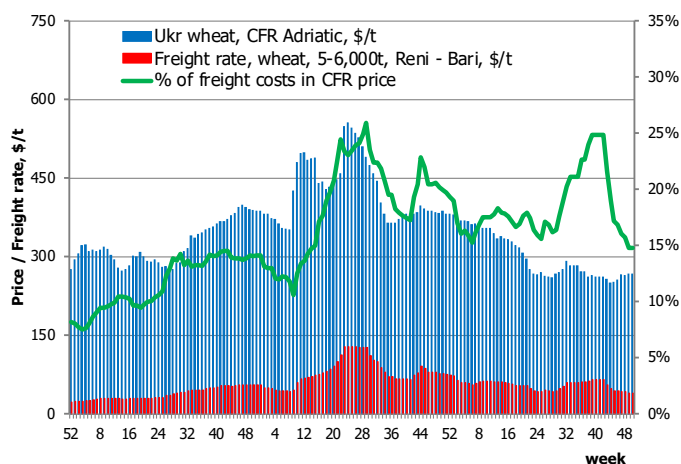


COASTER FREIGHT MARKET SUMMARY

Ongoing Russian aggression on Ukraine remains the most influential factor for the entire small-tonnage shipping market. Fleet uptake by the Danube market on the one hand and continued shortage of non-grain cargoes from Ukraine on the other hand has been balancing the market throughout 2023. The resumption of the Grain Corridor by Ukraine in late September and tightening inspections against exporters were important developments in this regard. These events contributed to a noticeable decrease in cargo traffic ex Danube ports, reduced queues and, as a result, boosted fleet turnover in the region. All this actually deprived ship owners of chances to achieve traditional autumn rate growth in the Black and Mediterranean Seas. However, the cargo traffic from other major exporting countries remained low in the autumn months of 2023, primarily due to low demand for European grain, as well as for Russian and Turkish steel products. At year-end, the average round-voyage TCE for 10-11k dwt vessels (not dealing with premium shipments from Ukraine) has amounted to \$4.32k daily in the Mediterranean and Black Seas, while that for 5-6k dwt fleet has reached \$2.97k daily; these levels are noticeably lower compared to last year TCEs of \$7.48k daily and \$4.87k daily, respectively. Nevertheless, this is almost 2.5 times higher than the average OPEX level, 10-15% higher than estimated TCEs in 2018-2019 and 40-50% higher compared to 2020. Note, however, that premiums for vessels operating from Russian ports, and especially from the Danube ports, have actually decreased significantly in 2023: in autumn, work from Reni/Izmail (considering downtime) was bringing almost no additional earnings to ship owners compared to work from neighboring EU or Turkish ports. By the end of 2023, shipments from deep water Ukrainian ports within the grain corridor remain the only really premium business in the region, but to this day everything depends on insurance companies and AWRP size for specific vessels. The year 2023 has turned out to be

much more positive for owners of coasters operating in the Baltic and North Seas, but even here the final figures have been noticeably inferior to 2022. Thus, the average RV TCE for vessels of about 4k dwt has amounted to €2.87k daily (about \$3.15k daily) in 2023 against €4.54k daily (\$4.97k daily) in 2022, while ship owners working ex Russian ports were able to achieve much higher figures (+30-40%). Despite steadily dull cargo flow throughout the year, ship owners have managed to avoid rate downturns thanks to very limited amount of spot tonnage.

