WEEKLY MARKET REPORT

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2nd July 2021

Bulk report – Week 26

Capesize

There was a turning of the tide this week as rates initially rallied robustly before negative sentiment settled in to see rates plummet from midweek. The Pacific basin, and in particular the WC Australia/China (C5) market, was the early driver with rates pushing up on minimal fixing activity. The remainder of the market was also quiet at this time but was content to rally on the positive sentiment generated. The Capesize 5TC reached $34,299 on Tuesday before closing the week out at $29,106. As the sentiment changed, activity rose slightly with owners scrambling for cargoes. The C5 market lost $0.895 over the week to end at $11.055. The Atlantic Basin fared little better this week as the north Atlantic remains quiet with talk of several Capesize vessels being fixed for Panamax cargoes. Out of Brazil, Charterer bids were in constant reduction as the Brazil to China (C3) fell $1.885 over the week to close out at $25.81. Friday was a largely an inactive day after the eventful week as parties come to terms with the new levels.

Panamax

The BPI average returned its highest value since May 2010 as the imbalance of supply versus demand in the Atlantic impacted rates across most origins. Along with a vigorous looking north Atlantic market, Black sea grain exports kicked into gear and with it came sourcing of tonnage from far-flung deliveries, as far out as China, with the tonnage count for Skaw-Mediterranean positions dwindling. This only added traction on rates on most positions despite it being a lacklustre Asian market. Reports of an 82,000-dwt delivery Singapore agreeing $38,000 for a trip via Black sea redelivery Singapore-Japan range. A nicely described 84,000-dwt delivery Japan achieved $36,000 for a trip via EC Australia redelivery Taiwan as rates on the pacific rounds improved on the back of the spike seen in the Atlantic. Despite a wide bid/offer spread, a heap of period fixtures emerged including an 82,000-dwt delivery China fixing at $29,500 for one-year period.

Ultramax/Supramax

Whilst most areas remained positive, there was some weakening from the US Gulf with limited fresh enquiry and the strong sentiment seen elsewhere eased. From Asia, after a strong start, some described the areas stabilising with rates hovering around last done. Period activity was muted but rates remained healthy, a 61,000-dwt open south east Asia fixing one year at $29,000 whilst a 58,000-dwt open Mediterranean fixed medium period in the upper $30,000s with Atlantic redelivery. From east coast South America, Ultramax tonnage was seeing rates in the mid $20,000s plus mid $1 million ballast bonuses from the coast for trip to China. There was stronger demand from the Mediterranean, where a 50,000-dwt open Greece fixed a trip to US east coast in the low $30,000s. From Asia, a 63,000-dwt open Singapore fixed a round voyage via Indonesia in the upper $30,000s. Whilst from the Indian Ocean, an Ultramax open Arabian Gulf was fixed for two to three laden legs redelivery Arabian Gulf- west coast India at $45,000.

Handysize

The Atlantic remained firm but Asia was less bullish. East Coast South America was the main driving force, with numbers pushing up from Monday when a 38,000-dwt was fixed basis APS Recalada for a trip to the west Mediterranean at $35,000. Later in the week when a 34,000-dwt was fixed basis delivery South Brazil via River Plate to the Continent at $38,500. On the Continent, a 37,000-dwt fixed a trip via the Baltic to East Coast South America at $27,000. In Asia, a 37,000-dwt was fixed basis delivery Thailand via Australia with Redelivery China at $28,500. The India Ocean remained firm with a 39,000-dwt open west coast India fixing a cargo of steels with redelivery east coast South America at $40,000. Period this week, a 34,000-dwt open Continent fixed four to six months redelivery Atlantic at $26,250 and a smaller 32,000-dwt open in China fixed for 12 months with redelivery worldwide at $23,000.

Tanker report – Week 26

VLCC

In the Middle East the market to US Gulf (TD1 280k routing via the Cape/Cape) remains steadily assessed around the WS18-18.5 mark, while rates to China have marginally eased almost a point to the WS31.5-32 level (still showing a negative TCE round-trip $4.6k/day). In the Atlantic, rates for west Africa to China (TD15) were kept flat at the WS34 mark (also negative TCE about $1200/day) and US Gulf to China (TD22) is now assessed $56k lower at $3.975m (about $375/dayTCE).

Suezmax

Rates for 130k Nigeria/UK-Continent (TD20) have slipped two points to the WS51 level (a round-trip TCE of about minus $1,000/day). Meanwhile in the Mediterranean, the support from the Aframax sector has now dissipated and rates for 135k Black Sea/Med (TD6) are two points lower at WS60 (increasing the negative TCE to about -$6,300/day). The market for 140k Basrah/Med (TD23) fell 2.5 points to WS30 on the back of a fuller position list and less demand.

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Aframax

In the Mediterranean, the market topped out and has gradually fallen away this week. Rates for 80k Ceyhan/Lavera (TD19) are down 16-17 points over the week now, at WS87.5 (approx $1,500 TCE). In northern Europe the market has also seen rate reductions, with rates for 80k cross-North Sea (TD7) shedding 12.5 points to the WS100-102.5 level (approx $375/day TCE), while similarly in the 100k Baltic/UK-Continent (TD17) rates fell away 13 points to WS70 (approx. $3,000/day TCE).

Across the Atlantic the market has again remained static as rates for 70k Caribbean/US Gulf (TD9) and EC Mexico/US Gulf (TD26) are still weighed to the floor at WS80 (a negative TCE region $2,800 / $2,200 respectively), while the 70k US Gulf/UK-Continent (TD25) market also seems stuck at WS70 (which shows a negative TCE of about $2,100 roundtrip, but positive basis single trip economics).

Clean

There was not a lot of movement in the Middle East Gulf market, where rates remained relatively static for LR2's basis 75k to Japan (TC1) at around WS75 and dropped about five points on LR1's for 55k cargo (TC5) to about WS80 level, which shows a TCE under $1,000/day on both. For MR tonnage to east Africa (TC17) rates fell about three points to around WS144, showing about $4,800/day TCE.

For MR's in Asia, although $205,000 was fixed twice for SKorea/Singapore (TC11), there seems to be resistance to go lower as the TCE continues to be increasingly negative. Singapore to EC Australia (TC7) lost about five points to almost WS120 - which was fixed twice - with talk of possibly WS122.5 loading from Taiwan on subjects. Rates for South Korea to USWC (TC10) dropped below $20/ton level, giving a TCE close to $3,000/day, whilst Naphtha rates from WC India to Japan (TC12) fell almost 10 points to around WS95, which now shows a negative TCE for the round-voyage.

The Atlantic picture is not much better on some routes like Cont to WAfrica for LR1 (TC16), where rates are stuck at around WS80 and for MR tonnage (TC19) it moved up two points to around WS120, with rumours of WS125 fixed by BP. USGulf to Brazil (TC18) improved about seven points to WS135 level, with this level fixed basis Argentina destination on "Ainazi". For Cont destination (TC14) a jump of over 15 points to around WS93, which is close to breakeven TCE. MRs from Cont into USGulf (TC2) nudged up over two points to around WS112, with talk of WS112.5 being fixed by Shell. Handy levels for cross Mediterranean (TC6) came off a couple of points to sub WS120 and a TCE close to $1,000/day, whilst for North Sea /Continent (TC9) rates were static at WS120. LR2 tonnage for Mediterranean to Far East (TC15) lost value to $1.775m, which is over $100,000 less than levels discussed last week and rumours that $1.7m on subjects.