Monthly Shipping Review

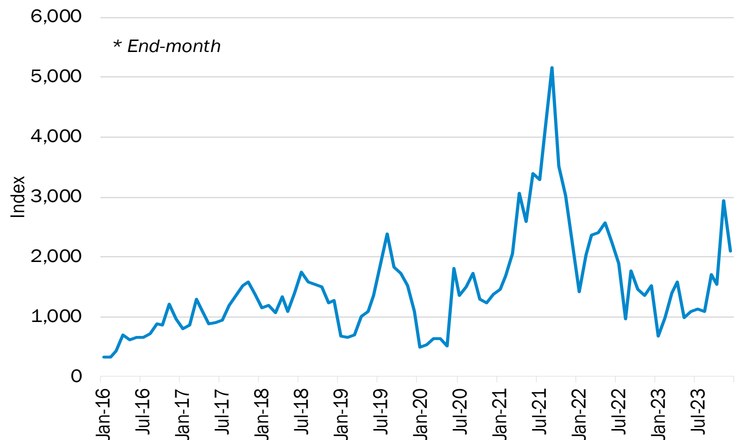
JANUARY 2024

Dry Bulk: Softer	Tankers: Mixed	Ship Values: Tankers: Steady Dry: Firm

Dry Bulk

- The BDI fell from a peak of 3,346 on 4 December to 1,664 points on 10 January. However, the opening print for 2024 was a still strong 2,093 points, a level exceed only three times since 2008: in 2010, 2014 and 2022.
- As of 10 January, the Capesize 5 TC earnings average has fallen $14,113/day over the past month, to $22,362/day. Increased demand for coal in the Far-East, combined with positive sentiment from the surging Capesize market, pushed earnings up to a high of $21,966/day on 4 December, after which earnings gradually came down with the rest of the dry bulk market.
- With a strong finish to the year, the Supramax 10 TC and the Handysize 7 TC averaged $11,245/day and $10,443/day, respectively in 2023.

Baltic Dry Index

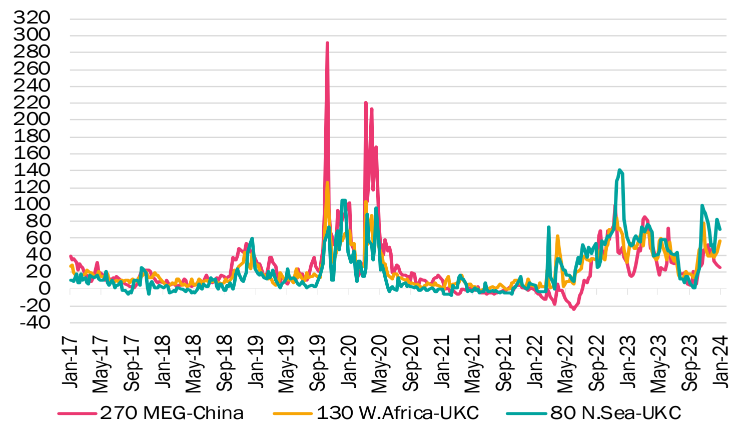


Tanker

- An escalation in Houthi-led attacks on vessels in the Red Sea in December led to a few owners opting not to transit, others choosing not to load or discharge in the Red Sea while more ships were booked with the option of sailing around the Cape in case the situation deteriorated. East of Suez LR earnings saw rates rally in 2H December in response.
- MR USG-UKC average earnings in December were the highest since SSY records began in 2002 averaging $34,900/day, in part due to the ongoing impact of Panama Canal transit restrictions and affect on vessel resupply.
- Crude tanker earnings, while still healthy, had eased overall in December but this was against a strong November market.

Crude Tanker Spot Earnings

Weekly TCE Rates, US$'000/day, Non-Eco



Fleet Developments

- At 2.7%, the 10,000+ dwt dry bulk carrier fleet growth in 2023 was slightly down from 2.8% achieved in 2022. Although newbuilding deliveries were higher than last year at 32.6 Mdwt, total deletions also saw an uptick, rising from 3.6 Mdwt in 2022 to 6.1 Mdwt in 2023. Much of the deletions were centred around Handymax/Panamaxes, which are seeing old designs replaced by Ultramax/Kamsarmaxes.
- In 2023, the combined tanker fleet in terms of deadweight (crude and product tankers above 10,000 dwt excluding chemicals) grew by 2.0% y-o-y compared to 3.4% in 2022 and 2.6% in 2021, according to preliminary end year IHS fleet data. 14.4M dwt entered the fleet in 2023, the lowest on record since 13.9 Mdwt was delivered in 2001.

Fleet Developments

	1.1.21		1.1.22		1.1.23		1.1.24	
Existing	No.	MDwt	No.	MDwt	No.	MDwt	No.	MDwt
Tanker	7,061	632.4	7,154	647.3	7,326	669.1	7,442	680.4
Bulk	11,643	899.6	11,977	929.4	12,302	954.7	12,576	978.9
Combi	17	1.4	19	1.6	19	1.6	19	1.6
Fleet >= 20 years								
Tanker	634	40.1	647	44.0	761	59.3	1,031	96.5
Bulk	1,022	50.1	1,360	66.2	1,527	75.7	1,602	81.2
Combi	1	0.0	3	0.2	4	0.3	6	0.5
Orderbook								
Tanker	510	56.7	456	49.1	322	27.3	526	42.3
Bulk	586	54.4	735	65.2	821	66.1	960	74.0
Combi	3	0.3	0	0.0	0	0.0	3	0.2

SSY Fleet Database

Bulk Carrier Fleet, as at end December 2023

	10-44,999		45-69,999		70-99,999		100-219,999		220,000+		Total	
Existing	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT
Pre-1999	426	11.1	164	8.4	99	7.4	1	0.2	1	0.3	691	27.4
1999/03	272	7.4	303	15.3	277	21.0	58	9.9	1	0.2	911	53.8
2004/08	393	10.7	484	26.2	428	33.8	232	41.9	12	3.2	1,549	115.8
2009/13	1,332	41.6	1,475	83.3	1,083	89.9	781	135.5	110	33.8	4,781	384.1
2014/18	674	23.2	912	55.2	567	46.4	345	64.1	66	20.6	2,564	209.5
2019/23	442	14.0	625	38.3	623	51.6	318	60.7	72	23.7	2,080	188.4
Total	3,539	108.0	3,963	226.8	3,077	250.1	1,735	312.3	262	81.7	12,576	978.9
Newbuildings												
2024	145	5.4	177	11.1	105	8.6	43	8.7	0	0.0	470	33.9
2025	93	3.6	122	7.8	90	7.4	36	7.2	0	0.0	341	26.1
2026+	29	1.1	28	1.8	66	5.5	24	5.0	2	0.7	149	14.1
Total	267	10.1	327	20.7	261	21.6	103	20.9	2	0.7	960	74.0

Combined Carrier Fleet, as at end December 2023

	10-79,999		80-109,999		110-139,999		140-199,999		200,000+		Total	
Existing	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT
Pre-1999	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
1999/03	4	0.3	0	0.0	2	0.2	0	0.0	0	0.0	6	0.5
2004/08	2	0.1	0	0.0	0	0.0	0	0.0	0	0.0	2	0.1
2009/13	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
2014/18	0	0.0	3	0.2	0	0.0	0	0.0	0	0.0	3	0.2
2019/23	0	0.0	8	0.7	0	0.0	0	0.0	0	0.0	8	0.7
Total	6	0.4	11	0.9	2	0.2	0	0.0	0	0.0	19	1.6
Newbuildings												
2024	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
2025	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
2026+	0	0.0	3	0.2	0	0.0	0	0.0	0	0.0	3	0.2
Total	0	0.0	3	0.2	0	0.0	0	0.0	0	0.0	3	0.2

Tanker Fleet, including Chemical Tankers, as at end December 2023

	10-26,999		27-41,999		42-59,999		60-84,999		85-119,999		120-199,999		200,000+		Total	
Existing	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT
Pre-1999	116	1.6	46	1.6	39	1.8	2	0.1	22	2.2	13	1.9	7	2.1	245	11.5
1999/03	161	2.8	141	5.1	138	6.4	40	2.9	127	13.6	78	12.2	101	30.7	786	85.0
2004/08	499	7.8	270	10.0	453	21.9	209	15.2	285	31.1	116	18.4	139	42.9	1,971	147.4
2009/13	438	7.2	117	4.2	448	21.9	121	9.0	277	30.5	201	31.5	252	78.1	1,854	182.4
2014/18	235	4.2	145	5.3	403	20.0	59	4.4	214	23.9	135	21.1	180	55.6	1,371	134.5
2019/23	248	4.4	60	2.2	350	17.5	23	1.7	199	22.4	131	20.2	204	62.5	1,215	130.9
Total	1,697	28.0	779	28.5	1,831	89.5	454	33.2	1,124	123.8	674	105.4	883	271.9	7,442	680.4
Newbuildings																
2024	54	1.0	8	0.3	45	2.2	2	0.1	32	3.7	7	1.1	2	0.6	150	9.0
2025	47	0.9	8	0.3	65	3.2	9	0.7	55	6.3	29	4.6	5	1.5	218	17.5
2026+	18	0.3	11	1.0	45	2.2	9	0.7	35	4.0	27	4.2	13	4.0	158	15.8
Total	119	2.2	27	1.0	155	7.7	20	1.5	122	13.9	63	9.9	20	6.1	526	42.3

Container Ships on Order, as at end December 2023

	100-499		500-999		1,000-1,999		2,000-2,999		3,000-3,999		4,000+		Total	
Newbuildings	No.	TEU	No.	TEU	No.	TEU	No.	TEU	No.	TEU	No.	TEU	No.	TEU
2024	3	952	8	5,340	123	189,734	60	155,611	35	112,248	239	2,740,243	468	3,204,128
2025	4	672	4	2,730	32	43,765	8	18,400	11	34,220	126	1,638,780	185	1,738,567
2026+	2	240	1	730	11	12,772	4	9,600	5	16,960	120	1,754,276	143	1,794,578
Total	9	1,864	13	8,800	166	246,271	72	183,611	51	163,428	485	6,133,299	796	6,737,273

Dry Bulk Market

Representative Rates Last Day of Month	Dec-21	Dec-22	Oct-23	Nov-23	Dec-23	23/22%
Baltic Exchange Dry Index (4/1/85=1,000)	2,217	1,515	1,534	2,937	2,094	+38.2%
Avg 7 T/C Handysize	$26,384	$11,941	$11,888	$13,522	$15,813	+32.4%
Avg 10 T/C Supramax	$25,188	$11,685	$12,484	$15,678	$15,063	+28.9%
Avg 5 T/C Panamax	$23,158	$13,813	$13,803	$19,975	$17,183	+24.4%
Avg 5 T/C Capesize	$19,176	$18,749	$16,750	$46,681	$28,177	+50.3%
Iron Ore W.Aus-China (Cape)	$8.85	$8.50	$8.55	$11.00	$11.20	+31.8%
Iron Ore Brazil-China (Cape)	$21.50	$22.25	$21.45	$26.45	$25.00	+12.4%
Coal Richards Bay-Rotterdam (Cape)	$10.35	$11.55	$9.90	$11.65	$12.80	+10.8%
Coal Bolivar-Rotterdam (Panamax)	$18.10	$16.30	$15.95	$22.15	$18.95	+16.3%
Coal NSW-Qingdao (Panamax)	$18.90	$15.00	$17.10	$17.55	$16.45	+9.7%
12 month T/C Handysize - 30,000	$22,250	$13,250	$12,000	$11,750	$13,250	+0.0%
12 month T/C Supramax - 52,000	$22,125	$13,000	$11,500	$12,375	$14,125	+8.7%
12 month T/C Panamax - 74,000	$23,375	$16,250	$15,250	$16,125	$17,000	+4.6%
12 month T/C Capesize - 180,000	$24,000	$15,000	$16,500	$16,750	$19,250	+28.3%
SSY Atlantic Capesize Index (2/10/89=5,000)	9,853	10,320	9,488	11,836	11,949	+15.8%
SSY Pacific Capesize Index (6/1/97=4,114)	6,691	5,954	5,589	7,020	8,496	+42.7%
380 CST Rotterdam	$439.05	$374.50	$510.50	$485.50	$427.50	+14.2%

2023 in Review

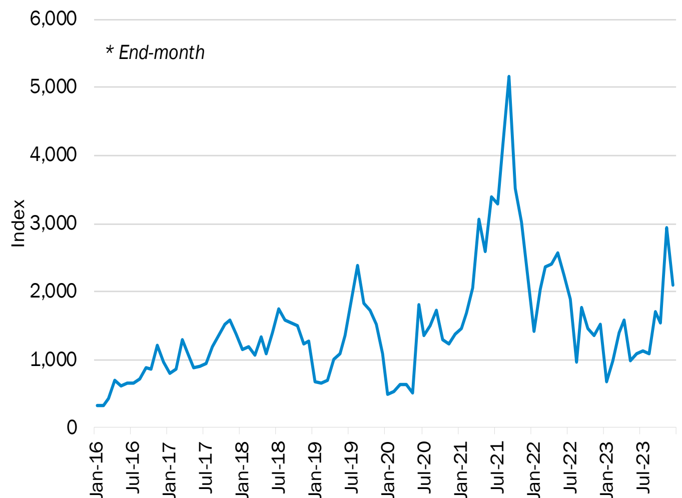
The BDI fell from a peak of 3,346 on 4 December to 1,664 points on 10 January. However, the opening print for 2024 was a still strong 2,093 points, a level exceed only three times since 2008: in 2010, 2014 and 2022.

