil, ongoing port congestion restricts the effective supply of ships, leading grain buyers to shift their preference to less congested U.S. origins.

The strength in the Cape route has led to an influx of demand from shippers opting for Panamax, contributing to a positive atmosphere. T/A saw levels climb to US\$ 25,150's a day. In the Pacific, while the overall cargo supply is gradually decreasing, the NE Asia ship supply is significantly reducing, leading to a sustained upward trend. Pacific r/v also saw levels climb to US\$ 16,400's a day.

### **Supramax/Ultramax:**

The market anticipates continued strength across various routes, with projections of further increases. In the North Atlantic, the positive market trend extends to Supras, resulting in simultaneous upward movements. T/A saw levels close at US\$ 29,950's a day.

Meanwhile, in the Pacific, the uptick in Indonesian coal shipments to China plays a role in supporting the market. In India, power plant operations and coal imports are recovering post-Diwali. However, cautious purchasing behaviour is seen as buyers await potential further declines in imported prices.

Overall, a demand-driven supply is expected, maintaining a generally robust market outlook.

### **Handysize:**

In the Atlantic, there is a steady influx of cargo, primarily centred around the Mediterranean, while the entry of spot vessels remains restricted, maintaining a positive mood. T/A levels settle around US\$ 14,150's a day.

In the Pacific, Indonesia's consistent coal demand continues to absorb local vessels, and there is a slight recovery in NOPAC cargo demand, contributing to the ongoing upward trend. Inter Pacific levels close at US\$ 7,300's a day at the week's closing.

## Baltic Exchange Dry Bulk Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDI	3,192	2,102	1,324	+51.86%	+141.09%
BCI	6,237	3,385	1,519	+84.25%	+310.60%
BPI	2,341	2,064	1,618	+13.42%	+44.68%
BSI	1,489	1,279	1,162	+16.42%	+28.14%
BHSI	773	670	741	+15.37%	+4.32%

## Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
HONOR / GLORY	CAPE	179,469	2011	S. KOREA	26.5 EACH	MOUNDREAS
MARAN INNOVATION	CAPE	171,681	2004	S. KOREA	13.6	MIDDLE EASTERN BUYERS
AURORA BOREALIS	KMAX	82,315	2023	CHINA	38.3	NNC SHIPPING
PEDHOULAS CHERRY	KMAX	82,013	2015	CHINA	26.6	UNDISCLOSED
SANTA VITORIA	UMAX	61,438	2012	JAPAN	19.8	UNDISCLOSED
NPS MOSA	SMAX	53,556	2007	JAPAN	11.6	S. KOREAN BUYERS
NAVIOS LYRA	HANDY	34,707	2012	S. KOREA	13.7	MIDDLE EASTERN BUYERS
YANGTZE PIONEER	HANDY	32,613	2011	CHINA	10.0	GREEK BUYERS

## Dry Bulk Values

(Weekly)

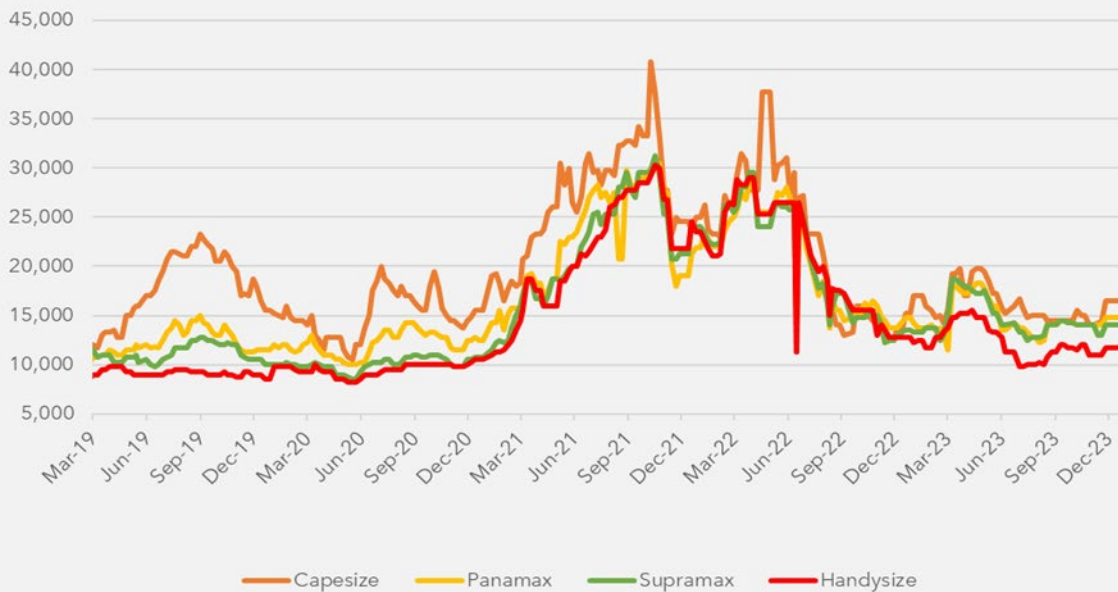
TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
CAPE	180,000	65	67	50	30	14
KAMSARMAX	82,000	35	39	33	23	8
SUPRAMAX	56,000	33	36	30	19	7
HANDY	38,000	30	33	26	17	6

