

Weekly Market Report

Week 21 | Tuesday 04th June 2024

Market Insight

By Chara Georgousi, Research Analyst

Just a few weeks ago, the container shipping market seemed relatively balanced, with freight rates declining after the initial spike caused by the diversion of ships away from the Red Sea due to conflict in the region. However, the situation has changed drastically in recent weeks with the sector currently experiencing severe disruptions and a sharp rebound in spot freight rates across major trade routes with several factors contributing to this remarkable surge.

Firstly, diverting vessels from the Red Sea due to the ongoing conflict has significantly impacted shipping schedules. The alternative route around the Cape of Good Hope adds up to 2 weeks to voyage times, disrupting planned schedules and increasing fuel consumption and costs. This re-routing has led to a ripple effect, with major transshipment hubs in Europe and Asia becoming bottlenecks, further slowing down the movement of goods. Remarkably, berthing delays in major ports are extending up to seven days, while dwell times in Shanghai have reached 3-year highs. This severe congestion has led to vessel bunching and forced some carriers to omit planned port calls, compounding the problem at downstream ports which must handle additional volumes. Overall, it is estimated that worsening port congestion has removed more than 2% of container vessel supply since March.

The shipping industry is also grappling with operational disruptions such as increased pirate attacks off Somalia and security threats in the Strait of Hormuz, necessitating further shipping routes and schedule adjustments. On top of the above, drought conditions in Panama have reduced the canal's transit capacity, imposing draft restrictions and further delaying cargo movement between the Atlantic and Pacific oceans. This has forced vessels to wait longer to transit the canal or seek alternative routes, which increases overall transit times and congestion at other ports.

Meanwhile, shippers are increasingly front-loading their imports to mitigate future supply chain disruptions. This behavior, reminiscent of strat-

egies seen during the COVID-19 pandemic, contributes to the current surge in demand. Companies are shipping goods well before the traditional peak season, leading to an early onset of heightened activity in the market. This precautionary stocking behavior, aimed at securing inventory for the latter part of the year, particularly for the holiday season, is further straining an already stretched system.

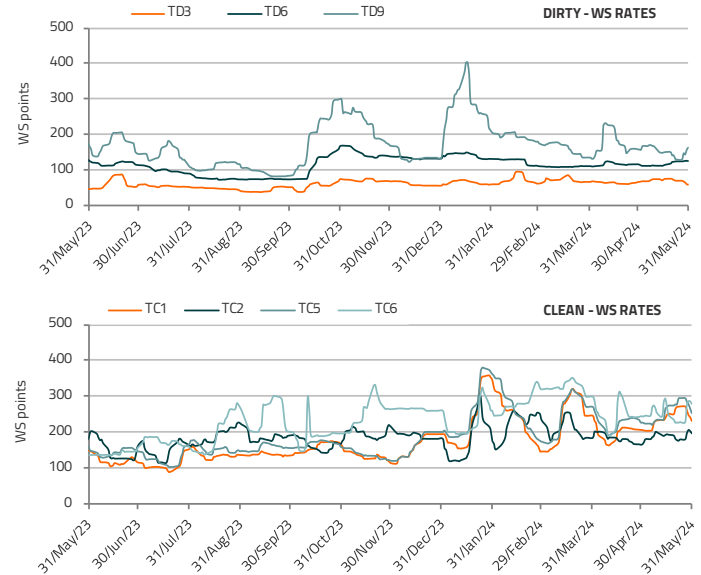
The combined effect of these disruptions has led to a sharp increase in freight rates. For instance, the rate on the Shanghai to Northern Europe route reached \$3,740 per TEU by the end of May, about 20% higher than the high seen in mid-January 2024 and the highest level on record outside of the COVID era. Additionally, the rate on the Shanghai to WC America route recently reached \$6,168 per FEU, about 29% higher than the high seen in early February 2024, while the rate on the Shanghai to EC America route recently reached \$7,206 per FEU, about 10% higher than the high seen in early February 2024. This increase in spot freight rates is accompanied by a rise in containership charter rates, which have also shown an upward momentum in recent weeks.