Despite being up over the holidays, and attempting to push higher during the first week of 2024, Capesize earnings now appear to be following the usual seasonal downwards trend.

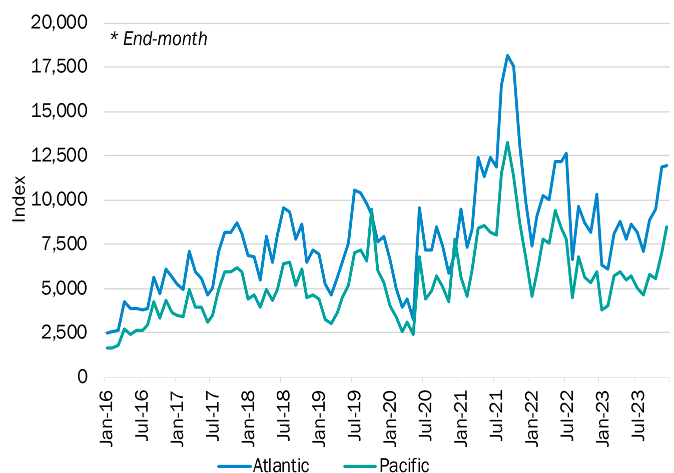
As of 10 January, the Capesize 5 TC earnings average has fallen $14,113/day over the past month, down to $22,362/day. However, the after-effects from the strong finish last year are likely to carry over into January. Capesize demand for iron ore and bauxite cargoes out of the South Atlantic reached an all time high of 51.9 Mt in December, according to vessel-tracking data. This December figure was 9.5 Mt higher than November and 7.8 Mt higher than last year (+17.8%). As much of the cargo is long haul and destined to the Far East, a relatively high share of the Capesize capacity is now taken out of the market for much of January.

Apart from having one of the strongest Capesize fourth quarter performances in the past decade, 2023 will also be noted for being one of the most volatile years in the Atlantic basin. Both of the major freight market rallies in 2023 were mainly caused by tight tonnage in the North Atlantic, pushing sentiment and earnings higher across the whole market despite only being a fraction of the total market in terms of shipment volumes. November saw the highest one day move in Capesize TA earnings since the inception of the Baltic 5 TC index, rising $12,188/day in 29 November. This volatility has been beneficial for those that have fixed trans-Atlantic (TA) trade as TA rates have been on average $4,061/day higher than trans-Pacific (TP) rates in 2023. Compared

Baltic Exchange Dry Index



SSY Capesize Indices



Dry Bulk Market

to the pre-Covid average of only $721/day, this represents an increase of $3,340/day. In light of the estimated 17% increase in North Atlantic fronthaul demand — driven by growing Colombian and east coast North American export volumes in the past year — and a much weaker backhaul demand from Australia (approx. –36% y-o-y), the persistent tonnage tightness in the North Atlantic seems to be fundamentally driven.

The extent of the Capesize strength in the fourth quarter was largely unexpected by the paper market, with the November FFA contract at end-October undershooting the November settlement value by $8,717/day and the December FFA similarly undershooting the actual December average by $4,476/day. The strength in Brazilian fronthaul towards the end of December could be attributed to two factors: 1) China ramping up its restocking activity before the Lunar New Year, and 2) the El Nino weather effect causing dryer weather in the key iron ore mining regions of northern and central Brazil, improving supply out of the large Serra Norte and S11D mines, among others. Fronthaul demand also found added support from Guinean bauxite exports, shipping 11.8 Mt in December, 1.9 Mt higher (+19.6% y-o-y) according to vessel tracking data.

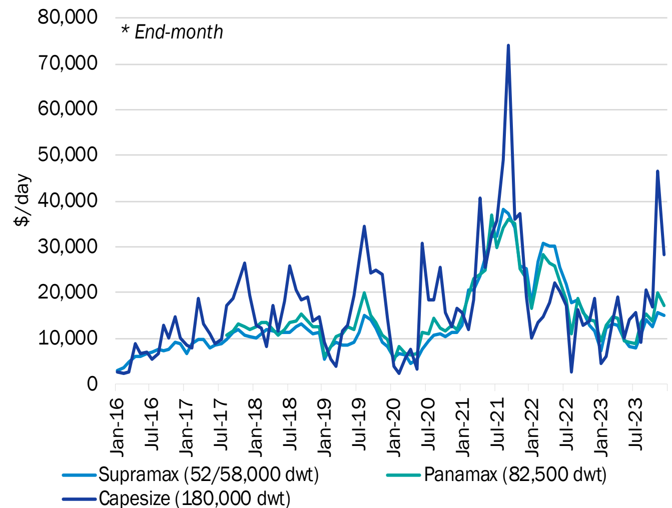
Panamaxes, on the other hand, fell behind Capesizes throughout the year, with tonne-mile growth capped by weakness in US and Argentinian grain exports. Combined with a relatively high fleet growth, the fundamental supply/demand balance was, on the face of it, relatively unchanged in 2023. However, slower fleet speeds midway through the year and very high congestion in Brazil at the start of the fourth quarter did absorb enough supply to drive a relatively strong end to the year.

Increased demand for coal in the Far-East, combined with positive sentiment from the surging Capesize market, pushed earnings up to a high of $21,966/day on 4 December, after which earnings gradually came down with the rest of the dry bulk market. As of 10 January, earnings have come down $8,793/day since the peak to $13,173/day. Nevertheless, with the exception of 2022, the opening BPI print on 2 January was the highest since 2010.

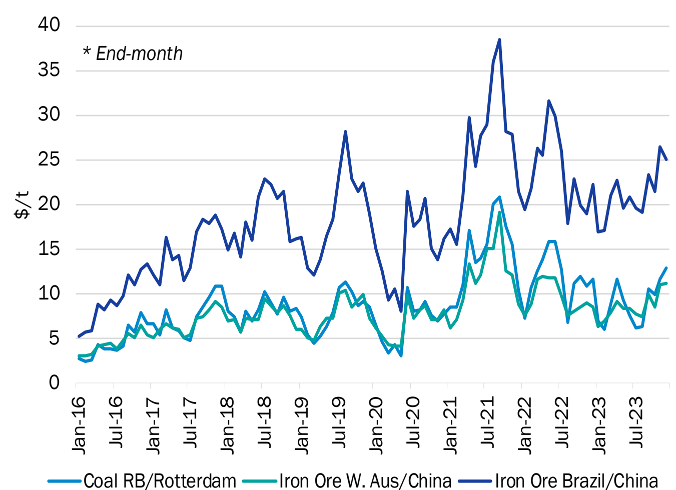
The smaller geared vessels also had a decent 2023, despite being considerably lower than 2022, with the Supramax 10 TC averaging $11,245/day and the Handysize 7 TC averaging $10,443/day. The FFA market currently expects 2024 to be a stronger year than 2023, with the calendar (Cal24) contract for Supramaxes at $12,750/day and Handysizes at $12,000/day.

Handy and Supramaxes benefitted from a range of growing trades this year such as the record 2023 Indonesian coal trade and strong grain exports out of Russia and Brazil. Chinese exports also aided the market, exporting a larger quantity of steel and fertiliser. Chinese cumulative imports of nickel, copper, chromium and manganese ores rose 11.9 Mt (+11.7%) in Jan-Nov.

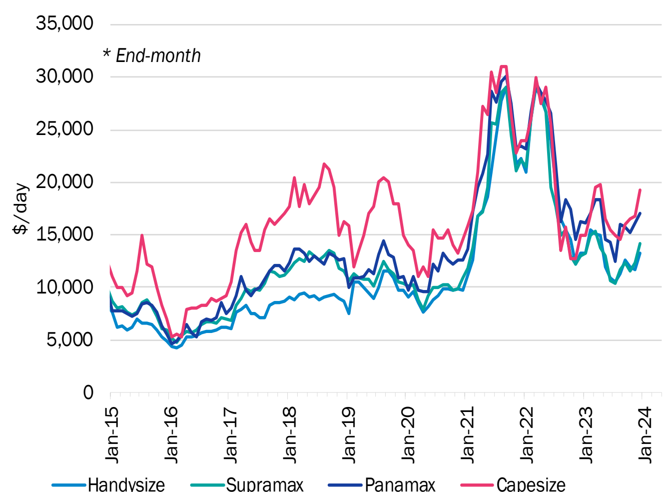
Average of the Timecharter Routes



Capesize Voyage Rates



12 Month Time-Charter Rates



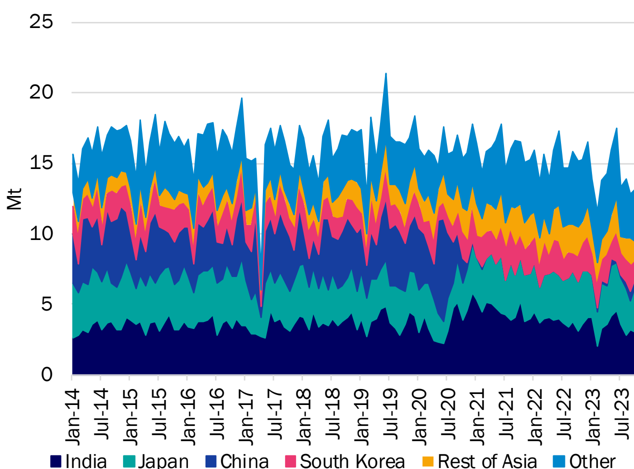
Coal

Structural Changes in the Coking Coal Markets

While Chinese imports of metallurgical coal are estimated to have hit an all-time high of 100 Mt in 2023, an increase of 56% from 2022, for shipping this has been inconsequential in as much of the growth has come overland from Mongolia. Mongolian coal has an advantage in cost-competitiveness over its Australian and North American counterparts due to cheaper production costs and the shared border with China. In the past, there have been barriers to this bilateral trade, such as pandemic-related border restrictions in China, a decline in China's steel production, and an inadequate transportation network connecting the two nations. Many of these challenges subsided in 2023 as China dropped its "Zero Covid" policy and new transport links opened between the two nations. As a result, Mongolian coal exports in 2023 rose 110.5% on the year to 66.7 Mt, mostly to China. The government's efforts to address the transport issue continue, with many rail lines under construction to improve transport capacity by 2024. In terms of new mining capacity, according to IEA, there is a total of 18 Mt per annum capacity under consideration.

