International Seaborne Market

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weekly ISM Freight & Chartering

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Contents

DRY MARKET FUNDAMENTALS

Market fundamentals in brief // week 21

As before, the large-tonnage shipping market is generally dominated by negative trends. The inflow of ships to relatively busy regions like South Atlantic exceeds the demand for such tonnage there and puts strong pressure on rates all across the Atlantic. Moreover, the outflow of vessels from Asia has failed at least to keep rates from falling there, not even talking about boosting them. Thus, the Global HFI has sagged by $0.77/t, the Global PFI by $0.62/t, and the Global CapeFI by $0.69/t over the week. The Baltic Dry Index has dropped by another 193 points to 1,172 points. Trade remains weak on the small-tonnage freight market. Muted demand pushes owners to reduce their freight ideas on most routes (only rates ex Azov Sea hold steady this week). The Global Coaster Freight Index has fallen by $0.59/t. The situation for owners is deteriorated by another growth in bunker prices.

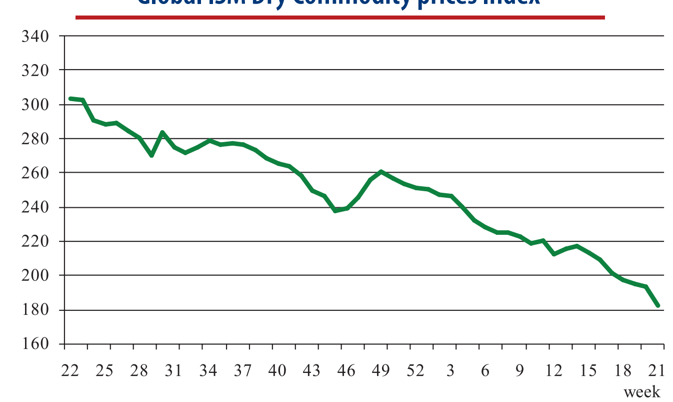
Quiet trade on all major commodity markets has triggered a significant price slump in exporting countries. The Global ISM Commodity Index has dropped by almost 11 points after May 22.

Sluggish demand in China caused by lack of the government's support to the local ore-consuming industries, sharpened trade conflict between the USA and China, as well as growing offer of Australian and Brazilian ores put world iron ore quotes on track to rapid decrease. Following a slow start of the week, demand for imported steel scrap has recovered somewhat in Turkey closer to weekends despite higher prices. SE Asian importers of square billets are slow to enter into new deals – they are pretty sure that offer prices will keep going down thanks to further concessions from Chinese exporters who have to provide discounts to spur export trade amid muted demand on the home market. Despite enhanced sentiment on the HRC market, Chinese and Indian exporters reduce prices amid stiff competition in Asia. The situation is quite the same in the rebar segment where Turkish and Egyptian exporters keep fighting for new contracts by reducing quotes over and over again.

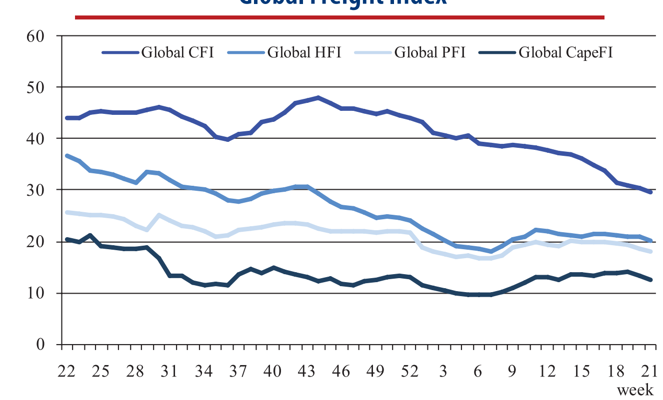
Demand for imported thermal coal is almost dead in Western Europe, which keeps corresponding prices on track to steady decrease. Moreover, abundant coal stockpiles at ARA ports force local traders to seek reselling it to Asian countries. Australian and South African traders have to reduce coal prices due to muted demand in China and India on the one hand, and strong competition with Colombian, Indonesian, and now European exporters on the other hand.

After a protracted lull caused by Grain Initiative issues, Ukrainian traders entered the market with a huge number of spot offers, which put significant pressure on quotes not only for European wheat and barley but also for American origins. Besides sharp competition with Black Sea traders, particularly those from Russia, the EU exporters have to increasingly cut prices amid weak

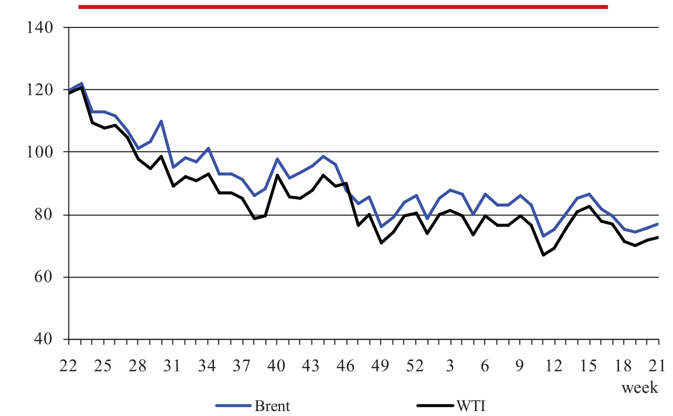
Global ISM Dry Commodity prices Index*



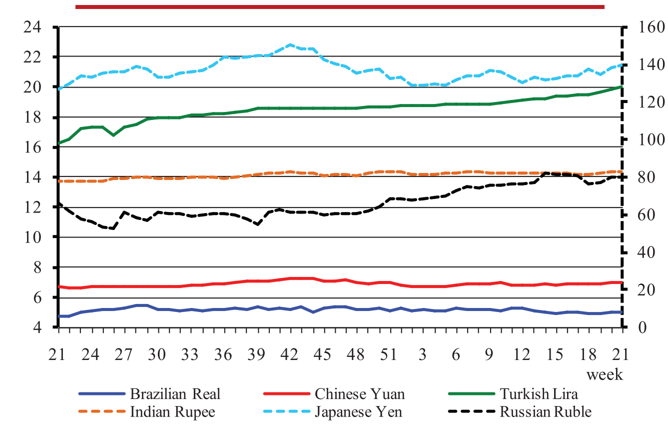
Global Freight Index



Crude oil futures, $/bbl



Currency rates dynamics (BRL, CNY, TRY, JPY, INR, RUB to USD)**



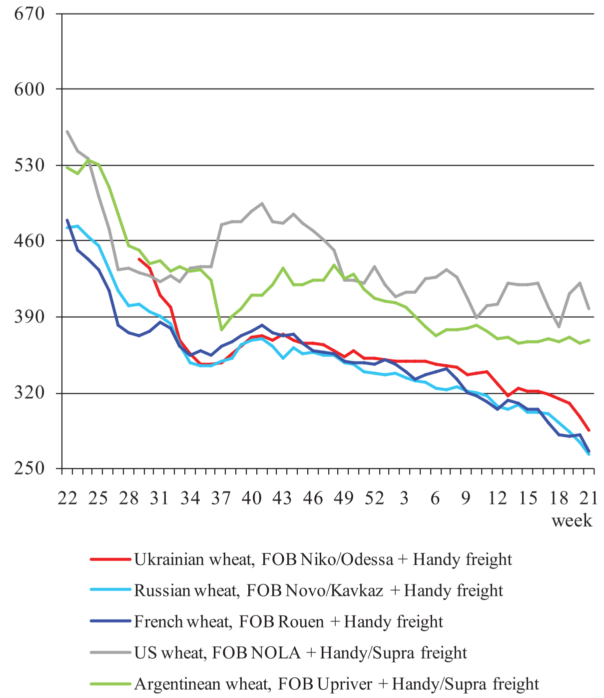
** - Commodity Index was designed by ISM as a tool to determine the complex commodity market situation and, therefore, to predict future shipping activity within certain tonnage classes. ISM Commodity Index is a weighted average of export prices for main types of dry cargoes, such as grain, steel, coal, fertilizers, raw materials.*
*** - Due to different numerical order, Brazilian Real (BRL), Chinese Yuan (CNY), Turkish Lira (TRY) currency rates are shown within the main (left) scale, while Indian Rupee, Japanese Yen and Russian Ruble are shown within the secondary (right) scale. Time scale (week number) is a common one with latest rates shown to the right of the graph for all of 6 currencies.*

importers' demand and on heavy new crop forecasts. Quotes for US, Brazilian and Argentine wheat remain under strong pressure of quite favorable outlook for the future production and exports of wheat in main grain growing countries. Corn has generally managed to uphold its value despite occasional cancellations of previously concluded contracts in the USA, weak shipments from Brazil ahead of new corn season, and active inflow of corn from Argentina where traders are trying to catch a chance and boost export sales. World soybean quotes are driven down by record production in Brazil.

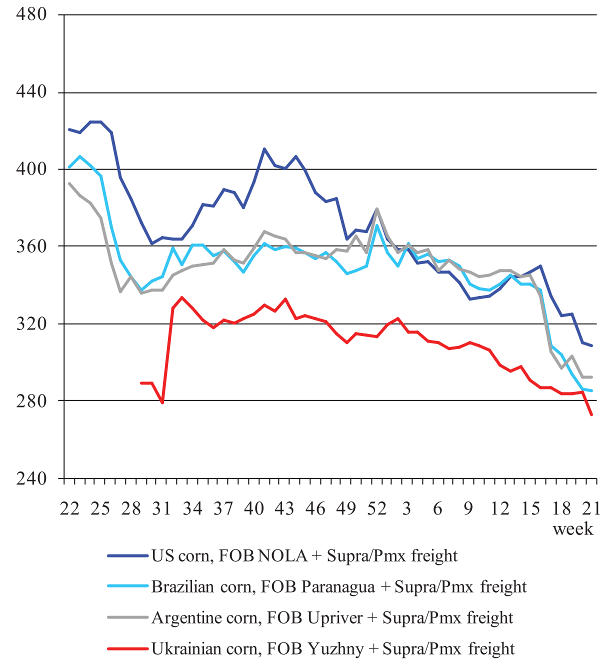
The decline seen on the global fertilizer market throughout May has sharpened closer to June. As a result, this week has ended with a particularly rapid slump in literally all segments except for sulphur. Note that farmers from all importing countries do not express any interest in purchases now due to the fact that the application season has already come to an end in some countries, while that has not started yet in the others.

Grain competitiveness on major sales markets // week 21

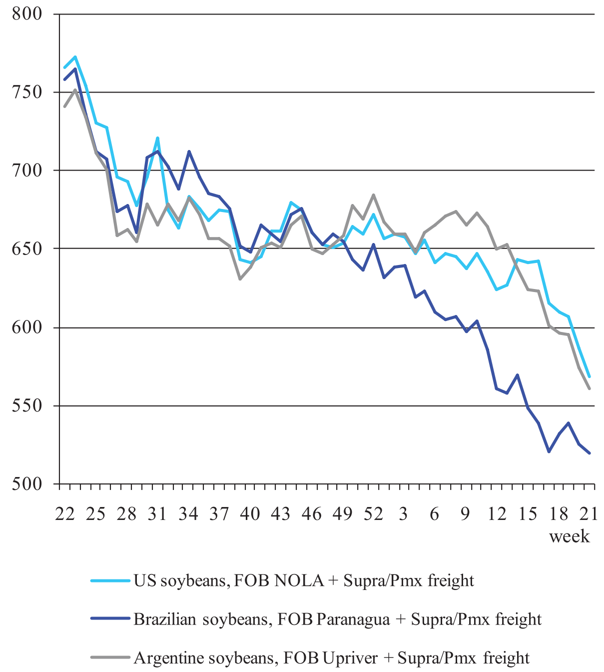
Wheat competitiveness in North Africa (bss Algeria)



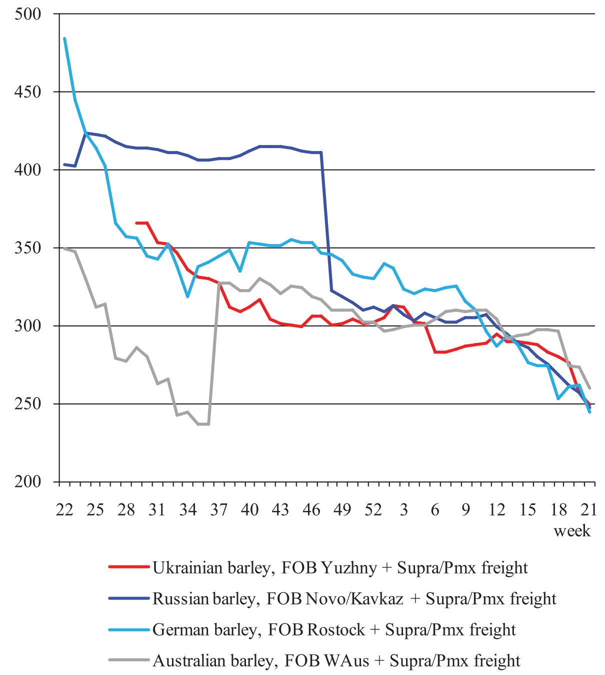
Corn competitiveness in SE Asia (bss Japan/S. Korea)



Soybeans competitiveness in China (bss South China ports)



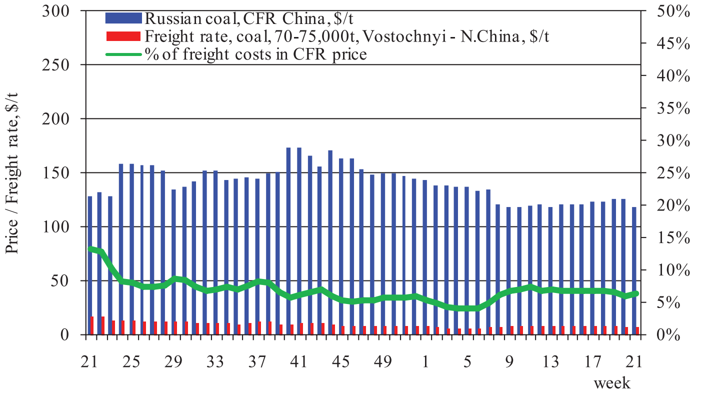
Barley competitiveness in Saudi Arabia (bss Jeddah port)



