

# COASTER FREIGHT INDEX

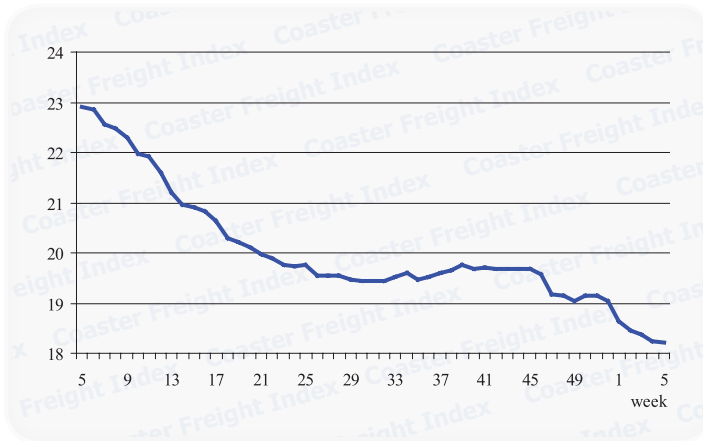
February 8, 2016



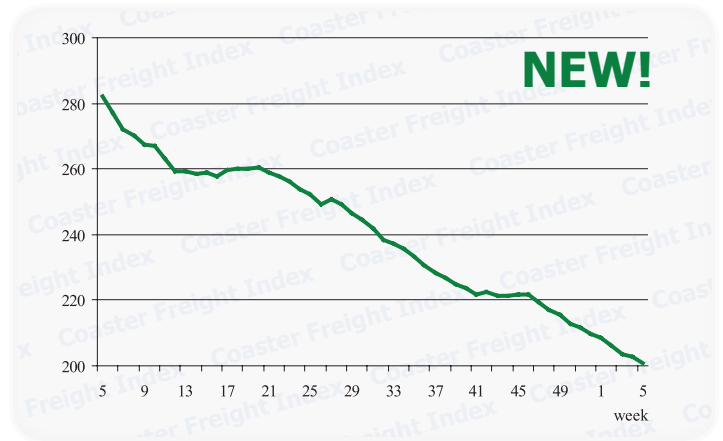
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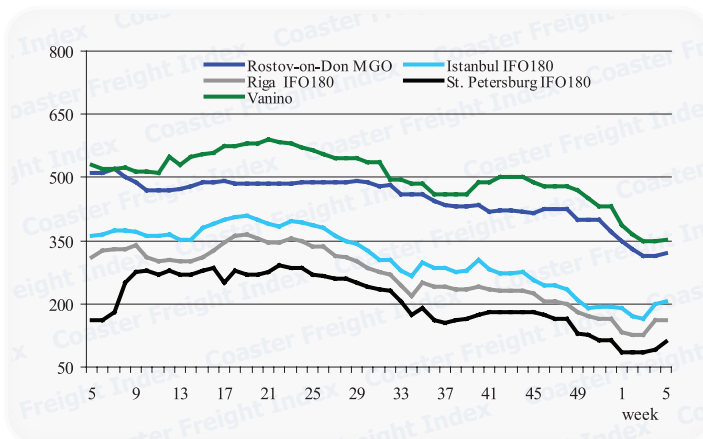
Global Coaster Freight Index, \$/t



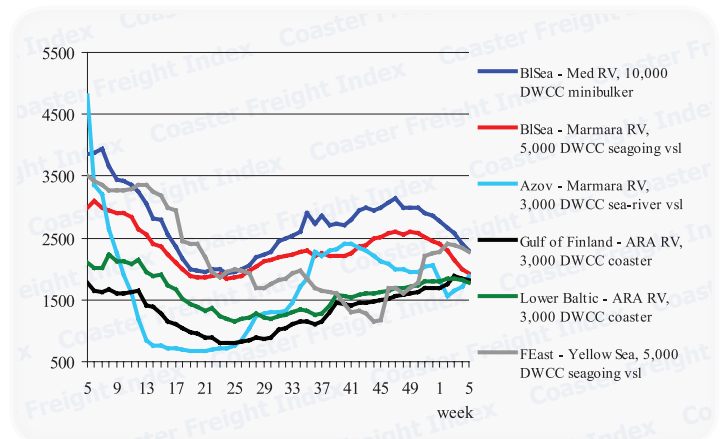
Global ISM Commodity Index (bss coaster market), \$/t



Bunker prices dynamics, \$/t



Average daily earnings, \$/day



Global CFI has declined by \$0.04/t (-0.2%) in early February. A steady decrease in Black Sea freight rates (\$0.57/t down over the week) and a slight drop in Baltic Sea shipping fees (\$0.06/t down for Gulf of Finland CFI and \$0.12/t down for Lower Baltic CFI) have been almost completely offset by growing Azov Sea freight rates (\$0.94/t up). Despite the fact that prices for marine fuel have stabilized this week, the average daily earnings for seagoing vessels keep falling in all basins. By contrast, the TCE for sea-river vessels has added another \$160/day on average in the Azov Sea region due to brisker shipments of grain.

Global Commodity Index has sagged by 2 points in early February, still sliding down for the fourteenth consecutive week, which does not add any optimism to the shipowners. The freight rates will hardly grow in the period from February 15 to early March amid falling export quotes for Ukrainian grain, as well as due to lower prices for steel scrap in Turkey and fertilizers worldwide.

