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WEEKLY MARKET REPORT

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23rd October 2020

Bulk report – Week 43

Capesize

The tide turned positive on the Capesize market this week bringing with it a sense relief and optimism. It both stemmed the mounting losses of late and gave some hope for a year-end rally. Dropping to a recent low of $17,121, the market lifted mid-week to close the week at $18,749 on the Capesize 5TC. The cause of the turn around is not yet clear, but higher fixtures rates were heard predominately on the west Australia to China C5, which closed the week up 0.15 to $7.823, and the Brazil to China C3 which closed up .895 to $17.425. It's been heard that offers have been pulled back and are now seemingly unacceptable for charterers. By Friday, the market was overwhelmingly quiet as principles struggle to find common ground. The quick turn around is not yet a convincing rally as fixture activity fails to impress. Closing the week on a positive note will sit well for owners. However, follow through will be required next week to consolidate any gains. The alternative may be a return to the sideway drifting range bound territory seen in August - or possible further retreat.

Panamax

The Panamax market experienced something of a diverse week, with pockets of resistance appearing in places. But overall a flat to weaker tone beset the market culminating in the time-charter average starting out at $11,681 to close the week at $11,469. In the Atlantic, the US Gulf grain exports fared as the prominent market with a number of deals concluded on ballaster tonnage. Rates varied depending on dates and routing. But the median, returning at around the $16,000 + $600,000 mark, looked to be edging up by end week as a mineral push bolstered confidence. In Asia, steady cargo flow from Indonesia and the NoPac during early part of the week helped to keep rates robust. However, demand enquiry seemed to diminish as the week drew to a close. Low-mid $12,000's fixed a few times Monday/Tuesday although was now trading at closer to low-mid $11,000's for 82,000-dwt delivery China.

Ultramax/Supramax

The Supramax market presented a relatively mixed picture this week, and although the timecharter average traded flat, ending the week down $45, it was the US Gulf that proved the biggest loser, with the fronthaul route shedding $2325 on the week, whilst the equivalent transatlantic route lost $1100. EC South America also experienced thin demand. The Black Sea meanwhile posted solid gains on increased grain, fertiliser and clinker volumes – the S1B route lifting $718 on the week, to reach $22,225. Brokers also said that the Continent, and Baltic remained positionally tight for those compelled to cover first half November cargoes. The period market meanwhile remained mute, although brokers pointed to the Aurora SB (2009 56,119), which was said to have fixed to Cargill for about four to six months at $8,750 basis delivery CJK – as a sign that belief in the market, was not universal.

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Handy

The Handysize market closely mirrored the larger supras this week, as the timecharter average lost an incremental $28 to close at $10,748. The HS4 US Gulf route proved to be weakest link, with the index shedding $1250 on the week as demand ebbed. Representative fixtures from the US East Coast, meanwhile, included the Buckaroo Bowl (38,233 2012), which was linked with Trithorn basis delivery Norfolk for a trip Egypt at $11,000, whilst the Puck (37,894 2012) was fixed by Norvic delivery Sparrows Point for a trip Tunisia at $11,500. The Continent, meanwhile, was said to be drawing tonnage from the Mediterranean and further afield. Earlier in the week, the Interlink Equity (37,071 2013) was fixed by Pioneer basis delivery Skaw for a trip via Baltic with grain to Morocco at $17,250. Whilst EC South America volumes remain thin however, some brokers questioned for how much longer the current North Atlantic strength could roll forward.

Tanker report – Week 43

VLCC

Rates were flat this week on most of the routes in this sector. 280,000mt to USG via the Cape/Cape routing remains assessed at a shade above WS17, although overnight we have had a ship reported on subjects to Exxon at WS14 for this with various other options. 270,000mt to China remains steadfast at around WS29 level. In the Atlantic, rates for 260,000mt West Africa to China remain unchanged at WS30, while 270,000mt USG to China rates dipped $150k to be assessed at a shade above $4.6m, having seen a fixture fall through from Bahamas to Ningbo at $4.65m.

Suezmax

Rates for 135,000mt Black Sea/Med recovered two points to WS44 and 130,000mt Nigeria/UKContinent remains around the WS30 mark. In the Middle East market, rates for 140,000mt Basrah/Med are up a point or two to WS14, although overnight we heard Tupras fixing the Frio at WS20 for a voyage Basrah/Turkey.

Aframax

The 80,000mt Ceyhan/Med market improved 2.5-3 points this week to WS60-61 level. In Northern Europe rates remained flat with 80,000mt Cross-North Sea WS72.5-75 region and 100,000mt Baltic/UKC at WS44. Across the Atlantic, for the third week sentiment remained weak and rates for 70,000mt Carib/USGulf remain pegged at WS45, while 70,000mt USG/UKC saw continued fixing activity firming rates by 2.5 points to around WS45.

Clean

It has been another unproductive week for owners with the market in the 75,000mt Middle East Gulf/Japan remaining under pressure and rates have eased from high WS60s to sit now at close to WS60. It is a similar story in the LR1 trade where a lengthy tonnage list interspersed with tonnage also over 15 years old, has seen owners concede around three points with levels now hovering around mid WS60s. For owners plying the 37,000mt UKC/USAC trade, it has been another difficult week with rates unable to gain any traction and the market still sits at around WS75. There is also a sense of déjà vu in the backhaul trade for 38,000ms from US Gulf to UK Continent, with rates flat at WS55. Brazil discharge was even fixed at WS75 - down 2.5 points on the week. The clean market cross Med was unchanged at WS70.