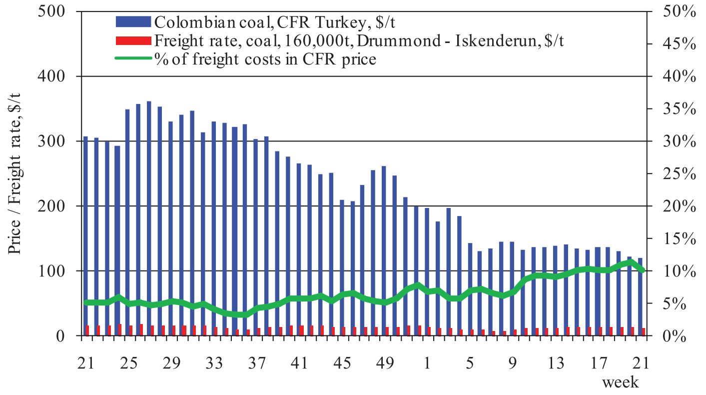
Click here to see competitiveness of other commodities on major sales markets

Share of freight costs in coal CFR prices // week 21

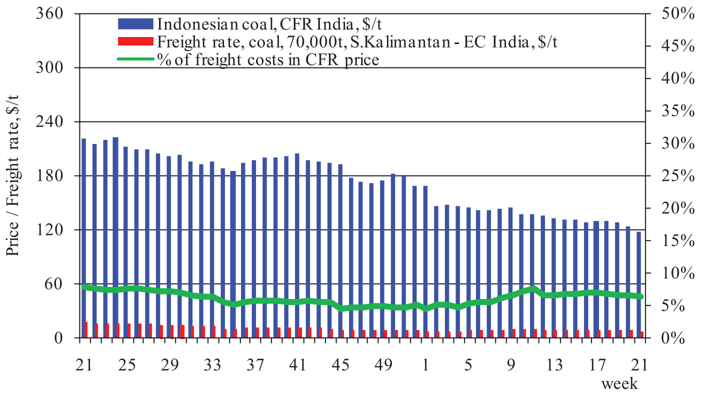
Russian coal: weight of freight costs in CFR China price



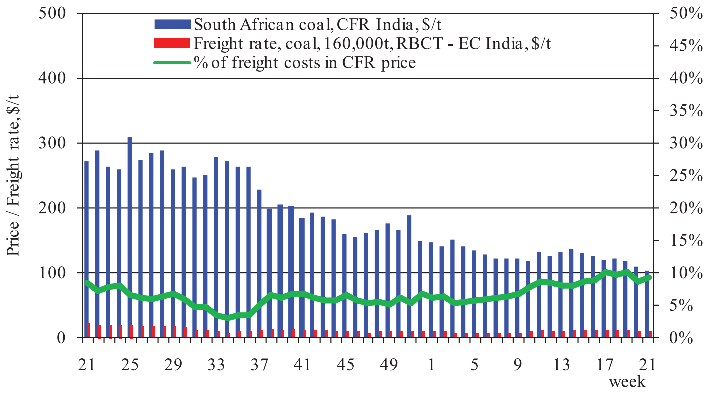
Colombian coal: weight of freight costs in CFR Turkey price



Indonesian coal: weight of freight costs in CFR India price

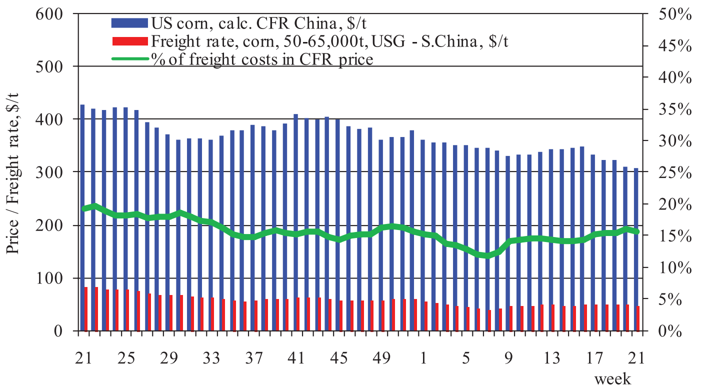


South African coal: weight of freight costs in CFR India price

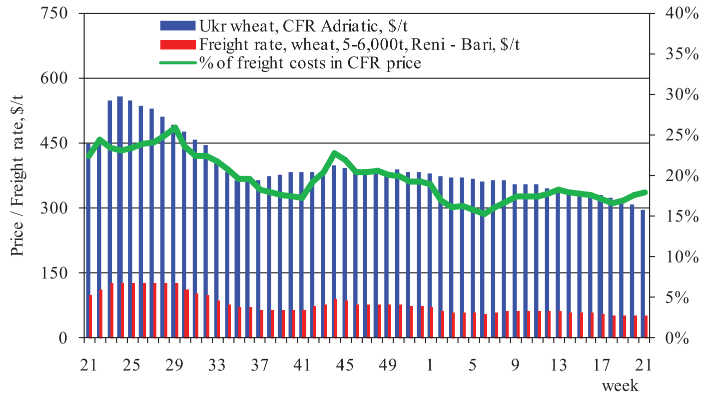


Share of freight costs in grain CFR prices // week 21

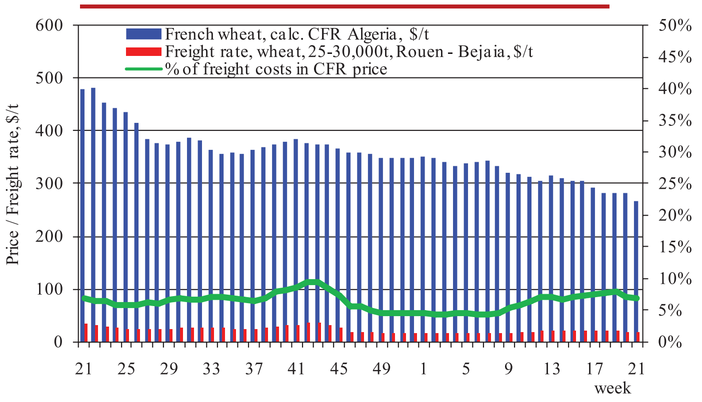
US corn: weight of freight costs in CFR China price



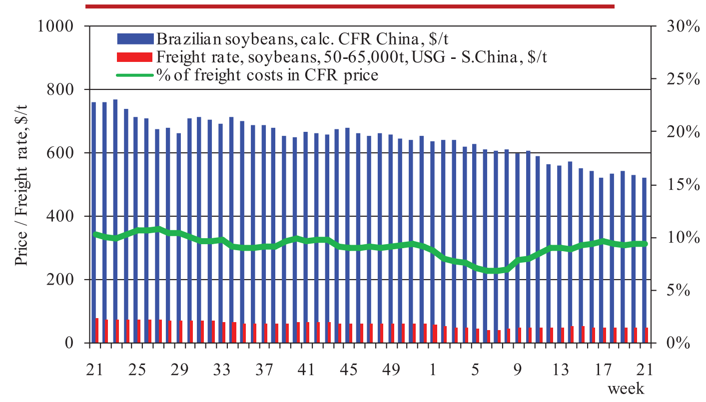
Ukrainian wheat: weight of freight costs in CFR Adriatic price



French wheat: weight of freight costs in CFR Algeria price



Brazilian soybeans: weight of freight costs in CFR China price



Click here to learn share of freight costs in CFR prices of some other basic commodities

CHARTERING MARKET AT HAND

Short sea market // week 21

CURRENT TREND - SOFTENING / STEADY **EXPECTATIONS - STEADY**

Despite some local improvements, the overall sentiment clearly remains negative on the small-tonnage shipping market. Thus, a slight recovery of Ukrainian grain shipments to Turkey together with positional decline is early June tonnage list in the Black and Marmara Seas did not allow ship owners even to keep rates stable. The main problem lies in extremely slow cargo flow all across the Black and **Mediterranean** basins amid devastating situation on major commodity markets, particularly on the grain and steel markets. "Grain stock prices continue crashing down, it fell over $100/t during three months, therefore traders are simply not able to pay the same freights, so grains fill the silos, waiting for better time," an experienced Bulgarian broker commented.

In the **Black Sea**, short-haul rates for shipments of 3-4,000 t stems are under the highest pressure due to the recent collapse of the Azov Sea market and increased competition from owners of sea-river tonnage. During the week, freights ex Danube ports have declined by $1-3/t, while other rates have sagged by $0.5-1.5/t both in the Black and Mediterranean Seas. Note that the Mediterranean Sea market is still showing relatively regular shipments of fertilizers, while grain and minerals are offered lees frequently. TCEs for 3-4k dwt fleet are already close to the OPEX level; the situation looks a bit better in the segment for 5-8k dwt vessels.

Meanwhile, the **Azov Sea** market has reached its bottom, and ship owners show aggressive resistance, even trying to raise rates. However fresh grain and coal offers are still extremely few in the region.

As expected, the **North European** market remains low-active as well, without any problems with open vessels. Freight rates continue to decline gradually (another $0.5-1/t down during the week). "Market is unfortunately going into an early summer dormancy," an EU ship owner commented.

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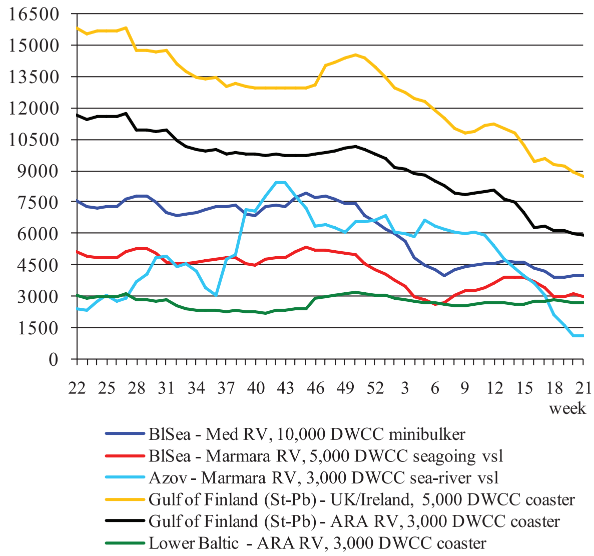
Considering the picture seen on main commodity markets, ship owners should not hope for any increase in freight rates. Even if exports of old crop grain perk up in June, traders will hardly accept higher rates amid extremely low prices. There are no preconditions for the recovery of demand for Russian, Turkish or European steel products; the same applies to coal. The sentiment is getting worse on the urea export market as many importers have already covered their needs and prices started going down. Many players hope for the recovery of trade in Turkey after the second round of presidential elections and perhaps this is really the only thing we can count on in the current situation.

Average round voyage TCE (given backhaul leg in ballast), $/day



Azov-BlSea & Med. Average round voyage TCE (given backhaul leg in ballast)

Route	Daily TCE, $	w-o-w
Western BlSea - Med RV, minibulker 10,000 DWCC	4,000	-10
Western BlSea - Marmara/Med RV, seagoing vsl 5,000 DWCC	3,020	-180
Western BlSea - Marmara RV, seagoing vsl 3,000 DWCC	1,950	-220
Azov Sea - Marmara RV, sea-river vsl 5,000 DWCC	2,130	=
Azov Sea - Marmara RV, sea-river vsl 3,000 DWCC	1,180	=
Marmara - Med RV, seagoing vsl 3,000 DWCC	1,730	-90
Marmara - Med RV, seagoing vsl 5,000 DWCC	2,540	-130
Inter-WMed RV (Iberian peninsula - N. Afr RV), seagoing vsl 5,000 DWCC	3,160	-120

Baltic & Continent. Average round voyage TCE (given backhaul leg in ballast)

Route	Daily TCE, $	w-o-w
Gulf of Finland (St-Pb) - UK/Ireland, coaster 5,000 DWCC	8,780	-210
Gulf of Finland (St-Pb) - ARAG RV, coaster 3,000 DWCC	5,950	-70
Lower Baltic - ARAG RV, coaster 3,000 DWCC	2,710	-50

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Handysize & Supramax/Ultramax market // week 21

CURRENT TREND - SOFTENING **EXPECTATIONS - MIXED / SOFTENING**

This week, the Supramax/Ultramax shipping market continues to soften in almost all sections, with Handysize rates also going down in the European region (even more noticeably than in the neighboring segment).

Despite quite brisk exports of South American grain, the **ECSA** Supramax/Ultramax tonnage list is growing faster than demand as the ballaster inflow from the Indian Ocean looks too active. "Lower than last done levels are observed as there is not enough cargo to employ all the tonnage in the region," a broker mentioned. By the end of the week, spot rates have dropped by $1k daily and $1/t. Meanwhile, Handysize freight levels hold steady amid still balanced cargo/tonnage ratio.

Similar picture can be seen in **USG**, where Supramax rates have also sagged by $1k daily and $1/t over the week amid increasing tonnage list for June dates. Similar to the South Atlantic, Handysize rates have stayed at last week's levels due to positional shortage of vessels open in USEC.

The cargo flow remains extremely weak in the **Black and Mediterranean Seas**, with most deals discussed on the APS basis; players note fewer indications bss dely passing Canakkale. The list of available vessels, especially of Handysize ones, is growing. As expected, the Russian team at JCC continues to severely hamper inspections, which essentially prevents exporters from resuming normal activity, so there are very few firm offers ex Ukraine. "Although the corridor has been extended, this will hardly support Handy/Supra market as already a lot of vessels are waiting for inspections, while 2 months may be not enough even for the ships that are waiting at the moment; moreover, charterers prefer to look at Panamaxes in order to export as much volume as possible," a Greek broker shared his thoughts. By the end of the week, Handysize time-charter rates have dropped by $1.5-2.5k daily, while Supramax levels have declined by $0.5-1k daily. Transportation costs of grain and other cargoes have decreased by another $1-2.5/t.