**Commodity Indices were designed by ISM as tools to predict the freight level in a certain basin for the period of 3-4 weeks (given the correlation rate between Coaster Freight Indices and ISM Commodity Indices in all basins amounts to 0.7-0.8 considering 3-4 weeks lag). ISM Commodity Indices are the weighted average of export prices for main types of dry cargoes such as grains, steels, pig iron, scrap, coal, fertilizers, raw materials etc.**

## Coaster freight rates on main trade routes

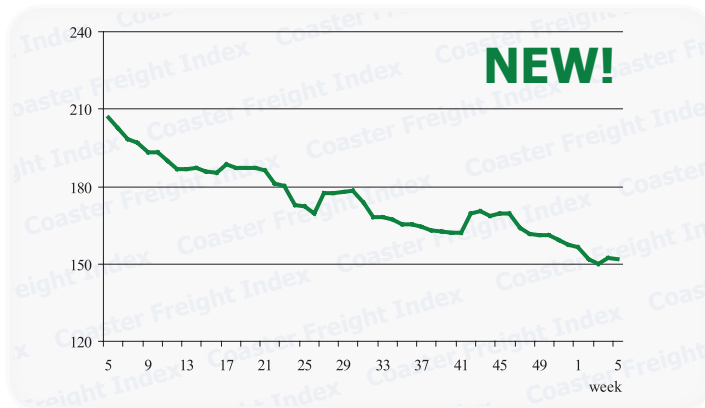
Cargo	Lot	Loading port	Country	Discharging port	Country	Given load rate	Given disch rate	Rate, \$/tonne	w-o-w	TCE (+ 100% ballast), \$/day
steel products	10,000t	Nikolayev	Ukraine	Damietta	Egypt	3000c	2000x	15-16	-0.5	2200
steel products	5,000t	Novorossiysk	Russia	Rhades	Tunisia	2000c	1250x	21	-1	2000
steel products	5,000t	Marmara Sea ports	Turkey	Alexandria	Egypt	1500x	1250x	12-13	=	1880
steel products	5,000t	Oktyabrsk	Ukraine	Marmara	Turkey	2000c	1500x	13-14	-0.25	1920
steel products	3,000t	St. Petersburg	Russia	ARAG	Netherlands / Belgium	1500c	1750x	€18-19	=	1900
aluminium	6,000t	Nakhodka / Vladivostok	Russia	Ulsan	South Korea	cqd	cqd	10	=	1880
pig iron	5,000t	Riga	Latvia	ARAG	Netherlands / Belgium	2500c	2500x	€15	=	2650
scrap (sf 56-58`)	2,700t	Rostov-on-Don	Russia	Nemrut Bay	Turkey	900x	900x	28-29	+1	2120
coal	7,000t	Tuapse	Russia	Marmara Sea ports	Turkey	4000c	2500x	9-10	=	2110
coal	5,000t	Vanino	Russia	Busan	South Korea	2500c	2000c	13	=	2840

Cargo	Lot	Loading port	Country	Discharging port	Country	Given load rate	Given disch rate	Rate, \$/tonne	w-o-w	TCE (+ 100% ballast), \$/day
coal	3-5,000t	Azov	Russia	Samsun	Turkey	2000c	2000x	15-16	+0.5	2370
fertilizers	4,000t	Klaipeda	Lithuania	Northern ports	Spain	2000c	2000x	€22	-1	2250
urea (sf 50`)	6,500t	Yuzhny	Ukraine	Ravenna	Italy	4000c	3500x	18	-1	2080
wheat (sf 46-47`)	3,000t	Klaipeda	Lithuania	ARAG	Netherlands / Belgium	1500c	1500x	€17-18	-1	2250
wheat (sf 46-47`)	3,000t	Azov	Russia	Black Sea ports	Turkey	1000x	1000x	19-20	+1.25	2100
maize (sf 49-50`)	3,000t	Nikolayev	Ukraine	Marmara	Turkey	1250x	1250x	15.5-16	-0.75	1670
saw log	4,000m <sup>3</sup>	Vanino	Russia	Taicang	China	1000c	1250c	20	=	2860
cement in big bags	7,000t	Antalya	Turkey	Al-Khums	Libya	2250c	750x	14-15	=	2010
cement in big bags	7,000t	Setubal	Portugal	Algiers	Algeria	2500x	750x	€17	=	3080

L/D rates as per standard practices in ports. Terms FIOS 1/1;  
\* - per m<sup>3</sup>.

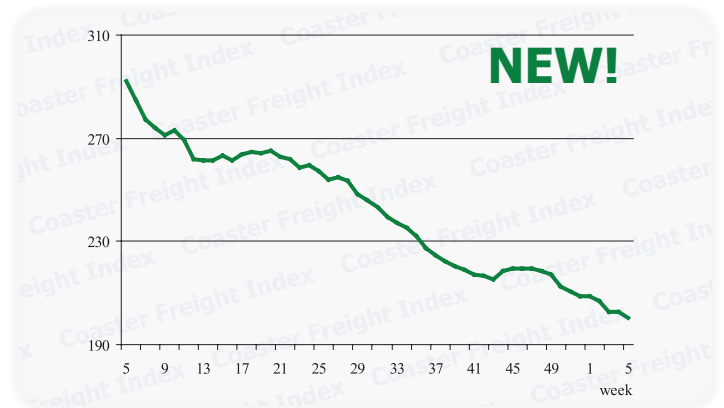
## Mediterranean Region

ISM Azov Sea Commodity Index (bss sea-river market)

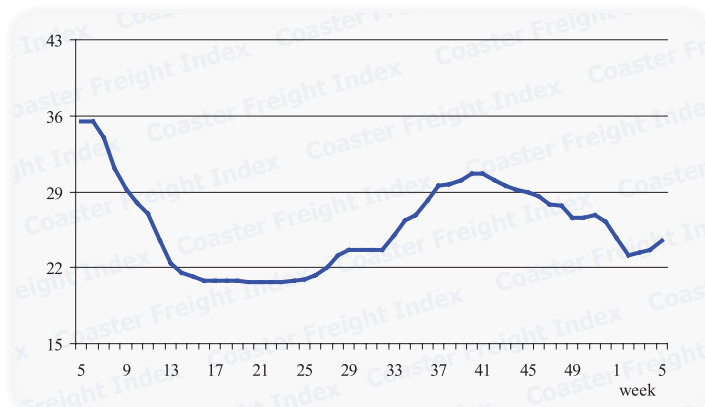


Azov Sea CFI

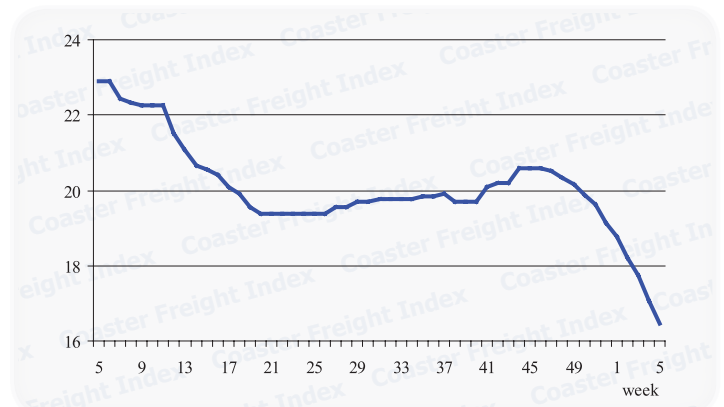
ISM BISEA Commodity Index (bss coaster market)