Ukrainian wheat: weight of freight in CFR Adriatic price in 2021-2023

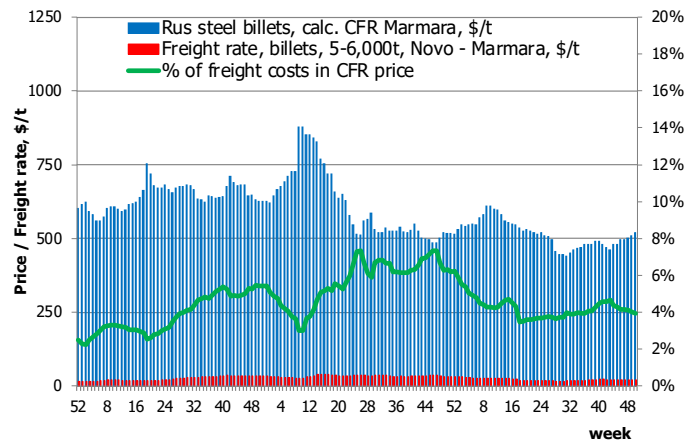


In the sea-river segment, the downtimes in the Kerch Strait (aggravated at the beginning of autumn) contributed to the shortage of spot tonnage, growth of freight rates and, to a lesser extent, TCEs. Owners of 3-3.5k dwt sea-river fleet have finished the year 2023 with the TCE of \$3.4k daily, which, however, is noticeably lower than in 2022 (\$4.7k daily).

Charterers' expenditures for small-tonnage maritime transportation on all major trade routes have decreased in 2023. Thus, Ukrainian grain exporters have reduced freight costs for transportation of 3-8,000 t cargo lots approximately 1.5 times due to the decline

in rates ex Danube ports, but the share of freight in C&F Adriatic or C&F EMed prices for wheat and corn has remained virtually unchanged (18.3% in 2023 vs. 18.9% in 2022 for wheat and 19-20% vs. 21-22% for corn). This is due to a noticeable decline in export prices for Ukrainian wheat and corn (from \$425/t and \$275/t in 2022 to \$300/t and \$210/t, respectively, in 2023). As for Egyptian urea traders, their freight costs have also almost halved (from \$42.7/t for shipments of 5-6,000 t stems to Italy/SpainMed in 2022 to \$29.8/t in 2023), but the share of freight in the C&F price has still increased from 5.3% to 7.1% due to a decline in the average annual FOB Egypt price from \$755/t to \$387/t. As for steel products, average annual export prices for Turkish coils have fallen by 16.3% year-on-year (from \$840/t in 2022 to \$703/t in 2023), while freight costs have dropped by 25%. Thus, the share of freight in the CIF Adriatic/Tunisia price has dropped from 4% to 3.6% at year-end 2023.

Russian steel billets: weight of freight in CFR Marmara price in 2021-2023



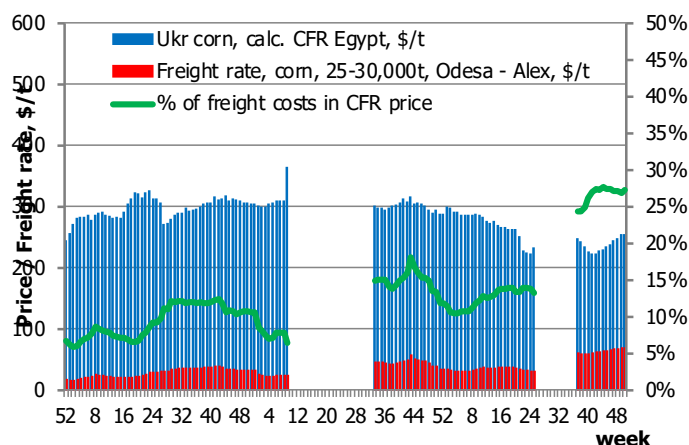
HANDYSIZE AND SUPRAMAX FREIGHT MARKET SUMMARY

In the year 2023, the picture of the Handysize and Supramax/Ultramax freight market has worsened noticeably compared to 2022 and even more so to the record-high 2021. The average annual round-voyage TCE for Handysize vessels of 30-32k dwt has almost halved in the Atlantic Ocean and the Mediterranean region, namely from \$15.2k daily in 2022 to \$8.38k daily this year. The decline has been the least significant in the Continent, where the annual

average has sagged from \$13.5k daily to \$9.5k daily (mainly due to a strong surge at the end of the year, referred to an upturn in European scrap exports, as well as steady shipments of fertilizers and grain amid a constant lack of tonnage last autumn). Earnings of Supramax owners on transatlantic routes, as well as on short inter-Caribs and inter-Med routes have also nearly halved by the end of 2023, while front-haul TCT rates and corresponding TCEs have decreased less considerably. Thus, the average TCT rate bss dely APS USG redel Spore/Japan has fallen from \$29.3k daily to \$20.5k daily, while front-haul levels from the Mediterranean or the Continent have dropped from \$22.5-22.8k daily to \$17.5-18.5k daily (down 18-23%). Note, however, that many Handysize/Handymax vessels were working in the Ukrainian Grain Corridor first in spring, when such work allowed earning 30-40% above average, and then in autumn with more than 80% premium. Shipments from Russian ports, especially from the Gulf of Finland, also still allow ship owners to earn significantly more compared to work from neighboring EU ports.