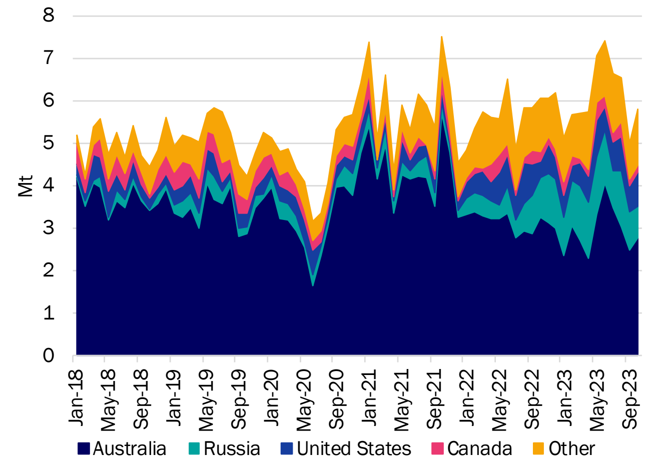
With further improvements in transportation and capacity, Mongolia could remain the fastest growing exporter in the metallurgical markets in the coming years. Given China's weak steel production, this additional supply is likely to raise concerns about the future of Australian coking coal exports. Since the lifting of the unofficial Chinese ban on Australian coal, thermal volumes from Australia to China have recovered to historical levels, importing 43.5 Mt in Jan-Nov 2023. Coking coal, however, has not seen a comparable recovery, with 3q23 imports from Australia only at 0.7 Mt, from 9.5 Mt in 3q20. China especially is able to benefit from the discounted alternatives to Australian coking coal due to suppliers from Russia facing multiple sanctions and Mongolia's lack of alternative buyers. During the unofficial Chinese ban, much of the Australian coking coal switched to the Indian market.

Australian Metallurgical Coal Exports



Source: McCloskey

Indian Metallurgical Coal Imports



Source: McCloskey

Indian appetite for Australian coking coal also appears to be waning. A portion of the Australian market share in India has been taken over by US volumes since mid-2021. After the European sanctions on Russian coal in August 2022, the redirected Russian coal took even more market share. In October, India imported 2.8 Mt of met. coal from Australia and 0.8 Mt each from US and Russia. This represents a drop in volume from Australia, as well a significant drop in Australian market share. While Australian coal made up more than 70% of Indian coking coal imports in 2021, by October 23, this is down to 47.6%. The US and Russia made up 28.6% of the Indian imports in Jan-Oct 2023, compared to just less than 10% in 2021.

The uncompetitive nature of Australian coking coal was further exacerbated by the royalty tax introduced by the Queensland government in June 2022. The new taxes meant the maximum royalty rate had been lifted from 15% to 40%. BHP, among others, have stated a desire to withdraw or reassess their investment plans in Queensland coking coal since then. BHP also took it a step further recently, selling the Daunia and Blackwater mines to Whitehaven in October. However, the reinstated Chinese coal tariffs in January 2024 favour Australian coking coal over Russian and Mongolian volumes, which may aid Australia to get back into the Chinese market.

Overall, the strong growth in Chinese coking coal imports had a limited effect on shipping due to the growing overland supply, while growing Russian volumes to both India and China has been very beneficial in terms of tonne-miles.

Steel/Iron Ore

Can Long-haul Iron Ore Repeat the Performance?

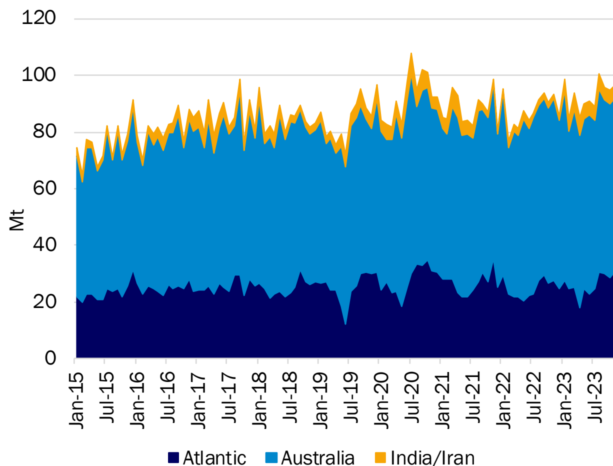
An outsider taking a casual look at steel production growth in 2023 would quickly draw the conclusion that this industrial sector had not been particularly supportive of dry bulk freight rates.

Based on the latest World Steel Association data available, Chinese steel production for the first 11 months of 2023 totalled 952 Mt, up a mere 1.5% against weak COVID-affected base levels a year ago, and down almost 2.0% compared to the same period in 2020. With a weak end to the year, Chinese steel production looks to have ended 2023 flat at best. For comparison, total steel production in the rest of the world totalled 763 Mt for the first 11 months of 2023—marginally down (-0.6%) on the same period in 2022.

The iron ore market performed substantially better than the steel production numbers suggest, though, with the latest SSY estimate for 2023 global seaborne exports coming in at around 1,600 Mt, up more than 5% compared to 2022. Once again, though, the weak base level obscures the long-term trend as the gain since 2020 is only around 60 Mt, equivalent to 3.8% growth.

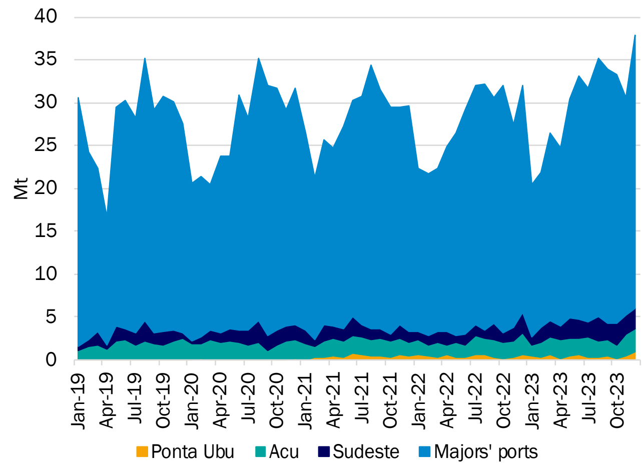
However, as usual, the devil is in the details. Two underlying drivers become immediately apparent when looking at trade flows. Firstly, the tonne-mile impact would have been greater had it not been for the sharp increase in short-haul Chinese iron imports of Indian iron ore in 2023 (estimated +26Mt, +250%) and Iranian iron ore (estimated +7.6Mt, +277%). While the numbers sound impressive, this merely brought Indian iron ore exports to China back to 2021 levels of around 33 Mtpa, following the removal of a 50% export duty in November 2022. The export duty on iron ore lumps and fines with Fe content below 58% was originally imposed in May 2022 to rein in inflation.

Chinese Iron Ore Imports from Selected Origins



Source: Chinese Customs

Brazilian Iron Ore Exports by Terminal



Source: SignalOcean, SSY

Secondly, strongly rising Atlantic volumes into China—mainly Brazil (est. +18Mt) but also supported by peripheral producers such as Canada (est. +3.4Mt) and Sierra Leone (est. +3.0Mt)—benefited the Capesize market. The graph below shows the changing fortunes of Atlantic and regional iron ore suppliers into China over time.

Drilling down into the details of Brazilian iron ore exports, a substantial share of the volume growth in 2023 was down to the "minor" Brazilian miners. Referring to vessel tracking data (which tend to differ slightly from official customs data) as shown the graph above, ports serving Brazil's two largest iron ore producers (Ponta do Madeira, Tubarao, Itaguai, GIT, and CSN) exported an estimated 306Mt in 2023, up 15Mt or 5% on 2022 levels while Sudeste exported an estimated 25Mt (up 8.3Mt or 50% y-o-y) and Acu an estimated 23.7Mt (up 2.5Mt or 12% y-o-y). Ponta Ubu was comparatively flat at an estimated 5.4Mt of exports (+4% y-o-y). All told, the minors' terminals were responsible for about half of the growth in tonnes shipped last year.

While export growth through the majors' terminals looked uninspiring for much of the year, we saw a record-breaking end to the year. This was driven by dry El Nino conditions in the key iron ore mining regions of northern/central Brazil in November and December. This arguably caught the Capesize market off guard and drove a large part of the rally in November and December for late-December and early-January loadings.

The big question is whether this growth story can continue in 2024. With Brazil's biggest miner itself projecting flat exports and the minors likely to struggle with a repeat performance, we currently project a moderation in Brazilian iron ore tonne-mile demand growth from around 6.1% in 2023 to around 2.7% in 2024.

Grains

Ukrainian Export Progress

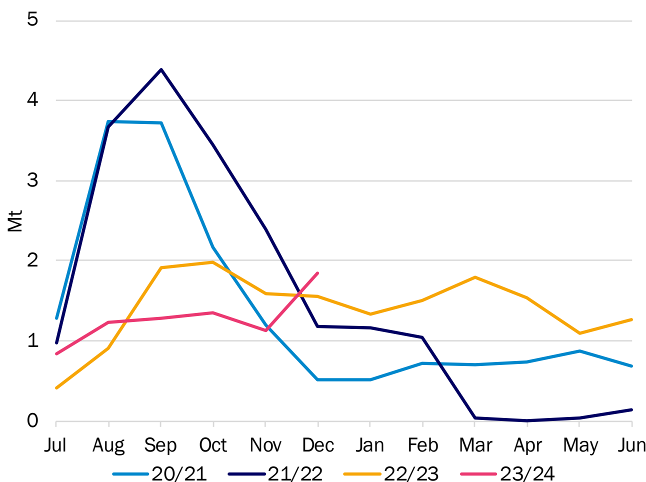
In December, Ukraine's grain exports reached the highest level since before the end of the UN-led grain corridor in July 2023. Combined exports of barley, wheat, corn and soybeans totalled 5.6 Mt in December, the highest since March 2023 and an increase of 0.2 Mt from last year, according to data from Ukraine's Agriculture Ministry.

Exports from Ukraine had initially slowed following Russia seceding from the UN-led grain corridor in July 2023. From August 2022 to June 2023, exports from Ukraine averaged 4.6 Mt a month. In August, after the end of the agreement, Ukraine continued shipments from domestic ports via its own corridor along the western Black Sea coast. Shipments dropped from 3.8 Mt in June, the last full month of the UN-led corridor, to 2.3 Mt in August. As such, the December total of 5.6 Mt implies a sharp uptick in the efficiency of Ukraine's export infrastructure. Ukraine's Agriculture Ministry data show an increase in the share exported by ports, climbing from 70% in August to 91% in December.

Seaborne export potential has been supported by shipments via neighbouring Romania's port of Constanta. Reuters reports Constanta shipped 36 Mt in 2023, a high for the port and a 50% increase on the previous year, with Ukrainian grain accounting for 40% of the total. Furthermore, Romania aims to boost transit capacity for Ukrainian grain to 4 Mt per month, upgrading the infrastructure supplying the port.

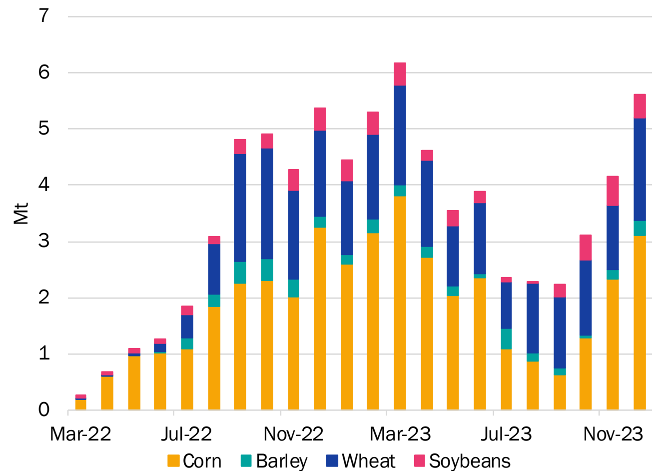
Other effects of the Russian invasion of Ukraine on trade flows continues to linger. Before the invasion, in the 2021/22 (Jul/Jun) marketing year, shipments to China accounted for more than a quarter of the 23.6 Mt of corn exported, IGC data show. Post invasion, in the 2022/23 marketing year, shipments to China declined to less than 20%, despite total exports increasing 5.7 Mt year-on-year. The change in trade flows came as Europe (incl. Turkey) accounted for a larger share (65%).