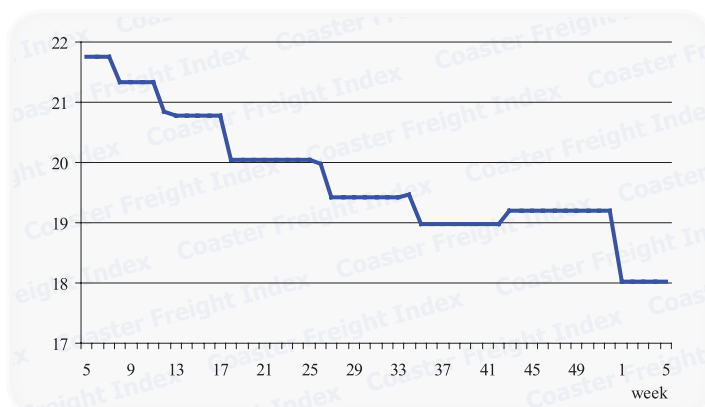
BISEA CFI



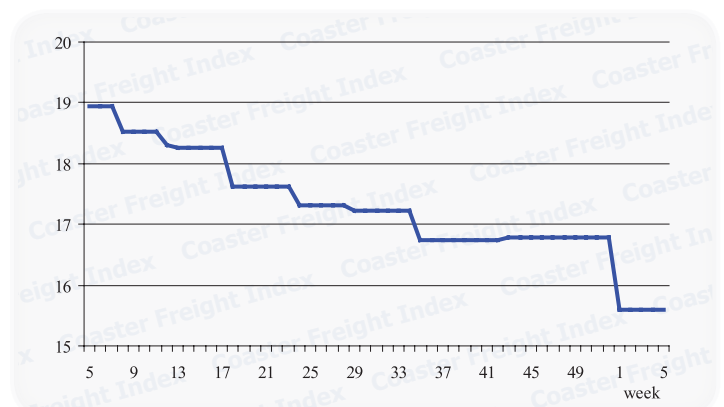
EMed CFI



WMed CFI

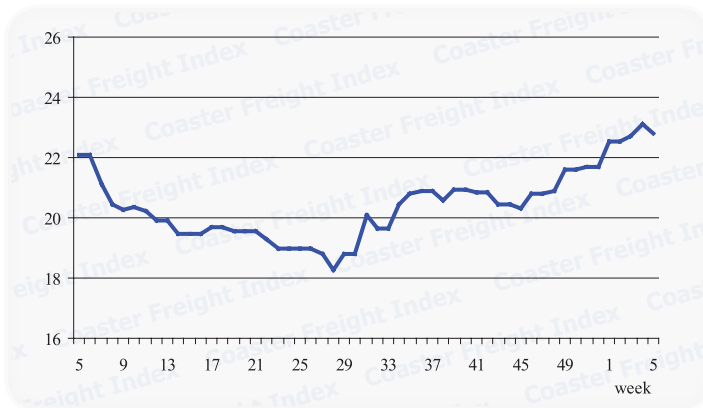


Azov Sea CFI

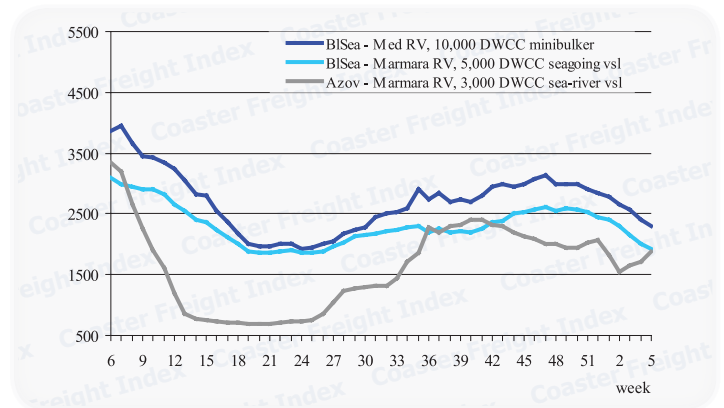


BISEA CFI

Caspian Sea CFI



Average daily earnings bss round voyage (100% backhaul in ballast)



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

Route	Current TCE, \$/day	w-o-w
BISea - Med RV, minibulker 10,000 DWCC	2300	-100
BISea - Marmara RV, seagoing vsl 5,000 DWCC	1920	-80
BISea - Marmara RV, seagoing vsl 3,000 DWCC	1550	-50
Azov Sea - Marmara RV, sea-river vsl 3,000 DWCC	1880	+160
Marmara - EMed RV, seagoing vsl 3,000 DWCC	1400	-20
Marmara - EMed RV, seagoing vsl 5,000 DWCC	1620	-30
Inter-WMed RV (Iberian peninsula - N. Afr RV), seagoing vsl 5,000 DWCC	2250	-30

The freight rates for cargo transportation from the Russian **Azov Sea** shallow ports have been going up since mid-January. The demand for sea-river fleet is supported by gradually increasing shipments of grain. The number of available vessels is rather small in the spot market. Shipments of steel scrap are quite active, while those of coal are rare. At present, the shipowners are trying to get at least \$23/t for transportation of 3,000 t of wheat from Azov to the Marmara Sea, though most bids are still made at \$21.5-22.5/t. A 3,000 t lot of wheat from Azov to Samsun has been fixed at \$20/t. A similar lot of bran is exported from Rostov to the Marmara Sea at \$24/t. The charterers are ready to pay \$13-14/t to have 3,000 t of grain shipped from Temryuk to the Marmara Sea, focusing on sea-going vessels. Carrying 2,5-3,000 t of scrap from Rostov to the Marmara Sea is now estimated at \$26/t.