The surplus of open tonnage is getting more acute also in the **Baltic & Continent**, putting further pressure on rates. There are very few fresh cargo offers both for spot and 2H June laycans. Ship owners are forced to make further concessions, with rates down by another $1-2k daily and $1-3/t this week.

As for the Eastern Hemi, Supramax/Ultramax market has also weakened in all regions. In **SE Asia**, Indonesian coal shipments both to India and China have slowed down significantly, while the number of incoming grain and coal requests ex Australia is insufficient to support the market. In the **Far East**, shipments of steel products from China, South Korea and Japan remain sparse. Despite regular traffic of construction cargoes from the Persian Gulf and brisker shipments of South African coal and ore, charterers continue to dictate their terms in the **Indian Ocean** as well. Supramax tonnage list is excessive in all parts of the basin, with rates sagging by another $0.5-1k daily and $0.25-1/t over the week.

The sentiment of Handysize owners is slightly better in both SE Asia and Indian Ocean as the tonnage/cargo ratio is still relatively balanced. Demand for Handysize fleet is supported mainly by shipments of steel products, coke, feldspar and barite from India, as well as of fertilizers from the Persian Gulf. Rates stay at last week's levels.

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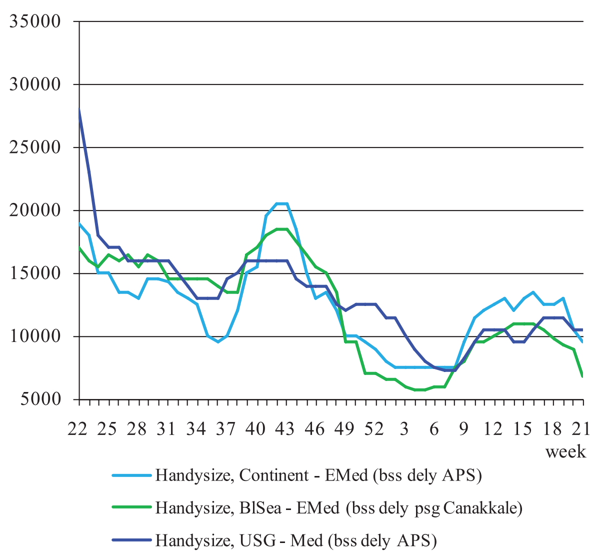
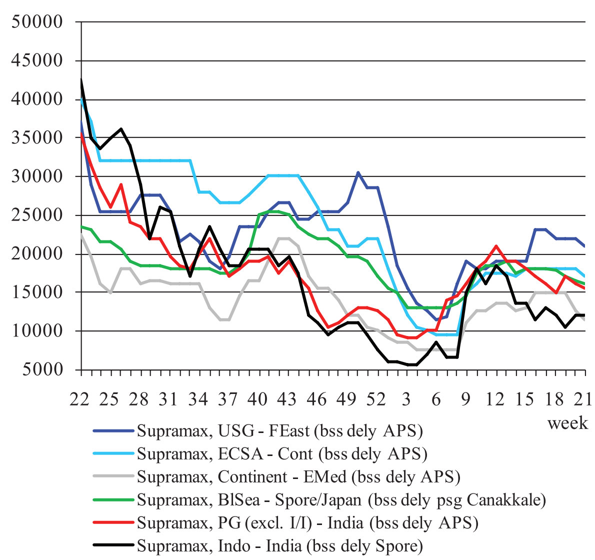
Next week, Supramax/Ultramax owners working in the South Atlantic will try to raise rates again. They primarily hope that June export volumes will remain as high as in May, while the ballaster inflow will slow down (Panamax owners express similar hopes in this region). In USG, Supramax owners will have a tough time as tonnage building up for June laycans will continue to have a negative impact on transportation costs from regional ports, which do not show any particular prospects in terms of export

Time-charter-trip rates, $/day



Time-charter-trip rates, $/day



activity for June dates (unlike South America). The Handysize segment may start softening again in the region as quite a few ships are expected to open here in the next two weeks: "Very little tonnage actually leaving the Gulf, most trips are inter-Caribbean; thus a significant level of ships will be open in about two weeks," a broker mentioned.

Few preconditions for higher activity can be seen in the Black and Mediterranean Seas, as well as in North Europe. The short-term upturn in shipments of old crop EU grains is perhaps the only thing ship owners can hope for, although even in this case, the ongoing decline in commodity prices does not contribute to higher freight rates. Shipments from Ukrainian ports will hardly perk up as few traders will risk chartering vessels with such slow inspections and huge downtime, considering that only 6 weeks are left till the end of the current agreement.

In the Indian Ocean, the trend may change in the segment for shipments ex South Africa due to a significant decline in 1H June tonnage list. Players also note a slowdown in ballaster inflow from ECI. In SE Asia, Indonesian coal shipments to China are likely to remain very limited due to ample coal stocks in China. Besides, weakening of steel product exports from Far East ports (which was the local market driver) is likely to lead to fleet outflow to SE Asia, which will create additional pressure in that area.

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Panamax/Kamsarmax market // week 21

CURRENT TREND - SOFTENING **EXPECTATIONS - MIXED**

The negative trend persists on the **South Atlantic** Panamax/Kamsarmax market due to the ongoing inflow of ballasters. The growth in cargo traffic is clearly lagging behind the increase in tonnage list, so the surplus of vessels open for late May and early June is sharpening on the market. "Despite an anticipated 2 million t increase in exports for May, the ECSA ballasters are struggling," a broker mentioned. By the end of the week, spot freight rates have dropped by $0.5-1k daily and $1/t.

The **North Atlantic** market also continues to soften amid a further decline in corn exports. The most acute cargo/tonnage imbalance is seen on T/A routes as tonnage continues building up in the Skaw-Passero range. Black Sea grains are still not supporting ship owners as there are almost no new firm offers ex Ukraine within the grain corridor. Freight rates have decreased by $1k daily and $1/t during the week.

In the **Asia-Pacific region**, some signs of Australian coal exports recovery did not have much impact on the overall cargo traffic. "Some traders have started buying more Australian coal, while we see less demand for Indonesian cargo as Australian coal seems more economical," a broker proves the point. In general, the situation keeps worsening on the Asia-Pacific market amid sharpening surplus of open vessels, as well as limited grain exports from NOPAC ports and Australia. Transportation costs of main cargoes have sagged by $0.25-0.5/t, while time-charter rates have dropped by $1-3k daily.

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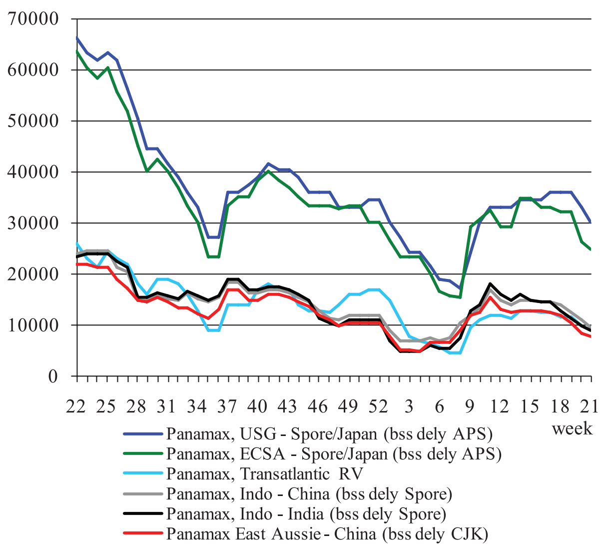
Ship owners still do not lose hope to see the rate upturn in ECSA. May soybean export volumes are expected to reach about 16 million t, and players expect at least the same volumes in June. "Soy remains more competitive vs. the USA, thus Brazilian export demand is strengthening," a broker mentioned. South American soybean exports promise to reach an all-time high of 95 million t in the current MY. The ballaster inflow should decline as current pace is very high and is unlikely to persist for a long time. Besides, there is still a chance for real recovery of Ukrainian exports.

Meanwhile, the situation will most likely continue to worsen in the Asia-Pacific region. Demand for coal remains weak both in India and China. Even the fall of coal prices does not stimulate demand. According to players, Chinese port stocks are more than sufficient. "There are long-term domestic coal contracts between Chinese coal suppliers and power plants, so even with the drop in prices for imported coal, there is still a lot of local supply to feed the power plants," a local broker source adds.

Time-charter-trip rates, $/day



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Capesize market // week 21

CURRENT TREND - SOFTENING **EXPECTATIONS - SOFTENING**

The **Atlantic** Capesize segment continues to weaken. "Despite good demand levels this week, rates came off," a broker mentioned. The fact is that tonnage list is growing faster than demand, which does not give the market a chance to go positive. Brisk shipments of bauxite from West Africa also cannot help offset excessive tonnage list in the region. By the end of the week, spot rates have decreased by $1-2/t.

In the **Eastern Hemi**, the market also continues to soften, although not so noticeably. Players refer to decreased offer of Australian coal. "EC Aussie coal is not much and it seems for old ladies," a broker suggests. Corresponding rates have sagged within $0.5/t this week.

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As for the outlook, negative sentiment prevails. Demand for steel will certainly decline given the expected seasonal slowdown in China in July, which means that iron ore imports will not grow in the near future. Iron ore futures are also falling. "Fears of a slowdown in iron ore demand in China put pressure on the market; there is the possibility of falling demand into Q3," a broker mentioned. However, some players do not lose optimism. "At the moment I feel it has come to a point where owners will start to resist. Those who needed to sell have already sold off. I suspect it will be flat," an Asian broker replies.

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FLOWS & FIXTURES / ATLANTIC

Black Sea Handysize/Supramax market keeps slackening

Negative trend persists in the Black and Mediterranean Seas. The cargo offer remains extremely poor despite 2nd week of functioning of the Ukrainian Initiative after its prolongation. There are still almost no firm offers ex Ukraine, while activity from EU ports and Russia has even slowed down. At the moment:

Several inter-Med deals for standard Handysize fleet are discussed at mere $8-9k daily bss dely APS CVB;

The contract for a 36-37k dwt vessel bss dely APS TurkMed redel ARAG is negotiated at $8k daily;

Charterers offer $8k daily for a 36k dwt carrier bss APS dely SpanMed redel EC Mexico;

A Handysize ship has been chartered at $9k daily bss dely passing Canakkale via Russia redel ECSA.

As for larger vessels, front-haul rates for Supramax fleet bss dely passing Canakkale (excl. Ukraine or Russia) are hovering at $16-16.5k daily;

Charterers are ready to pay $14k daily for a fertilizers run by a 40k dwt Handymax vessel bss APS dely Morocco redel Bangladesh;

Supramax front-haul trips from Ukraine bss dely passing Canakkale are discussed at $21-22k daily;

A 63k dwt Ultramax carrier has been chartered at $24k daily bss dely passing Canakkale via Russia redel FEast;

Besides, large grain house offers $14k daily + 400k bb for a Panamax vessel bss dely passing Canakkale via Ukraine redel Spore-Japan, while owners are seeking to get at least $16k daily + 600k bb.

Voyage-basis offers are sporadic, with rates down as well:

The deal for shipment of 30,000 t of wheat from Constanta to SpanMed is discussed at $12.5-13/t, which is equivalent to $8.2-8.5k daily bss dely psg Canakkale or to $10-10.5k daily bss dely APS Constanta;

Carrying 25,000 t of wheat from Bulgaria to Libya is estimated by ISM at $17.5-18/t given 7,000x/3,000x l/d rates;

Charterers are ready to pay at best low $30s/t for transportation of 25-30,000 t of grain from Ukraine to EgyptMed and mid-$30s/t to SpanMed bss 1/1 given 14-15 days of waiting time and EWRI on owner's acct;

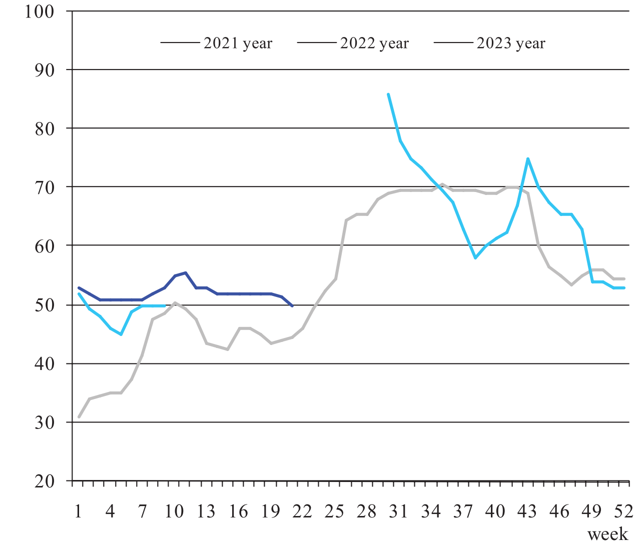
Brokers suggest $51-52/t for shipment of 60-70,000 t of corn and $54-55/t for transportation of 50-55,000 t of corn from Ukraine to S.China given 8,000 sshex bends l/d rates, EWRI and 14-15 days of waiting time on owner's acct.

As for other cargoes:

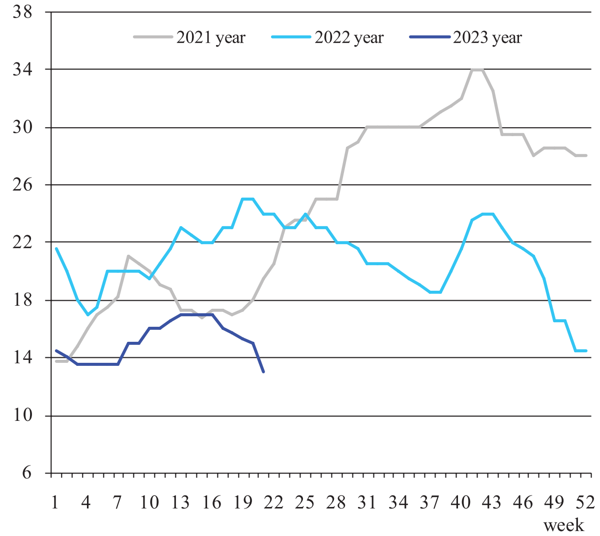
Charterers target below $10/t for shipment of 30,000 t of clay from Marmara to Ravenna, which means less than $9k daily in TCE bss APS dely Marmara given 8,000c/8,000x l/d rates;

About 30,000 t of fertilizers are carried from Tuapse to Santos at mid-$30s/t bss 1/1.

