

WEEKLY MARKET REPORT

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25th September 2020

Bulk report – Week 39

Capesize

After the past few weeks of rates snaking sideways while softening, the Capesize market took on a clear and decisive upward trajectory these past few days. The Capesize 5TC gained over 50% in value opening the week at \$15,761 to settle Friday at \$24,178. The Transatlantic C8, meanwhile, lagged in value as other routes lurched higher. It had a reckoning midweek, along with the Fronthaul C9, as a couple of much higher fixtures exposed the tightness that had developed in the basin. Trade activity remains low but the basin is up and running now. The Brazilian trade activity was the driving force this week. The pace of fixing could be felt speeding up right through until Thursday as charterers began to understand the change in the situation. The Pacific basin C10 remains on par in value with the Atlantic C8 and Brazil to China C14. The west Australia to China C5 lifted +\$1.62 to settle the week at \$8.705, although worth noting it did manage a down tick on Friday as some took advantage of the elevated levels.

Panamax

Overall a positive week for the Panamax market with the Atlantic routes the most prominent risers. This was largely led by solid mineral demand from the Baltic, but well supported by other US origins too. \$12,500 was the highlight, agreed by an 82,000-dwt for a trip via USEC delivery and redelivery Gibraltar. US Gulf to China grain demand fared well on the week with vessels being priced and fixed from as far afield as India and Singapore, with the better described units with Neo-Panama canal fittings commanding a premium from a DOP Far east delivery point. In Asia a two-tier market but overall a flat week, NoPac demand being the catalyst with the P3a route hovering flat at around \$12,000 on the week for Kamsarmax units. A tough week for the coal rates ex Indonesia by and large created by a saturation of tonnage changing crew at Manila compounded with weak demand.

Ultramax/Supramax

BSI again saw positive gains throughout the week. With the forthcoming Chinese holidays, many were looking to cover their positions and this buoyed demand. Period activity was seen with Ultramax sizes seeing in the low \$11,000's for a short period. The Atlantic was patchy, with the larger sizes in short supply from the Continent helping rates here. A 58,000-dwt fixing a trip from the Continent to the eastern Mediterranean at \$18,500. East coast South America remained uneventful. A 63,000-dwt fixed for a trip to south east Asia at \$14,500 plus \$450,000 ballast bonus. From Asia, demand remained as the week closed. A 56,000-dwt fixing delivery passing Busan for a trip via US north Pacific redelivery Indonesia at \$10,000. Further south Indonesian/India coal runs remained firm. A 58,000-dwt open Vietnam was fixed in the low \$13,000s for a trip via Indonesia redelivery India. The Indian Ocean saw limited activity. A Supramax fixing from Saldanah Bay to the Far East at around \$12,500 plus \$250,000 ballast bonus.

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Handy

Both the overall index BHSI and the time charter average climbed back to the highest point of the year this week. The Continent continued to be on the rise with strong numbers reported. Brokers saw limited spot Handysize vessels left in the region, whilst the difference between redelivery east coast South America and the US Gulf remained minimal. Large Handysize vessels open in the Continent were reportedly fixed for trips to east coast South America, Mediterranean and US Gulf / US east coast at \$14,000s. The US Gulf showed more signs of improvement with a trip from the Gulf to Skaw-Passero range now being marked at the same level as a trip from east coast South America to Skaw-Passero range. In the East, a 31,000-dwt was fixed from CJK for 2 laden legs at \$8,000. A 36,000-dwt non-logger was fixed from Campha for a trip with limestone to south China at \$7,250.

Tanker report – Week 39

VLCC

Owners again faced another week of downward pressure across the board. In the Middle East there has been more Contract of Affreightment nominations than fixing on spot market tonnage this week, which hasn't had any real effect on the list of available vessels. Rates for 270,000mt to China slid about six points to settle just below WS29, while 280,000mt to USG via the Cape/Cape routing are assessed a point lower than a week ago at WS17.5. For voyages of 260,000mt West Africa to China the market eased four points to WS33. For 270,000mt US Gulf/China rates slipped just over \$80k to a shade under \$4.85m.

Suezmax

Rates for 135,000mt Black Sea/Med remain unmoved at WS45. In West Africa we saw a few more ballasters from the East becoming serious players for cargoes from Nigeria-Angola range to Europe, which had a slightly detrimental effect on rates for voyages of 130,000mt Nigeria/UKC, weakening from about WS35 last Friday to WS32.5 now. In the Middle East little change was seen and rates remain weak at just below WS16 for 140,000mt Basrah/Med.

Aframax

The 80,000mt Ceyhan/Med market maintained last week's level of WS57.5, while a similar sentiment was seen on the 80,000mt Cross-North Sea route where rates held at WS72.5-75 level. Rates for 100,000 mt Baltic/UKC improved three points to WS42.5. Across the Atlantic rates for 70,000mt Carib/USGulf again remained static at WS55 and a similar story on 70,000mt USG/UKC where rates are stuck at WS50.

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Clean

It was overall another disappointing week for owners. In the 75,000mt Middle East Gulf/Japan trade, rates are down around eight points and BP were able to fix Frontline tonnage at WS60. In the LR1 trade WS65 was agreed for a run to Japan, although brokers feel there is potential here in the market for 55,000mt to Japan to firm very modestly. At the start of this week, the market for 37,000mt UKC/USAC stood in the low WS90s and there was even talk of a replacement cargo from Sines being covered at WS100. However, with only limited enquiry, rates have bowed to the inevitable and now sit at between WS85/87.5 region. Trips to West Africa are paying little more than WS100. Owners' cause is not helped by the very weak backhaul market where rates for 38,000mt from US Gulf to UK Continent have softened further to around WS57.5, with charterers looking to break this level now. For a trip to Brazil rates have seemingly settled at WS82.5. The 30,000mt clean cross-Med trade has come under relentless downward pressure and is now in the low WS100s, representing a drop here of 20 points from a week ago.