Ukraine's Wheat Exports



Source: Ukraine's Agriculture Ministry

Ukraine's Grain Exports



Source: Ukraine's Agriculture Ministry

Available data for the 2023/24 marketing year show shipments to China have fallen further, as in Jul-Nov, they totalled less than 10%, while Europe (incl. Turkey) accounted for nearly 70% of the total 6.1 Mt exported in the period. Instead, China has increased reliance on Brazilian corn, accounting for 64% of total imports in Jul-Nov 2023 compared none in the prior year.

As the chart (left) shows, the seasonality of wheat exports has also changed since the invasion. The 2022/23 marketing year saw the seasonality flattened, as shipments took place via the Russia-Ukraine joint corridor, and delays related to inspections often limited throughput. Ukrainian wheat had typically contributed to a lift in geared vessel earnings from the Mediterranean in July. However, due to the massive changes in Ukraine's war-torn infrastructure and trade flows, this seasonality in vessel demand may now be altered. This raises a number of interesting questions: May there be a boost in vessel demand in the coming months, if Ukraine's exports are able to increase further? Or will an uptick in wheat exports rely on an easing of corn cargoes ex-Ukraine to free up export capacity?

Going forward, Ukraine's exports will likely continue to be vulnerable and subject to downside risks. Military strikes on Ukraine's ports situated along the Danube river, the gateway to Romania, threaten shipments via the port of Constanta. Additionally, Red Sea disruptions have the potential to make Ukrainian supplies less competitive for Asian markets, as shipping costs increase with rerouting via the Cape of Good Hope.

Fleet Developments

Tanker Fleet Grows by 2.0% in 2023 Amid Limited Removals

In 2023, the combined tanker fleet in terms of deadweight (crude and product tankers above 10,000 dwt excluding chemicals) grew by 2.0% y-o-y compared to 3.4% in 2022 and 2.6% in 2021, according to preliminary end year IHS fleet data. 14.4M dwt entered the fleet in 2023, the lowest on record since 13.9 Mdwt was delivered in 2001. Although deliveries for 2023 were down 48% y-o-y in 2023, growth was driven by the lack of removals. Just 13 vessels (1.5 Mdwt) left the fleet, down from 64 vessels (6.9 Mdwt) in 2022. Of the 12 vessels exiting the fleet, three VLCCs (0.9 Mdwt) were converted into other vessels types. Crude tanker fleet growth decelerated to 1.9% y-o-y in 2023 (compared to 3.8% in 2022), with deliveries of 9.7 Mdwt and 1.3 Mdwt leaving the fleet. In terms of the number of vessels, VLCCs formed the majority of deliveries with 22 vessels (6.7M dwt), yet this is the lowest level since 2015 when 20 ships (6.2 Mdwt) were delivered. The product tanker fleet grew 2.1% in 2023, down from 2.6% in 2022. 4.8 Mdwt entered the fleet, while removals were paltry at 0.2M dwt.

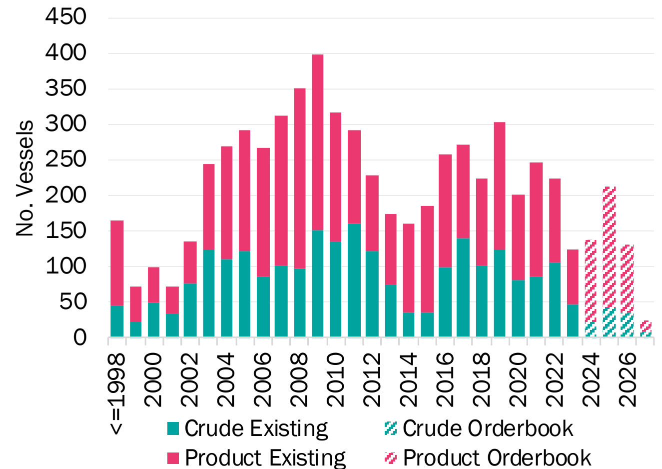
The volatile earnings environment and growth of sanctioned trades may have deterred owners from removing vessels from the fleet over the past year. Whilst there has been a deceleration in vessels exchanging ownership in the secondhand market, older vessels have been able to find lucrative employment opportunities. The lack of removals across the fleet has seen the elder proportion of the fleet rise, as roughly 45% of the combined tanker fleet will be aged above 15 years old this year.

At the start of 2023 the orderbook as a percentage of the fleet stood at 3.8%. The orderbook had been on a downward trajectory over recent years as owners became more conscious when it came to pencilling in new tonnage. However, recent shifts in global trade flows brought about by geopolitical events and the current ageing nature of the fleet has led to a surge in orders in certain segments, particularly for Suezmaxes, LR2s and MRs. As such, the orderbook as a percentage of the fleet stands at 6.5% as of the start of 2024, marking the first time the orderbook has risen at the start of the year since 2021 and the largest y-o-y percentage point increase since 2008.

The rise in popularity of Suezmaxes comes in part amid the redistribution of crude flows following the EU/G7 embargo of Russian oil. The longer nature of Baltic/Black Sea flows to India/China created tonnage inefficiencies within the fleet and often led to periods of high volatility in the earnings environment for both Suezmaxes and Aframaxes. Meanwhile, the surge in LR2 and MR orders can be attributed the growth in refinery capacity in the East and significant refinery rationalisation over the past few years in the West. Interestingly, the increase in orders has predominantly come from Chinese yards. After averaging a market share of roughly 30% each year from 2000, Chinese yards accounted for roughly 65% of orders in 2023. Owners turned to China afters slots at Korean and Japanese yards were limited due to the vast amount of gas carrier and boxship orders placed. Additionally, newbuild capacity in China increased last year following the reactivation of mothballed yards and a slowdown in naval vessel construction.

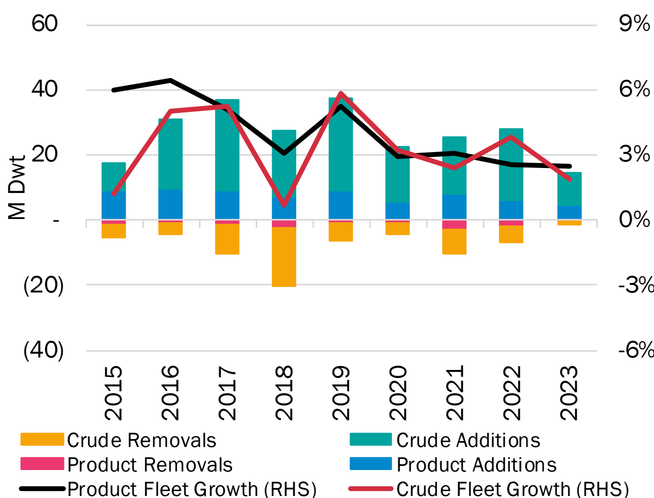
With fewer vessels slated for delivery in 2024, fleet growth is expected to decelerate further. Our expectations are for removals to increase when compared to last year, especially giving the ageing nature of the fleet. Emission regulations could also impact the volumes of vessels heading towards the breakers. Although, we are yet to see a significant impact on the scrapping market from this. Issues obtaining letters of credit for Bangledesh and Pakistan scrap yards may limit what type of tonnage is removed at yards.

Tanker Orderbook



Source: SSY, IHS

Tanker Fleet Growth



Source: SSY, IHS

Economy

2024: Another Year of Volatile Commodity Prices?

While most commodity prices witnessed a decline in 2023 as global demand moderated, they remain well above pre-pandemic levels. The World Bank's Global Economic Prospects, released in January, highlights that estimated global trade growth was near flat in 2023, only edging up by 0.2% in the calendar year and the lowest in 50 years barring periods of economic recession. World trade is projected to grow by 2.3% in 2024 as demand for goods recover, but this outlook is subject to a variety of risk factors, perhaps signalling yet another calendar year marred with volatility.

During the second half of 2023, oil markets went through a period of great uncertainty as OPEC+ extended and deepened its voluntary production cuts in response to falling oil prices. However, non-OPEC+ producers expanded supply by 2.2M b/d year-on-year rendering the production curbs rather ineffective in providing a floor to falling prices, IEA reports. Overall, World Bank highlights, oil prices averaged $83/bbl in 2023, down from $100/bbl in 2022.

Going forward, the World Bank estimates average oil prices will slide further to $81/bbl in 2024 as non-OPEC production expand further and China's economic outlook continues to disappoint, However, the outlook highlights geopolitical uncertainties as a "major upside risk", where conflicts in the Middle East coupled with Russia's war in Ukraine could disrupt global oil supplies.

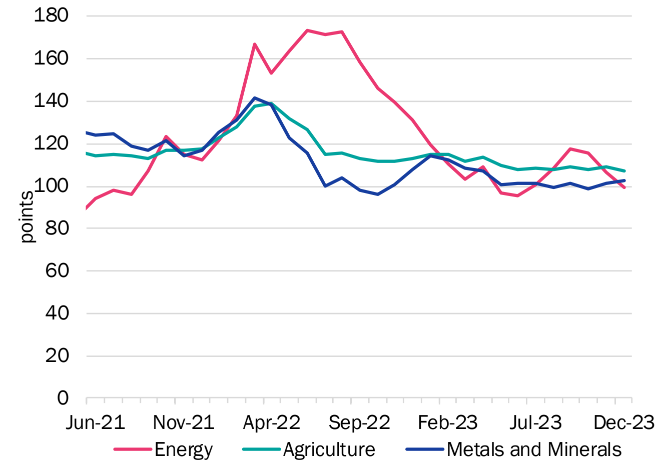
Metal markets also experienced a similar fate as price levels declined by almost 10% in 2023, primarily due to weaker industrial demand in China which accounts for more than 60% of global metal consumption, according to the World Bank. Chinese imports for iron ore, bauxite, copper, and chromium have returned to pre-pandemic levels but transitionary metals i.e. nickel and manganese, are still recovering. China's industrial resilience, revival of it's property sector and it's government's deployment of fiscal stimulus remain important factors in governing the upside for metal prices in 2024. However, supply-side bottlenecks are also worth noting as protectionist trade policies in key mining countries such as Philippines and Chile in the form of export quotas and *ad valorem* taxes on mining profits could squeeze global supply and further exacerbate prices.

The outlook also highlights Europe's subdued energy consumption, with coal and gas inventories being over 90% full, as a key reason behind the price trends in 2023. The effects of tighter monetary policy were widely felt in Western Europe, with Germany entering a technical recession in the first fiscal quarter of 2023. The region also experienced a rather mild winter and, given high stockpiles, demand for imported coal declined through the year. Moreover, LNG production and exports around the world is increasing as it's role as a transitionary fuel becomes more pronounced. Although prices for both are expected to decline through 2024, the World Bank warns of the conflict in Middle East as a significant upside risk to energy prices.

El Nino conditions are expected to further raise global temperatures and create disruptive weather patterns well in to the first half of 2024. Although food prices declined by 9% during last year, some global suppliers such as Australia and Russia have cut harvest forecasts owing to drier conditions which have affected average yields. In addition, continued geopolitical uncertainty in the Black Sea region could trigger further trade restrictions against a back drop of food security for net food importing economies.

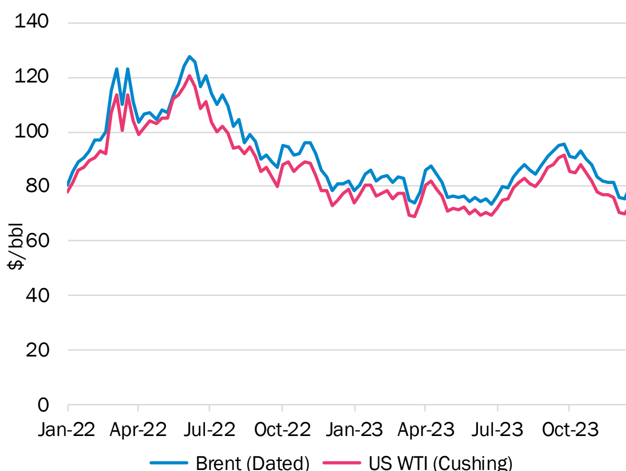
Overall, the World Bank reports that global growth outlook is more balanced when compared to June last year. It also estimates world GDP to grow by 2.4% which will partly be governed by efficient trade flows across borders.