\*(amount in USD million)

## Bulker 12 months T/C rates average (in USD/day)

TYPE	DWT	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
CAPE SIZE	180,000	19,250	17,000	13,250	+13.24%	+45.28%
PANAMAX	75,000	14,750	13,250	14,300	+11.32%	+3.15%
SUPRAMAX	58,000	13,750	12,250	13,250	+12.24%	+3.77%
HANDYSIZE	38,000	12,000	10,250	10,500	+17.07%	+14.29%

Dry Bulk 1 year T/C rates



## Tankers

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Saudi Arabia is anticipated to decrease its official selling price for crude to Asian buyers, according to analysts. The move is driven by heightened competition in the Asian market and the availability of cheaper crude from the United States, Europe, and Guyana. The influx of non-Middle Eastern oil is influenced by OPEC production cuts, particularly Saudi Arabia's voluntary cut, which has elevated Middle Eastern oil prices closer to Brent crude.

This unusual development has made non-Middle Eastern oil more appealing to bargain hunters in Asia, showcasing unintended effects of production cuts, such as increased demand for more affordable oil. Despite recent price hikes for Asian buyers, Saudi Arabia seems to maintain healthy demand for its barrels in the region, even with competition from the U.S. and the North Sea. Supply, however, is expected to remain tight, with analysts and traders anticipating an extension of production cuts by Saudi Arabia and Russia into 2024 during the upcoming OPEC+ meeting.

As November concluded, the sentiment in the VLCC market softened, hinting at a more balanced trend after a mid-month optimistic outlook. Challenges persist in the tanker market, along with volatile oil prices, shaping market conditions as December approaches.

Despite freight futures indicating a stable December followed by a decline in rates with a seasonally weaker first half of 2024, the potential impact of winter-related tightness remains a variable. The crude tanker market is projected to conclude 2023 with a growth in cargo volume, with tonne miles also expected to increase.

### VLCC:

After a strong rise in freight rates in mid-November, there is now pressure for adjustment, with a weekly decrease in the Middle East/China route. 270,000mt remains at WS66. Overall, the average spot T.C.E. for November still exceeds US\$50,000, maintaining robust profitability. Additionally, with the end of Thanksgiving, there is an expectation in increase cargo inflow in the North Atlantic region. The market is anticipated to shift slightly bullish.

### Suezmax:

Although activity has slowed due to restricted cargo inflow, resistance among shipowners has expanded in response to the sharp drop in November market conditions. The West Africa/Europe segment saw a 1% increase in closing, driven by efforts to secure short-term lows. 130,000mt Nigeria/U.K.C. saw levels at WS98.

However, growing pressure on ship supply in the Atlantic act as a limiting factor for further increases. In the M.E.G., 140,000mt M.E.G./Med fell by four points to WS69.

### **Aframax:**

The market conditions in the MEG/SE Asia segment closed lower due to increased congestion in the Suez East Convoy and weakness in the Mediterranean. 80,000mt Ceyhan/Lavera remains around WS150. U.K.C. region was also a quiet one, with cross-UKC rates falling to WS150.

### **Clean:**

MR: In the U.S.G., MR rates reached their peak before falling to WS267. West of Suez saw rates strengthen notably in U.K.C. due to a limited tonnage list while MEG-E.Africa route climbs w-o-w to WS205. M.R. saw a stable week with expectations to continue into next week.

L.R.: LR2 owners faced a disappointing week as rates ended lower than initially proposed by charterers. However, downward pressure is expected due to the freight gap with lower-tier vessels and the increasing local ship supply. M.E.G./Japan TC1 fell to WS107. LR1 rates in the M.E.G. remained stable despite declines in vessels. TC5 fell slightly to WS119.