The **Black Sea** freight market remains extremely soft. The charterers are trying to lower the freight rates amid an acute surplus of available tonnage. A steady increase in prices for gas oil and IFO (another \$10-20/t up over the week) worsens the situation for local shipowners further.

At present, the transportation of 10,000 t of wheat from Mariupol to Alexandria is charged at \$15-16/t. Meanwhile, a similar lot of grain is exported from Berdyansk to Israel at \$17/t, from Nikolayev to the ARA ports at \$25/t. The charterers offer \$18/t for carrying 5,000 t of wheat from Mariupol to western Greece, while the shipowners are ready to sign such deals at \$20/t with ice dues paid on their account. A contract for transportation of 5,000 t of maize from Nikolayev to the Adriatic Sea is reportedly negotiated at \$19/t. A similar lot of meals (sf 55<sup>+</sup>) is exported from Ilyichevsk to the eastern Mediterranean at \$19/t. Carrying 3,000 t of maize from Constanta to southern Italy with rather high l/d rates may cost \$20/t. A 3-4,000 t lot of grain is offered for transportation from Kherson to Samsun only at \$12.5/t and to the Marmara Sea at \$13.5/t. An about 2,000 dwt vessel delivers a small lot of agricultural products from Kherson to the Marmara Sea at \$33k bss lumpsum. The shippers are ready to pay \$30/t to have 6,000 t of maize exported from Ukraine to Jordan. A 6,000 t lot of grain is offered for transportation from Sevastopol to Lebanon at \$17-18/t, though the shipowners insist on \$24-25/t (most probably realizing the fact that operations from Sevastopol may cause serious problems in future when they decide to work from Ukrainian ports, as Ukraine applies sanctions towards the vessels carrying cargoes from the ports of Crimea).

The charterers offer \$14.5/t for carrying 10,000 t of pig iron from Mariupol to the Mediterranean ports of Turkey. The transportation of 8-10,000 t of steel products from Novorossiysk to the Marmara Sea is negotiated at \$8-9/t. It may cost \$10/t to have 10,000 t of billets moved from the Azov Sea to the Marmara Sea. A spot contract for transportation of 6,000 t of steel as a part-cargo from Georgia to Alexandria has been concluded at \$11/t, which can be called a quite successful deal for charterers, as, according to ISM, carrying a similar lot of steel as a sole-cargo may cost at least \$16-17/t at the moment. According to brokers, a 3,000 t lot of steel is offered for transportation from Mariupol to the Marmara Sea at \$18/t (ice dues paid by the shipowner). Carrying steel scrap by a Volga-Balt vessel from Nikolayev to the Marmara Sea is now estimated at \$50k bss lumpsum (ice dues paid by the shipowner).

The charterers voice their freight ideas for transportation of 3,000 t of fertilizers from Nikolayev to Nemrut Bay at \$14-15/t. A 7-8,000 t lot of fertilizers is exported from the same port to Iskenderun at \$15-16/t.

The Black Sea freight market will most likely stabilize next week, as most market participants believe that the rates have already reached the bottom. It is worth noting that the round-voyage TCE for the majority of deals is now by \$100-400/day lower than the OPEX.

The freight rates may inch up further in the Azov Sea shallow ports if the demand for small-tonnage fleet remains strong in the spot market.

The situation remains unfavorable for the shipowners in the **Mediterranean Sea** transportation market this week. As before, the freight traffic in the region is supported only by occasional shipments of Turkish cement to Libya, as well as by exports of steel products from Italy and Turkey to North Africa, and rarely from Spain on the above route.

The freight rates still stand at the level of early January. According to market participants, 5-6,000 t of cement are offered for transportation from Iskenderun to Tobruk at \$12-13/t, while the shipowners are aiming at the rates of \$15-16/t. A charterer is reportedly trying to ship 4-5,000 t of cement from Antalya to Libya at \$16/t. A 3,000 t lot of cement from Damietta to Rostov has been fixed at \$18/t (ice dues paid by the shipowner). A charterer is ready to pay \$14/t to have 2-2,500 t of marble blocks carried from the Marmara Sea ports to southern Greece. The transportation of 5,000 t of steel products from Iskenderun to Damietta is charged at \$8-9/t. Carrying 3,000 t of steel from Barcelona to Algeria is quoted by brokers at \$16-17/t. A 5,000 t lot of steel is exported from the same port to the Marmara Sea at \$15-16/t. A 8,000 t lot of wheat is offered for shipment from eastern Greece to the Adriatic ports of Italy only at \$8/t.

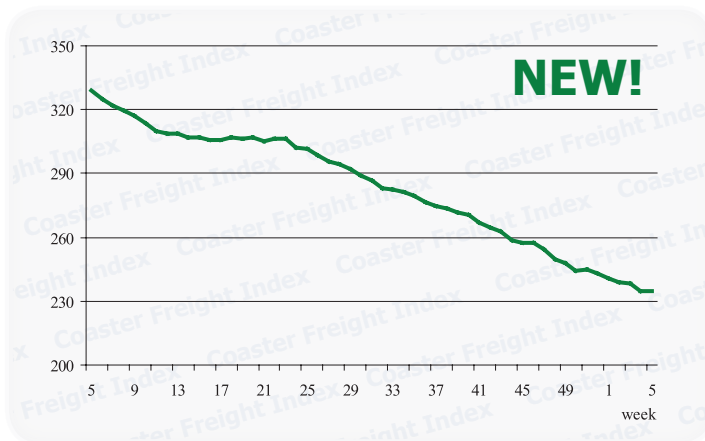
The Mediterranean Sea freight market is expected to remain in a sluggish state in the first half of February.

The trade has slowed down slightly in the **Caspian Sea** freight market in early February. The offer of Russian grain stays very slack. Steel products are now the major cargo exported from Astrakhan ports. Meanwhile, the number of open carriers remains small in the spot market. A 3,000 t lot of steel products is carried from Astrakhan to Anzali at \$22-23/t. The costs of grain transportation from Astrakhan to Iran have sagged to \$31-33/t.

