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WEEKLY MARKET REPORT

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25th June 2021

Bulk report – Week 25

Capesize

It has been a decidedly mixed week on the large bulkers, with limited activity in the Pacific for the majority of the week. It did show signs of life on Friday with a strong cargo count in the North Atlantic. But sentiment seemed to weaken as the week progressed, despite what appeared to be a short tonnage list and some volatility in the FFA market. The BCI lost 42 points over the week to close at 3,987. The Capesize timecharter average lost $346 to close at $33,069. It was felt there was a standoff between Owners and Charterers in the East in particular, though there was a wide spread reported from Brazil of between $25 and $28. As a consequence there has been limited fixing activity. The story of the week has really been about cargo in the North Atlantic with a number of fixtures from Seven Islands for NYK, Cargill and Glencore all linked to fixtures. Tata are also in the market for Narvik to Port Talbot. There have been a number of tenders this week for NYK, Ore & Metal and Kepco offering some support to the market.

Panamax

It proved to be another week which saw the BPI make further sizable gains. A midweek grain push from EC South America and elsewhere in the North Atlantic saw substantial demand outstrip what had become a desolate tonnage count for Continent and Med positions. Aided by a firmer physical and FFA market, the outlook remained good with market players taking some cover with a host of period fixing. An 81,000-dwt delivery China achieving a shade below $30,000 for six to eight months charter. Generally, transatlantic rates for the week hovered around the $30,000 mark. Fronthaul fixing saw a 76,000-dwt delivery Continent agree $41,500 for a trip via EC South America redelivery Far East, but a big anticipation for these to further increase heading into next week. Asia, by contrast, lacked any real spark but was boosted midweek by EC South America activity and rates began to halt their decline.

Ultramax/Supramax

Despite a slow start, the positive sentiment continued from last week in most areas. Limited period activity surfaced, Cargill fixed a 57,000-dwt open Abidjan early July for five to seven months at $30,500 with redelivery Atlantic. Demand remained firm in South America with Ultramaxes achieving rates in the mid $20,000's plus ballast bonus in the region of $1.5 million for trips to Singapore-Japan. For transatlantic, a 61,000-dwt open west Africa obtained $31,500 for a trip via river plate to UK-Continent. Elsewhere, rates remained strong with a 52,000-dwt open east Mediterranean fixing around $38/39,000 level for a trip to west Africa. From north Asia, Ultramaxes were fixing in the mid $30,000s for Pacific rounds. Further south a 63,000-dwt open Singapore saw in the upper $30,000s for a trip via South Africa and redelivery Far East. A

58,000-dwt open Indonesia fixed at $37,000 for a trip to CJK and a 53,000-dwt saw $36,000 for a nickel ore run.

Handysize

This week has seen the Atlantic indices rise considerably, with both the Continent and East Coast South America markets making large positive gains. With the latest HS3 East Coast South America to Skaw/Passero being fixed on a 38,000-dwt at $38,250, last week similar was fixed at around $30,000. The Continent also improved with a 38,000-dwt open France being fixed for a trip to the US Gulf at $28,000. In Asia, activity was limited and the market less bullish with a 38,000-dwt open Japan prompt fixing a trip via CIS to North China at $26,000. Period has been more active with a 36,000-dwt open in China fixing for four to seven months with worldwide redelivery at $25,000. A 38,000-dwt in South Korea fixing two to three Laden Legs with redelivery worldwide at $29,000. In the Atlantic, a 35,000-dwt open on the Continent prompt was fixed for four to six months with redelivery in the Atlantic at $26,000.

Tanker report – Week 25

VLCC

In the Middle East the market for 280,000mt to US Gulf (routing via the Cape/Cape) continues to be assessed around the WS18-18.5 mark, while rates for 270,000mt to China have improved one point WS32.5 (a round-trip TCE of minus $3.5k/day). In the Atlantic, rates for 260,000mt West Africa to China have modestly risen two points to WS34 (minus $800/day TCE) and 270,000mt US Gulf to China is now assessed $30k higher at $4.03m level (a TCE of about $1k/day).

Suezmax

In the 130,000mt Nigeria/UK Continent market rates have improved again – up 2.5 points to the WS52.5 (a round-trip TCE of about minus $400/day). Meanwhile, in the Mediterranean, the tightening Aframax market has meant that Suezmaxes are now able to take advantage of fixing part cargoes which has had the knock-on effect of raising the market rate for 135,000mt Black Sea/Med to WS62, up three points from a week ago (a round-trip TCE of about minus $3.7k/day). The market for 140,000mt Basrah/Med has gained 4.5 points to WS33 and reports overnight of Shell taking a Dynacom managed vessel at WS35, albeit as a replacement.

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Aframax

In the Mediterranean, the market has tightened considerably with rates for 80,000mt Ceyhan/Lavera climbing 14 points to WS105 (showing a round-trip TCE of about $9k/day). However, this may get capped by the Suezmaxes that are able to take part cargoes. In Northern Europe a similar situation has been seen with Suezmaxes able to take advantage of improved Aframax rates where the market for 80,000mt Cross-North Sea has climbed 13 points to WS112.5 level (just under $10k/day TCE round trip). In the 100,000mt Baltic/UK Continent market a 14 point increase was seen with rates now around the WS82.5-85 region (a round trip TCE of $8.1k/day). Across the Atlantic the market has again trawled the floor as rates for 70,000mt Caribbean/US Gulf and East Coast Mexico/US Gulf are still floundering around the WS80 mark (a TCE of about minus $2.8k/day and minus $2.3k/day round trip respectively). The 70,000mt US Gulf/UK Continent market eased a point back to WS70 again (which shows a TCE of about minus $2k basis a roundtrip, turning positive basis single trip economics).

Clean

In the Middle East Gulf, it has been another uneventful week on both LR2s and LR1s with the rates static over the week. The market for 75,000mt to Japan has settled in the mid WS70s. The 55,000mt size rates have likewise been flat in the high WS80s. The MRs have made no headway with rates for 35,000mt in to East Africa very marginally softer at around WS147.5. For owners trading MRs from the Continent it has likewise been a lacklustre week with rates for 37,000mt to USAC largely unchanged. There was talk of WS115 having been agreed midweek but thereafter rates have been hovering closer to WS110 level. Voyages from Continent down to West Africa dipped 2.5 point to WS117.5 region. The 38,000mt backhaul market from US Gulf to UKC had a week to forget with rates easing around 10 points to just above mid WS60s. A deal was concluded at WS65. But this was said to have been on a ship that needed to come back across, so may not necessarily be a true reflection of the market. Runs to Brazil have also seen rates eroded, with the market here now assessed around 11 points lower at just below WS112.5. For owners plying the 30,000mt clean trade in the Mediterranean it has been an uneventful week with rates steady in the low WS120s.