As for the Eastern Hemi, the weighted average RV TCE for Supramax fleet has also almost halved, from

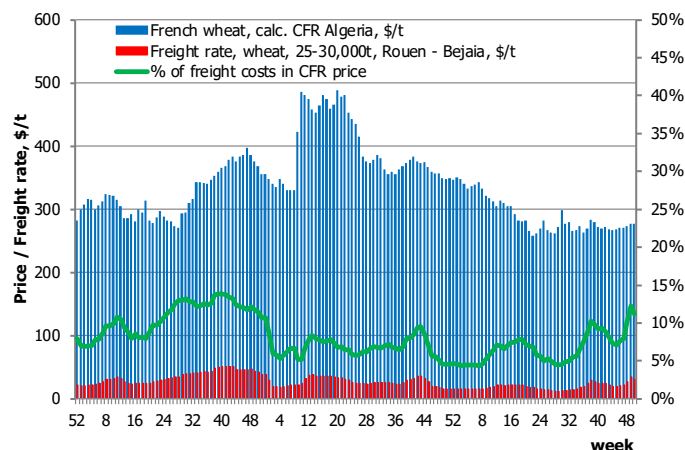
Ukrainian corn: weight of freight in CFR Egypt price in 2021-2023



\$18.9k daily in 2022 to \$9.8k daily in 2023, which corresponds to levels seen in 2017-2019.

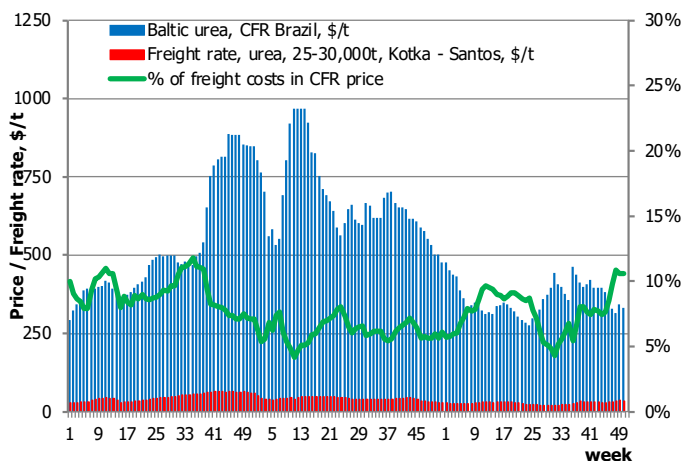
Despite a noticeable slump in earnings of Handysize and Supramax owners, the share of freight costs in the C&F grain prices for European, US and Brazilian exporters has decreased slightly or even inched up in 2023. This is due to the fact that export prices for some types of grains have sagged on the world market in 2023 even more significantly than freight rates. First of all this applies to Black Sea and European wheat prices falling from \$355/t to \$255/t (down 28.2%). The average annual price for Brazilian, US corn and soybeans has dropped by 15-20%. Thus, share of freight costs for the EU wheat shipped in 25-30,000 t lots from France or CVB to Algerian or Tunisian ports has stayed at 6-7% in 2023. Accordingly, share of freight costs for US corn carried in Supra-lots to China has remained at 17.5% in 2023, while that for Brazilian soybeans at 10.7%. Ukrainian shipments continue to stand out, especially after the Grain Corridor resumed operation in September without coordination with the Russian side. The average transportation cost of 25-30,000 t of corn from Odessa/Chernomorsk to Egypt has risen from \$39.6/t to \$43.1/t boosting the share of freight in C&F prices from 13% to 18% on this and other similar routes; however, we should note one important nuance: the average amount of demurrage has decreased significantly in 2023, because queues and idle time were reduced to zero after the so-called "grain deal" with Russia was terminated.