World Bank Commodity Price Index



Source: World Bank

Crude Oil Prices



Source: Energy Intelligence

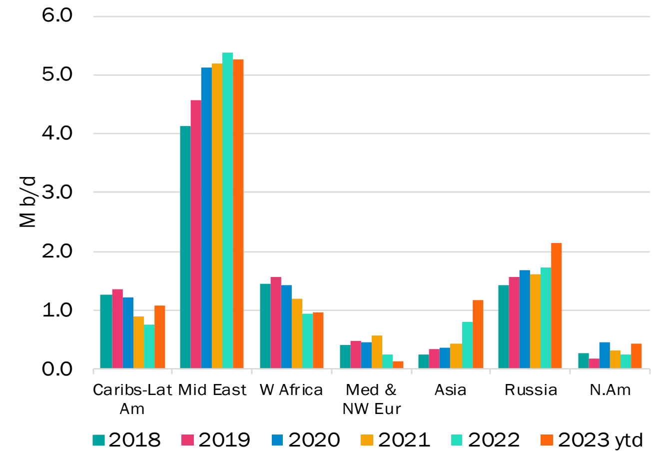
Oil Markets

Saudi Arabia Slashes February Crude OSPs in Move to Boost Asian Demand

On 7 January, Saudi Arabia announced it will cut its official selling price (OSP) for February-loading Arab Light crude shipments to Asia by $2/bbl m-o-m to $1.5/bbl above Oman-Dubai quotes, Reuters reported. This cut, which is the largest in 13 months, takes Arab-light crude pricing to Asia down to the lowest level in 27 months, with other Saudi Arabian crude grades for delivery in Asia also being slashed by $2/bbl. This comes against a backdrop of calls from Asian refiners for Saudi Arabia to make its barrels more competitive when compared to alternative load regions. If demand from Asian importers responds positively to this it could lead to an uptick in MEG crude tanker demand in the near-term, with particular implications for the VLCC sector. The OSP for Arab Light shipments to NW Europe and the US were also cut by $2/bbl to $0.90/bbl above Brent and $5.15 versus ASCI respectively.

Crude oil price benchmarks initially retreated following the announcement, with Brent falling by almost 3% d-o-d to $77/bbl on 7 January amid concerns of weakening Asian demand. In addition, this announcement has added to uncertainty over the actual level of OPEC production cuts in the months ahead. On the demand side, China is Saudi Arabia's largest customer, accounting for approximately 22% of overall crude shipments for 2023, according to Refinitiv trade flow data. But China's crude imports may be restrained in 1Q24 given almost 1M b/d of Chinese refinery capacity is set to be offline, according to Argus, while there have also been reports of China continuing to draw on its domestic stocks in recent months. Indications of weakening macroeconomic conditions in China, within the manufacturing and construction sectors, have added to the demand concerns, with similar pressures highlighted for Japan and South Korea, Saudi Arabia's other main customers. But China's first batch of crude import quotas for the year being an elevated 179MT as well as the first allocation of refined product export quotas may stimulate more demand looking ahead while the country will bring on new refinery capacity this year.

China Crude Imports by Source

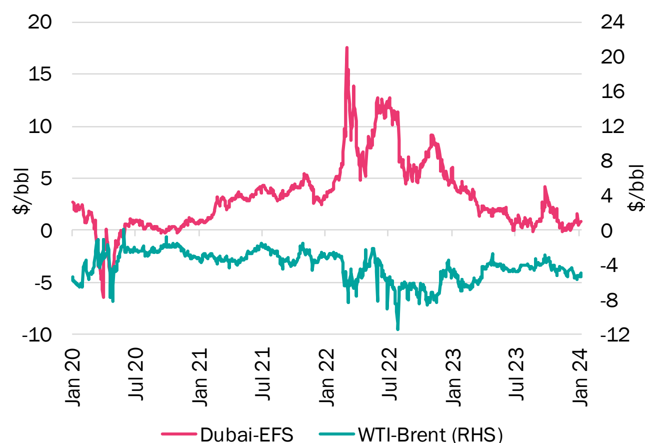


Source: China Customs

It is worth highlighting that China's oil trade with Iran has come under recent scrutiny due to Iran seeking higher prices for its crude, Reuters reported. Iranian sellers have notified Chinese buyers that they would be narrowing discounts of December and January deliveries of Iranian light crude to $5-6/bbl below Brent, compared to roughly $10/bbl in November. Furthermore, since this announcement several Indian refiners have also announced they plan to source an additional 1M bbls of Saudi oil in February, reflecting increased attractiveness of these barrels as well as recent difficulties purchasing Russian barrels due to payment issues. This development could help the wider trading fleet regain market share from Iran and Russia, which would be a positive for the market.

If more attractively priced Saudi Arabian supplies are able to prompt increased Asian purchasing this could support the wider-trading crude fleet. But these OSP cuts may in turn weigh on VLCC tonne miles if arbitrage economics to ship crude from the Atlantic Basin to Asia worsen. Since the start of the year USG-China rates have jumped from $8M lumpsum to $9.5M as of 10 January. If maintained, this could weigh on the viability of these shipments, particularly if the Brent-Dubai spread were to widen. This spread has averaged $0.76/bbl so far in January, up from $0.37/bbl and $0.59/bbl in November and December respectively. While still historically narrow, if Saudi Arabia were to offer more crude at lower prices this could hamper some of the support that been underpinning the VLCCs. But this will largely hinge on how stringently Saudi Arabia adheres to its voluntary 1M b/d production that is currently set in place, and the resulting impact this may have to overall crude exports.

Crude Oil Price Spreads



Source: Refinitiv

Tanker Market

Product Carrier Earnings Firm as Crude Tankers See Returns Decrease

The escalation of Houthi-led attacks on ships sailing through the Red Sea in December bolstered both clean and crude tanker earnings in 2H December, especially for LRs and Suezmaxes. Some owners decided against sailing through the region, others on a case-by-case basis or chose to avoid Red Sea loadings and discharge, which meant a potential squeeze in vessel supply while those willing to transit the area asked for greater freight premiums. Still, levels had softened m-o-m for Suezmax and Aframax markets, amidst slower trade and after a strong November while a dip in Atlantic Basin cargo demand for VLCCs also pulled this market back from its peaks.

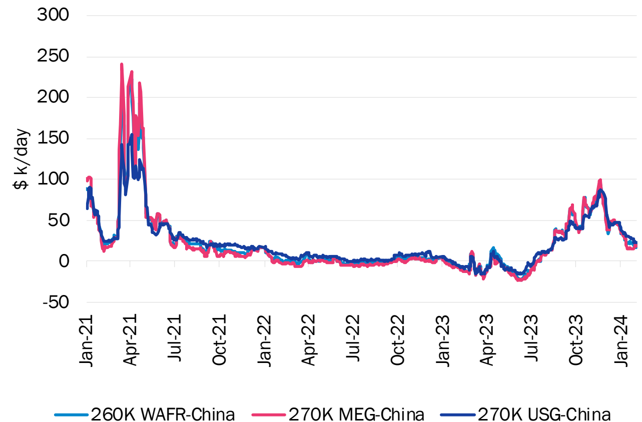
The clean Atlantic market was supported by strengthening USG-UKC rates with December earnings at the highest level since SSY records began in 2002. The Panama Canal transit restrictions contributed to the slower pace of tonnage replenishment in the USG as more volumes were shipped to Europe and West Africa instead of the west coast of the Americas. These longer transatlantic shipments helped push rates higher. In Asia, tonnage was drawn away from the region towards a firmer MEG/India market, where exports had picked back up following the return of several refineries from maintenance. But activity eased by end-month, reapplying pressure to rates.

VLCC: MEG-China rates started December at W66.5 ($16.23/t), with earnings at $44,400/day. Levels were relatively flat for much of December before a handful of market quotes went on subjects at lower levels after a high level of offers from owners. This led to TD3C trading down to W53 ($12.94/t) with returns around $28,500/day, the lowest level since mid-October. The start of the New Year brought a softer direction for the MEG market, with fewer quoted cargoes than usual during the first week before earnings rose in line with firmer rates in the Atlantic, climbing from $25,400/day to $39,900/day as of 11 January.

WAFR-China activity was healthy at the start of December with daily returns between $44,500/day and $48,300/day during the first decade of the month. Activity then slowed and rates fell from W67 ($26.99/t) to W55 ($22.15/t), taking earnings down to $32,400/day. So far in January the WAFR market has felt steadier, as a group of earlier-dated cargoes were worked and this helped create some resistance, and a more sideways direction in rates on voyages heading both East and to the UKC. As of 11 January, TD15 is trading at W72 ($25.80/t), putting earnings at $44,600/day.

USG-China softened during the 1H December as there was a decline in the number of cargoes booked for December loading from the Gulf and TD22 traded down from $9.8M lumpsum start-of-December to $8M mid-

VLCC Spot Rates

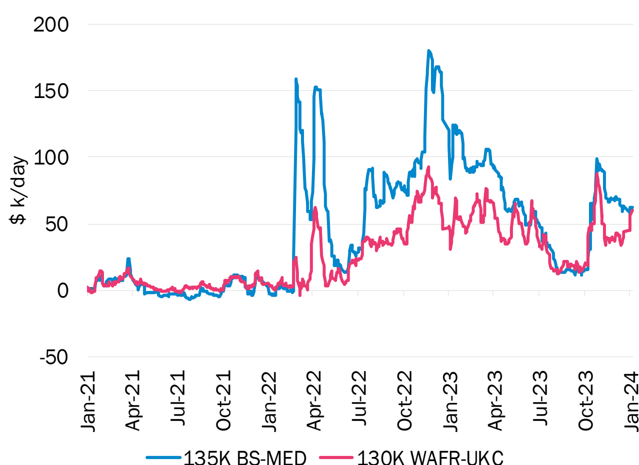


AVERAGE MONTHLY TCE

Assessments ($/day) *now inc allowances for ECA zones*

Dirty	December	November	2023
270K MEG-China	39,614	45,668	34,464
270K USG-China	38,934	48,303	37,314
130K WAFR-UKC	39,641	48,242	42,434
135K Bsea-Med	66,424	78,160	63,176
70K USG-UKC	41,181	57,068	42,930
80K Indo-Aus	40,842	38,862	41,515
80K UKC-UKC	52,597	79,079	48,123
Clean			
75K MEG-Japan	33,046	25,567	32,503
55K MEG-Japan	22,728	17,832	26,697
37K UKC-USAC	22,702	21,956	20,054
38K USG-UKC	34,864	22,297	11,632
30K SEAS-Aus	22,468	12,822	24,960

Suezmax Spot Rates



Tanker Market

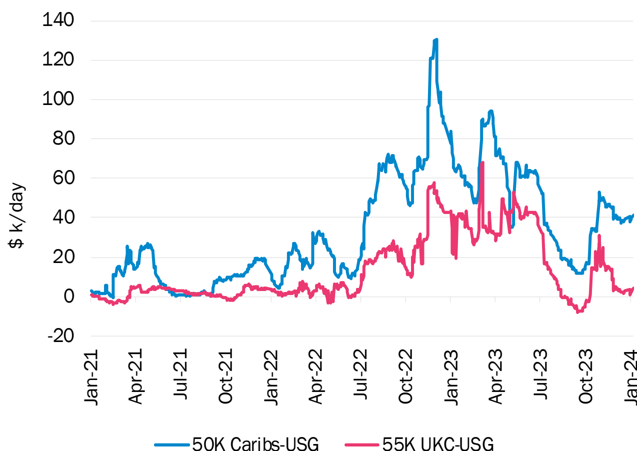
month due to an increase in tonnage supply. Earnings fell from $46,400/day to $32,400/day just before the Christmas break. January initially saw surge in VLCC demand after a rally in USG Aframax and Suezmax rates which led charterers to look towards VLCCs to fulfill their cargo requirements. Rates suddenly rose from $7.9M to $10.0M before a slight downward correction followed, with daily returns for USG-China at $48,100/day as of 11 January.