## **Tankers S&P Report**

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
AEGEAN MYTH	AFRA	115,838	2006	S. KOREA	37.5	CHINESE BUYERS
CHEMTRANS CAROLINA	MR	53,160	2006	CHINA	20.0	CHINESE BUYERS
OCIOS IOANNIS / VASSO	MR	47,147	2009	S. KOREA	25.0	UNDISCLOSED
		46,177	2006		19.25	
SHANDONG WEIHE	MR	45,898	2004	JAPAN	14.0	UNDISCLOSED
LOI HOPE	SMALL	8,941	2008	S. KOREA	8.6	UNDISCLOSED

## **Baltic Exchange Tanker Indices**

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDTI	1,172	1,233	2,220	-4.95%	-47.21%
BCTI	833	845	1,806	-1.42%	-53.88%

## Tankers Values

(Weekly)

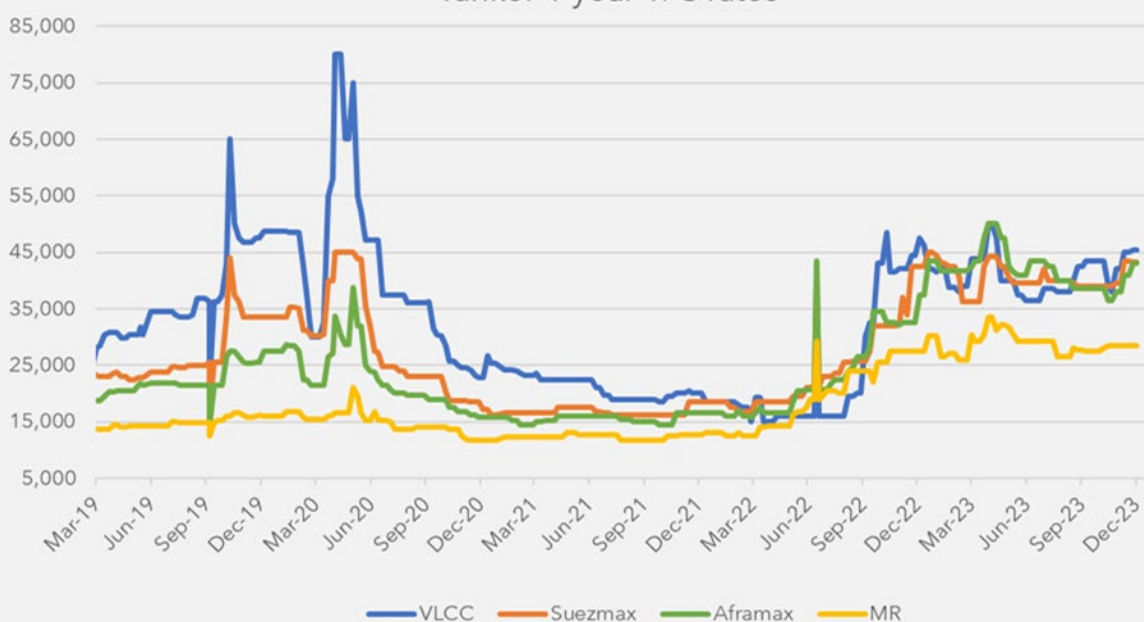
TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
VLCC	310,000	128	125	98	74	48
SUEZMAX	160,000	85	95	78	61	34
AFRAMAX	115,000	70	83	70	57	28
PANAMAX-LR1	73,000	57	63	51	41	23
MR TANKER	51,000	47	53	43	34	20

\*(amount in USD million)

## Tanker 12 months T/C rates average (in USD/day)

TYPE	DWT	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
VLCC	310,000	45,250	45,750	46,250	-1.09%	-2.16%
SUEZMAX	150,000	43,250	43,500	42,500	-0.57%	+1.76%
AFRAMAX	110,000	42,000	43,750	37,500	-4.00%	+12.00%
LR1	74,000	31,750	31,750	42,500	0	-25.29%
MR	47,000	26,000	26,000	27,500	0	-5.45%

Tanker 1 year T/C rates



## Containers

The U.S. port throughput for TEUs in October exceeded the 2022 level, rising by 4.7% m-o and 11.4% y-o-y to 2.31 million TEUs. Although the U.S. containerised imports peaked in September 2022 and then fell, the import figures have generally trended upwards throughout the year. However, increased mortgage rates are affecting discretionary spending, and Chinese manufacturers' slashing prices contribute to unpredictable trends in China-US containerised trade. This week, spot freight rates experienced growth on major routes, with a weekly increase in the overall SCFI index, reaching 1,011 points. The SCFI Shanghai-N. Europe route saw a significant 9% increase, reaching US\$851/TEU. However, rates are still 19% lower year-to-date overall.

### Containers S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
AS PAULINE / AS PETRA / AS PAULINA	SUB PMAX	2,556	2004	S. KOREA	25.5 EN BLOC	UNDISCLOSED