Wheat (sf 47-48'), 50-60,000t, Pivdennyi / Chornomorsk - Ciwandan / Cigading (10000x/6000x), $/tonne



Wheat / corn, 25-30,000t, Constanta / Varna - Alexandria (8000x/5000x), $/tonne



Azov Sea market finally reached its bottom

The cargo traffic remains very slow in the Azov Sea, with still noticeable shortage of fresh cargoes. However, sea-river owners have finally succeeded to stop the rate decline:

Thus, most charterers still offer $24-25/t for transportation of 3,000 t of wheat from Rostov/Azov to Marmara, while owners are seeking to get at least $27-28/t (equivalent to $1.3-1.4k daily vs. $1.7-1.8k daily bss RV for vessels with no AWRP required);

The owners of 5-6k dwt vessels resist even more desperately and seek to get more than $30/t for shipment of 5-6,000 t of wheat on similar routes, which means well more than $3k daily bss RV;

Meanwhile, the deal for shipment of up to 4,500 t of WBP (sf 54-55`) from Yeisk to Marmara has been finally signed at $25/t (equivalent to $2.3-2.5k daily bss RV for vessels with no AWRP required);

Coal charterers are ready to pay at best $22/t for transportation of a 3,000 t cargo lot from Rostov to TBS;

Up to 5,500 t of coal are carried from Temryuk to Samsun at $19/t.

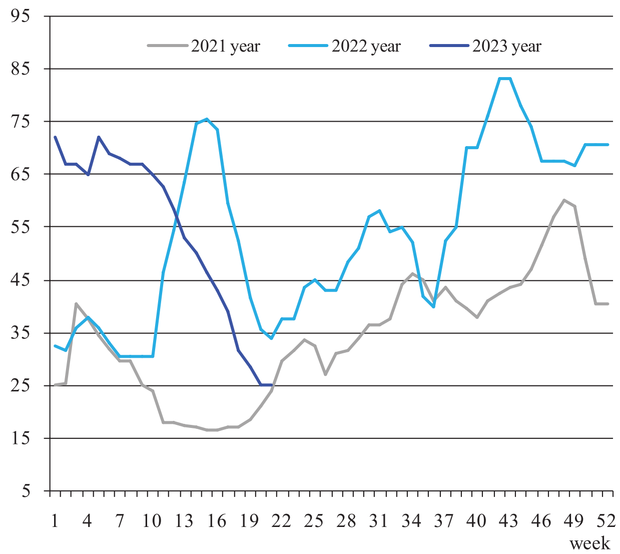
Long-haul freight rates remain much more interesting for owners in terms of daily earnings:

Some grain charterers are still ready to pay well more than $50/t for shipment of 3-5,000 t of wheat from Yeisk to Mersin (exceeds $3k daily bss RV for 3k dwcc vessels with no AWRP required and is equivalent to around $2k daily with AWRP on owner's acct);

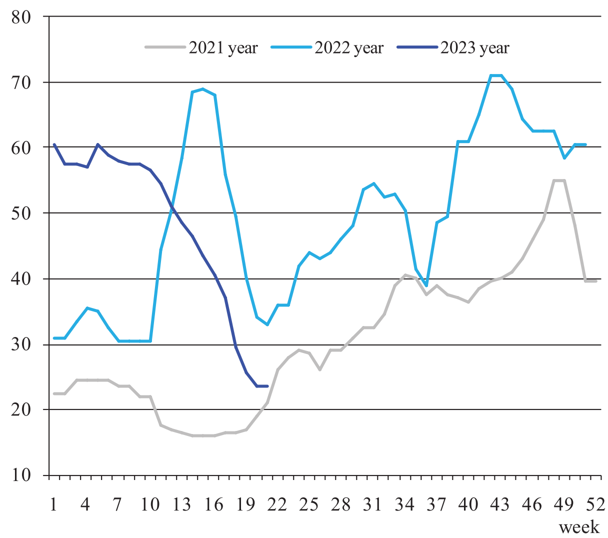
Brokers suggest high $40s/t for transportation of 5,000 t of sulfur from Temryuk to Alexandria given 1,500c/2,000x l/d rates;

A 5,000 t lot of coal is carried from Rostov to Iskenderun at $45/t.

Wheat, 3,000t, Rostov / Azov - Marmara (1000x/1000x), $/tonne



Coal, 3-5,000t, Rostov - Marmara (2000c/2000x), $/tonne



Small-tonnage freights inched down again in Black Sea despite shorter vessel list

The cargo traffic from the Danube ports remains the only one supporting demand for coaster tonnage in the Black Sea. However, rates for such shipments have inched down again, even despite fewer open vessels in the area seen this week.

Particularly this trend applies to short-haul shipments of 3-4,500 t lots. Thus:

Some charterers offer mere $33/t for transportation of 3-4,000 t of grain from Izmail to Marmara, which is equivalent to extremely poor $1.2-1.6k daily bss RV given 5 days of waiting time and AWRP on owner's acct;

Up to 5,000 t of corn are offered on a similar route at $33/t with 7 ttl days sshex l/d rates and early June laycans, which hardly reaches even $2k daily in TCE bss RV given 6-7 days of waiting time and AWRP on owner's acct;

A couple of deals for shipments of 4-4,500 t of wheat from Izmail or Reni to Maramra are discussed at $36.5-37/t, which means $2.2-2.4k daily bss RV;

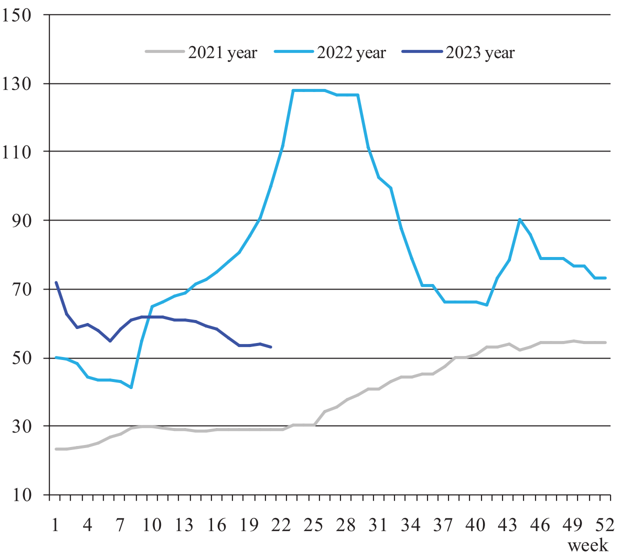
Charterers have succeeded to fix a vessel for transportation of 2,000 t of wheat bran (sf 54-55`) from Reni to Marmara at $36/t;
A 4,500 t lot of wheat is carried from Reni to Trabzon at $35.5/t;
The deal for transportation of up to 5,500 t of soybeans from Reni to Samsun has been signed at $36/t;
Meanwhile, the contract for shipment of 3,000 t of meal (sf 57`) from Izmail to Marmara or Izmir has been concluded at $47/t, which means $40-40.5/t bss 3,500 t of heavy grains.

The decline in long-haul rates is not that significant:
Charterers offer mid-high $40s/t for shipment of 6,000 t of wheat from Reni to Alexandria, while owners are seeking to get at least $50-51/t (equivalent to $3.1-3.2k daily bss RV vs. $3.6-3.8k daily bss RV given AWRP and 6-7 days of waiting time on owner's acct);
Traders offer $46/t for transportation of 7-8,000 t of wheat from Reni to Lebanon given 1,250x/1,500x l/d rates, 7 days of waiting time and AWRP on owner's acct, which means $2.7-2.9k daily in TCE bss RV for 9-9.5k dwt vessels;
The deal for transportation of up to 6,000 t of corn from Izmail or Reni to Sicily or Bari is negotiated at low $50s/t bss 1/1 given 1,500 sshex bends l/d rates, 7 days of waiting time and AWRP on owner's acct, which is equivalent to $3.2-3.4k daily bss RV;
Meanwhile, charterers offer mere $40/t for shipment of 3,500 t of corn from Reni to EC Greece with 1,500 sshex bends l/d rates, while owners are seeking to get at least mid-$40s/t (equivalent to $1.8-1.9k daily bss RV vs. $2.4-2.7k daily bss RV).

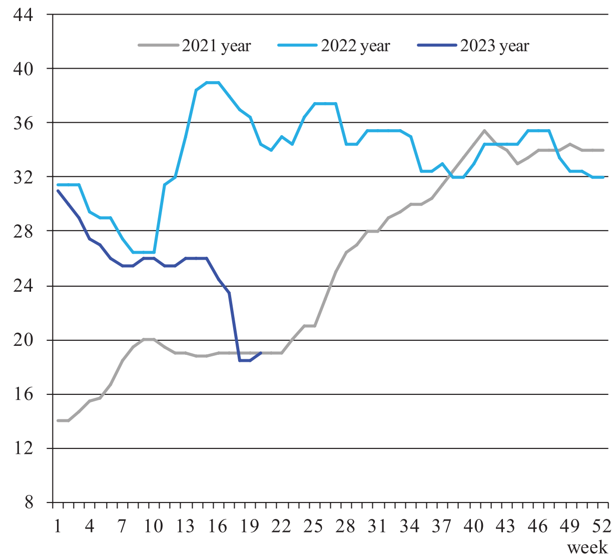
Rates for shipments from EU ports and Turkey are under pressure as well:
Charterers offer mere $15/t for shipment of 3,000 t of wheat from Varna to Marmara, while owners are seeking to get at least $17/t, which is equivalent to $1.4-1.6k daily bss RV vs. $1.8-2k daily bss RV even in case of 1,500 sshex bends l/d rates;
Up to 4,000 t of corn are carried from Constanta to Catania at $29/t, which is equivalent to $2.8-2.9k daily bss RV;
The deal for shipment of about 10,000 t of wheat from Bulgaria to the northern Adriatic is discussed at $25-26/t (equivalent to $4.7-4.8k daily bss RV);
Charterers offer at best $16/t for transportation of 3,000 t of bulk soda from Varna to Marmara with 2,000x/1,500x l/d rates, which is equivalent to $1.8k daily bss RV;
Other charterers are ready to pay $40-41/t for shipment of up to 3,100 t of bagged minerals (sf 53-54`) from TBS to Cagliari with 1,500 sshex bends l/d rates and early June laycans, which is equivalent to $2.5-2.7k daily bss RV;
Brokers suggest high $20s/t bss 1/1 for shipment of 3,000 t of fertilizers from Samsun to Reni or Izmail in mid-June.

As for rates ex Russian ports, they reached their bottom already a couple weeks ago following the Azov Sea market trend, so they remain steady:
Charterers are ready to pay at best $19/t for shipment of 6,300 t of steels from Novorossiysk to Marmara, while owners are seeking to get low $20s/t;
A 3,000 t lot of wheat is moved from Kavkaz to Samsun at $20/t;
Transportation of 8-12,000 t of coal from Taman to Iskenderun is estimated by ISM at low-mid $20s/t bss 1/1.

Wheat / corn, 5-6,000t, Reni- Bari / Ortona (2000x/2000x), $/tonne



Square billets, 5-6,000t, Novorossiysk - Marmara (2000x/1500x), $/tonne



weekly ISM Freight & Chartering

Coaster owners suffer negative trends in Mediterranean Sea

The situation remains tense for coaster owners working in the Mediterranean Sea. The number of new cargo offers is small. Players note occasional requests for transportation of fertilizers, grains, steel and minerals. However, any of these cargo flows can now hardly be called a market driver. At the same time, the regional tonnage list remains excessive. Competition for cargoes has grown noticeably, as well as charterers' pressure on rates. During the week, freights on key routes have inched down by $0.5-1.5/t.

In the fertilizer segment:

Brokers suggest $39-40/t for shipment of 3,000 t of DAP from Damietta to Motril with 2,000x/1,500x l/d rates and spot laycans, which gives the TCE closer to $4.8k daily for one laden leg;

The deal for transportation of 6,000 t of fertilizers from Egypt Med to ARAG ports is discussed at mid-$40s/t bss 1/1 (equivalent to around $7.5k daily for one laden leg);

Charterers are ready to pay $10-11/t for shipment of 10,000 t of urea from Egypt Med to Ceyhan.

As for steel products:

Brokers suggest low $30s/t for shipment of 5,000 t of WRIC from Alexandria to Barcelona given 1,500x/1,500x l/d rates and late May laycans, while charterers' ideas are voiced closer to $30/t;

The deal for transportation of 5,000 t of WRIC from Alexandria to Durres is negotiated at $27-29/t given 1,500x/2,000x l/d rates and spot laycans (equivalent to $7-7.3k daily for one laden leg or to $4.5-4.7k daily bss RV);

A 7,000 t lot of steel has been fixed ex Egypt Med to Benghazi closer to $21/t.

In the grain sector:

The deal for shipment of 3-3,300 t of wheat from Bari to Kalamaki is negotiated at low €20s/t with 1,500x/1,000x l/d rates and early June laycans (equivalent to about $3k daily bss RV);

The contract for transportation of 2,700 t of wheat from Alexandroupolis to Trieste is discussed at mid-€20s/t given 1,500x/1,500x l/d rates and spot laycans, while owners are still hoping to get high €20s/t on such routes;

A 3-3,600 t lots of wheat are carried from N. Greece to Bari at $25-26/t;

A 2,800 t lot of agri (sf 63`) has been fixed from Tarragona to Tunisia at around €85k bss lumpsum;

Rates for shipment of 6,000 t of SBPP (sf 58`) from Egypt Med to Jorf Lasfar are voiced by brokers at mid-high $40s/t.