Suezmax: WAFR-UKC voyages were trading between W95 ($18.14/t) and W102.5 ($19.57/t) during an active first decade of December, with returns between $36,700/day and $42,700/day. The market softened the week before Christmas with less fixing happening and TD20 rates fell to W87.5 ($17.18/t), putting earnings at $34,000/day. December earnings averaged $39,600/day, which is still above the 2H23 average of $32,700/day, despite being the lowest monthly level since September. January has so far been a much busier month for Suezmaxes and some support has emerged from the Red Sea freight premiums. As of 11 January, WAFR-UKC runs provide improved daily returns of $57,900.

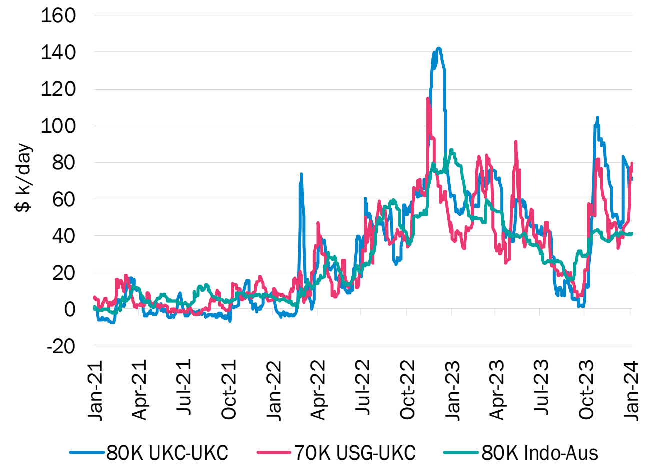
The Black Sea-Med market saw activity step up in early-December after a period of disruption due to bad weather and as such TD6 traded relatively stable between W135 ($13.28/t) - W137.5 ($13.53/t) in the first half of the month, with earnings between $68,500/day and $70,600/day. The market softened in 2H December with returns falling to $59,000/day as activity eased, but there were there are signs of an uptick after the Christmas break, with earnings at $65,000/day as of 11 January.

Aframax: Cross-UKC rates gradually softened throughout 1H December as owners were unable to gain momentum amid softer conditions in the surrounding regions and activity came under pressure with competition from larger tanker sectors. TD7 was trading at W145 ($12.12/t) in early December before falling to W135 ($11.29/t) mid-

Panamax Spot Rates



Aframax Spot Rates



month, putting returns at $44,000/day. Poor weather conditions in the region pushed TD7 rates upwards and thus, earnings rose to $83,000/day before the Christmas break. The new year has seen more ballasters head to the USG and therefore a shortening tonnage list in the UKC region has provided support to the market with daily earnings above $70,000/day as of 11 Jan.

USG-UKC earnings softened in 1H December going from $46,400/day to $33,100/day, due to a build up of tonnage after VLCCs had been utilized for some of the December cargo runs to Europe. This provided lightering demand for Aframaxes in 2H December and by year-end returns were at $44,300/day. The TD25 market has firmed in 1H January as a result of an unbalanced tonnage list and increased cargo demand in the region with daily returns rising to $82,000 as of 11 January.

Indo-Australia earnings edged up in December with average returns reaching $41,000/day, the highest level since April. While activity within the region was limited across most of the month a good amount of vessels had previously ballasted to the West and this helped to keep tonnage supply balanced. The MEG market firmed slightly by end-month following the uncertainty generated by the Houthi Red Sea attacks. TD14 rates have been steady during 1H January off the back of consistent levels of activity with many short hauls fixed and Indo-Australia returns are around the $40,000/day mark.

Panamax: Caribs-USG earnings eased in 1H December amid top-down pressure from a softening Aframax sector, but rates had bottomed by mid-month and owners were then able to regain some momentum. Earnings averaged $39,200/day for December, and while down from $47,000/day in November this remains historically elevated, with support continuing to be provided by a limited amount of available tonnage in place for specific regional voyages.

LR: LR2 MEG-Japan rates firmed throughout December going from W110 ($29.91/t) to W190 ($51.66/t), driven by increased cargo availability in the region and tighter

Tanker Market

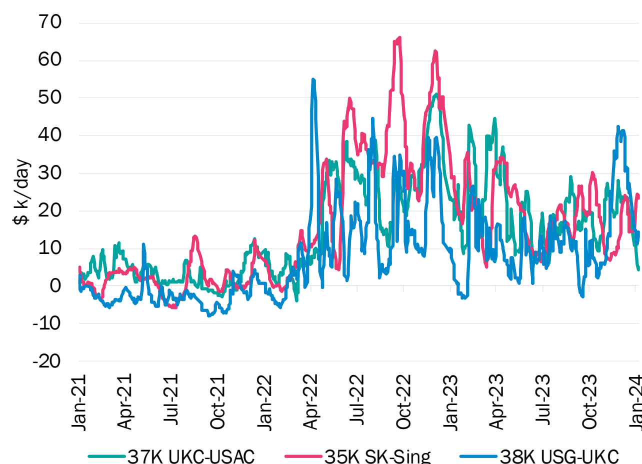
supply of tonnage due to a lack of ballasters from the West that were being utilized for an uptick in naphtha shipments from Europe to Asia. Charterers also tried to cover cargoes before the festive period and with earnings rallying due to the uncertainty caused by the increase in vessel attacks in the Red Sea, returns increased from $17,700/day in early-December to $49,200/day the week before Christmas, reaching a two-month high. The new year brought some correction to the surging rates as cargo availability declined and as such, daily earnings eased to $30,000 as of 11 Jan.

LR1 MEG-Japan rates followed the LR2s, with rates rising from W115 ($31.27/t) in early-December to W200 ($54.38/t) towards the end of the month. After returns rose from $13,800/day to $37,200/day before Christmas, an easing in activity at the start of the New Year pushed rates downwards in 1H Jan, putting earnings at $29,000/day.

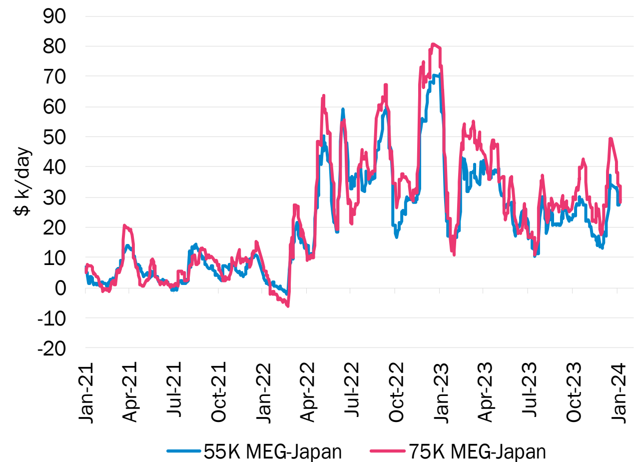
MR: UKC-USAC rates fluctuated throughout December. During the first two decades of the month, TC2 was at W215 ($36.98/t), before falling and trading between W190 ($32.68/t) and W195 ($33.54/t), with daily earnings between the $22,000-$24,000 range. Just before the Christmas break, owners competed for cargoes as they tried to cover tonnage prior to the festive period. The downward trend has continued in 1H January as the lack of existing outstanding cargoes in the market has brought earnings down to $5,200/day as of 11 January, the lowest since July, but it looks as if a floor has now been reached.

December earnings for the USG-UKC route were at the highest level since SSY records began in 2002, averaging $35,000/day. Support was provided by the ongoing impact of Panama Canal transit restrictions which have slowed the pace of tonnage replenishment, while an uptick of longer-haul transatlantic shipments to Europe and West Africa also bolstered vessel demand. The new year has seen activity quieten down and returns have fallen to $14,500/day as of 11 January.

MR Spot Rates



LR Spot Rates



South Korea-Singapore rates started the month trading at $660K lumpsum and firmed during 1H December due to a combination of a fresh influx of cargoes and tight tonnage. TC11 rates rose to $900K, putting daily earnings above $20,000/day. Tonnage built up in the second half of the month and as cargo availability did not increase, rates softened with returns dropping to $14,400/day before the Christmas break. 1H January has seen an uptick in activity with South Korea-Singapore trading at $915K as of 11 January, with returns at $24,300/day.

Period: On the VLCCs in December, there was only a single reported fixture on VLCC TC on a 2007-built ship with undisclosed details but suspected for storage. On the Suezmaxes, a 2016-built vessel was extended to a US Major for three years at an undisclosed rate, whilst a couple of 2026-built newbuilds fixed for long TC to a US refiner but again without rates being reported.

On Aframaxes, a notable deal was concluded on a 2013-built unit for two years at $37,200/day to a US oil company. Similarly, another US oil company also fixed a non-eco Aframax but for three years, a 2012-bullt ship at $39,750/day.

On the CPP side, a 2024-blt newbuild LR2 fixed for five years at $33,500/day to a trader for delivery ex-yard in October 2024. Additionally, we heard two eco-type 2021-built LR2's fixing for three years to a Middle Eastern oil company at $40,000/day levels. On the LR1s, two non-Ecos fixed for two years at $32,000/day but to two different charterers.

On the MRs, a fair few fixtures were reported, however a notable longer term deal was done on two 2024-built newbuildings to an Indian refiner for five years at $23,500/day. Additionally, some shorter term deals including a 2019-built scrubber-fitted unit fixing twelve months at $33,000/day for delivery Australia.

Chemicals

Market Strong Amid Canal Worries

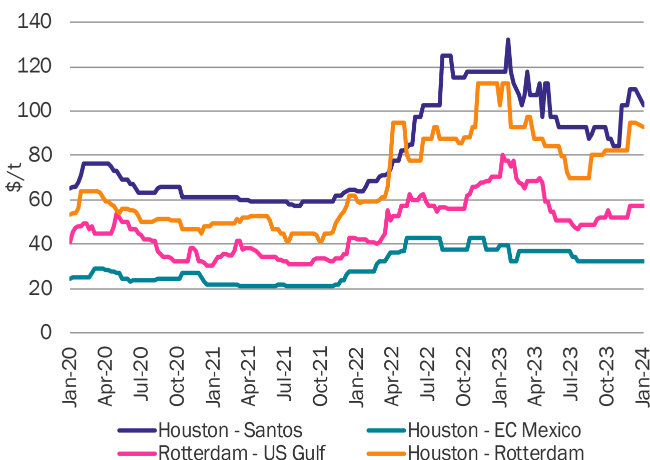
Rates finished firm to end 2023. In the Caribs, weather delays and firm CPP rates kept prompt space tight in December. Pygas, molasses and caustic were seen quoted throughout the month. 15,000t benzene + toluene fixed Montreal/USG, fetching a rate of near $1.1 million while 18,5000-22,000cbm ethanol fixed Albany/ Montreal for 2H.

Southbound caustic continued to be quoted in December with large slugs moving from USG to Vila do Conde and another 18,500 fixed Lake Charles/Santos + Paranagua for 2H Dec. Styrene was fixed USG/Manaus while 9,600t base oils fixed Paulsboro/Brazil. Large parcels of methanol and sulfuric acid were also seen in December while UAN, ATS and canola were also pushed. Northbound, ethanol continued to flow from Brazil targeting destinations such as the US, India and the Far East.

Along the transatlantic route, rates rose in December amid healthy demand. Large parcels of caustic and ethanol were seen. A 15-20,000t stem of ethanol fixed USG/ECUK and is believed to have paid in the $80s while another 40,000t was fixed USG/ARA. Into the Med, styrene was quoted frequently while 8-10,000t acetic acid was fixed USG/Turkey. ACN, EDC and glycols were also pushed. Transpacific west was quiet amid ongoing issues at the Panama and Suez Canals. 35,000t methanol fixed USG/Far East via Panama, as did 20,000t MTBE USG/Spore, fixed via Suez.