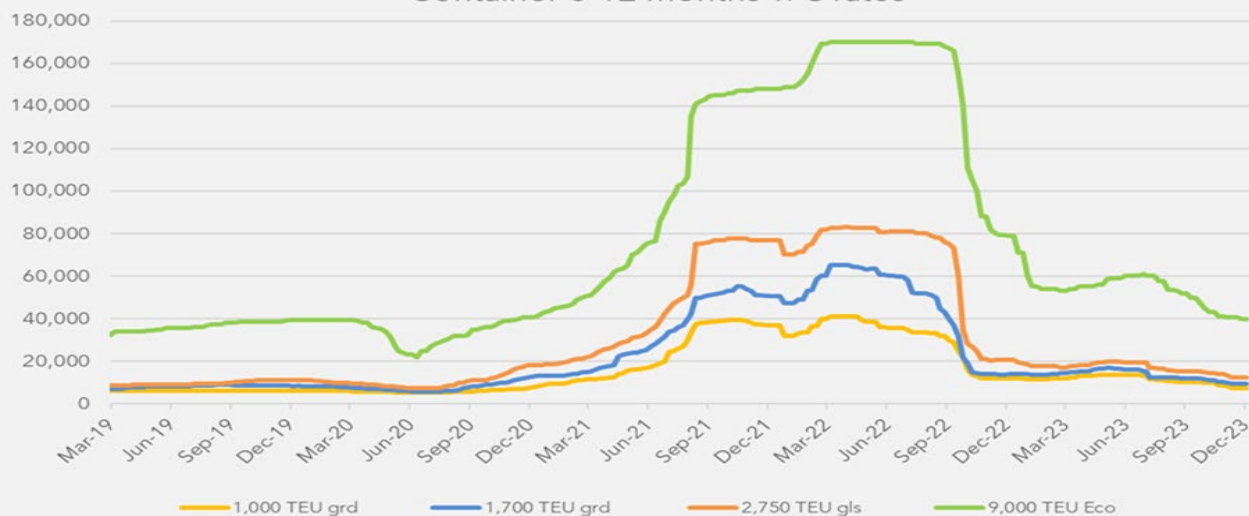
### Containers Values

(Weekly)

CONTAINERS (BY TEU)	GEARED / GEARLESS	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
900 – 1,200	Geared	24	23	16	9	7
1,600 – 1,800	Geared	29	25	20	14	10
2,700 – 2,900	Gearless	41	36	28	15	12
5,500 – 7,000	Gearless	93	76	64	36	N/A

\*(amount in USD million)

Container 6-12 months T/C rates





## Ship Recycling Market Snapshot

DESTINATION	TANKERS	BULKERS	MPP/ GENERAL CARGO	CONTAINERS	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (WC INDIA)	510 ~ 520	490 ~ 500	500 ~ 510	520 ~ 530	WEAK / 
*CHATTOGRAM, BANGLADESH	510 ~520	500 ~ 510	490 ~ 500	520 ~ 530	STABLE / 
**GADDANI, PAKISTAN	520 ~ 530	510 ~ 520	500 ~ 510	520 ~ 530	STABLE / 
<b>TURKEY</b> <i>*For Non-EU ships. For E.U. Ship, the prices are about US\$20-30/ton less</i>	320 ~ 330	310 ~ 320	300 ~ 310	330 ~ 340	STABLE / 

- All prices are USD per light displacement tonnage in the long ton.
- The prices reported are net prices offered by the recycling yards.
- Prices quoted are basis simple Japanese / Korean-built tonnages trading units. Premiums are paid on top of the above-quoted prices based on quality & quality of Spares, Non-Fe., bunkers, cargo history, and maintenance.
- \* Prices are subject to the availability of the Letters of Credit. Preference for smaller-sized ships and case to case buying.
- \*\* Limited recyclers and case-to-case buying only due to Letters of Credit restrictions.