Talking about other cargoes:

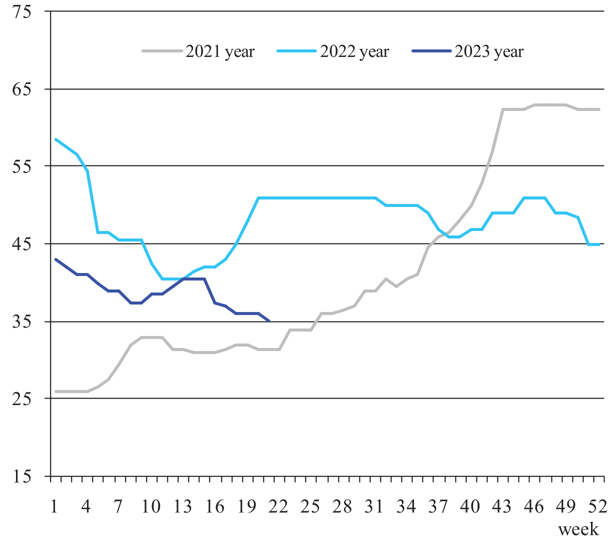
Brokers suggest $27-28/t for shipment of 3,300 t of silica sand from Damietta to Trapani with 2,000x/1,250x l/d rates and late May laycans;

The contract for transportation of 5,000 t of minerals in bb from Gulluk to Alexandria is negotiated at low $20s/t given 8 ttl days shinc/fhex l/d rates and late May laycans;

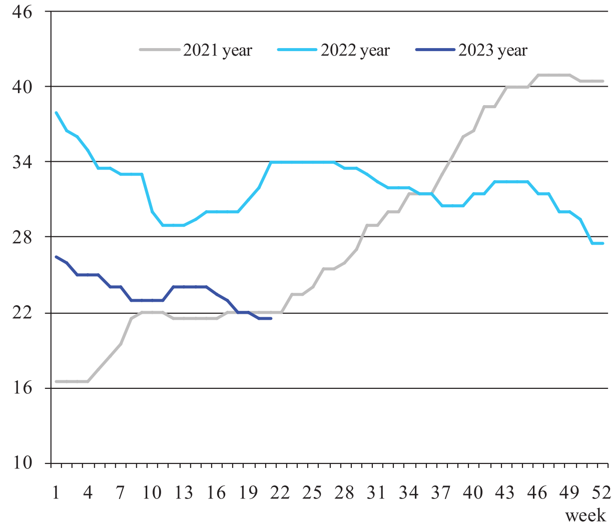
Charterers are still offering $17/t for shipment of 7,500 t of clinker from Tenes to Reggio Calabria, while owners' ideas are voiced closer to $19/t;

A 2,700 cu m lot of MDF has been fixed from Antalya to Beirut at $12/cu m.

Urea, 5-6,000t, Damietta - Sevilla (3000x/2500x), $/tonne



Square billets, 5-6,000t, Marmara - Damietta (1750x/1250x), $/tonne



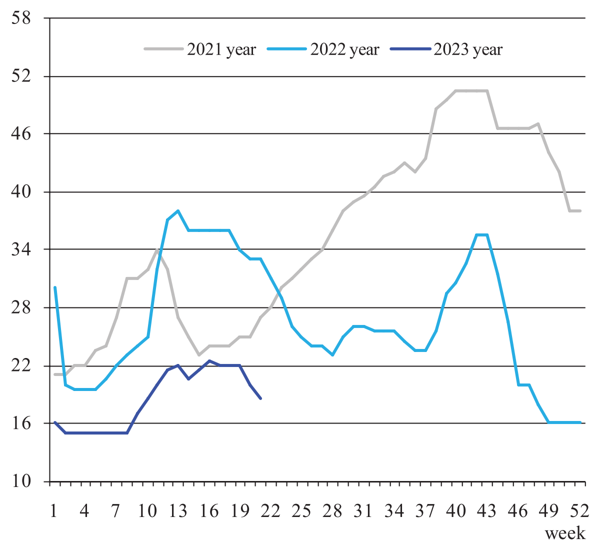
weekly ISM Freight & Chartering

Handysize/Supramax market shows acute shortage of fresh cargoes in Baltic & Continent

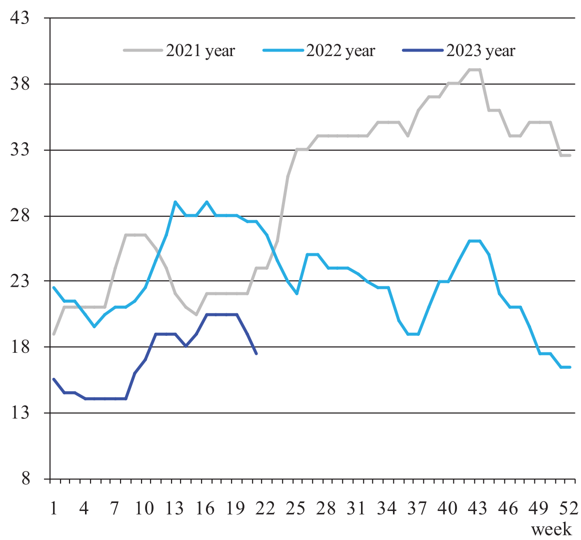
The situation is generally unchanged in the Handysize and Supramax segments of the Baltic & Continent. The cargo flow ex regional ports remains weak, while the tonnage list is excessive. The number of fresh deals is small. In these circumstances, owners struggle to keep rates stable and often make further concessions:

A 58k dwt vessel has been chartered at $11k daily for steel scrap transportation bss dely DOP via UK-Conti redel EMed;
The deal for an Utramax carrier bss dely N/Continent redel EMed has been signed at $13.75k daily;
TCT rates for Supramax fleet bss dely Continent redel Far East are hovering at $16-17k daily;
The deal for a Supramax dwt ship bss dely Baltic redel India is discussed at $16k daily;
Rates for 36-38k dwt fleet bss dely Continent redel Med are negotiated at $10-11k daily;
The time-charter for an about 32k dwt ship on the above route is quoted by brokers even lower, at $9k daily;
Handysize T/A rates are voiced at $8-10k daily;
Carrying 27,000 t of wheat from Vysotsk to Tunisia is quoted by brokers at $48-53/t;
Transportation of about 30,000 t of fertilizers from the Gulf of Finland ports to Brazil is already quoted at $40-43/t;
Rates for shipment of 40-45,000 t of steel scrap from ARA ports to Turkey are hovering at about $17-18/t.

Wheat, 25-30,000t, Rouen - Bejaia (10000x/3000x), $/tonne



Scrap (sf 55-60`), 40,000-45,000t, ARAG - Iskenderun (8000x/7000c), $/tonne



North European coaster market gradually cooling down

The North European coaster market is showing a gradual decline in trading activity. Players report small number of new cargo offers, while the tonnage list is gradually increasing in the basin, as well as pressure on freight rates. Overall, the situation is quite typical for the current period and approaching summer lull. Ship owners are often ready to accept further, albeit small rate drop (about €0.5-1/t down over the week):

Rates for shipment by a 4k dwt vessel from St. Petersburg to Turkey (EMed) are discussed at $350k bss lumpsum;
Transportation of 5-10,000 cu m of sawn timber from St. Petersburg to Alexandria is negotiated at low $70s/cu m;
The deal for shipment of 4,000 t of split from Pori to Tallinn is negotiated at €11-12/t;
Transportation of 4,000 t of wheat from Lithuania to ARA ports is now quoted by brokers at around €22/t;
Carrying 4,500 t of woodpellets from Latvia to DK is estimated by brokers at around €15/t;
Shipment of 3-5,000 t of construction cargo within the region (from Lithuania to Poland) may cost €14-15/t;
A 7,500 t lot of steels has been fixed ex Poland to Dunkirk closer to $21-22/t;
Transportation of 2-3,000 t of dwt cargo from ECUK to ARAG ports costs closer to mid-€10s/t;
Shipment of 2-3,000 t of steel from ECUK to northern Spain is already discussed at low-mid €20s/t;
A 7,000 t lot of general cargo has been fixed from ARAG ports to Belfast at about €16/t.

USG Supramax market on softening mode

Supramax rates ex North Atlantic are sliding down as tonnage continues to pile up for early June dates. Fixing activity is quite high as owners are looking to secure their positions before the market slips any further:

Thus, Supramax F/H TCT rates are hovering at $21-22k daily;

An Ultramax vessel has been fixed at $24k daily bss dely USG redel Japan;

The deal for a 58k dwt carrier bss dely USG redel Japan has been signed at $22k daily;

A 55k dwt ship has been chartered at $20.5k daily bss dely USG redel China;

The deal for transportation of 50,000 t of petcoke from USG to India with spot laycans is discussed at $45-47/t, which gives the TCE of $19-21k daily for a large Supramax vessel;

Shipment of a Supramax lot of grains from USG to Japan is negotiated at $47-48/t.

Deals for Supramax fleet bss dely USG redel Skaw-Passero are discussed at $15-16k daily;

An Ultramax carrier has been fixed at $18k daily bss dely USEC redel Med;

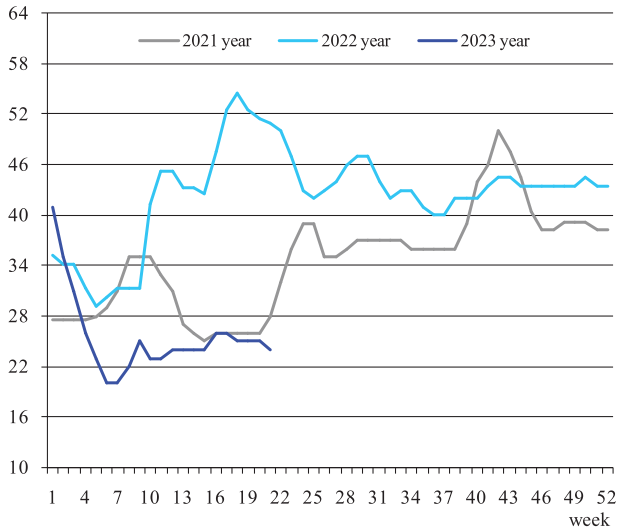
A 58k dwt ship has been chartered at $17k daily bss dely USG redel Med;

The deal for a 55k dwt vessel bss dely USEC redel WAfr has been signed at $17k daily;

Transportation of 50,000 t of petcoke from Houston to Rotterdam with spot laycans is negotiated at $19-20/t, which gives the TCE of $13-14k daily for a standard Supramax vessel;

The contract for shipment of a Supramax lot of soybeans from USG to ARA ports is discussed at $24-26/t, which gives the TCE of $14.5-15.5k daily.

Corn (sf 52'), 45-50,000t, New Orleans - Alexandria (10000x/6000x), $/tonne



Panamax/Kamsarmax owners operating in USG suffer further losses on T/A routes

Rates for Panamax/Kamsarmax shipments from USG keep falling amid long tonnage list in Cont/Med coupled with continued limited T/A cargo activity:

Kamsarmax time-charter rates bss TARV are hovering at $9-10k daily;

A Kamsarmax vessel has been fixed at $8.5k daily bss dely Gibraltar via USG redel Continent;

The contract for a Kamsramax carrier bss dely Gibraltar via USG redel Skaw-Passero has been signed at $10.25k daily;

The deal for shipment of 75,000 t of coal from USG to Rotterdam with spot laycans is discussed at $14/t vs. $15/t, which is equivalent to $9-10k daily bss dely Gibraltar;

Carrying a Panamax lot of coal from USEC to Rotterdam is negotiated at $10-11/t;

The contract for shipment of 80,000 t of iron ore from Canada to Hamburg is discussed at $9-10/t;

The deal for transportation of a Panamax lot of grains from USG to Rotterdam is negotiated at $22-23/t.

The F/H segment looks weaker, with owners having to reduce ideas in order to get the cover:

A Panamax ship has been fixed at $18.5k daily bss dely UK via USEC redel Japan;

The deal for a Kamsarmax vessel bss dely Continent via USG redel China is discussed at $20-21k daily;

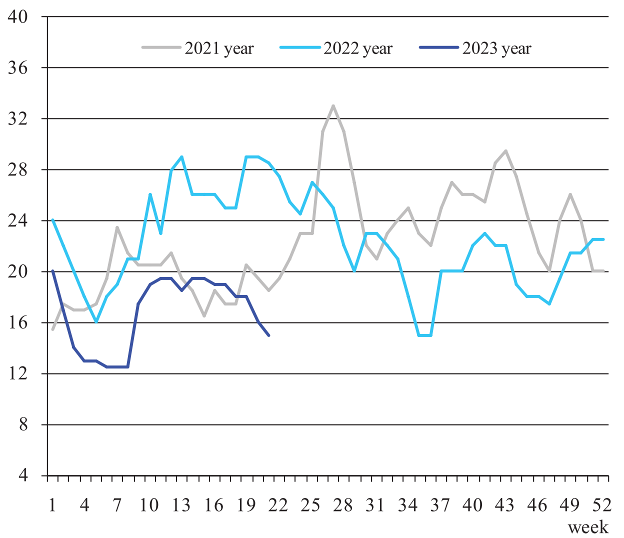
Transportation of 66,000 t of grains from USG to China (via Neopanamax locks) with spot laycans is negotiated at $46-48/t, which is equivalent to $18-19k daily bss dely Gibraltar via USG redel China;

The deal for shipment of a Panamax lot of grains from USG to Japan is negotiated at $49-50/t;

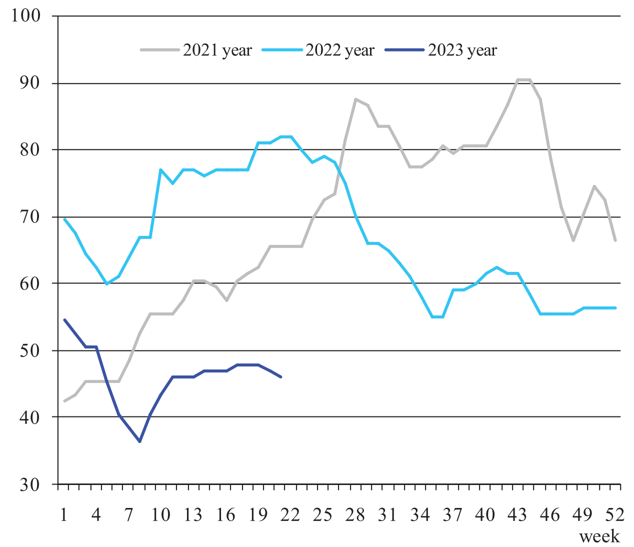
The contract for transportation of a Panamax lot of coal from Newport News to Vizag has been signed at $32.9/t;

Shipment of 75,000 t of coal from Colombia to China is negotiated at $32-34/t.