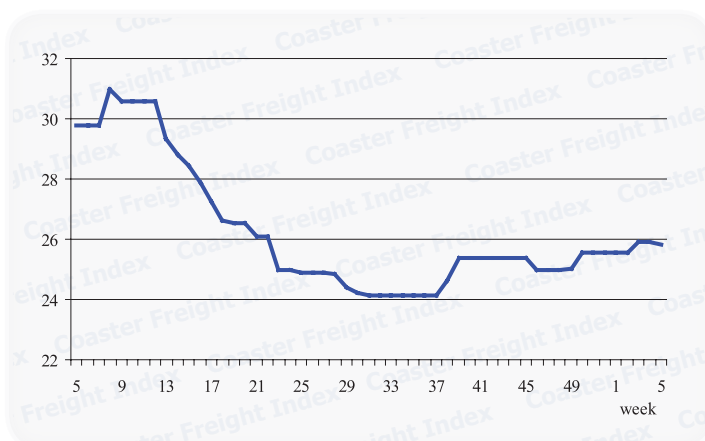
Shipments of grain from Aktau are quite active, and there are queues of vessels standing idle until being loaded. Carrying 3-5,000 t of grain from Aktau to Amirabad is estimated at \$18-20/t.

## Baltic and North Seas

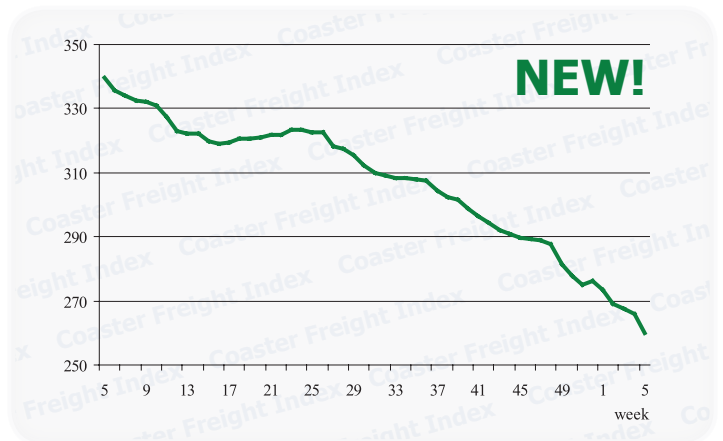
ISM Gulf of Finland Commodity Index (bss coaster market)



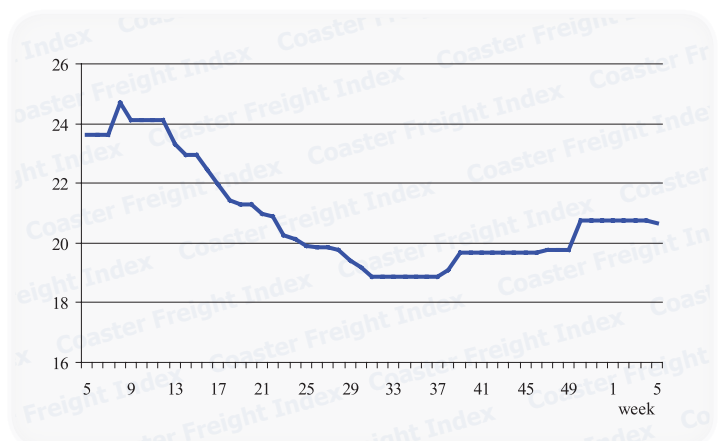
Gulf of Finland CFI



ISM Lower Baltic Commodity Index (bss coaster market)



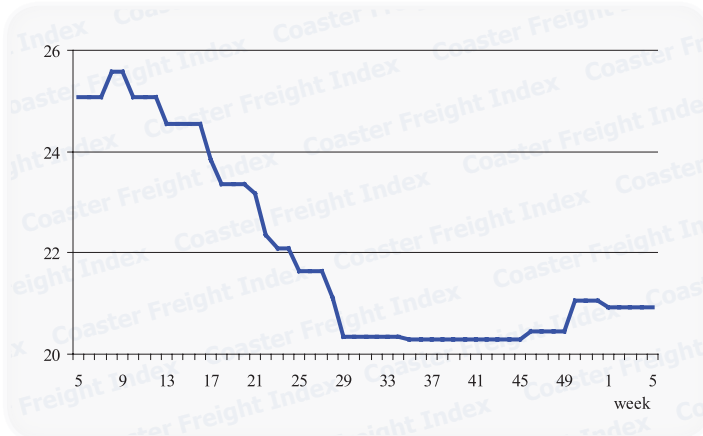
Lower Baltic CFI



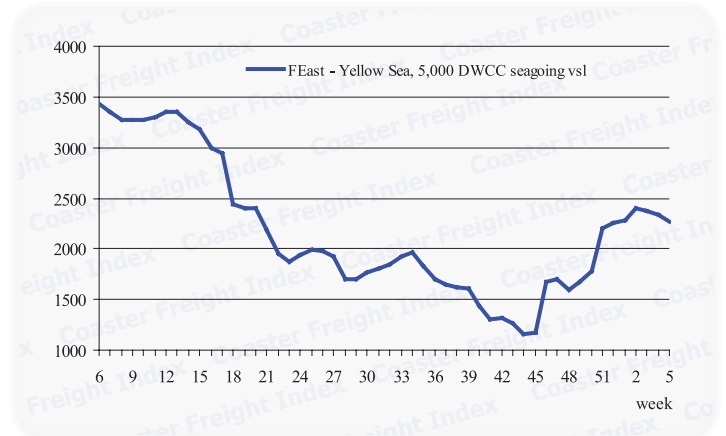
Average round voyage TCE (given backhaul leg in ballast), \$/day

Route	Current TCE, \$/day	w-o-w
Gulf of Finland - ARAG RV, coaster 3,000 DWCC	1810	-30
Lower Baltic - ARAG RV, coaster 3,000 DWCC	1770	-50

North Sea CFI



Average daily earnings bss round voyage (100% backhaul in ballast)



The small-tonnage traffic volume remains rather small in the **Baltic and North Seas**. Shipments of agricultural products, fertilizers, steel products and ferrous raw materials from the regional ports are occasional. In most cases, a charterer can easily find an available vessel in the spot market.

The icebreaker assistance in the Russian Gulf of Finland ports is provided in normal mode without downtimes. The tightening of restrictions on vessel ice class has been postponed approximately by February 24 due to slower pace of ice formation.

