WEEKLY MARKET REPORT

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10th January 2020

Bulk report – Week 2

Capesize

Closing out the first full trading week of 2020, the Capesize market is struggling to gain any solid positive upward traction. Opening the week at $10,825, the Capesize 5TC fell away to $9,020, before staging a small rally to close Friday at $9,438. The Pacific Basin fared much worse than the Atlantic, voyage rates were under strong pressure earlier on, with owners coming close to zero on earnings. Geopolitical troubles in the Middle East kept fuel prices strong adding to the cost woes for owners in this post-IMO 2020 era. High very low sulphur fuel spreads now range north of $300 in Singapore. Rates for transatlantic routes were seen to hold up better with tonnage to cargo ratios at healthier levels, the C8 ending the week at $14,500. Backhaul C16 was seen to take continual losses throughout the week closing Friday at -$4,000 as owners look to invest in re-positioning their vessel into the Atlantic.

Panamax

An active week with healthy volumes of fixing, particularly in the Atlantic, with East Coast South America grain demand for end January/beginning February shipment dates supporting the market here. There was limited transatlantic activity, but at the start of the week an 82,000dwt ship was able to achieve $12,000 for a trip via the Baltic to the Continent. On longer duration trips, an 82,000dwt vessel agreed $14,000 delivery North Coast South America for a transatlantic round. The highlight from East Coast South America to the Far East was a very nicely described 82,000dwt ship achieving $14,750 plus $475,000 ballast bonus. Conversely at the lower-end, a similar sized ship only achieved $13,100 plus a $310,000 ballast bonus. In Asia there was limited activity from the North Pacific and with Australian exports appearing slower rates continued to fall. A 75,000dwt ship was fixed for an Indonesian round trip delivery, arrival Indonesia, at $5,250 plus $55,000 ballast bonus. An 81,000dwt vessel was able to achieve a notable $7,500 for a North Pacific round with petroleum coke involved.

Supramax/Ultramax

A dramatic difference from this time last year, with the Baltic Supramax Index (BSI) closing the first week at 570, whilst in 2019 it was 946. Many said the Atlantic remained uninspiring. From East Coast South America, a 53,000dwt vessel rumoured fixed delivery Recalada for a transatlantic run in the mid $9,000s. From the US Gulf, a 63,000dwt ship was reported fixed for a trip to the Mediterranean in the mid $18,000s with petroleum coke. A 60,200dwt ship was also fixed from the area for a trip to Southeast Asia in the low $18,000s. The Asia market had a poor start to the year, with a lot of prompt tonnage. Ultramaxes seeing in the $7,000s for Australian rounds, whilst for Indonesia coal runs, a 58,000dwt ship was rumoured fixed delivery Kalimantan, redelivery West Coast India, in the $4,000s. The Indian Ocean also lacked support, a 55,000dwt ship fixing delivery Mongla trip, via East Coast India, to China in the high $3,000s.

Handysize

First week back for many was not inspiring, with rates in many areas under negative pressure. The Baltic Handysize Index (BHSI) started the week at 443 to close at 408. In the Atlantic it was a mixed bag, a 35,000dwt ship fixing delivery East Coast South America, redelivery West Coast South America, in the mid $16,000s. Whilst from the Mediterranean, a 33,700dwt ship was reported fixed delivery Canakkale trip via the Black Sea, redelivery Tunisia, in the low $4,000s. The Asian Basin remained in the doldrums, with routes throughout the week losing ground. A 28,000dwt ship rumoured fixed delivery Japan trip South East Asia at $5,500. As the week closed, a 35,000dwt vessel was rumoured fixed from the Far East to the Mediterranean basis bunkers only. The Indian Ocean saw a bit of activity, a 32,200dwt vessel was fixed delivery Karachi, redelivery South East Asia, in the mid $7,500s. Market participants looking firmly forward to see instability remains.

Tanker report

VLCC

Escalating tensions between the USA and Iran, in addition to a continuing strong market, made for an interesting week, with rates firming 2.5-3 points across the board. 270,000mt Middle East Gulf to China is now WS125, and 280,000mt to US Gulf, basis Cape/Cape, is assessed at WS65. Similarly, 260,000mt West Africa to China rose to WS115. The biggest climb was seen for 270,000mt voyages US Gulf to China, where rates went up about $2.25m to be last assessed at $15m. However, this rate is now under downward pressure.

Suezmax

Rates for 130,000mt West Africa to UK-Continent moved up about 12.5 points to high WS150s. For 135,000mt Black Sea to the Mediterranean, rates are assessed at mid WS160s. The market for 140,000mt Basrah to the Mediterranean saw a few fixtures done, improving just over 10 points to WS77.5-80 level.

Aframax

The 80,000mt cross-North Sea market eased, shedding about 15 points to mid WS140s. 100,000mt Baltic to UK-Continent also dipped 15 points to low WS130s. The 80,000mt Ceyhan to Lavera trade also fell back about 15 points to WS167.5 level. On the other side of the Atlantic, rates for 70,000mt Caribbean to the US Gulf initially continued firming to WS400, but are now under pressure and last assessed in the low WS390s. This is still up 27.5 points week-on-week. The 70,000mt US Gulf to Trieste run remains strong, however, rates have fallen 30 points to the WS277.5-275 region as ballasters from Europe have contributed to the growing list of tonnage.

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Clean

Although bunker prices are high, and tension simmers there, the market for both 75,000mt and 55,000mt Middle East Gulf to Japan came under downward pressure. The market eased over 10 points to low WS140s on the larger size, with a similar weakening seen on the 55,000mt size where rates are now hovering in the mid WS140s. A slow week in the market for 37,000mt Amsterdam Rotterdam Antwerp (ARA) to the US Atlantic Coast saw rates lose 10 points to WS175, albeit on a ship with last cargo chemicals. However, brokers feel with the limited outstanding enquiry this could be achievable with conventional last cargo clean. In contrast, the 38,000mt backhaul route from US Gulf to UK-Continent had a positive week, with rates firming 15 points to WS145.