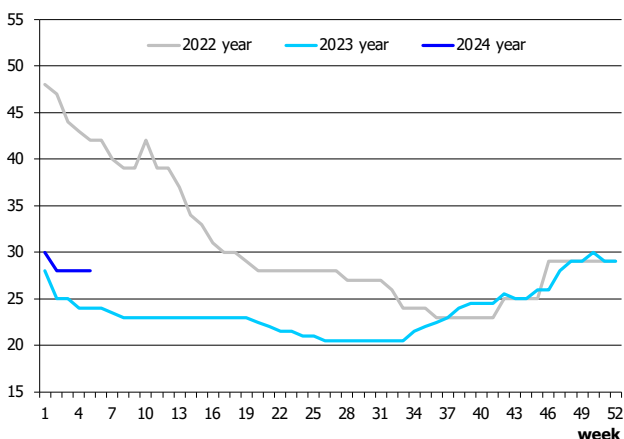


**Chartering market at hand:
coasters and minibulkers //
week 5**

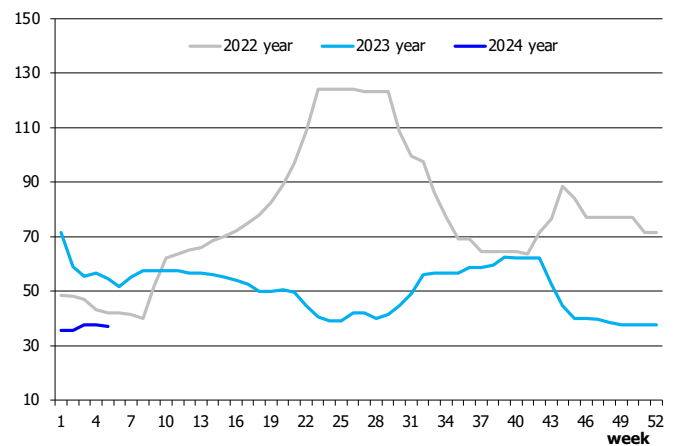
Small-tonnage traffic remains too slack to support owners

In contrast to the neighboring Handysize segment, there are no signs of recovery on the small-tonnage shipping market. «The market is dull, with lack of spot requests all across the Mediterranean and Black Seas», an EU broker commented. The market is only seeing relatively frequent offers of Ukrainian grain, Georgian urea and various Turkish and North African minerals. «We certainly see more fertilizer offers from EMed this week, but this hardly helps since there are almost no other cargoes around in Med,» a Turkish broker commented. The offer of steel products is very scarce; the same applies to European grains. The regional tonnage list certainly exceeds the number of cargo offers. As for the 1H February tonnage list, there are more than 140 vessels open in the Black Sea, more than 70 ships in the Marmara, about 35 in the Aegean Sea, more than 100 in EMed and more than 40 in WMed. Note that queues at Sulina remain short, which puts additional pressure on freight rates. In these circumstances, ship owners are unable to raise freight levels in the Black Sea and have to settle for the possibility to work at last done levels, which, frankly speaking, is not bad either as owners not always have an opportunity to earn 20-40% above the OPEX in February, as it happens

**Fertilizers, 4,000t, Klaipeda - ARAG
(2000x/2000x), \$/t**



**Wheat / corn, 5-6,000t, Reni / Izmail -
Alexandria (1250x/1250x), \$/t**



now. Thus, shipment of 5-7,000 t of wheat or corn from Reni or Odesa to Alexandria costs \$36-37/t, while rates for transportation of 5-6,000 t of steel from Novorossiysk to Marmara are hovering at \$19-19.5/t. In the Mediterranean Sea, ship owners are forced to make concessions (-\$0.5-1/t over the week). For instance, rates for transportation of 5-6,000 t of urea from EgyptMed to SpanMed have inched down to \$26-27/t.

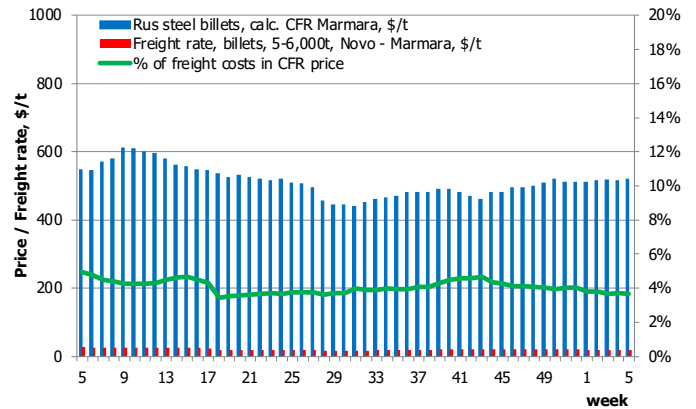
The downtrend continues also in the Azov Sea due to the unstable Turkish lira and a decline in wheat export prices. During the week, sea-river freight rates have sagged by \$3-4/t. Similar developments can be seen in the Caspian Sea, where slow cargo traffic allows charterers to cut rates despite still adverse ice conditions in the Volga-Caspian Canal.

The North European market expectedly remains quite positional. Most cargoes are still being shipped on the COA basis and off market, absorbing available vessels. Despite steadily dull cargo flow, the spot market is not showing any surplus of tonnage, which allows owners to keep freights at comfortable levels. However, charterers are increasingly entering the market with lower ideas,

checking ship owners' readiness to make concessions, including shipments from freezing ports.

There are no preconditions for higher activity and freight rates yet. Moreover, continuing decline in prices for Black Sea wheat and corn will hardly lead to an upturn in export volumes, but will definitely put pressure on the freight market. Demand for steel products remains weak in Mediterranean countries. Among factors positive for owners, we can note only a slight recovery of demand for Russian square billets in Turkey, as well as brisk sales of Egyptian urea, which, however, may slow down again very soon.

Russian steel billets: weight of freight in CFR Marmara price



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