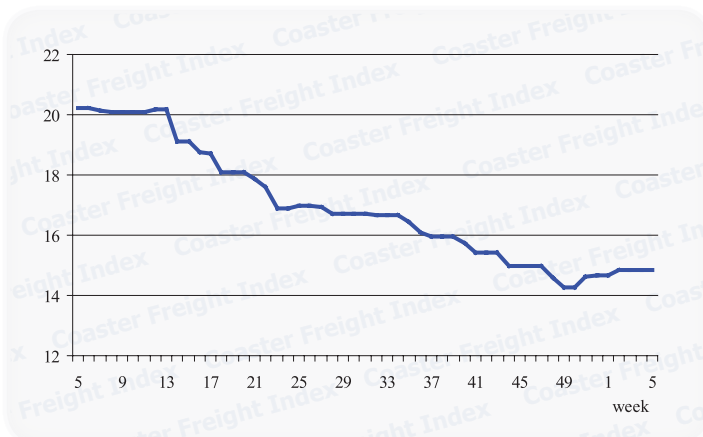
The shipowners operating from the freezing ports of the region are stating their freight ideas, referring to ice restrictions. Meanwhile, the charterers still manage to agree the rates for spot shipments from the southern Baltic ports by €0.5-1/t lower compared to the average level.

So, carrying 5,000 t of fertilizers from Vyborg to Ireland is estimated at €25.5/t. A 3,000 t lot of urea can be exported from Riga to Szczecin at €13-14/t. It may cost €10/t to have 4,000 t of rebar transported from Kaliningrad to Wismar. A charterer is ready to pay €28/t for carrying 3,000 t of ferrous scrap (sf 66`) from Poland to Portugal. A 3,500 t lot of agricultural products (sf 54`) is moved from Riga to the ARA ports at €17/t. The transportation of 4,000 t of wheat from Liepaja to northern Spain is negotiated at €17/t. A 5,500 t lot of aggregates is exported from Norway to Klaipeda at €5.5/t.

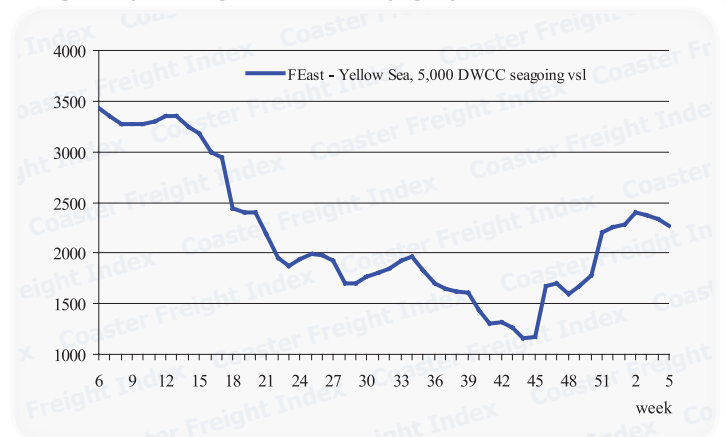
Major market players put their hopes on brisker cargo traffic in mid-February. However, ISM analysts see no amelioration signs in the market so far.

## Far East

Far East CFI



Average daily earnings bss round voyage (100% backhaul in ballast)



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

Route	Current TCE, \$/day	w-o-w
Russian FEast - Yellow Sea RV, seagoing vsl 5,000 DWCC	2270	-60

The **Far Eastern** freight market can be called soft in early February. The offer of spot cargoes remains limited in the region. Shipments of timber in such lots are the most frequent, while those of ferrous scrap, aluminium and coal are few.

The costs of cargo transportation on the main routes have stayed at the level of last week. The shipping fees for 4,000 cu m of saw logs from Kholmsk to Dafeng are voiced by brokers at \$22-23/cu m. Carrying a similar lot of saw logs from Vanino to Incheon is estimated at \$21-22/cu m. The transportation of 5,000 t of steel scrap from Vladivostok to Pohang with February 10-15 laycan dates is negotiated at \$17/t. A 10-15,000 t lot of coal is exported from Vostochny to northern China at about \$8/t, to Southeast Asia at \$12/t.

Next week, the trade is predicted to fall to the minimum in the Far Eastern shipping market amid the New Year holidays in China. Moreover, South Korean companies will also leave the market for holidays in February 6-10. The freight rates will most likely hold steady.

Please check the following links to get more information on cargo shipping costs:

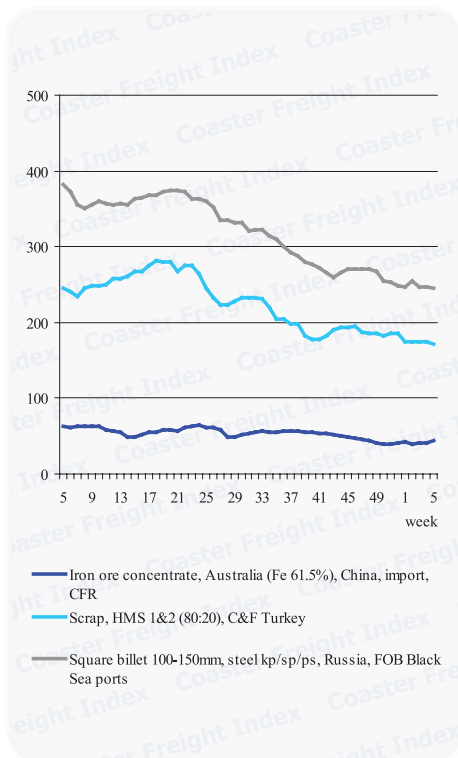
[steel products](#), [non-ferrous metals](#), [ferrous raw materials](#), [coal](#), [fertilizers and chemicals](#), [agricultural cargoes](#), [timber](#) and [construction cargoes](#).

Please click [here](#) for bunker prices.