French wheat: weight of freight in CFR Algeria price in 2021-2023

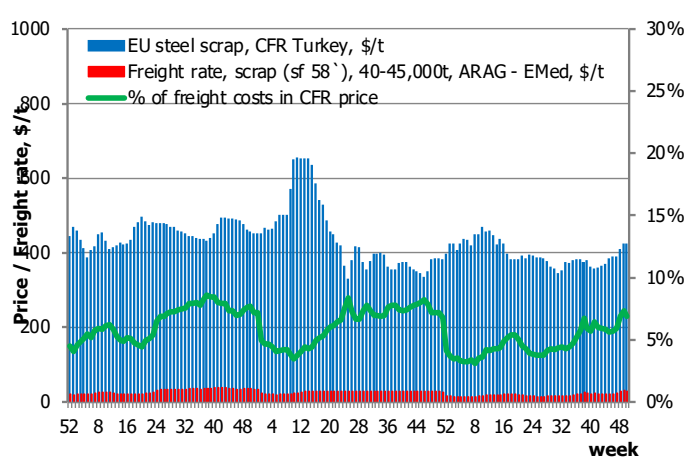


As for scrap traders, the share of freight costs for EU steel scrap shipped in Handymax/Supra lots towards Turkey has inched down from 5.4% to 4.7%, as the decline in freight rates here was more significant than the drop in export prices. Finally for this chapter, ISM has discovered shipping costs of urea charterers. With the drop in urea C&F Brazil prices by more than \$300/t (or almost 45%) in 2023, the share of freight costs for urea carried in 25-30,000 t lots from North Africa and the Baltic States has increased from 6.2% to 7.7% even though the corresponding freight rates have declined by more than \$10/t at year-end.

Baltic urea: weight of freight in CFR Brazil price in 2021-2023



EU scrap: weight of freight in CFR Turkey price in 2021-2023

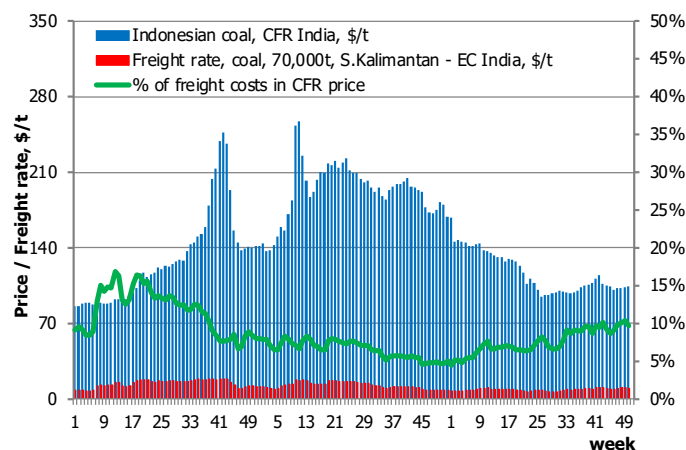


PANAMAX AND KAMSARMAX FREIGHT MARKET SUMMARY

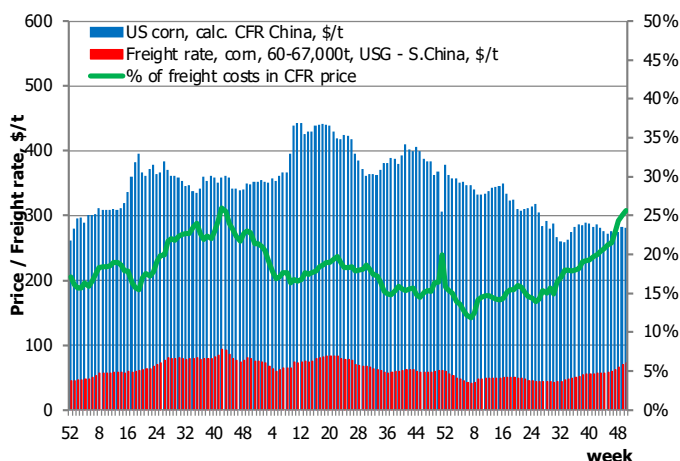
Average daily earnings for Panamax round trips have plunged by some 50-70% in 2023 compared with 2022. Thus, front-haul rates have dropped from \$47.3k daily in 2022 to \$29.3k daily in 2023, while TARVs are hovering at \$11.9k daily this year against \$19.4k daily in 2022. In the Eastern Hemi, the Panamax weighted average TCE bss RV has sagged to \$8.2k daily vs. \$15.1k daily in 2022. However, despite significantly lower earnings than last year, the 2023 levels are still 20-30% above the average levels recorded in the last 15 years.