Looking ahead, the container shipping market is expected to remain volatile. While additional ship capacity, with an expected delivery of 2.7 million TEU across 2024, is anticipated to ease some pressure points, the overall outlook depends on several variables. If demand exceeds expectations, particularly as we approach the traditional peak season, the pressure on liner networks and container availability will remain high. The ongoing geopolitical tensions and operational disruptions are also likely to persist, contributing to market uncertainty. However, there are signs that the recent spike in spot rates may start to stabilize. With the operational capacity projected to exceed 30 million TEU in the second half of 2024 and as shippers adjust their behaviors, the market may see a gradual easing of current bottlenecks.

Indicative Period Charters

22-25 mos	TURMOIL	2011	49,997 dwt
DEL EAST JUL/24	\$28,500/day		ST Shipping
22-25 mos	LUCTOR	2011	50,383 dwt
DEL EAST JUL/24	\$28,500/day		ST Shipping

Vessel	Routes	31/05/24		24/05/24		\$ /day ±%	2023 \$/day	2022 \$/day
		WS points	\$/day	WS points	\$/day			
VLCC	265k MEG-SPORE	59	37,896	69	50,448	-24.9%	39,466	20,330
	260k WAF-CHINA	60	38,487	71	51,005	-24.5%	38,773	19,980
Suezmax	130k MED-MED	140	79,365	140	79,415	-0.1%	62,964	51,634
	130k WAF-UKC	116	46,836	110	43,948	6.6%	25,082	11,031
	140k BSEA-MED	124	50,725	123	50,319	0.8%	62,964	51,634
Aframax	80k MEG-EAST	209	54,086	197	50,109	7.9%	44,757	27,224
	80k MED-MED	234	82,062	250	90,216	-9.0%	49,909	46,679
	70k CARIBS-USG	162	34,504	128	21,663	59.3%	46,364	43,030
Clean	75k MEG-JAPAN	230	59,619	271	73,673	-19.1%	32,625	35,326
	55k MEG-JAPAN	252	45,686	294	56,248	-18.8%	27,593	32,504
Dirty	37k UKC-USAC	195	22,953	178	19,733	16.3%	21,183	22,919
	30k MED-MED	278	46,987	227	33,209	41.5%	32,775	45,941
	55k UKC-USG	145	17,083	145	17,155	-0.4%	27,274	19,982
	55k MED-USG	145	17,483	145	17,575	-0.5%	27,060	21,231
	50k CARIBS-USG	180	25,239	185	26,804	-5.8%	46,194	40,364



TC Rates

	\$/day	31/05/24	24/05/24	±%	Diff	2023	2022
VLCC	300k 1yr TC	52,000	52,000	0.0%	0	48,601	34,683
	300k 3yr TC	50,000	49,250	1.5%	750	42,291	33,719
Suezmax	150k 1yr TC	47,000	47,500	-1.1%	-500	46,154	26,933
	150k 3yr TC	38,000	38,000	0.0%	0	35,469	23,758
Aframax	110k 1yr TC	50,000	48,250	3.6%	1750	47,226	26,135
	110k 3yr TC	41,000	41,000	0.0%	0	37,455	22,878
Panamax	75k 1yr TC	42,000	42,000	0.0%	0	37,769	25,163
	75k 3yr TC	36,000	36,000	0.0%	0	29,748	20,806
MR	52k 1yr TC	34,000	34,000	0.0%	0	30,452	21,313
	52k 3yr TC	27,000	27,000	0.0%	0	25,152	16,426
Handy	36k 1yr TC	28,000	28,000	0.0%	0	25,760	18,601
	36k 3yr TC	18,000	18,000	0.0%	0	18,200	14,585

Indicative Market Values (\$ Million) - Tankers

Vessel	5yrs old	May-24		Apr-24	±%	2023	2022	2021
		avg	avg					
VLCC	300KT DH	114.0	112.8	1.1%	99.5	80.2	69.7	
Suezmax	150KT DH	82.0	82.0	0.0%	71.5	55.1	46.7	
Aframax	110KT DH	72.0	71.5	0.7%	64.4	50.5	38.7	
LR1	75KT DH	52.0	52.0	0.0%	49.2	38.6	31.2	
MR	52KT DH	44.5	44.5	0.0%	41.4	34.8	27.6	

Chartering

Last week, OPEC+ decided to extend the oil production cuts until 2025. They will extend the 3.66 mbpd cuts for another year, until the end of 2025. They also agreed to extend the 2.2 mbpd cuts by three months, until the end of September 2024. From October 2024 to September 2025, OPEC+ will gradually reduce the 2.2m bpd cuts.

