WEEKLY MARKET REPORT

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31st July 2020

Bulk report – Week 31

Capesize

A quiet end to the week could not disguise the improved sentiment in the capesize market, with several brokers suggesting that this may simply represent a precursor to another move upwards. The timecharter average climbed $1,282 to close at $18,296, driven predominantly by the Brazil and Australian round voyages on continued iron ore demand strength. The C3 Brazil-China route gained $1.53 to close at $17.47, whilst the C5 Australia-China route posted $1.16 to close at $7.155 on the week. Sentiment was also such that a brace of weak backhaul fixtures from Richards Bay into Turkey could not dissuade the market from marking the C16 relative to the shorter duration and the repositioning benefit of the Black Sea. These things are rarely linear of course. But one does get the distinct impression that the capesize market remains poised to buy into the positive, rather than sell the negative. Next week may well prove telling.

Panamax

The panamax market proved to be quite a contrasting week, with rates globally for the early part still severely under pressure. By midweek, sentiment and fresh enquiry - noticeably from EC South America - had improved. However, there were still many early ships remaining unfixed - particularly in the Atlantic - thus maintaining in places a lid on any rapid rate rises. Similarly, in Asia improved NoPac demand led the turn around in fortunes for owners, accompanied with a solid cargo base from both Australia and Indonesia. Minor gains were seen on the short week, with national holiday in Singapore on Friday. Trans-Atlantic round trips ex NC South America were seen earlier in the week going at region $12,750 delivery Aps loadport. By Thursday this was more akin to $14,250 for the 82,000dwt type. Median rates for Australia and NoPac rounds hovered around the $11,000 mark for much of the week for index type tonnage.

Ultramax/Supramax

A poor week overall for the BSI with the index falling 36 points from Monday. Little in the way of period activity was reported with Owners reluctant to commit. From the Atlantic, pressure was seen in many areas with tonnage building up and limited fresh enquiry. With the ready supply of tonnage east coast South America, there was a drop in rates. A 63,000-dwt trading around $17,000 for a trip to west coast South America. Other areas remained positional. From west Africa a 52,000-dwt was fixed for a trip to China at $21,000. From the Mediterranean, ultramax size were fixing around $12,000 for clinker runs to west Africa. With the Eid holiday many areas in the Indian Ocean and Asia saw limited fresh enquiry. Nevertheless, a 55,600-dwt fixed delivery east coast India redelivery China in the upper $14,000s. Meanwhile, a 63,000-dwt fixed delivery north China for an Australian round at $11,000.

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Handy

The overall index BHSI continued climbing since early May and remained at the highest level of the year this week. However, it also showed a minor decline for the first time in the last three months. The market was largely flat with limited cargoes from east coast South America and limited activity in the Pacific, although brokers saw an uptrend from the Skaw-Passero range with better rates discussed. A small-sized delivery Canakkale was fixed for a trip via the Black Sea to Morocco at $7,000. A 34,000-dwt delivery Recalada in early August was fixed for a trip to central Mediterranean with grain at $12,500. In the East, an Imabari 38 type delivery in the Far East was fixed for a Nopac run at $7,500, and a 37,000-dwt open Southeast Asia was fixed for a trip to the Philippines at $8,000.

Tanker report – Week 31

VLCC

Rates from the Middle East Gulf have remained flat this week, with 280,000mt Middle East Gulf to USG via the Cape/Cape routing still being assessed at WS21-22 level and 270,000mt to China languishing at WS36.

In the Atlantic, 260,000mt West Africa to China tiptoed up a point to WS39.5-40 region while 270,000mt US Gulf to China was $300k weaker at $5.33m.

Suezmax

Rates for 135,000mt Black Sea/Med remained static at WS55, while 130,000mt West Africa/UKContinent managed to gain about four points early in the week to the low WS50s. However, the market has fallen back now to about WS48, which is still up a point from a week ago. For the 140,000mt Middle East Gulf to Med trip, rates have crept up just over a point to WS23-24 region.

Aframax

In the Mediterranean, market rates have stumbled again losing six points to WS60 for 80,000mt Ceyhan/Med. In Northern Europe, rates for 80,000mt Hound Point/UKCont have dipped 2.5 points to WS77.5, while 100,000mt Baltic/UKCont fell four points to WS52.5. Across the Atlantic rates have remained unchanged at WS75 for both the 70,000mt Carib/USGulf trade and 70,000mt USGulf/UKCont voyages.

Clean

In the Middle East Gulf, rates for 75,000mt to Japan have been under pressure. After starting the week in the very low WS60S, a run to Japan was fixed at WS57.5 with charterers looking to test rates further. In contrast, the 55,000mt trade gained around 2.5 points to sit now at WS60 level. It was a more volatile week for owners plying the 37,000mt UKC to USAC trade, with the market initially firming with WS110 paid for a ship with last cargo palms. However, with a couple of ships failing subjects, the market readjusted down with a number of deals subsequently concluded at WS105. In the backhaul business from US Gulf, rates weakened considerably with the market now assessed at barely WS100 level. That's in contrast to the WS115 region a week ago and with potential to weaken further. It was yet another lacklustre week in the 30,000mt clean cross-Med trade with rates still stuck in the doldrums at WS80.