Coal, 70,000t, Mobile - Rotterdam (25000c/25000c), $/tonne



Soybean (sf 50'), 55-60,000t, New Orleans - Northen ports of China (8000x/8000x), $/tonne



Supramax/Ultramax rates ex ECSA falling amid tonnage oversupply

ECSA Supramax/Ultramax deals are concluded at slightly lower levels compared to last-done rates due to increased competition among ships ballasting from the Indian Ocean:

TCT rates for Ultramax fleet bss dely ECSA redel FEast are hovering at $15-16k daily + $500-600k bb, those for large Supramax vessels at $13-14k daily + $300-400k bb on average;

An Ultramax carrier has been fixed at $15.25k daily + $525k bb bss dely ECSA redel China;

Another Ultramax ship has been chartered at $15k daily + $500k bb bss dely ECSA redel SE Asia;

The deal for a Supramax vessel bss dely WAfr redel China has been signed at $19k daily;

A 55k dwt carrier has been fixed at $13.5k daily bss dely WAfr via ECSA redel China;

The deal for a 56k dwt ship bss dely ECSA redel WCCA has been signed at $21k daily;

Transportation of 55,000 t of grains from Santos to Japan is discussed at $43-45/t, which is equivalent to $14-15k daily bss DOP WAfr.

TCT rates for Supramax fleet bss dely ECSA redel Skaw-Passero are hovering at $17-18k daily;

The deal for a 57k dwt vessel bss dely ECSA redel WMed has been signed at $17k daily;

An Ultramax carrier has been fixed at $22k daily bss dely ECSA redel Med;

A 55k dwt ship has been chartered at $15k daily bss dely Brazil redel Continent;

Transportation of a Supramax lot of grains from Santos to Rotterdam with spot laycans is negotiated at $23-25/t, which gives the TCE of $15-17k daily for a large Supramax carrier bss APS ECSA;

The deal for shipment of a Supramax lot of sugar from Brazil to WAfr has been signed at $29.75/t.

The Handy market looks stable this week:

TCT rates for large Handy vessels are hovering at high $10s k daily on transatlantic routes bss APS ECSA, while small Handies can get mid-$10s k daily;

A 28k dwt vessel has been chartered at $13k daily bss dely ECSA redel Continent;

A 35k dwt carrier has been fixed at $16k daily bss dely ECSA redel Med;

The deal for a 37k dwt ship bss ECSA coastal trip is discussed at $15k daily;

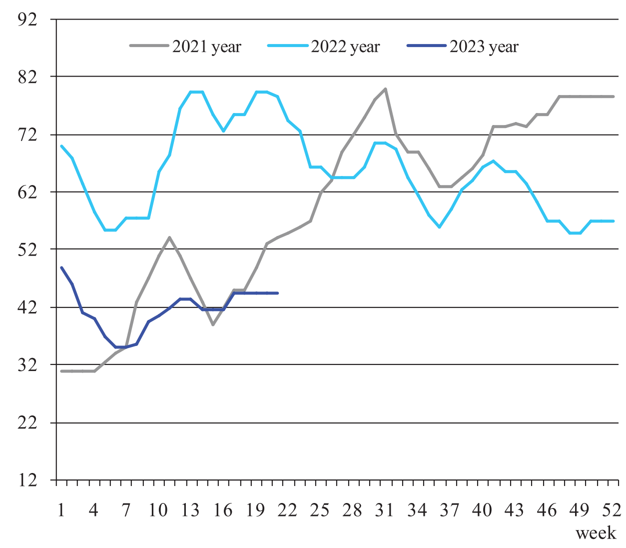
A large Handy vessel has been fixed at $23k daily bss dely ECSA redel WCCA;

The deal for shipment of 30,000 t of grains from Upriver to Egypt is negotiated at $37-39/t, which gives the TCE of $15-17k daily for a 38k dwt carrier bss APS ECSA;

Owners are seeking to get $36-38/t for transportation of 30,000 t of grains from Upriver to Algeria with spot laycans, which gives the TCE of $16-18k daily for a 38k dwt vessel bss APS ECSA;

The contract for shipment of a Handy lot of grains from Argentina to Japan is discussed at $62-64/t, which gives the TCE of $22-23k daily bss APS ECSA.

Soybean meals (sf 54'), 25-30,000t, Paranagua - Baltic Sea (7000x/6000x), $/tonne



Wheat (sf 47-48`), 25-30,000t, Upriver - Bejaia (7000x/3000x), $/tonne

Panamax/Kamsarmax rates on track to further decrease in ECSA

The South Atlantic Panamax/Kamsarmax market keeps softening due to excessive tonnage list in the area. Owners are lowering their offers for F/H trips: TCT rate offers bss ECSA RV are hovering at $13-14k daily, while bids are voiced at $11-12k daily:

A Kamsarmax vessel has been chartered at $13k daily bss dely India via ECSA redel China;

An 81k dwt carrier has been fixed at $12k daily bss dely Spore via ECSA redel China;

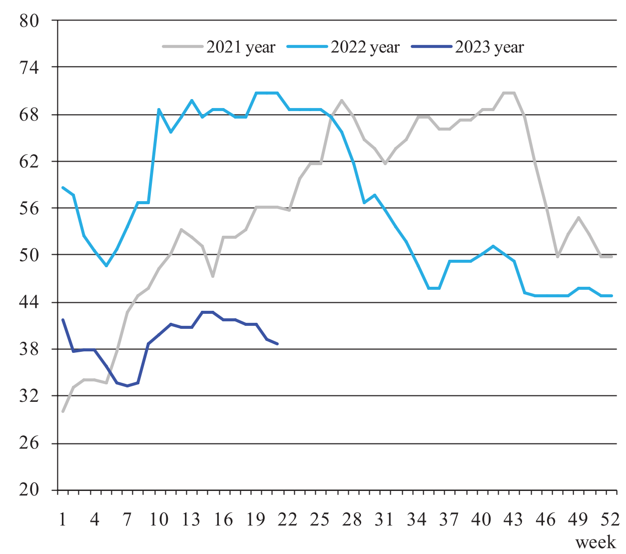
The contract for a Kamsarmax ship bss dely ECSA redel Spore-Japan has been concluded at $16.25k daily + $625k bb with early June laycans;

A Panamax vessel has been chartered at $14.5k daily + $450k bb bss dely ECSA redel China with early June laycans;

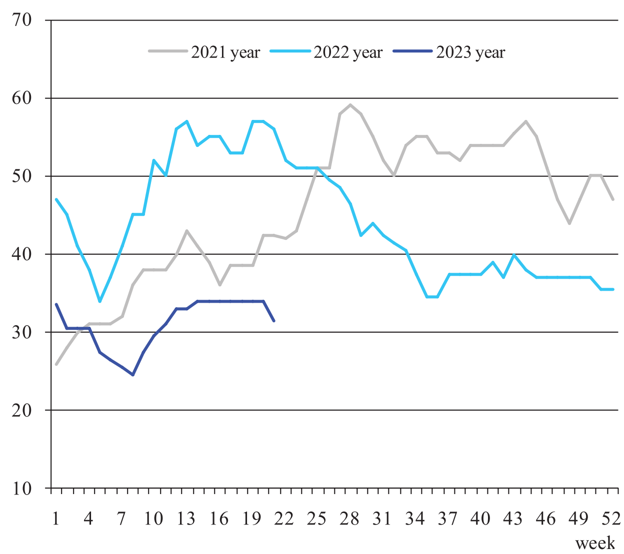
Voy-bss rates for shipment of 66,000 t of grain from Santos to Qingdao with spot laycans are voiced by brokers at $37-39/t, which gives the TCE of $11-13k daily;

Transportation of 66,000 t of grains from Brazil to China with late June laycans is discussed at $37-40/t. Similar deals for July laycans are negotiated at $40-42/t.

Soybean (sf 50'), 60,000t, Santos - Northen ports of China (8000x/8000x), $/tonne



Corn (sf 52'), 60,000t, Bahia Blanca - Alexandria (8000x/6000x), $/tonne



Transatlantic rates are also going down:
TCT rates bss APS ECSA are hovering at $17-19k daily for spot laycans;
A 76k dwt vessel has been chartered at $16k daily bss dely N.Brazil redel Skaw-Passero with spot laycans;
An 81k dwt carrier has been fixed at $12.5k daily bss dely Gibraltar via ECSA redel Skaw-Passero;
Trade is extremely subdued ex Kamsar this week, with only a few cargoes seen on the market. The contract for shipment of 59,000 t of bauxite from Kamsar to San Ciprian is discussed at $9.5-10.5/t;
Transportation of 66,000 t of grains from Santos to Rotterdam with spot laycans is negotiated at $21/t vs. $23/t, which gives the TCE of $15k daily vs. $16k daily bss APS ECSA.

Trade continues to weaken on Atlantic Capesize market

South Atlantic Capesize rates keep falling as tonnage count is more than plentiful to meet demand:
Rates for transportation of 170,000 t of iron ore from Tubarao to Qingdao with spot laycans are hovering at $20-21/t;
The deal for shipment of a Capesize lot of iron ore from Sudeste to Qingdao has been concluded at $21/t with spot laycans;
Bauxite shipments to China remain active: the deal for transportation of 180,000 t of bauxite from Kamsar to China with June laycans is discussed at $21-21.5/t. The contract for shipment of a Capesize lot of bauxite from Kamsar to N.China has been signed at $21/t with 1H June laycans;
Transportation of 170,000 t of iron ore from Brazil to Rotterdam with spot laycans is discussed at $8.5-9.5/t.

The North Atlantic market also looks weaker, with tonnage building-up putting pressure on rates:
Transportation of 160,000 t of coal from Bolivar to Rotterdam with spot laycans may cost $10-11/t;
Rates for shipment of 120,000 t of coal from USEC to Rotterdam are hovering at $11-12/t;
The contract for transportation of a Capesize lot of iron ore from Canada to Rotterdam has been signed at $7.25/t with late May laycans;
The deal for shipment of 180,000 t of iron ore from Canada to China has been signed at $24/t with 1H June laycans.

FLOWS & FIXTURES / PACIFIC

Charterers successfully pushing Supramax/Ultramax rates down in Indian Ocean

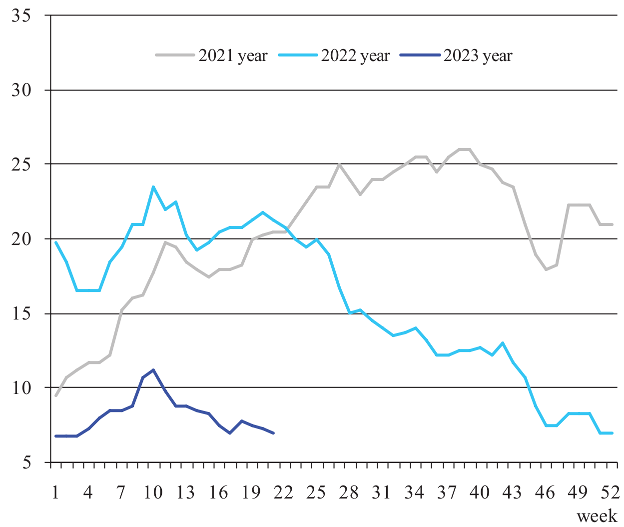
The negative sentiment prevails throughout the Indian Ocean Supramax/Ultramax sector. Despite relatively stable demand for vessels from the PG/WCI region, charterers keep successfully pushing rates down amid long tonnage list. On SAfr and ECI markets, flow of coal and iron ore with early June laycans stays limited, so owners also have to concede.

As for the TCT market:
Brokers suggest $15k daily for Supramax transportation of construction cargo bss APS dely Persian Gulf to ECI/Bangladesh;
A 58k dwt vessel has been chartered at $6k daily bss DOP dely Chittagong via ECI to Persian Gulf;
Supramax TCT deals for iron ore transportation bss DOP dely ECI redel China are discussed within $7-8k daily;
Another 58k dwt carrier has been chartered at $15k daily + $150k bb bss APS dely Beira redel ECI;
Brokers suggest $17k daily + $170k bb for Ultramax front-haul trip bss APS dely SAfr redel Far East;
Back-haul Supramax TCT rates bss APS dely SAfr redel Continent are voiced by brokers at $11k daily.