On the freight front, both the BDTI and BCTI moved slightly higher to stand at 988 (+0.29% wow) and 1237 (+0.57%) respectively.

VLCC rates in the Arabian Gulf slumped at the end of the week due to a lack of cargo enquiries, with AG/China rates at WS 57, down -15.37%. The downward trend is expected to continue as charterers start to bring cargoes into the market and the extension of OPEC cuts did not help the market either. West Africa saw subdued activity which dampened owner sentiment with WAF/China (TD15) rates at WS 60 or 8% down on the week. In the US Gulf, rates continued to fall, with USG/China (TD22) fixing around \$8.9m lumpsum or 4.3% lower.

The Arabian Gulf Suezmax market firmed strongly on a tight tonnage list, with the TD20 at WS 116 (+5.5%) and the TD23 at WS 108 (+10%). The West African market remained firm with a tight tonnage list for prompt dates, with the TD20 at WS 116 (+5%). Suezmax rates strengthened in all major regions, driven by limited tonnage and strong demand.

Aframax rates in the Arabian Gulf remained firm, with TD8 (AG/East) at WS 208 (+5.8). In the Mediterranean, rates declined slightly, with Cross-Med rates (TD 19) at WS 234 or -6.21%. US Gulf Aframax rates firmed on increased activity and tight availability, showing resilience and a steady increase, particularly in the AG and USG.

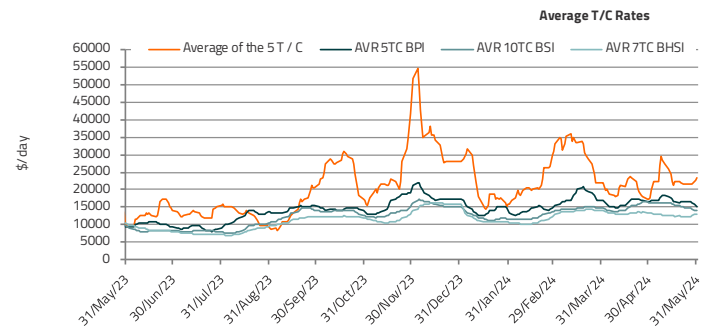
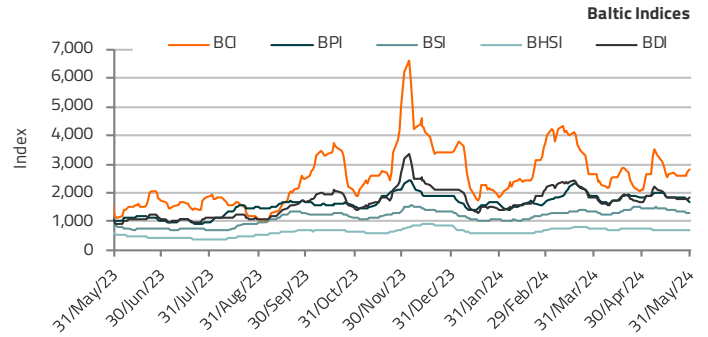
The tanker chartering market experienced mixed dynamics last week, with VLCC rates under significant pressure, particularly in the Arabian Gulf. Conversely, the Suezmax and Aframax markets showed resilience and firmer rates in key regions. Clean tanker markets showed regional variations, with pressure in the East of Suez and stability or gains elsewhere.