As for charterers using Panamax/Kamsarmax vessels, weighted average shipping costs for traders of Brazilian and US grains towards SE Asia and the Far East have decreased by some \$15-20/t or 28-

Indonesian coal: weight of freight in CFR India price in 2021-2023



US corn: weight of freight in CFR China price in 2021-2023



35%. Similarly to the Supramax segment, however, the share of freight costs in the final price for corn and soybeans (C&F SEAsia/FEast) has not changed much over the year due to decreased export prices. The situation with grain exports from Ukraine is less clear: the average cost of Panamax transportation has remained virtually unchanged compared to 2022, while the share of freight costs in C&F SEAsia/FEast prices has risen from 18-19% to 22-23%.

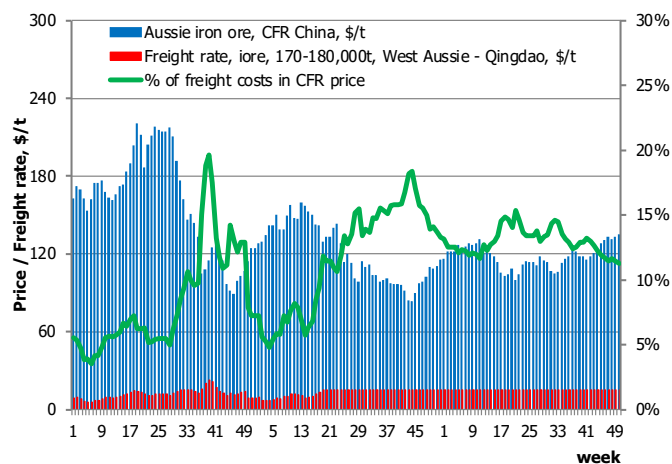
At the same time, the share of freight costs for coal traders has fallen. For example, despite a 1.5-fold decline in voyage-basis freight rates ex Indonesia to India, the share of these costs in the C&F India price has grown from 6.5% to 7.5% due to a 60-80% decrease in average annual export prices for coal in Asia.

CAPESIZE FREIGHT MARKET SUMMARY

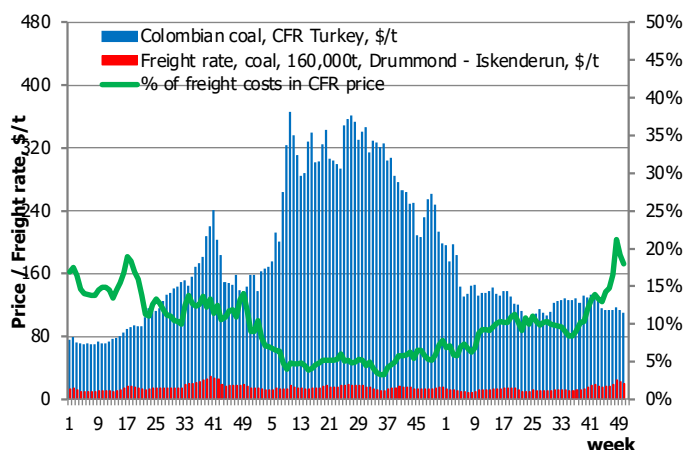
The weighted average freight costs of charterers shipping Capesize lots of iron ore and coal from USG/USEC and Colombia to the EU or Turkey have decreased by \$1.5/t, while those towards Asia have dropped by \$2.5-3/t. However, the share of freight costs for coal charterers in Atlantic has even inched up from 5-6% to 10-11% amid a huge (more than 2 times)

slump in C&F prices in the EU and Turkey. Meanwhile, the share of freight costs of iron ore charterers has fallen in 2023 since C&F China iron ore prices turned out to be almost unchanged in 2023 compared with 2022 (\$118.1/t against \$120.5/t, respectively).

Aussie iron ore: weight of freight in CFR China price in 2021-2023



Colombian coal: weight of freight in CFR Turkey price in 2021-2023



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