### 5-Year Ship Recycling Average Historical Prices

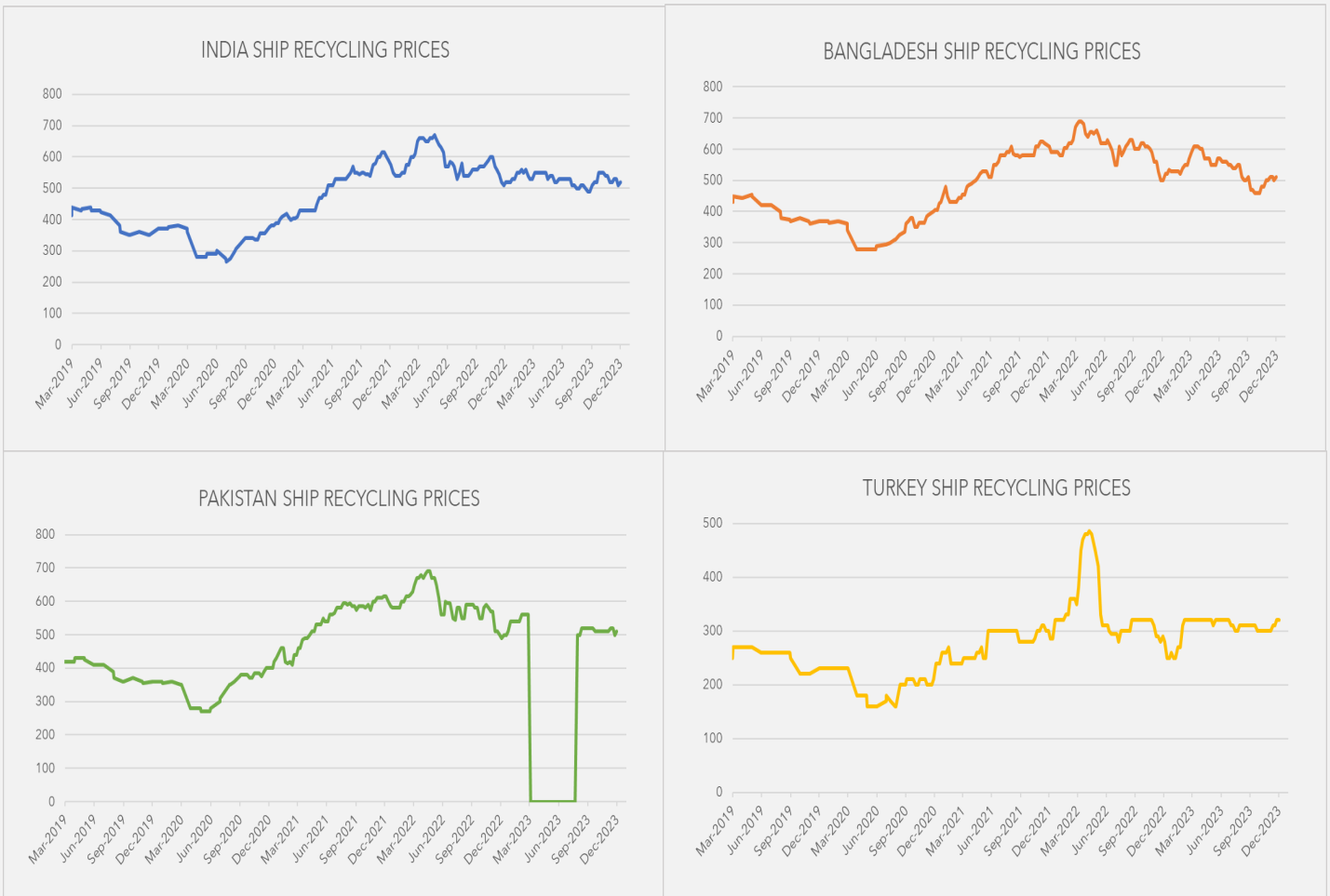
(Week 48)