Baltic Indices

	31/05/24		24/05/24		Point Diff	\$ / day ±%	2023 Index	2022 Index
	Index	\$/day	Index	\$/day				
BDI	1,815		1,797		18		1,395	1,931
BCI	2,820	\$23,389	2,613	\$21,674	207	7.9%	2,007	1,955
BPI	1,693	\$15,240	1,824	\$16,416	-131	-7.2%	1,442	2,298
BSI	1,278	\$14,060	1,326	\$14,590	-48	-3.6%	1,031	2,006
BHSI	720	\$12,966	688	\$12,380	32	4.7%	586	1,181

Indicative Period Charters

3/5 mos	ADMIRAL REIWA	2021	82,026 dwt
dely Kusan 27 May redel worldwide	\$19,500/day		Norden
8/10 mos	Century Shanghai	2018	81,738 dwt
dely Hong Kong 5/6 Jun redel worldwide	\$18,750/day		Norden



TC Rates

	\$/day	31/05/24	24/05/24	±%	Diff	2023	2022
Capesize	180K 1yr TC	26,000	27,000	-3.7%	-1,000	17,957	21,394
	180K 3yr TC	22,000	23,000	-4.3%	-1,000	16,697	18,894
Panamax	76K 1yr TC	16,000	17,000	-5.9%	-1,000	13,563	20,207
	76K 3yr TC	13,750	13,750	0.0%	0	11,827	14,885
Supramax	58K 1yr TC	15,000	15,500	-3.2%	-500	13,457	20,053
	58K 3yr TC	12,500	12,500	0.0%	0	11,981	15,005
Handysize	32K 1yr TC	12,500	12,500	0.0%	0	10,644	17,827
	32K 3yr TC	9,500	9,500	0.0%	0	9,510	12,322

Indicative Market Values (\$ Million) - Bulk Carriers

Vessel 5 yrs old	May-24 avg	Apr-24 avg	±%	2023	2022	2021
Capesize Eco 180k	63.1	62.5	1.0%	48.8	48.3	43.1
Kamsarmax 82K	38.1	36.9	3.3%	32.0	34.1	29.8
Ultramax 63k	35.3	34.1	3.4%	29.5	31.5	26.4
Handysize 37K	28.0	27.0	3.7%	25.1	27.2	21.4

Chartering

Last week, the dry bulk market exhibited uneven performance across various segments. Capesize owners witnessed a week-on-week increase, particularly in the Pacific region. Coal exports from East Coast Australia bolstered Capesize vessel utilization, while an excess of available ships in the ECSA and West Africa routes led to regional stability. Panamax activity remained muted across both basins, reflecting weak demand for tonnage from East Coast South America and a surplus of vessels seeking employment. Similarly, geared Supramax demand was sluggish, with some positive signs in the USG region contrasted by weaker activity in the ECSA and Indian Ocean. The Handysize sector, however, saw a resurgence of cargoes in both basins, enabling owners to secure some gains and pushing the HS7TC close to \$13,000 per day at the week's conclusion.

Cape 5TC averaged \$ 22,502/day, up +3.2% w-o-w. The transatlantic earnings decreased by \$ 36/day while transpacific ones increased by \$5,377/day, bringing transpacific earnings premium over transatlantic to \$5,095/day.

Panamax 5TC averaged \$ 15,694/day, down -4.4% w-o-w. The transatlantic earnings decreased by \$1,780/day while transpacific earnings fell by \$818/day. As a result, the transpacific earnings premium to the transatlantic widened to \$6,218/day.

Supramax 10TC averaged \$ 14,208/day down -5.24% w-o-w, while the Handysize 7TC averaged \$ 12,861/day, up +3.88% w-o-w.

Tankers

Size	Name	Dwt	Built	Yard	M/E	SS due	Hull	Price	Buyers	Comments
MR	STOLT SISTO	46,011	2010	SLS, S. Korea	MAN-B&W	Mar-25	DH	\$ 28.5m	Chinese	

Bulk Carriers

Size	Name	Dwt	Built	Yard	M/E	SS due	Gear	Price	Buyers	Comments
CAPE	CAPE KEYSTONE	179,250	2011	HYUNDAI, S. Korea	MAN-B&W	Dec-26		\$ 32.5m	Chinese	
SUPRA	SEACON 8	57,000	2012	NINGBO BEILUN, China	MAN-B&W	Mar-27	4 X 30t CRANES	\$ 14.1m	Chinese	via commercial auction
SUPRA	NEO	58,110	2011	TSUNEISHI ZHOUSHAN, China	MAN-B&W	May-26	4 X 30t CRANES		Monaco based	