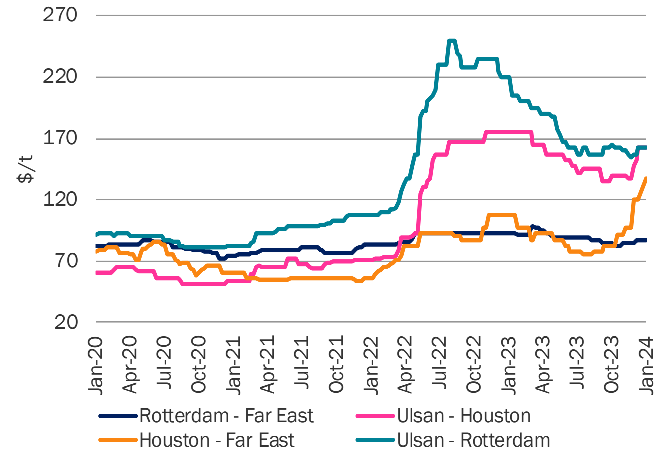
In the North Sea, renewables continued to dominate in various forms early in the month. UAN, methanol, caustic and base oils helped to lend support. Southbound, bios were prominent as was styrene with multiple fixtures seen from Moerdijk and Antwerp. Northbound, benzene, base oils and naphtha were seen while 6,000t vegoil fixed Ukraine/ARA for near $2 million. The Med remained tight as owners pushed for higher freights. Caustic was visible on multiple occasions and 4,000t Fos/Seville fixed at Eur160,000. Multiple 6,000t vegoil stems were fixed Novorossisk/El Dekhelia at $90/t while further efforts were seen to push base oils, methanol and easy chems. The transatlantic west lane saw space tighten significantly however this was partially offset by a slowdown in demand during 2H December. Larges stems of aromatics, FAME, caustic and sulfuric acid were pushed while smaller parcels included a 2,000t acetone parcel fixed Antwerp/Houston, understood to have achieved a rate in the mid-$80s/t.

5,000t Easy Chemical Spot Rates



Source: SSY

5,000t Easy Chemical Spot Rates



Source: SSY

To Asia, activity slowed though quotes were seen for products such as MTBE and molasses. To South Asia and AG, the usual base oils were noted as were methanol and vegoils.

Intra-Asia activity was busy with additional PX and glycol requirements seen. Styrene, base oils and benzene were also noted. Volumes for most products dwindled as the month progressed though base oils were strong throughout. Southbound, numerous MTBE quotes were seen in December as were quotes for MX, caustic, sulfuric acid and MEAC. Northbound, space was tight despite a slight drop in enquiries. PX, MX and base oils continued to be quoted as well. Palm oils started the month strong and volumes decreased by month’s end. Still deep-sea enquiries were difficult to cover as other cargo grades competed for space.

The Transpacific lane started slow due to difficulties at the Panama Canal however finished the month stronger. Rates gained as 40,000t BTX fixed Ulsan/USG, commanding $3-3.3 million via the Panama Canal. 42,000t UCO fixed North + South China/USG and reportedly paid high-$4 million. Activity to Europe stalled on the back of ongoing issues in the Red Sea.

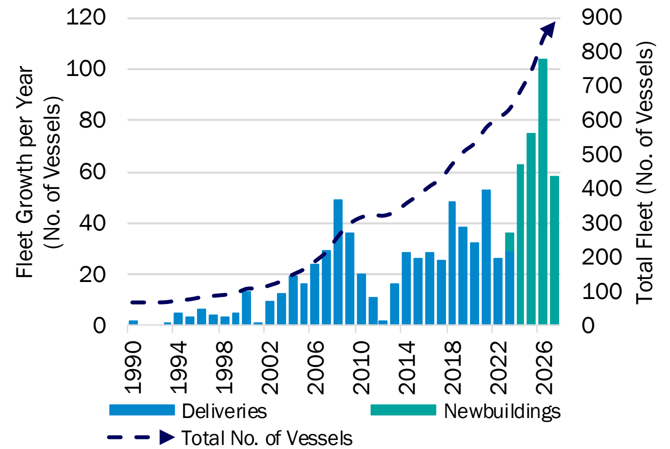
LNG

Market Under Pressure — the Winter Which Never Arrived

The month of December opened positively with the East of Suez region experiencing a notable uptick in activity. Up to 5 requirements emerged from the Middle East and Western Australia, accompanied by the odd additional FOB tender. While freight remained tight in the Atlantic basin, over in the Far East there was a substantial increase in positions going into January, exerting additional pressure on spot rates. Combined with demand from major key consuming countries in the region below expectations due to warmer than expected weather and ample LNG inventories, the freight market began to feel a pinch. In the West, potential requirements remained on the lookout for vessels coming open in December with one open ship fixed through a bidding tender following a high amount of interest.

However, as the month progressed and participants failed to see a late-winter spike or appearance of colder weather, the year slowly ground to a halt and there was a sense that any market resurgence had come to an end. December cargoes had sold out pushing freight into the January fixing window, which also spelled the gradual downfall for shipping rates. Levels dropped from the first week of January indications, to second week of January indications, and so on and so on. Even with the well-publicised disturbances in the Red Sea concerning the Houthi rebels creating chatter of a closed Suez Canal, the impact on sentiment appeared largely minimal after a few days. It was difficult to project the impact of a scenario in which both the Panama and Suez Canals were effectively closed off to the market just as prices begin to gradually soften month by month, but this outcome did not eventuate.

Current LNGC Fleet



Source: SSY

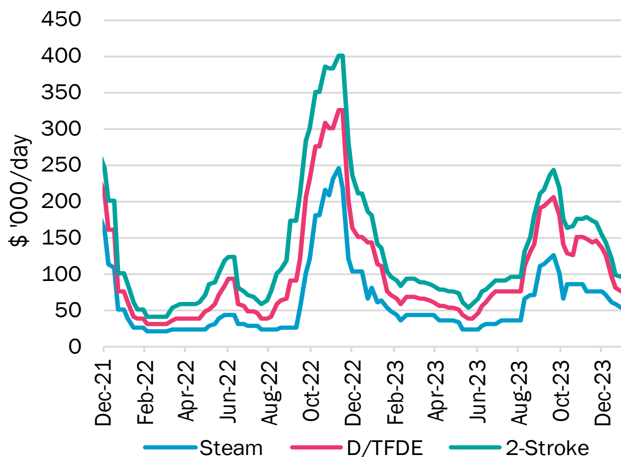
As we moved to the end of the month, the Christmas lull combined with the dissipating cargo market created serious week-on-week corrections for LNG spot shipping rates as far out as end-January liftings. Although early-January cargoes had been fixed at very strong levels, there seemed to be very strong backwardation. To name an example, an early January cargo was covered roughly at ~$160,000/day during the third week of December, but rates for end of January loadings fell to ~$100,000/day as players were faced with more options and therefore significantly more competitive rates. The Atlantic and the Middle East were arguably the busier regions compared to the Far East by this stage, although there were a couple of fixtures in the Pacific for early/mid-January deliveries.

Besides a very brief period at the end of the month when a couple of cargoes for the last week of January were struggling to find appropriate tonnage and marginally paid-up, the cooling market conditions essentially ensured the market had petered out for the year.

Term discussions for 2024 in December were very slow, with the vast majority of Charterers happy to wait and see if rates for 12 months would decline further. The approaching festive break did not help expedite discussions with primarily 2-3 Charterers involved in the majority of term action to close out the year. One Charterer took a TFDE for 12 months and another a 2-stroke for the same period. One requirement in the month notably saw older Steam Turbine tonnage preferred for a 2-year charter.

Interestingly, there were no newbuilding orders at all for the month.

Estimated LNG Spot Earnings



Source: SSY

Sale & Purchase

Bulkers

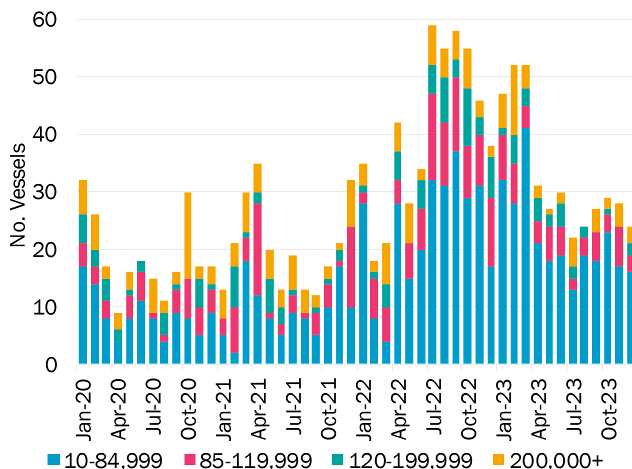
In December's Capesize news, the "IRON MIRACLE" (180,643 dwt, 2011 Tsuneishi Cebu - BWTS Fitted / ME Engine) invited offers and was thereafter sold at USD 26.8 mill to Greek buyers, a firmer level than expected and one which coincided with Capesize earnings peaking at around $55,000 p/day. Elsewhere, we report a notable enbloc deal for the "MINERAL BRUGGE" & "MINERAL DESTELBERGEN" & "MINERAL TEMSE" (175,200 dwt, 2011/2010/2010 New Times) at USD 61.85 mill, concluding an active 2H 2023 for the second-hand Capesize market, with approximately 50 vessels changing hands compared to around 20 in the same period a year before.

The Post-Panamax "DOUBLE MIRACLE" (95,444 dwt, 2014 Imabari - BWTS & Scrubber Fitted / ME Engine) came for sale in December and concluded at USD 24 mill to Greek buyers, marking the first reported eco Post-Panamax sale in 2023.

December proved to be a busy month in the Kamsarmax segment as the "PRESINGE TRADER" (81,115 dwt, 2016 Jiangsu New Hantong - BWTS Fitted / MC Engine) was reported sold for USD 25.5 mill to clients of W Marine. Note that the "PEDHOULAS CHERRY" (82,013 dwt, 2015 YZJ – BWTS & Scrubber Fitted / ME Engine) changed hands for USD 26.625 mill to clients of Pyxis Tankers in late November. The "PEAK DAWN" (81,902 dwt, 2013 Tsuneishi Zhoushan - BWTS Fitted / MC Engine) called for offers at the beginning of the month and achieved USD 23 mill from Chinese buyers, highlighting a firming in asset values when compared to the sale of the Ex "NORD SUN" (82,146 dwt, 2013 Tsuneishi Cebu – BWTS Fitted / MC Engine) at USD 21.6 mill to Greek buyers in late September.

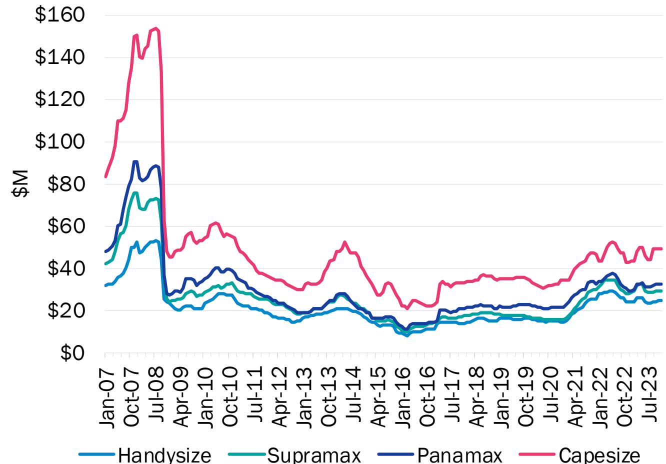
Clients of Fortune Ocean offloaded 4 x eco Ultramax units. Firstly, the "XING SHOU HAI" & "XING XI HAI" (60,500 dwt 2016/2017 Mitsui - BWTS Fitted) concluded at USD 28 mill each to Greek and Scandinavian buyers respectively, a firmer level than the sale of the Ex "SANTA FRANCESCA" (61,250 dwt, 2016 Shin Kasado – BWTS Fitted) in October for USD 26.5 mill to clients of Sealink Navigation. The "XING HAO HAI" & "XING HE HAI" (61,500 dwt, 2016 DACKS – BWTS Fitted) followed soon after, at USD 26 mill each to Chinese buyers.