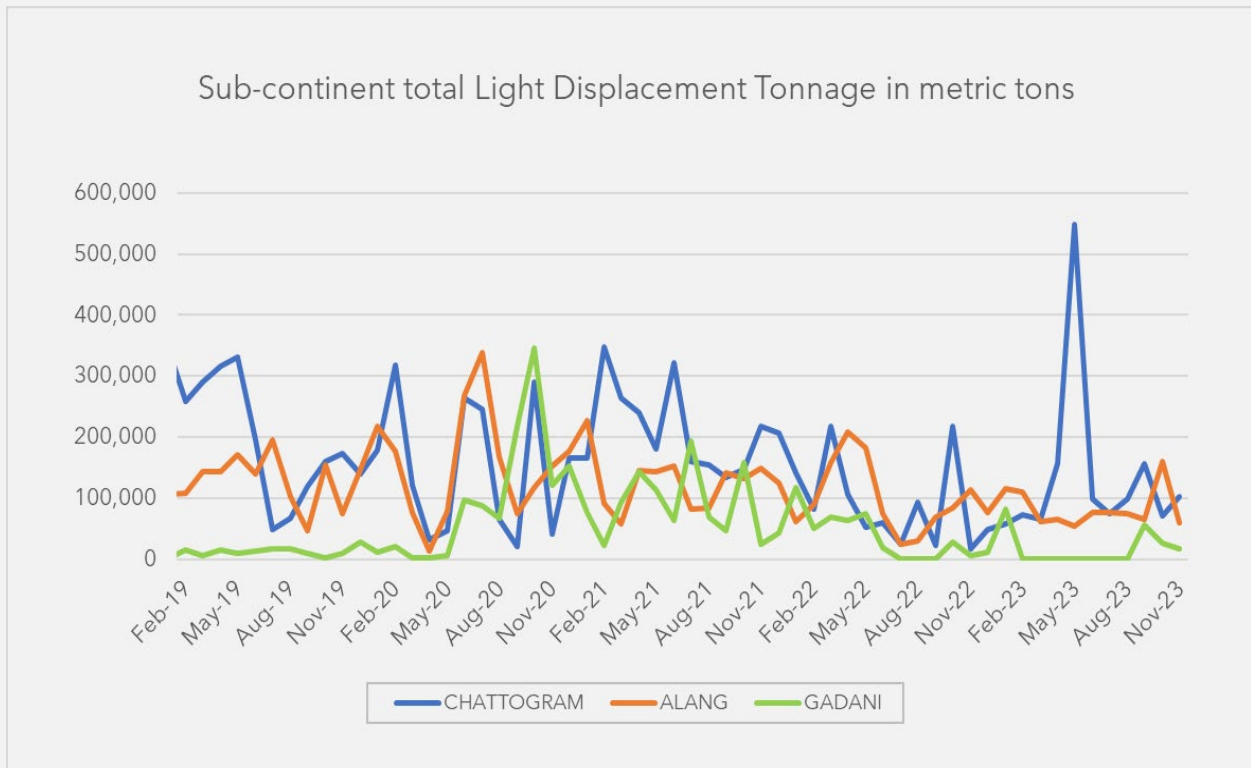
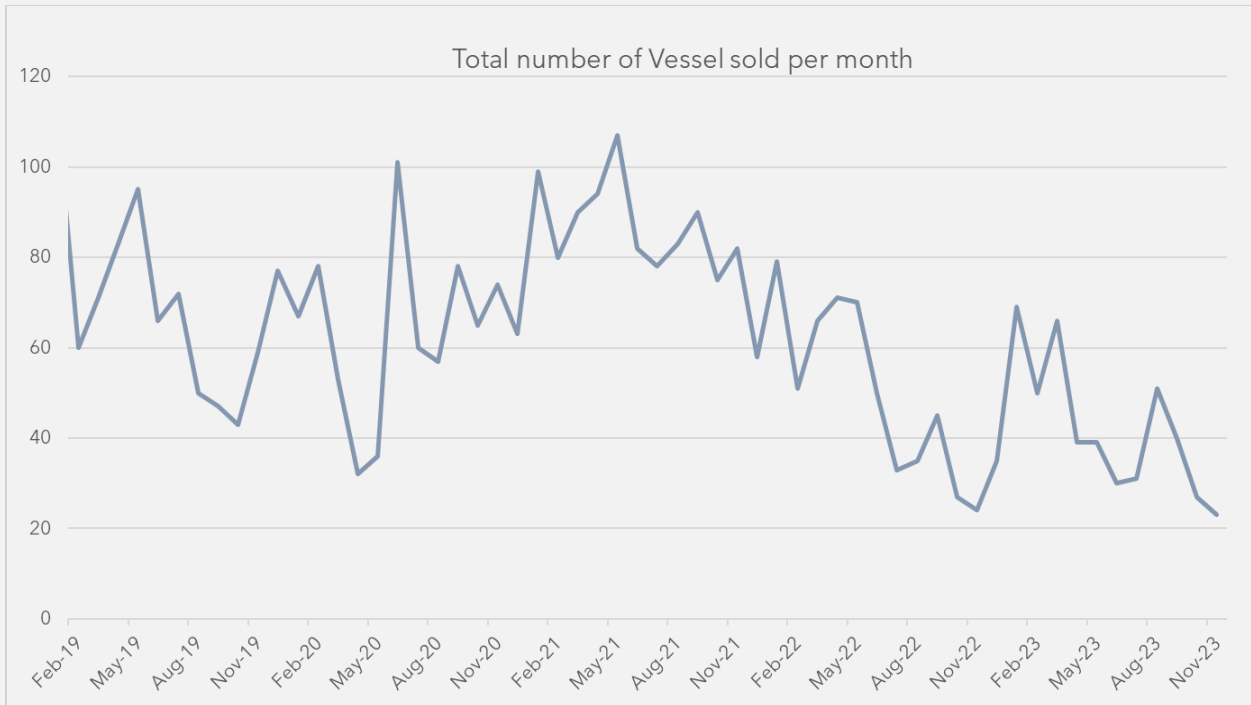
DESTINATION	2018	2019	2020	2021	2022
ALANG, INDIA	430	380	380	585	525
CHATTOGRAM, BANGLADESH	430	375	410	610	530
GADDANI, PAKISTAN	415	365	400	610	500
ALIAGA, TURKEY	280	240	215	330	300

## Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (US\$/LDT)	COMMENTS
G HARMONY	11,248	2005 / CHINA	GENERAL CARGO	531	DELIVERED GADANI
ONE STORY	7,775	1995 / JAPAN	BC	UNDISCLOSED	DELIVERED ALANG OR GADANI IN BUYER'S OPTION

## Recycling Ships Price Trend





## Insight

This week witnessed a shift in market sentiments within the Sub-Continent, notably in Alang, where domestic ship scrap prices experienced a substantial decline, casting a shadow on overall market sentiments. Meanwhile, in Chattagram, sentiments held steady compared to the previous week, and Gadani saw a modest improvement.

As the year approaches its end, cash buyers and sellers exhibit hesitancy in participating in deals, given the less-than-encouraging market levels.

The markets in Bangladesh and Pakistan struggle with challenges stemming from a scarcity of readily available LCs and domestic political uncertainties as the elections come closer.