Containers

Size	Name	Teu	Built	Yard	M/E	SS due	Gear	Price	Buyers	Comments
FEEDER	NORDOCELOT	1,756	2014	OUHUA, China	MAN-B&W	Sep-24		\$ 15.0m	German	

The past week witnessed a significant increase in newbuilding orders within the dry bulk sector. Notably, the orderbook expanded with the addition of one Kamsarmax and six Ultramax vessels. Conversely, tanker contracting activity remained subdued. However, the container ship market experienced a surge in activity with two substantial orders. Sea Consortium secured a contract with SWS shipyard for the construction of four 11,000 TEU vessels equipped for both LNG fuel and Methanol

readiness. Additionally, Hyundai Glovis placed an order with GSI shipyard for six 10,800 TEU container ships, also featuring LNG and Methanol compatibility. Beyond the dry bulk and container sectors, Greek shipping company Capital placed orders for gas carriers and liquefied CO₂ (LCO₂) vessels. The order comprises two 40,000 cbm gas carriers and four 22,000 cbm LCO₂ vessels.

Indicative Newbuilding Prices (\$ Million)

	Vessel		31-May-24	24-May-24	±%	YTD		5-year		Average		
						High	Low	High	Low	2023	2022	2021
Bulkers	Newcastlemax	205k	77.5	77.0	0.6%	77.5	70.0	77.5	49.5	66	66	59
	Capesize	180k	74.0	73.5	0.7%	74.0	67.5	74.0	48.5	63	63	56
	Kamsarmax	82k	37.5	37.5	0.0%	37.5	35.5	37.5	27.5	35	36	33
	Ultramax	63k	34.0	34.0	0.0%	34.0	33.0	35.5	25.5	33	34	30
	Handysize	38k	30.5	30.5	0.0%	30.5	30.0	31.0	23.5	30	30	27
Tankers	VLCC	300k	130.5	130.5	0.0%	130.0	128.0	130.0	84.5	124	118	98
	Suezmax	160k	88.0	88.0	0.0%	88.0	85.0	88.0	55.0	82	79	66
	Aframax	115k	75.0	75.0	0.0%	75.0	73.0	75.0	46.0	69	62	53
	MR	50k	51.0	51.0	0.0%	51.0	48.0	51.0	34.0	46	43	38
Gas	LNG 174k cbm		264.0	264.0	0.0%	265.0	264.0	265.0	180.0	259	232	195
	MGC LPG 55k cbm		94.0	94.0	0.0%	94.0	91.5	94.0	62.0	85	74	67
	SGC LPG 25k cbm		61.0	61.0	0.0%	61.0	58.0	61.0	40.0	56	51	45

Newbuilding Orders

Units	Type	Size		Yard	Delivery	Buyer	Price	Comments
1	Bulker	82,000	dwt	Japanese	2027	Greek (Safe Bulkers)	undisclosed	NOx Tier III, EEDI Phase III
4	Bulker	64,000	dwt	Taizhou Sanfu, China	2026-2027	Thai (Precious Shipping)	\$ 33.4m	
2	Bulker	63,500	dwt	Haitong Offshore, China	2027	HK based (Vanhui Shipping)	undisclosed	
2	Gas Carrier	40,000	cbm	Chinese yard	2026-2027	Greek (Capital)	\$ 65.3m	
4	LCO ₂	22,000	cbm	Hyundai Mipo, S. Korea	2026-2027	Greek (Capital)	\$ 78.2m	
4	Container	11,000	teu	SWS, China	2027-2028	Singaporean (Sea Consortium)	undisclosed	LNG, methanol ready
6	Container	10,800	teu	GSI, China	2027-2028	South Korean (Hyundai Glovis)	undisclosed	LNG, methanol ready

