

WEEKLY MARKET REPORT

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21st August 2020

Bulk report – Week 34

Capesize

The capesize market took a southerly direction this week to settle at \$17,918, down -\$1,998 week on week. While the market isn't moving in large increments, its direction got clearer as the week progressed. Brazil to China C3 trading activity saw numerous vessels snapped up and while the market anticipated a value lift, rates responded with indifference. Strong tonnage flows met the demand and it was soon evident that sentiment was not confident of a push. The Pacific basin provided little to support the market this week despite iron ore trading in excess of \$120 a tonne. The C5 West Australia to China route slid -\$0.295 on Friday to close the week at \$7.232. All routes lost value going into the weekend seemingly in search of a new floor to rest. The Atlantic basin has the potential to spark the market, but currently this region is looking barren. The basins are trading very close in value to one another with neither showing much potential for an end of third quarter push.

Panamax

The bulls were compelled to adopt the brace position this week, as the panamax market gave up its recent gains, with the timecharter average shedding \$1,496 on the week to close at \$14,876. The Atlantic routes were the main catalyst, as demand fell away on both the transatlantic round voyage, and the North Atlantic fronthaul, with the latter being established by the fixture of the *Spring Progress* (2016 82,055) to Noble on Thursday at \$26,000 via the Baltic. The physical market subsequently gapped down, with any remaining bid interest content to sit on the side lines for the time being. The South Atlantic also saw values erode, with the P6 route dropping \$935 to close at \$13,865 on the week, as volumes for first half September appeared limited. Some brokers predicted a better second half September, premised on a tighter supply/demand dynamic.

Ultramax/Supramax

A contrasting week for the BSI with routes from the Asian basin gaining ground whilst many routes from the Atlantic lost ground as the week progressed. There was however limited period activity: a 63,000-dwt open Indonesia fixing for one year at \$11,250 and a supramax fixing 4-6 months from the Mediterranean with redelivery Atlantic at \$15,000. Demand remained from the Mediterranean, with a 55,000-dwt fixing delivery Egypt for a trip west Africa at \$18,000. Other areas plateaued. A scrubber fitted ultramax fixed in the mid \$15,000s plus \$550,000 ballast bonus for a trip from east coast South America to the Far East. Healthy demand helped rates from the Indian Ocean with the ultramax size seeing rates in the \$14,000s plus \$400,000s ballast for a trip from South Africa to China. More activity was seen for north Pacific round voyages with the ultramax size seeing in the \$10,000s basis delivery South Korea-China area. Further south, a 52,000-dwt open Philippines was fixed for trip via Indonesia redelivery south China in the mid \$8,000s.

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Handy

The same trend continued from last week whilst firm fixture activity from the Atlantic basin pushed both the weighted time charter average and the BHSI higher. Brokers also saw more cargoes in general with September dates along with more short period fixtures concluded this week. A 39,000-dwt open Houston was fixed for 4-6 months at \$10,500 with redelivery in the Atlantic.

On the time charter trip front, a 35,000-dwt open Bremen was fixed for a trip to the Black Sea at \$15,000. A 33,000-dwt was fixed from Iskenderun for a trip via the Black Sea to Egypt at \$12,000, and a similar level was reported on a 37,000-dwt for a similar run from Tuzla to Marmara. A 37,000-dwt delivery in the US Gulf was fixed for a trip to east coast Mexico at \$13,000, whilst a trip from the same area to Brazil was reportedly fixed at \$10,000 on a big handysize. In the Pacific, a 28,000-dwt open Bangkok at the end of August was fixed for a trip to China at \$7,000. A 38,000-dwt delivery South Korea was fixed for a trip via US west coast to Chittagong with scrap cargo at \$8,400.

Tanker report – Week 34

VLCC

There was a sense of déjà vu in the market as rates for 280,000mt from Middle East Gulf to the US Gulf via the Cape/Cape routing remained in the very low WS20s, while 270,000mt to China was hovering at around WS33. In the Atlantic, 260,000mt West Africa to China was fixed at a low of WS37 by ENI and a high of WS39 which was paid by ST for a relatively early position of 7/8 September load. Unipecc also concluded two ships at WS 38.75. For 270,000mt US Gulf to China trip, rates were unchanged at around \$5.4m.

Suezmax

Rates for 135,000mt Black Sea/Med were flat, hovering between WS55/57.5, while the market for 130,000mt West Africa/UK Continent held at WS45. The 140,000mt Middle East Gulf to Mediterranean came under downward pressure losing around two points to sit now at barely WS19.25.

Aframax

In the Mediterranean market, the 80,000mt Ceyhan/Med trade saw rates ease 2.5 points to WS62.5 with Black Sea fixing at WS65. In northern Europe, rates for 80,000mt Cross-North Sea lost five points from a week ago to sit at WS 80. It was a similar story in the Baltic with 100,000mt cargoes to UK Continent also down five points at WS55. Across the Atlantic there was no respite for owners either with rates for 70,000mt Carib/US Gulf easing five points to WS65, while in the 70,000mt US Gulf/UK Continent trade, Exxon was able to fix at WS62.5 down 7.5 points from the start of the week.

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Clean

Owners in the Middle East Gulf continued to benefit from a firming market with rates for 75,000mt to Japan now nudging almost WS90. This was in contrast to the start of the week which saw rates in the highish WS70s range. Likewise, in the 55,000mt trade, against a tighter tonnage list, rates which started the week in the low WS90s are now assessed at closer to WS100 level. By contrast, it was another disappointing week for owners plying the 37,000mt UK Continent to USAC trade with the market still hovering at around WS85. The backhaul business from the US Gulf saw plenty of enquiry and rates for 38,000mt to Europe gained 7.5 points to sit at around the WS120 level with Brazil discharge gaining almost five points to the very low WS160s. It was yet another uninspiring week for owners in the 30,000mt clean cross-Mediterranean trade with rates unable to gain any traction, remaining flat at WS 80.