The only brighter side for the ship recycling markets from a total collapse was the limited flow in end-of-life ships, which kept the price lid.

### Alang, India

This week, Alang markets witnessed a significant drop in domestic ship scrap prices, which created a panic in the industry as markets were expecting a bounce instead, post-Diwali festive season. The domestic ship scrap prices dropped to levels seen back in 2021, dropping ship plate prices by just less than a month by 3.3%.

Such a change in dynamics surprised the recyclers as most of them had an expensive inventory, which was running into significant losses on the books for the ships purchased in the past few months.

The Alang markets are expected to exercise extreme caution in placing their offers and experience continued pressure on ship prices until a substantial pullback occurs in domestic ship scrap prices.

### Anchorage & Beaching Position (December 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
DIAMOND WAY	BULKER	9,016	23.11.2023	02.12.2023
WESTERN V	FISHING	868	23.11.2023	02.12.2023

## Chattogram, Bangladesh

It was yet another dismal week for the Bangladesh sector, peppered with a lack of activity. Ship sales have gone on to the other sub-continent locations as the lack of LC remains the focal issue for this region.

Domestic ship scrap prices saw notable stability, giving recyclers a sense of optimism for the coming weeks.

With ongoing economic challenges in the region, it will take a colossal effort, mainly from the Bangladesh government, to address the current situation. The government currently has fallen short of its tax revenue target, failing to meet one of the I.M.F. conditions for a US\$4.7 billion loan.

The goal was to collect Tk 345,630 crore between July 2022 and June 2023, but the government only managed to collect Tk 327,664 crore, as reported by the Finance Division. During an October visit, an I.M.F. delegation was informed by the finance ministry of the government's inability to meet two conditions related to tax collection and foreign currency reserves.

Despite the shortcomings, the government remains hopeful of receiving the second tranche of the loan, with a proposal expected to be presented for approval at an I.M.F. board meeting on December 11 or 12.

### Anchorage & Beaching Position (December 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
-	-	-	-	-

## Gadani, Pakistan

This weeks big news was that Pakistan has now committed to the Hong Kong International Convention for Safe and Environmentally Sound Recycling of Ships. Pakistan recently ratified the convention at the International Maritime Organization Assembly meeting, following a decision made during a November cabinet meeting.

The convention is set to enter into force in June 2025, with Bangladesh and Liberia having ratified it earlier this year. Prior to implementation, Pakistan's shipbreaking yards in Gadani must upgrade facilities to meet the convention's standards.

The latest sale of Chinese owned G Harmony built in 2005 China, weighing 11,248 tons was reported sold at a gross price of US\$531/ton levels. This sale is anticipated to influence and establish a precedent for pricing trends in the future ship market.

Looking ahead, as Alang maintains a subdued presence and Bangladesh tackles with challenges in opening LCs, Gaddani is poised to stay in the forefront.

The recyclers in Gaddani are anticipated to attract sustained attention and focus for the time being after remaining absent for a long time.

### Anchorage & Beaching Position (December 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
-	-	-	-	-

#### Aliaga, Turkey

Scrap prices in Turkey are on the rise due to increased costs from U.S. and European suppliers, presenting a challenge for Turkish mills. This comes at a difficult time as sales of finished steel products, including rebar, are low. The construction industry is contracting due to slowed product sales and rising production costs, especially with winter approaching. Interest rates have been raised by another 5% to the current 40%.

Negotiations between Turkish steel producers and scrap collectors are sluggish, hindering mills from securing higher rebar prices. Current US-origin H.M.S. (80:20) bulk scrap is assessed at US\$397/t, marking a US\$9/t increase W-O-W.

In recycling, it was another quiet week in Turkey, There was a noticeable lack of tonnage.