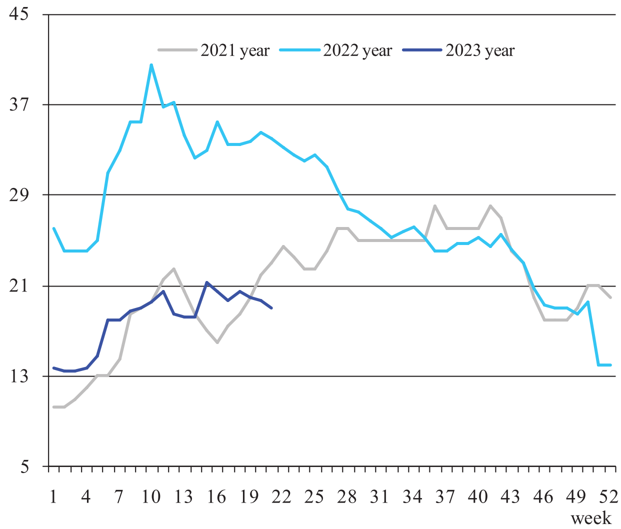
On the voyage basis:
The contract for shipment of 55,000 t of iron ore from Saldanha Bay to Qingdao has been signed at $24.5/t (equivalent to $8.5-9k daily bss DOP dely ECI)
Another deal for transportation of 55,000 t of iron ore from Paradip to China has been signed at $11/t with 15,000c/15,000c l/d rates (equivalent to $9.5k daily bss DOP dely Bangladesh);
Contracts for shipments of 55,000 t of limestone from Fujairah to Chittagong are still discussed at $11/t with 30,000c/10,000c l/d rates (equivalent to $16.75k daily bss DOP dely Persian Gulf);
A 55,000 t lot of gypsum has been fixed from Salalah to Cam Pha at $12.9/t with early June laycans (equivalent to $13.75k daily bss DOP dely Muscat);
Carrying 50-55,000 t of coal from Richards Bay to Navlakhi with 30,000c/15,000c l/d rates is estimated by ISM at $17/t;
The contract for shipment of 50,000 t of coal from Maputo to Mombasa has been signed at $10.85/t.

Meanwhile, the Handysize sector is stable as steel, barites, feldspar and petcoke requests keep supporting the owners. However, these volumes are insufficient to switch the negative trend:
Brokers suggest $10k daily for standard Handysize fleet bss dely PG/WCI redel Far East;
A 35k dwt carrier has been fixed at $13k daily bss dely Persian Gulf redel PNG;
A 32k dwt ship has been chartered at $9k daily for steel transportation bss dely WCI redel PG;
A 28k dwt vessel has been fixed at low $10s k daily bss dely WCI redel East Africa;
Another carrier of 28k dwt has been chartered at $10k daily bss dely WCI redel Continent-Med.

Limestone, 50,000t, Mina Saqr - Paradip (12000c/10000c), $/tonne



Iron ore, 50,000t, EC India - Tianjin (8000c/12000c), $/tonne



Smx/Umx owners keep TCT rates stable in SE Asia

Supramax/Ultamax owners have managed to stabilize TCT rates on the SE Asian market. Players report more coal requests with late May-early Jun laycans and better demand is seen from Aussie ports. Thus, the market has stabilized this week, but more cargoes are needed to provide support to rates.

With regard to Indo traffic:
Several Ultramax TCT contracts bss DOP dely Philippines via Indo redel China have been signed within $13-14k daily;
A 64k dwt carrier has been fixed at $15.85k daily bss DOP dely Singapore via Indo redel China;
A 63k dwt ship has been chartered at $10k daily bss DOP dely Haimen via Indo redel Philippines;
Another Ultramax vessel has been fixed at $10.5k daily bss DOP dely Vietnam-S.China range via Indo redel SE Asia;
A 55k dwt carrier has been fixed at $7.3k daily bss dely Fangcheng via Indo redel China;
A 52k dwt ship has been chartered at $9k daily for nickel ore transportation bss DOP dely Yuhuan via SE Asia redel China.

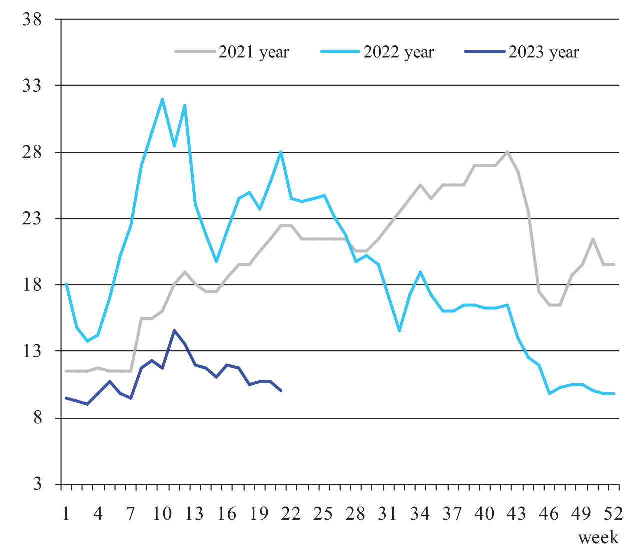
Looking at Aussie RVs:
An Ultramax vessel has been fixed at $12.5k daily for salt transportation bss DOP dely Koh Si Chang via Aussie redel Singapore-Japan range.

With regard to other routes:
Owners of a 66k dwt ship are seeking to get $10.5k daily bss DOP dely Koh Si Chang redel WCI;
A 58k dwt carrier has been chartered at $11k daily bss dely DOP dely Samalaju redel S.Vietnam;
The contract for a Supramax ship bss DOP Singapore redel Poland is discussed below $10k daily.

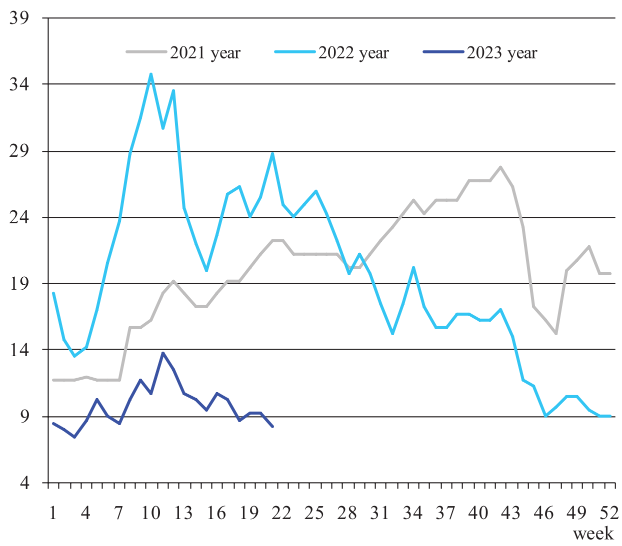
On the voyage basis:
Charterers are seeking to get $11/t for shipment of 55,000 t of coal from East Kalimantan to Navlakhi with early June laycans and 8,000c/11,000c l/d rates (equivalent to $8k daily bss DOP dely Philippines);
The contract for transportation of 55,000 t of coal from East Kalimantan to Navlakhi has been signed at $11.15/t with late May laycans and free DA in the discharge port;
Another deal for shipment of 55,000 t of coal from East Kalimantan to Hazira has been signed at $10.5/t with late May laycans, 8,000c/25,000c l/d rates and free DA in the discharge port;
Carrying 55,000 t of barley from Kwinana to Huangpu is estimated by ISM at $20.25 with 10,000x/8,000x l/d rates;
The deal for transportation of 50,000 t of coal from South Kalimantan to Waigaoqiao has been concluded at $10/t with early June laycans (equivalent to $10.5k daily bss DOP dely Singapore).

Stable rates are reported in the Handysize segment as well. There is a sufficient number of requests coming ex SE Asian ports, but still more volumes are required to provide for the rate upturn:
A 34k dwt ship has been chartered at $11.5k daily bss DOP dely Cigading via Indo redel Philippines;
Charterers pay $8k daily for 32k dwt fleet bss DOP dely China via Indo redel Japan, while owners are seeking to get $9k daily;
On the voyage basis, owners are aiming to get $22/t for transportation of 30-32,000 t of alumina from Kwinana to N.China with late June laycans (equivalent to $7k daily bss DOP dely CJK);
Transportation of 27,500 t of alumina from East Australia to Lianyungang with 20,000c/12,000c l/d rates is estimated by ISM at $26/t.

Nickel ore, 55,000t, Surigao - Rizhao (6000c/12000c), $/tonne



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



Smx/Umx rates keep sliding down in Far East

Supramax/Ultramax owners continue to make concessions to charterers on the Far Eastern market. The flow of steel and general cargoes ex regional ports stays limited, with only some fresh requests ex NOPAC ports entering the market. However, the cargo/tonnage ration is still on charterers' side and more cargoes are needed to switch the negative trend. Corresponding deals are discussed at following levels:

A 63k dwt vessel was fixed and failed subs at $11.5k daily for backhaul trip bss dely N.China;

Another Ultramax back-haul contract is discussed at $11k daily bss dely N.China;

A 61k dwt carrier has been chartered at $12k daily bss dely S.China redel ECI;

Owners of another 61k dwt ship are seeking to get $11.5k daily bss DOP S.Korea via N.China redel PG with June 3 laycan;

Charterers pay $10k daily for Ultramax NOPAC RVs bss dely CJK;

A 57k dwt vessel was fixed and failed at $10k daily bss dely N.China redel Med;

Another carrier of 57k dwt has been fixed on subs at $9.5k daily bss dely mid-China redel Med;

A ship of 57k dwt has been chartered at $7s k daily bss dely N.China redel SE Asia;

On the voyage basis, carrying 55,000 t of coal from Vanino to Shanghai with 12,000c/12,000c l/d rates is estimated by ISM at $9.5-10/t;

Transportation of 50,000 t of grains from Vancouver to Taiwan with 10,000x/6,000x l/d rates is quoted by ISM at $29.5-30/t.

Meanwhile, Handysize rates hold steady amid balanced cargo/tonnage ratio:

Brokers still suggest $6-7k daily for 32k dwt fleet bss DOP dely N.China/CJK redel SE Asia;

Owners of a 35k dwt vessel are seeking to get $10k daily bss DOP N.China redel WCI;

Back-haul TCT rates for standard Handysize tonnage bss dely Far East redel Continent-Med are voiced by brokers at $9-10k daily;

A Handymax carrier of 45k dwt has been chartered at $6.75k daily bss dely CJK redel SE Asia;

On the voyage basis, transportation of 30,000 t of bulk DAP from Zhenjiang to Karachi with 10,000c/4,500x l/d rates is quoted by ISM at $23/t.

Panamax/Kamsarmax market remains largely depressed in Eastern Hemi

The Panamax/Kamsarmax market remains weak in the Eastern Hemi, with particularly lackluster coal traffic, except for Australian cargoes. As for other cargoes, grain exports from Australia and NOPAC ports look limited:

The time-charter for an overaged Panamax vessel bss DOP dely S.China via Indo redel Spore-Japan is quoted by brokers at $5k daily;

A Panamax carrier has been fixed at $5k daily bss DOP dely Putian via Indo redel Philippines.

In Australia:

The Kamsarmax time-charter bss DOP dely CJK via E.Aus redel Spore-Japan intn coal is quoted by brokers at $8-9k daily;

The deal for a Kamsarmax ship bss DOP dely CJK via Aus redel India is negotiated at $10k daily. A similar contract is discussed at $9.25-9.5k daily;

A Kamsarmax vessel has been chartered at $8.75k daily bss DOP dely CJK via E.Aus redel Vietnam intn grain;

Owners are seeking to get low-$13s/t for shipment of 75,000 t of coal from Australia to Yantai with mid-June laycans and 38,000shinc/25,000shinc l/d rates;

The contract for transportation of 75,000 t of coal from E.Aus to ECI with 2H June laycans and 40,000shinc/40,000shinc l/d rates has been signed at $14.8/t.

In the CIS:

The deal for shipment of 75,000 t of coal from Vostochny to Krishnapatnam with late May laycans has been signed at $9/t.

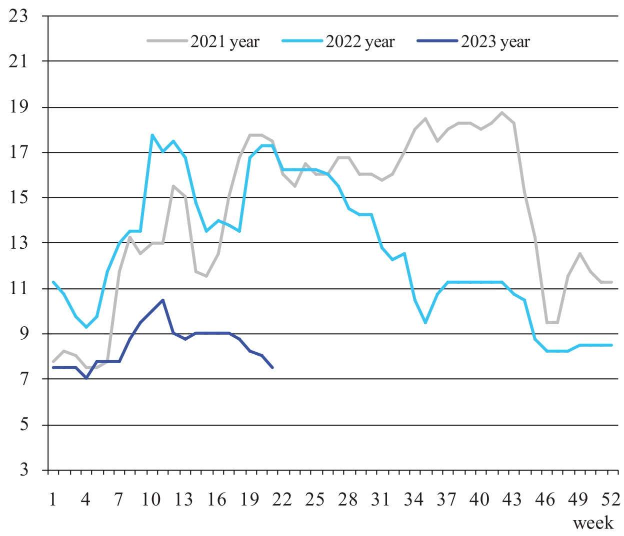
As for backhaul trips:

A Panamax-lot of coal has been fixed from N.China to Spain at $17/t.

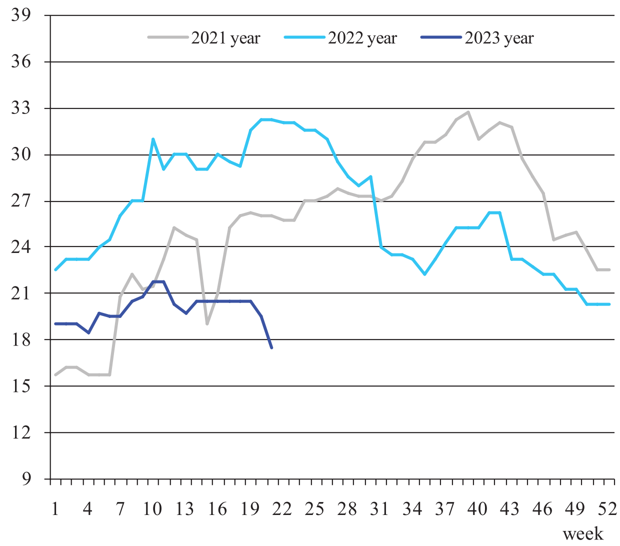
In the Indian Ocean:

Panamax owners are seeking to get $15k daily bss DOP dely Paradip via ECI redel China.