Bulk Carrier Sales by Month



Source: SSY

Bulk Carrier Second-hand Prices



Source: SSY, 5 Yr-Old Vessels

In the Supramax market, the "DESERT RHAPSODY" (53,820 dwt, 2007 Taizhou Kouan - BWTS Fitted) found new ownership for USD 9.2 mill, a level broadly in line with the sale of the Ex "RHL CLARITA" (53,828 dwt, 2008 Chengxi – BWTS Fitted) for mid USD 9 mills in October to Chinese buyers, once accounting for the difference in age. Elsewhere, the "TR CROWN" (53,474 dwt, 2005 Imabari – BWTS Fitted) concluded at USD 10.3 mill to South Korean buyers, basis delivery in February-March 2024. Note that the sister vessel Ex "NAVDHENU PURNA" (53,940 dwt, 2005 Imabari – BWTS Fitted) sold for USD 8.5 mill to Chinese buyers in late November.

Concluding our drybulk news in the Handysize segment, the "GLOBAL HERO" (34,481 dwt, 2015 Hakodate - BWTS / Logs Fitted) invited interest was finalised at USD 17.25 mill, a level in line with the sale of the Ex "PING JING" (34,398 dwt, 2015 Namura – BWTS Fitted) at USD 17.2 mill last month to clients of Centinkaya Shipping. Elsewhere, the "SHINSUNG CLEVER" (37,084 dwt, 2014 Saiki – BWTS Fitted / OHBS) was committed at USD 18.2 mill basis her TC attached for 11-15 months at $7,500 p/d for the first 45 days, and $11,250 p/d thereafter.

Tankers

In the month's VLCC news the Ex "ATHENIAN FREEDOM" (319,063 dwt, 2013 HHI – BWTS & Scrubber Fitted / ME Engine) found new ownership for a second time to clients of Thenamaris at USD 73.5 mill.

Sale & Purchase

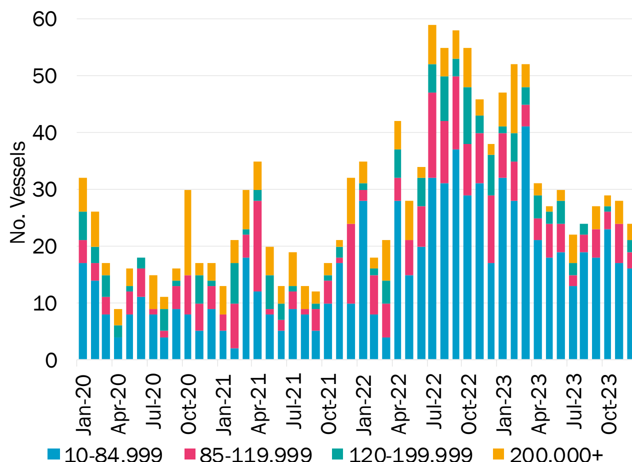
2H 2023 has been slow for the second-hand Suezmax market, with only 8 reported sales. Nevertheless, the "SERENEA" (158,583 dwt, 2009 HHI - Scrubber Fitted) was reported sold for shade below USD 46 mill. As a reference point, the Ex "RIDGEBURY JOHN ZIPSER" (164,772 dwt, 2009 Hyundai Samho – BWTS & Scrubber Fitted) changed hands in April for USD 45 mill to clients of Active Shipping.

The Aframax duo Ex "S-TREASURE" & "S-TRUST" (106,100 dwt, 2005 Hyundai Samho) achieved USD 65 mill in an enbloc deal, a firmer level than the sale of the Ex "SEASCOUT" (105,330 dwt, 2004 Hyundai Samho) in late May 2023 for USD 27 mill, after accounting for the difference in age.

In the LR segments, clients of Glencore offloaded three vessels in December. Firstly, the "ALPINE AQUALINA" (105,304 dwt, 2011 HHI, Epoxy - BWTS & Scrubber Fitted) found new ownership for USD 44.5 mill. Note that the Ex "FOS HAMILTON" (105,408 dwt, 2013 HHI, Epoxy – BWTS Fitted) was sold for USD 43.75 mill in November 2022. In addition, the same owners have also disposed of the LR1 duo "ALPINE PIONEER" & "ALPINE PEMBROKE" (74,500 dwt, 2011/2010 HMD, Epoxy – BWTS Fitted) for USD 65 mill enbloc to clients of Advantage Tankers. As a reference point, the Ex "AESOP" & Ex "SIENA" (74,600 dwt, 2012 HMD, Epoxy – BWTS Fitted) concluded at USD 35 mill each to clients of Naftomar in mid-October this year. Elsewhere, LR1 the "LEON APOLLON" (74,999 dwt, 2009 HMD, Epoxy - BWTS Fitted) concluded at USD 28 mill basis prompt delivery in Gibraltar, a figure at slightly softer levels than the sale of sister vessel the Ex "GULF CRYSTAL" (74,999 dwt, 2009 HMD, Epoxy – BWTS Fitted) for USD 29.5 mill back in late May to UAE-based buyers.

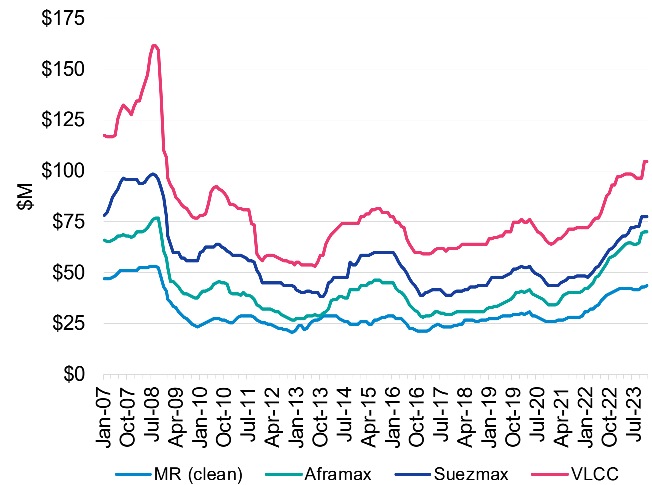
In the MR market, the "TRADEWIND ENERGY" (47,128 dwt, 2009 HMD, Epoxy – BWTS Fitted) achieved high USD 24 mills. In addition, the "CENTENNIAL MATSUYAMA" (47,165 dwt, 2008 Onomichi, Epoxy – BWTS Fitted / Cap 1) changed hands for USD 23 mill, a level broadly in-line with the sale of the Ex "VANDA" (48,056 dwt, 2009 Iwagi Zosen, Epoxy – BWTS Fitted) at USD 23.5 mill to clients of 7islands in early October.

Tanker Sales by Month



Source: SSY

Oil Tanker Secondhand Prices



Source: SSY, 5 Yr-Old Vessels

Demolition

Just 34 vessels (0.7 Mdwt) were sold for removal in December, formed of 4 tankers (0.4Mdwt) and 30 dry bulk vessels (0.3 Mdwt). Sales slowed towards the 3end of the year as the festive season approached.

As such, overall demolition sales for 2023 totalled 475 vessels compared to the 468 vessels sold in 2022. Whilst there is a marginal increase y-o-y in terms of deadweight the 12.7 Mdwt sold this year was 1.5 Mdwt less than 2022, highlighting how removals have been concentrated in the smaller vessel classes. The processes of larger has been difficult over the past year given the ongoing issues obtaining letters of credit from central banks in India and Pakistan.

Moving into the start of 2024, sales have remained slow as steel prices also faltered. Activity in Bangladesh is expected to be restrained in the near-term as the country undergoes their national election.

Sale & Purchase

Representative Bulk Carrier Sales December 2023

Name	DWT	Built	Yard	Gear	Remarks
Adventure	33,730	2011	Samjin		Region low $10m to undisclosed buyers
Global Hero	34,481	2015	Hakodate		Region $17.25m to undisclosed buyers BWTS & log fitted
Shinsung Clever	37,084	2014	Saiki		Region $18.2m to undisclosed buyers BWTS fitted OHBS TC attached
Clipper Copenhagen	37,852	2010	Jiangsu Eastern		Region $11.2m to undisclosed buyers BWTS fitted Ice 1C
TR Crown	53,474	2005	Imabari		Region $10.3m to South Korean buyers BWTS fitted delivery Feb-March
Desert Rhapsody	53,820	2007	Taizhou Kouan		Region $9.2m to undisclosed buyers BWTS fitted
Zhe Hai 169	57,000	2010	China Shipping		Region $11.7m to Chinese buyers BWTS fitted auction sale
Supra Oniki	57,022	2010	Qingshan		Reported sold excess $11m to undisclosed buyers BWTS fitted
Xing Xi Hai	60,500	2017	Mitsui		Region $29m to Scandinavian buyers BWTS fitted
Xing Shou Hai	60,500	2016	Mitsui		Region $28m to Greek buyers BWTS fitted
King Coal	76,361	2010	Oshima		Region $15.9m to Greek buyers BWTS fitted
Melodia	80,554	2013	JMU		Region $22m to undisclosed buyers BWTS fitted MC engine
Presinge Trader	81,115	2016	Jiangsu New Hantong		Region $25.5m to W Marine BWTS fitted
Peak Dawn	81,902	2013	Tsuneishi Zhoushan		Region $23m to undisclosed buyers BWTS fitted MC engine
IC Harvest	83,476	2010	Sanoyas		Region $17m to undisclosed buyers BWTS fitted
Ultra Tiger	83,611	2009	Sanoyas		Region low $16m's to undisclosed buyers BWTS fitted
Double Miracle	95,444	2014	Imabari		Region $24m to Greek buyers BWTS & scrubber fitted ME engine
Mineral Brugge	175,200	2011	New Times		
Mineral Detelbergen	175,200	2010	New Times		Region $61.85m 'en bloc' to undisclosed buyers
Mineral Temse	175,200	2010	New Times		
Iron Miracle	180,643	2011	Tsuneishi Cebu		Region high $26m's to Greek buyers BWTS fitted ME engine

Representative Tanker Sales December 2023

Name	DWT	Built	Yard	Features	Sold for/Remarks
Xing Hai Hua 728	17,204	2009	Zhejiang		Region low $8m to undisclosed buyers Epoxy Ice 1D
Rundemanen	34,614	2004	Kitanihon		Region $20.5m to undisclosed buyers StSt
Blue Trader	37,270	2005	HMD		Region $17.8m to Turkish buyers BWTS fitted Ice 1B
Alicudi M	40,083	2003	ShinA		Region $14.5m to Turkish buyers Epoxy phenolic
Centennial Matsuyama	47,165	2008	Onomichi		Region $23m to undisclosed buyers BWTS fitted Epoxy Cap 1
SCF Angara	50,956	2008	STX		Region $25m to undisclosed buyers BWTS fitted Ice 1A
Ex TTC Vidyut	73,948	2008	New Century		Region $24m to Spring Epoxy SS/DD due
Alpine Pioneer	74,500	2011	HMD		Region $65m 'en bloc' to undisclosed buyers BWTS fitted Epoxy
Alpine Pembroke	74,500	2010	HMD		
Leon Apollon	74,999	2009	HMD		Region $28m to undisclosed buyers BWTS fitted Epoxy prompt
Ipine Aqualina	105,304	2011	HHI		Region $44.5m to undisclosed buyers BWTS & scrubber fitted
S-Treasure	106,100	2005	Hyundai Samho		Region $65m 'en bloc' to undisclosed buyers
S-Trust	106,100	2005	Hyundai Samho		
Serenea	158,583	209	HHI		Region high $45m to undisclosed buyers scrubber fitted
Athenian Freedom	319,063	2013	HHI		

Indicative Sales for Demolition December 2023

Name	Type	DWT	LWT	Built	Remarks
Jin Hai Xi	Bulk	28,615	5,937	1995	Region $506 for delivery India
One Story	Bulk	45,406	7,775	1995	Reported sold for undisclosed price for delivery India included approx 225mt bunkers ROB
Devashree	Tank	7,849	2,650	2000	Region $480 for delivery India
Seas	tank	41,315	10,061	1992	Reported sold for undisclosed price for delivery India

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