## BEACHING TIDE DATES 2023

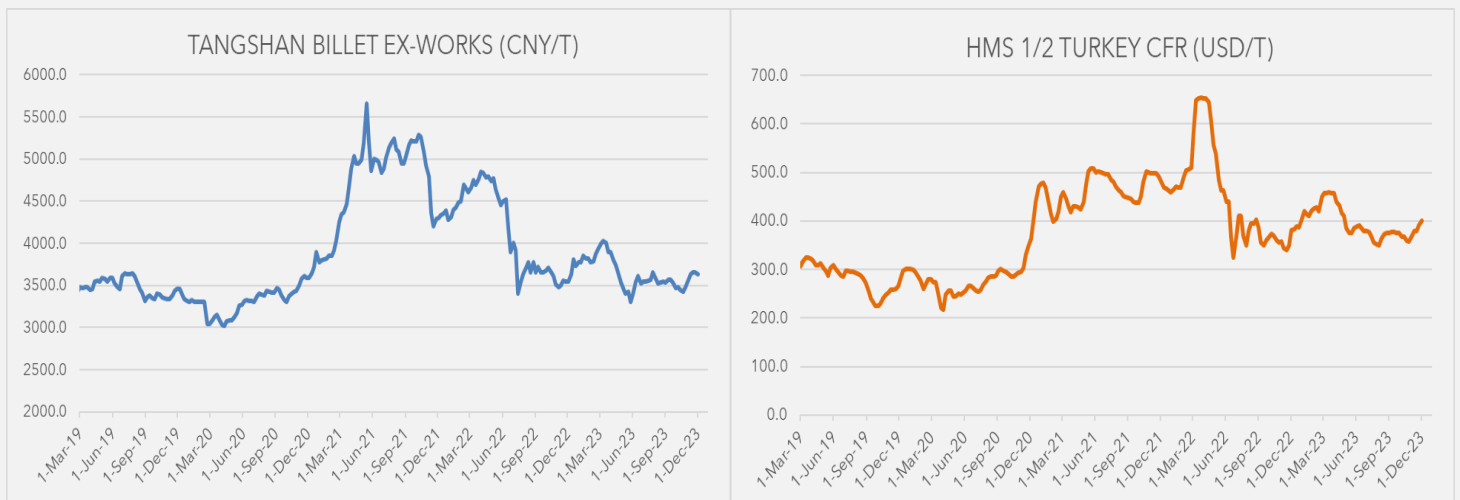
Chattogram, Bangladesh : 12 ~ 15 December | 26 ~ 29 December

Alang, India : 11 ~ 19 December | 24 ~ 30 December

BUNKER PRICES (USD/TON)			
PORTS	VLSFO (0.5%)	IFO380 CST	MGO (0.1%)
SINGAPORE	666	488	804
HONG KONG	667	500	780
FUJAIRAH	646	454	921
ROTTERDAM	586	494	816
HOUSTON	589	491	820

EXCHANGE RATES			
CURRENCY	1 <sup>st</sup> DECEMBER	24 <sup>th</sup> November	W-O-W % CHANGE
USD / CNY (CHINA)	7.11	7.11	0
USD / BDT (BANGLADESH)	110.28	110.20	-0.07%
USD / INR (INDIA)	83.33	83.32	-0.01%
USD / PKR (PAKISTAN)	282.16	285.50	+1.17%
USD / TRY (TURKEY)	28.91	28.86	-0.17%

## HMS 1/2 & Tangshan Billet



## Commodities

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**Iron ore** prices saw an increase following a surprise rise in China's steel industry purchasing managers index (PMI) to 48.2, beating expectations. The demand for steel in China had been subdued due to a sluggish property market, but optimism for a rebound grew following Beijing's announcement of support measures.

The iron ore market is facing tight conditions with a lack of growth in supply, as developers are hesitant amid concerns about weak demand from China. This scarcity in the iron ore project pipeline is expected to persist, contributing to a sustained tight market. Low inventories and the likelihood of restocking are anticipated to provide robust support to prices in the near future.

**Copper prices** experienced a slight uptick due to supply disruptions offsetting concerns arising from China's lower-than-anticipated November factory activity, reflected in an official PMI of 49.2, signaling persistent challenges in economic growth.

The closure of First Quantum's Cobre mine in Panama, mandated by the government, has refocused attention on ongoing supply-side problems that have troubled the metals sector in recent years. Despite this, most other metals recorded declines in response to China's PMI figures, highlighting broader anxieties about economic conditions.

The copper market's response reflects a delicate balance between global supply issues and the challenges posed by China's economic performance, with supply disruptions offering a counterweight to broader market concerns.

### Iron Ore

COMMODITY	SIZE / GRADE	THIS WEEK USD / MT	W-O-W	Y-O-Y	LAST WEEK USD / MT	LAST YEAR USD / MT
Iron Ore Fines, CNF Rizhao, China	Fines, Fe 62% (Aust. Origin)	132	-2.2%	+30.6%	135	101
Iron Ore Fines, C.N.F. Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	133	-2.9%	+29.1%	137	103



## Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	387.95	+2.90	+0.75%	Mar 2024
3Mo Copper (L.M.E.)	USD / MT	8,464.50	+49.00	+0.58%	N/A
3Mo Aluminum (L.M.E.)	USD / MT	2,193.00	-21.00	-0.95%	N/A
3Mo Zinc (L.M.E.)	USD / MT	2,475.50	-25.50	-1.02%	N/A
3Mo Tin (L.M.E.)	USD / MT	23,246.00	-255.00	-1.09%	N/A

## Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	75.67	-0.29	-0.38%	Jan 2024
Brent Crude (I.C.E.)	USD / bbl.	80.48	-0.38	-0.47%	Feb 2024
Crude Oil (Tokyo)	J.P.Y. / kl	75,720.00	-80.00	-0.11%	Dec 2023
Natural Gas (Nymex)	USD / MMBtu	2.77	-0.03	-1.21%	Jan 2024

*Note: all rates as at C.O.B. London time December 1, 2023*



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