Coal, 70-75,000t, South Kalimantan - EC India (12000c/30000c), $/tonne



Coal, 70-75,000t, Richards Bay - Fangcheng (38000c/25000c), $/tonne



Capesize freights still flat in Eastern Hemi

The Capesize sector looks relatively stable in the Eastern Hemi given steady iron ore traffic ex Australia:

Shipment of a Capesize lot of ore from W.Aus to Qingdao is estimated by ISM at $8.5-9/t;

The deal for transportation of 160,000 t of ore from Port Hedland to Qingdao with early June laycans has been signed at $8.8/t. A similar deal has been concluded above $9/t, rumors say.

As for coal traffic from Australia:

Transportation of a Capesize lot of coal from E.Aus to CJK is estimated by ISM at $14/t.

In S.Afr:

A Capesize carrier has been fixed at $17.5k daily bss DOP dely ECI via Richards Bay redel ECI;

Shipment of a Capesize lot of ore from Saldanha Bay to Qingdao is estimated by ISM at $15-15.5/t.

COMMODITY MARKETS

GRAIN MARKET INSIGHT

Grain corridor supports exports, but it needs longer duration

A total of 44.6 million tonnes of grain and leguminous crops were exported from Ukraine during the period started July 1, 2022 and ended May 24, 2023 compared with 46.8 million t recorded in the same period of the marketing year 2021-22.

By types of crops, Ukrainian exporters supplied 26.4 million t of corn from July 1, 2022 to May 24, 2023 (against 22.1 million t in the same period of the previous marketing year), 15.3 million t of wheat (compared with 18.6 million t), and 2.6 million t of barley (against 5.7 million t).

Looking at grain exports from Ukraine since May 1 till May 24, up to 1.7 million t of corn, 880,000 t of wheat and 159,000 t of barley were exported. Note that grain exports in May 1-27, 2022 amounted to 871,000 t of corn, 33,000 t of wheat and 8,000 t of barley.

It is important to highlight that the functioning of the Grain Corridor is essential for grain exports from Ukraine. Note that the Grain Initiative Deal was extended for another 60 days until July 18. However, market players say that the short-term agreement on operation of the Grain Corridor (this time the validity period was extended by only 60 days) destabilizes the market and impedes the accurate planning of export shipments.

Moreover, the Russian side deliberately delays the inspection of vessels arriving for grain loading at Ukrainian ports or leaving them loaded. It usually takes a vessel from 14 to 45 days to pass the inspection now. In addition, the short duration of the agreement push exporters seek selling as much grain as possible and as quickly as possible, which creates excess offer and, naturally, puts pressure on offer prices. According to market insiders, the Grain Initiative should last from at least three to six months.

U.S. Wheat Associates announces first assessments on 2023-24 wheat harvest in USA

According to USDA, the area under HRW is going to average some 10.5 million ha in the United States in the marketing year 2023-24. The forecasted HRW production will total about 14 million tonnes in MY 2023-24 (down 3% compared with the previous crop year hitting the lowest since 1963). The USDA considers just 29% of HRW crops to be in good and excellent conditions in the country next season.

The HRW harvest campaign faces a slow start in Texas due to unfavorable weather conditions, in particular frequent rains. Meanwhile, the fields sown with HRW in the Southern Plains had been suffering severe drought for quite a long time, so recent rains failed to help crops recover. If the USDA's forecast is realized, this will be the highest level of abandonment in the Southern Plains since 2002. Most of the Northern Plains and PNW experienced winter precipitation, which softened the negative effects of long lasting drought.

Farmers expect to collect about 11 million t of SRW in MY 2023-24 from the area of about 3.16 million ha planted with this crop (up 12% year-on-year in terms of the acreage), according to the USDA. Note that SRW growing regions report generally normal weather conditions, so about 72% of SRW crops are estimated to be in good and excellent state as of today.

Farmers from Minnesota and North Dakota complain about rains impeding the spring wheat planting in the region, but favorable weather forecasts trigger optimistic expectations about the future harvest. Planting in South Dakota and Montana is progressing at a moderate or above average pace. In spring wheat sowing areas, weather conditions are expected to improve from cool and wet to warmer and drier.

CBH Group sets a new record in grain exports

The West Australian Company CBH Group reported shipments of about 1.7 million tonnes of grains in April 2023, beating the export record of April 2017. Thanks to growing grain shipments month-on-month, CBH Group shipped a record volume of grains in the first half of the marketing year 2022-23. Thus, the company exported a total of 12.08 million t of grain during the period from October 1, 2022 to April 30, 2023, exceeding the initial export plan by 750,000 t and achieving a 30% hike compared with the same period of the previous marketing year. Note that CBH Group is aiming to reach a monthly shipping volume of 2 million t of grain by 2024.

The largest share of grain averaging some 5.25 million t was shipped from the CBH terminal in Kwinana. The Albany terminal handled 2.36 million t of grain, while 2.25 million t were shipped from Esperance and 2.22 million t from Geraldton.

It is worth noting that CBH's road and rail transportation also show record results in terms of grain exports.

FERTILIZER MARKET INSIGHT

Centrex reports first bulk phosphate shipment to Asia

Australian Centrex posted a website announcement about the first shipment of its fertilizer to the Asian market. The scope of the supply consists of 15,000 t of crushed phosphate rock. The cargo will be shipped in bulk from the port of Newcastle and is meant for the supply to one of the South Korean importers via the marketing agreement with Samsung C&T.

Note that in February 2023, Centrex signed a binding marketing services agreement with Samsung C&T for the sale of phosphate rock from its Ardmore Phosphate Rock Mine south of Mt Isa in north-west Queensland. The agreement has appointed Samsung C&T as sole and exclusive agent for sales into the markets of South Korea, Japan, Indonesia, India, Mexico and Taiwan, and represents 20% of total production at Ardmore.

Taking into account the high quality of its product, Centrex is sure that his shipment will open the company a door to the Asian market.

The current state of affairs is that China is traditionally the world's biggest producer and consumer of phosphate, while Vietnam is a major exporter with currently prohibited export shipments though. Australia and New Zealand, however, jointly import about 1 million t of high-grade phosphate rock each year, mainly from Africa.

Centrex exported two large shipments of phosphate rock to New Zealand in 2022 to herald the arrival of Australia's newest export industry The company has almost shipped a total of 60,178 t of phosphate rock to Australia, New Zealand and South Korea.

Note that Agriflex is a subsidiary of Centrex, and its Ardmore Phosphate Rock Project is now fully operational. The Ardmore demonstration plant is capable of producing 240,000 t of fertilizer per year and is a precursor to a larger facility able to produce 800,000 t of the product.

Centrex positions its fertilizer not only as a very high grade phosphate rock but also as a fertilizer very low in Cadmium and other toxic chemicals which can be concentrated in crops and cause health problems.

STEEL MARKET INSIGHT

Steel production up 4.1% yoy in China in Jan-Apr 2023

China stepped up steel production to 354.39 million tonnes from January 1 to April 30, 2023, showing a 4.1% hike compared with the same period of the previous year, according to data of the National Bureau of Statistics of China. About 92.64 million t of steel were produced in April, making up some 1.5% year-on-year growth.

It is worth noting that Chinese metallurgists reduced steel production in April compared to March in order to balance the supply and demand ratio as well as to boost steel prices after a downturn during the month. According to market data, steel prices peaked in March owing to improved demand during the 1Q 2023, but the excessive supply put them on track to decrease in April. The downward price trend persists in May, with quotes going down in literally all steel segments amid sluggish trade.

Taking into account the fact that Chinese government announced plans to gradually reduce steel production in the country starting from 2022, China's steel production is expected to suffer growing pressure in the second half of 2023. Thus, steel production dropped by 2.2% to 1.01 billion t in China in 2022 compared with 2021 due to slowdown of the economy and a decline in the real estate market.

Looking at the China's pig iron segment, the domestic production increased by 1% to 77.84 million t in April 2023 compared with April 2022. The January-April output of pig iron jumped up 5.8% year-on-year to 297.63 million t.

The output of finished steel products reached 119.95 million t in April, showing a 5.7% growth year-on-year. At the same time, a total of 446.36 million t of finished steel products were manufactured in January-April, up 5.2% year-on-year.

COAL MARKET INSIGHT

European traders seeking to resell thermal coal to Asia

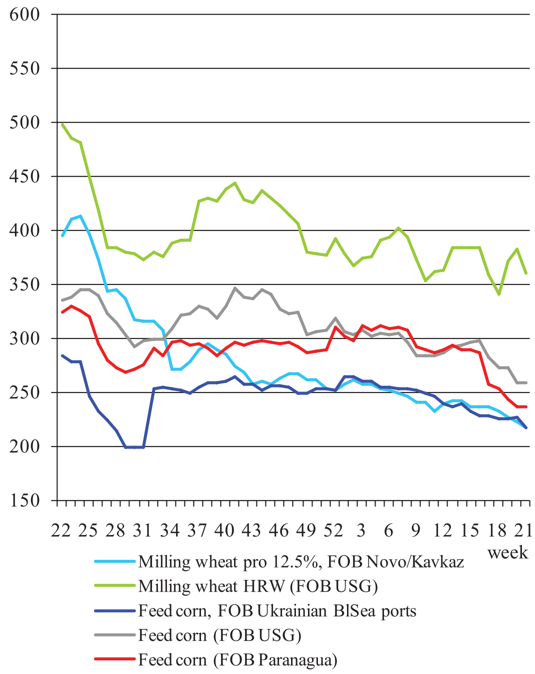
Large stockpiles of thermal coal at European ports along with deceased coal demand in the region due to off-season and quite attractive prices for natural gas push market participants to look for reselling their coal to the Asian countries.

However, coal demand is also weak on the Asian market. Coal importers are mainly working under the previously concluded long term contacts, so they do not show much interest in entering into new deals, particularly amid strong domestic production. Even a week-on-week reduction in offer prices is unable to spur buying interest in the region. For example, imported 5500 kcal/kg coal was offered at $116-130/t C&F Chinese northern ports on May 19 compared with $130-142/t on May 1 and $131-148/t on April 1.

Since global coal prices keep falling, European exporters are ready to sell even at some loss to get rid of excess coal stockpiles.

Commodity Markets // week 21

Grain price dynamics, $/tonne



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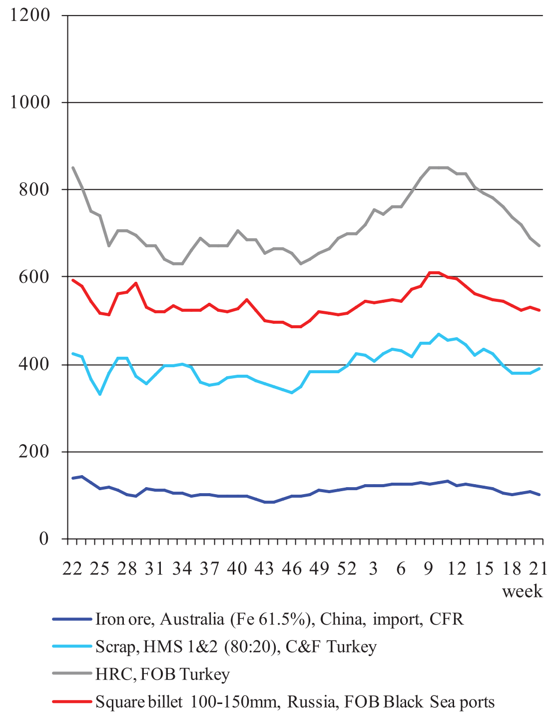
Steels and raw materials price dynamics, $/tonne



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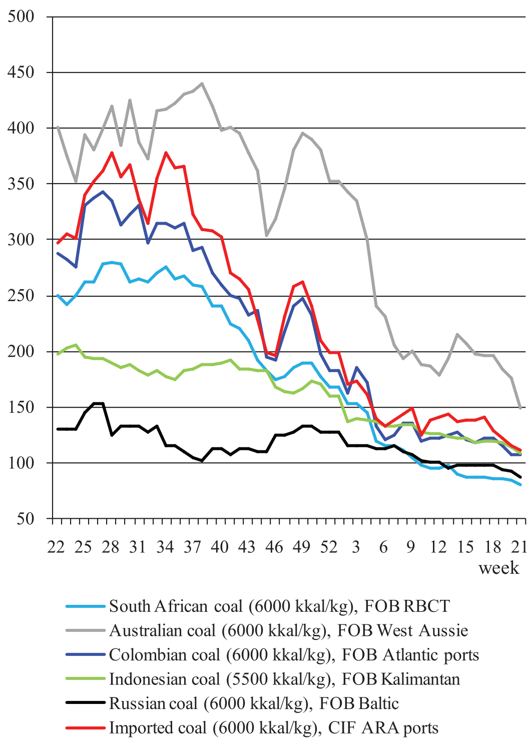
Coal price dynamics, $/tonne



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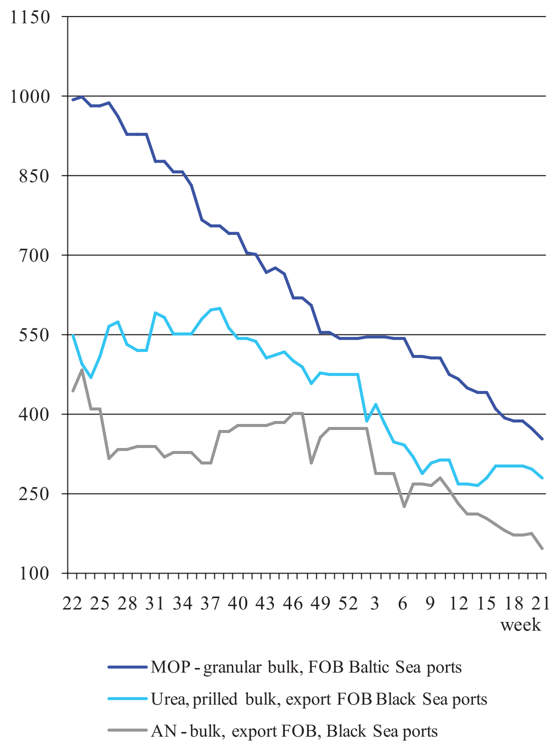
Mineral fertilizers price dynamics, $/tonne



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