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Cape rates crack \$40,000 a day, doubling in the space of one week

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Seenergy

Capesize rates have been on charge since last Friday, notching up daily raises not seen in years.

Average cape spot rates leaped by another \$7,410 yesterday according to the Baltic Exchange, and have now more than doubled in the space of one week to \$41,796.

“Consistently strong volumes over the past three weeks in the long-haul Atlantic trades have tightened vessel capacity and rates have broken out to their latest highs,” stated Jefferies in a note to clients yesterday.

Analysts at Signal, meanwhile, have picked up on the number of capes suffering from congestion has increased in recent weeks to number around 120 ships.

A recent report from Arrow suggested the drivers behind the recent push look similar to those that brought cape earnings over \$30,000 about a month ago – a sharp fall in tonnage supply in the Atlantic, robust West Africa bauxite shipments and healthy iron ore volumes out of Brazil.

“Capesize demand, measured in tonne-miles, has been pretty healthy so far, rising by around 4% on average this year. Current dwt-miles are also above seasonal norms,” Arrow noted.

Xclusiv Shipbrokers, meanwhile, pointed to Beijing’s efforts to boost its economy with liquidity injections, by accelerating the issuance of bonds, as one of the reasons for the rally as well as the gigantic queues of ships witnessed outside South Africa’s ailing main bulk export terminals this month.

Over at Shipfix, analysts pointed to the increased shipments of coal. Since the middle of October, weekly cargo order volumes for coal have increased by nearly 150% to 2.7 m tonnes.