WEEKLY MARKET REPORT

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5th March 2021

Bulk report – Week 09

Capesize

The market has surged during the last couple of days of the week to trade in the upper region of its recent range. Gaining $920 on the last trading day of the week the Capesize 5TC settled at $14,794, which reflected the solid trading activity. The West Australia to China C5 gained a strong $0.609 to publish at $8.959, while the timecharter trans-Pacific C10 route lifted $2,200 to $18,992 giving the basin a $3,777 premium over the trans-Atlantic C8 route which published at $15,215. The north Atlantic remains relatively quiet yet steady with rates in the $15,000 level seemingly poised and awaiting market direction. The Brazil market was highly active all week and surprisingly lifted strongly in the face of a solid ballaster fleet. There was talk of possible trucking union strike in Brazil, but as yet no specific detail has emerged. The Capesize market recently seems unwilling to lie down and take its Q1 nap. No sooner does the Capesize market close in on the bottom $10,000 range on the 5TC, then the market sentiment turns sharply and violently. The Capesize rule book for Q1 currently seems better left in the bin.

Panamax

It was an eventful week with the market trend moving one way and then the other. The week began on a negative tone, sparked into life mid-week with an FFA drive only to flatten out somewhat as the week ended. In the Atlantic, it was a less than clear picture in the North with reduced mineral activity and rates for trans-Atlantic rounds being concluded around the $17,000/18,000 mark with options a key for some charterers. Conversely, EC South America found support from the derivative market with $22,500 concluded on an 82,000dwt delivery WC India, however rates were slowly levelling off as the week came to a close. In Asia, buoyed somewhat by the pick-up in South America, rates for Indonesian coal trips to China improved from around $18,000 level to closer to $21,000 levels by Friday. A solid week too for period with various deals concluded as the nearby optimism in the market persisted.

Ultramax/Supramax

The sector was split in two. Whilst much of the Atlantic remained steady, the Asian market gained momentum throughout the week with rates increasing in many areas. Period cover was still active, with a 61,000-dwt open Japan being fixed for one year at $17,700, whilst in the Atlantic a 58,000-dwt was fixed for short period at $22,000. Routes within the Atlantic generally eased over the week apart from east coast south America where demand remained strong due to tight tonnage supply. A 57,000-dwt fixing a quick trip from US Gulf to Spain in the mid $30,000s. From Asia, a 63,000-dwt open Beihai was fixed for a trip via Indonesia redelivery China at $21,750. Pacific rounds improved, a 63,300-dwt open Hong Kong was fixed for a trip via Australia redelivery Singapore-Japan at $23,000. Again stronger levels from the Indian Ocean, where a 56,000-dwt fixing from South Africa to the Arabian Gulf-west coast India at $15,000 plus $500,000 ballast bonus, there was also a 58,000-dwt which fixed from South Africa to China in the high $16,000s plus high $600,000s ballast bonus.

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Handysize

Overall, the Atlantic market remained relatively quiet compared with last week - especially for delivery Skaw-Passero range. Both east coast South America and the US Gulf showed signs of softening toward the week end. Meanwhile, there was a surge in the Pacific starting from mid-week, with sharp rates being reported on Australian grain orders and steel trips from the Far East to Southeast Asia. Period deals continued in both basins with a 32,000-dwt delivery Icdas in mid March fixing three to five months at $18,500 redelivery Atlantic. A 38,000-dwt open Japan was fixed for four to six months at $18,000 and a 33,000-dwt delivery Chittagong was fixed for seven to nine months at $16,500. In the Atlantic, a 34,000-dwt open in the Black Sea was failed on subjects at $20,000 for a trip to the US Gulf and was later fixed again for the same direction in the low/mid $19,000s. A 38,000-dwt delivery Japan was fixed for a trip via CIS to Vietnam at $20,000 and a similar large-sized open west Australia was said to have fixed for a trip back to the Pacific at $24,000.

Tanker report – Week 09

VLCC

OPEC seemed to be the focus of most players this week, with production quotas being rolled into April eventually being agreed, handing Owners little cheer as rates for VLCCs came under some pressure. In the Middle East region, 280,000mt to US Gulf via the Cape/Cape routing continues to be assessed at WS18-18.5 level, while rates for 270,000mt to China eased 1.5 points to WS30 (a TCE of minus $3,300/day). In the Atlantic, 260,000mt West Africa to China saw rates maintain WS34.5 (a TCE of about $2,100/day) and 270,000mt from US Gulf to China saw rates dip about $10k to $4.12m, giving a TCE of about $4,500/day on a round trip basis.

Suezmax

Rates for Black Sea/Med have remained at around WS75 level ($7,600/day TCE) while the 130,000mt Nigeria/UK-Continent market managed a five point gain to WS60 ($6,400/day TCE). Basrah to Mediterranean for 140,000mt remains around WS18-18.5 level, although a Turkish Owned vessel fixed a Turkish refiner for Basrah/Turkey at WS15, and Exxon were reported to have taken a Delta ship at WS18.5 for European discharge options.

Aframax

Recent stresses in this sector eased this week enabling Charterers to regain some control of the market. In the Mediterranean, rates fell nearly 30 points to low WS100s for 80,000mt Ceyhan/Lavera (basis a round voyage, showing about $9,500/day TCE). A less dramatic situation was seen for Cross-North Sea where rates remained flat at WS95 for 80,000mt, while 100,000mt Baltic to UK-Continent regained about seven points to WS87.5/88.5 level. On the other side of the Atlantic, rates came under pressure and ultimately Owners saw reductions. The 70,000mt Caribbean/US Gulf market slipped six points to WS142.5/145 level (a TCE of about $20,000/day round trip). Meanwhile for US Gulf to UK-Continent rates saw a steeper fall of 14 points to WS107.5-110 level.

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Clean

A relatively uneventful week for LR tonnage, where 75,000mt Middle East Gulf/Japan rates gained around 1.5 points to WS73.5 which was paid by Shell on the 'Haima'. It was a similar story on the LR1s as rates firmed a little for 55,000mt to Japan with talk of WS95 agreed on subjects, which is up three to four points. There is a more positive sentiment in the market, but improved volumes of enquiry will be needed if there is to be any significant improvement. For MRs on AG/East Africa it was a more volatile week with rates starting at WS160, before dipping down to mid WS155s and then subsequently recovering to sit now at WS162.5 level. For the Cont/USAC market trade, it has been an uninspiring week. The big drop of 15 points at the end of last week has seen rates remain stagnant, hovering between WS112.5/115 region. Levels have not been helped by the weak backhaul market where rates for 38,000mt from US Gulf to UK-Continent are flat at WS60. Continent to West Africa rates followed the pattern of the trans-Atlantic market, hovering all week in the low to mid WS120s. Whilst rates for US Gulf to Brazil runs have been steady all week just above WS100, it was another disappointing week for handies in the cross-Mediterranean trade with rates opening this week at WS140, down 30 points. The market now sits at around WS120 for West Med load, with East Med paying around WS125 and Black Sea hovering between WS135/140 level.