## Time-charter period indicative rates for coasters and sea-river vessels bss 3-6 months // week 5

Type of ship	Rate, \$/day	w-o-w
<b>Mediterranean &amp; Azov-Black Sea basins</b>		
Sormovskiy / Volgo-Balt	2300 - 2500	=
Volgo-Don	2700 - 3100	=
Volga	3000 - 3400	=
seagoing vessels, 3-4,000 DWT	2100 - 2400	=
seagoing vessels, 5-7,000 DWT	2400 - 2900	=
<b>Baltic and North Seas</b>		
coasters, 3,5-4,000 DWT	€2100 - 2500	=
coasters, 5-6,000 DWT	€2700 - 3000	=
<b>Far East</b>		
Sormovskiy	1800 - 1900	=
seagoing vessels, 5-6,000 DWT	2300 - 2500	=

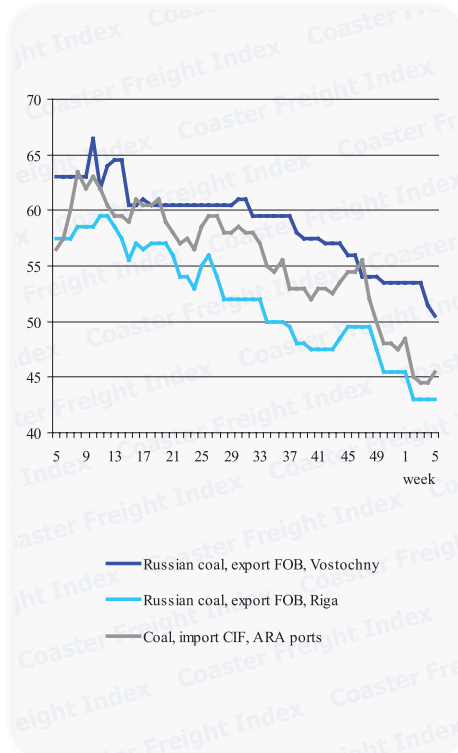
## Export prices for major ferrous raw materials and steel products // week 5



	February 5	January 29	w-o-w
<b>Iron ore fines, \$/tonne</b>			
Brazil (Fe 64%), C&F China	46	42 - 43*	+3.5
Australia (Fe 61.5%), C&F China	41 - 46	41 - 42	+2
Australia (Fe 58%), C&F China	40	37*	+3
<b>Steel scrap, \$/tonne</b>			
Russia, 3A, FOB Baltic Sea	157 - 159*	162 - 164*	-5
Russia, 3A, FOB Far East	147 - 151*	152 - 156	-5
Russia, 3A, FOB Black / Azov Sea	142 - 151*	147 - 156*	-5
Turkey, HMS 1&2 (80:20), C&F	166 - 176	170 - 180	-4
Japan, HMS 2, FOB	140 - 150	139	+6
<b>Pig iron, \$/tonne</b>			
Russia, FOB Black / Baltic Sea	175 - 190	-	-
Ukraine, FOB Black Sea	175 - 190	-	-
<b>Square billet, \$/tonne</b>			
Russia, FOB Black Sea	245	245 - 250	-2.5
Russia, FOB Far East	245	245	=
Ukraine, FOB Black / Azov Sea	245 - 250	245 - 250	=
China, FOB	240	240	=
<b>Cast slabs, \$/tonne</b>			
Russia, FOB Black / Baltic Sea	225 - 235	215 - 220	+12.5
Russia, FOB Far East	225 - 230	225 - 230	=
<b>Hot-rolled coil, \$/tonne</b>			
Ukraine, FOB Black / Azov Sea	255	255	=
Russia, FOB Black Sea	255	255 - 260	-2.5
Russia, FOB Baltic Sea	250 - 255	-	-
Russia, FOB Astrakhan	265	260 - 265	+2.5
China, FOB	280 - 285	280 - 285	=
<b>Rebar, \$/tonne</b>			
Ukraine (12-25 mm), FOB Black Sea	280 - 285	280 - 285*	=
Turkey (8-32 mm), FOB Mediterranean Sea	320 - 325	320 - 330	-2.5
China (16-25 mm), FOB southern ports	-	260 - 270	-

\* - ISM estimates

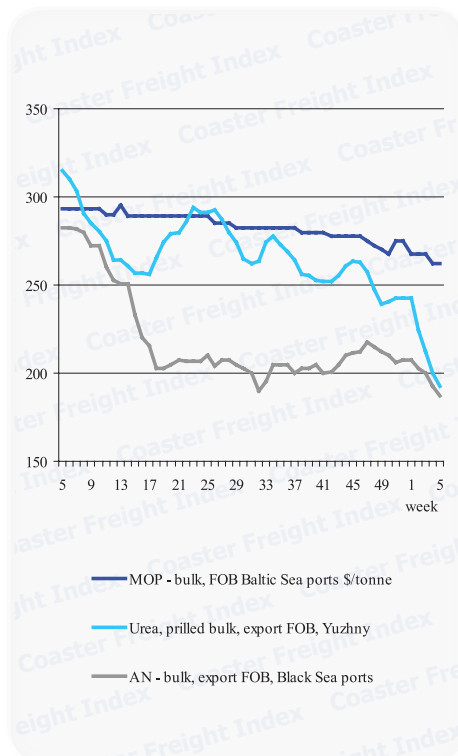
## Coal export and import prices // week 5



	February 5	January 29	w-o-w
<b>Thermal coal, \$/tonne export*</b>			
Russian coal, FOB Riga	42 - 44	42 - 44	=
Russian coal, FOB Vostochny	47 - 54	49 - 54	-1
South Africa, FOB Richards Bay	52 - 54	51 - 54	+0.5
Australia, FOB Newcastle	49 - 54	49 - 51	+1.5
<b>import</b>			
Europe*, CIF ARA	45 - 46	44 - 45	+1
Japan*, CIF East Coast of Japan	53	54	-1
China**, C&F northern ports	43 - 44	43 - 44	=
India**, C&F East / West Coast	47 - 48	45 - 46	+2
<b>Coking coal, \$/tonne export</b>			
Australia, FOB Gladstone	74 - 76	76 - 77	-1.5
Canada, FOB Vancouver	63 - 67	67 - 69	-3
USA, FOB Norfolk	77 - 80	85 - 90	-9
Russian coal***, DAF Ukraine	86 - 94	86 - 94	=
<b>import</b>			
China***, C&F northern ports	70 - 71	70 - 71	=