The current recycling market is characterized by limited activity, resulting in increased competition for the few vessels available for breaking. High asset prices, strong earnings and a favorable short-term outlook for most shipping sectors are limiting the supply of vessels for recycling. Disruptions to shipping through the Red Sea are causing some owners to delay scrapping decisions. This year, demolition volumes are not expected to surpass those of the last two years where market conditions were similar. Indian recyclers are currently the most competitive, with significant recent price increases. Overall, demolition prices rose by almost 10% since the beginning of the year. Although the Indian market has been affected by severe weather conditions which have impacted steel demand, it is expected to recover and strengthen following the elections. Economic indicators are positive, with GDP growth at 7.8% per annum, suggesting a potentially robust market ahead. The Bangladesh market remains stable but faces uncertainties due to Cyclone Remal which caused extensive flooding. Possible increases in import duties could affect demolition prices. The economic situation is challenging with significantly reduced foreign exchange

reserves and high market volatility. These factors are likely to affect recycling activity and prices in the short term. The Pakistani market is subdued, with concerns about new import taxes in the upcoming national budget affecting the steel sector. Economic conditions are weak and demand for local steel remains low. Although some steel mills are trying to raise prices, overall market sentiment is negative. The annual budget announcement on 10 June is a critical event that could shape future market dynamics. In Turkey, the market remains stable but stagnant due to continued low vessel supply. Recycling prices have declined slightly, reflecting weak local steel demand and negative market sentiment. Turkey's recent economic policies are gaining the confidence of foreign investors, which could provide some support for the recycling sector. The overall outlook remains cautious, with potential price fluctuations and activity levels dependent on upcoming policy decisions and market developments. Economic conditions, geopolitical tensions, and sector-specific factors will continue to shape the market landscape in the months ahead.

Indicative Demolition Prices (\$/ldt)

	Markets	31/05/24	24/05/24	±%	YTD		2023	2022	2021
					High	Low			
Tanker	Bangladesh	530	530	0.0%	530	490	550	601	542
	India	540	530	1.9%	540	490	540	593	519
	Pakistan	520	520	0.0%	525	520	525	596	536
	Turkey	360	360	0.0%	350	340	325	314	207
Dry Bulk	Bangladesh	520	520	0.0%	520	475	535	590	532
	India	520	510	2.0%	520	480	522	583	508
	Pakistan	500	500	0.0%	510	500	515	587	526
	Turkey	350	350	0.0%	350	330	315	304	276

Currencies

Markets	31-May-24	24-May-24	±%	YTD High
USD/BDT	117.36	117.21	0.1%	117.36
USD/INR	83.42	83.06	0.4%	83.58
USD/PKR	278.32	278.42	0.0%	282.38
USD/TRY	32.23	32.20	0.1%	32.49

Demolition Sales (\$ /ldt)

Name	Size	Ldt	Built	Yard	Type	\$/ldt	Breakers	Comments
ANDHIKA NARESWARI	71,290	10,308	1996	NAMURA, Japan	BC	515	undisclosed	
POSEIDON M	38,858	7,170	1994	IHI, Japan	BC	undisclosed	Pakistani	

Market Data

	31-May-24	30-May-24	29-May-24	28-May-24	27-May-24	W-O-W Change %
Stock Exchange Data						
10year US Bond	4.503	4.550	4.616	4.548	4.461	0.7%
S&P 500	5,277.51	5,235.48	5,266.95	5,306.04	mrkt closed	-0.5%
Nasdaq	16,735.02	16,737.08	16,920.58	17,019.88	mrkt closed	-11.0%
Dow Jones	38,686.32	38,111.48	38,441.54	38,852.86	mrkt closed	-3.3%
FTSE 100	8,275.38	8,231.05	8,183.07	8,254.18	mrkt closed	-0.5%
FTSE All-Share UK	4,517.08	4,494.75	4,465.63	4,506.79	mrkt closed	-0.5%
CAC40	7,992.87	7,978.51	7,935.03	8,057.80	8,132.49	-1.3%
Xetra Dax	18,497.94	18,496.79	18,473.29	18,677.87	18,774.71	-1.0%
Nikkei	38,487.90	38,054.13	38,855.37	38,855.37	38,900.02	-0.8%
Hang Seng	18,079.61	18,230.19	18,477.01	18,821.16	18,827.35	-2.8%
DJ US Maritime	407.59	403.95	396.79	398.63	mrkt closed	5.6%
Currencies						
€ / \$	1.08	1.08	1.08	1.09	1.09	0.0%
£ / \$	1.27	1.27	1.27	1.28	1.28	0.0%
\$ / ¥	157.31	156.81	157.60	157.16	156.86	0.2%
\$ / NoK	10.47	10.54	10.59	10.51	10.48	-1.1%
Yuan / \$	7.24	7.23	7.25	7.24	7.24	0.0%
Won / \$	1,381.68	1,374.74	1,370.08	1,362.42	1,359.93	1.2%
\$ INDEK	104.67	104.72	105.10	104.61	104.60	-0.1%

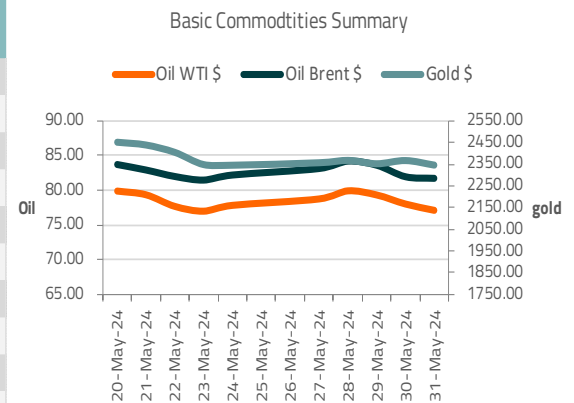
Bunker Prices

		31-May-24	24-May-24	Change %	
MGO	Rotterdam	740.5	731.0	1.3%	
	Houston	740.5	749.0	-1.1%	
	Singapore	723.0	722.5	0.1%	
	380cst	Rotterdam	481.5	468.0	2.9%
		Houston	479.0	473.0	1.3%
		Singapore	528.5	515.5	2.5%
VLSFO	Rotterdam	556.0	551.0	0.9%	
	Houston	586.0	571.5	2.5%	
	Singapore	599.0	602.0	-0.5%	
OIL	Brent	81.6	82.1	-0.6%	
	WTI	77.0	77.7	-0.9%	

Maritime Stock Data

Company	Stock Exchange	Curr	31-May-24	24-May-24	W-O-W Change %
CAPITAL PRODUCT PARTNERS LP	NASDAQ	USD	17.88	17.53	2.0%
COSTAMARE INC	NYSE	USD	16.01	15.07	6.2%
DANAOS CORPORATION	NYSE	USD	96.77	90.59	6.8%
DIANA SHIPPING	NYSE	USD	2.99	3.15	-5.1%
EUROSEAS LTD.	NASDAQ	USD	38.08	37.73	0.9%
GLOBUS MARITIME LIMITED	NASDAQ	USD	2.33	2.25	3.6%
SAFE BULKERS INC	NYSE	USD	5.67	5.40	5.0%
SEANERGY MARITIME HOLDINGS	NASDAQ	USD	12.20	12.01	1.6%
STAR BULK CARRIERS CORP	NASDAQ	USD	27.08	26.99	0.3%
STEALTHGAS INC	NASDAQ	USD	8.48	7.37	15.1%
TSAKOS ENERGY NAVIGATION	NYSE	USD	31.20	30.89	1.0%

Basic Commodities Weekly Summary



Macro-economic headlines

- In the euro area, the Unemployment Rate was at 6.4% in April, slightly lower than in March (6.5%). CPI for May was up 2.6% on an annual basis and rose by 0.2% on the month. German CPI for May was at 2.4% yoy and 0.1% on the month.
- In the US, the CB Consumer Confidence Index for May was at 102, up from 97.5 in April. GDP for Q1 rose by 1.3%, while Core PCE Price Index rose by 2.8% in April on an annual basis. Trade Balance for April was at -99.41bn. Lat, the Chicago PMI stood at 35.4 for May.
- In China, the Composite PMI stood at 51.0 for May while Manufacturing PMI was at 49.5, down from 50.4 and Non-Manufacturing PMI was at 51.1, slightly down from 51.2.