\* - 6000-6300 kcal/kg coal  
 \*\* - 5500 kcal/kg coal  
 \*\*\* - coal of rank K and Zh

## Mineral fertilizers export and import prices in basic ports // week 5



	February 5	January 29	w-o-w
<b>Urea - prilled bulk (spot), \$/tonne</b>			
FOB Black sea	190 - 195	200	-7.5
FOB Baltic Sea	180 - 190	193 - 195	-9
FOB Middle East	205 - 228	205 - 228	=
FOB China	190 - 200	190 - 200	=
CFR Brazil*	210 - 220	222 - 227	-9.5
<b>AN - bulk (spot), \$/tonne</b>			
FOB Black Sea/Baltic Sea	185 - 190	190 - 195	-5
CFR Turkey*	195 - 205	200 - 210	-5
<b>AS - bulk (spot), \$/tonne</b>			
(white) FOB Yuzhny*	135 - 137	135 - 137	=
(standard) FOB Kherson*	105 - 110	105 - 110	=
<b>UAN - 32% (spot), \$/tonne</b>			
FOB Baltic/Black Sea*	130 - 135	130 - 140	-2.5
CFR US East Coast*	170 - 180	170 - 180	=
<b>DAP - bulk (spot), \$/tonne</b>			
FOB Baltic/Black Sea	330 - 350	345 - 360	-12.5
FOB Morocco	380	395 - 425	-30
CFR India	380 - 395	380 - 395	=
<b>MAP - bulk (spot), \$/tonne</b>			
FOB Baltic/Black Sea*	330 - 350	345 - 360	-12.5
CFR Brazil*	330 - 345	360 - 365	-25
<b>Ammonia (spot/contract), \$/tonne</b>			
FOB Yuzhny (spot)	250 - 270	250 - 270	=
FOB Baltic Sea (spot)	290 - 300	290 - 300	=



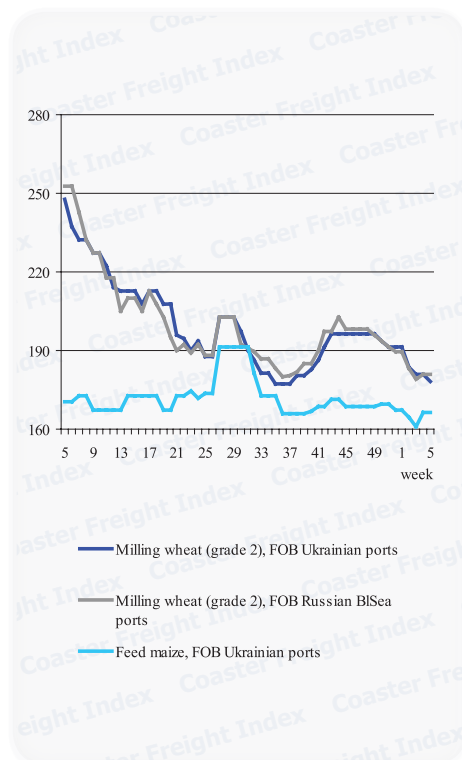
	February 5	January 29	w-o-w
CFR Tampa/US Gulf	310	310	=
<b>MOP - bulk (spot/contract), \$/tonne</b>			
FOB Baltic Sea (standard)*	255 - 270	255 - 270	=
FOB Baltic Sea (granular)*	235 - 275	235 - 275	=
CFR Brazil (granular)	250 - 260	250 - 260	=
CFR China (contract, standard)	315	315	=
CFR India (contract, standard)**	317	317	=
CFR Southeast Asia (standard)	285 - 300	285 - 300	=
<b>NPK 16-16-16 - bulk (spot), \$/tonne</b>			
FOB Black/Baltic Sea*	280 - 315	300 - 315	-10
<b>Sulphur - dry bulk (spot), \$/tonne</b>			
FOB Black Sea (spot/contract)*	90 - 100	90 - 100	=
FOB Vancouver*	105 - 115	105 - 115	=
FOB Middle East	110 - 120	110 - 120	=
CFR China	120 - 130	120 - 130	=

\* - reference price

\*\* - price with a 180-day credit

\*\*\* - no recent deals

## Grain export prices // week 5



Export prices for grain, (\$/tonne)\*

	February 5	January 29	w-o-w
<b>Russia</b>			
Milling wheat grade 2, FOB Black Sea ports	180 - 182	180 - 182	=
Milling wheat grade 2, FOB Azov Sea ports	150 - 155	150 - 155	=
Feed barley, FOB Black Sea ports	170 - 175	170 - 175	=
Feed barley, FOB Azov Sea ports	153 - 157	153 - 157	=
Feed maize, FOB Black Sea ports	160 - 165	160 - 165	=
Feed maize, FOB Azov Sea ports	137 - 143	137 - 143	=
<b>Ukraine</b>			
Milling wheat grade 2, FOB	176 - 180	180 - 182	-3
Milling wheat grade 3, FOB	172 - 175	174 - 177	-2
Feed wheat, FOB	165 - 170	170 - 175	-5
Feed barley, FOB	162 - 165	170 - 172	-7.5
Feed maize, FOB	165 - 168	165 - 168	=
<b>Kazakhstan</b>			
Wheat grade 3, FOB Aktau port	165 - 180	165 - 185	-2.5
Wheat grade 3, DAP Saryagash	160 - 175	160 - 175	=
Wheat grade 3, DAP Dina Nurpeisova	145 - 150	145 - 150	=
Feed barley, FOB Aktau port	165 - 180	165 - 185	-2.5
Feed barley, DAP Saryagash	150 - 160	155 - 165	-5
<b>Europe</b>			
Milling wheat 76/220/11, FOB Rouen	170 - 172	175 - 178	-5.5
Milling wheat, FOB Germany	180 - 182	180 - 182	=
Feed barley, FOB Hamburg / Rostock	170 - 177	170 - 174	+1.5
Feed barley, FOB Rouen / La Pallice	165 - 170	162 - 168	+2.5
Feed maize, FOB southern ports of France	165 - 169	165 - 169	=
<b>USA</b>			
Milling wheat HRW (FOB US Gulf)	211	213	-2
Milling wheat SRW (FOB US Gulf)	199	199	=
Feed maize (FOB US Gulf)	172	172	=