WEEKLY MARKET REPORT

Provided by kind permission of the Baltic Exchange

8 November 2019

Bulk report – Week 45

Capesize

Over the past week the Capesize market has broken out of its recent range bound zone to the downside. It has now dropped below the $20,000 level on 5TC, which hasn't been seen since early July. With ample tonnage in the ballaster line-up, and minimal market cargoes seen out Brazil, the C3 market was seen to shed more than $2, settling at $18.002 by Friday. In the Pacific Basin, the C5 market initially lifted strongly early on in the week, but it too was seen to collapse by mid-week to close out at $8.341. Trading activity has been active across most routes throughout the week, with most major charterers taking several vessels. The 5TC opened the week at $24,637 and was seen to drop almost 20% down to $19,716. Hopes of a market bounce are slim with headwinds from current market fundamentals, but the turbulence from IMO 2020 will continue to ensure the market is anything but predictable in the coming weeks and months.

Panamax

The weaker and softer trend continued during the week with a large sell-off in both basins resulting in the Baltic Panamax Index (BPI) losing well over 100 points on the week. There has been limited Transatlantic business, with reports of several shorter Baltic round voyages at varying rates from $11,000 to $12,750. These quick trips still commanded a premium over the longer Atlantic routes. There was limited period fixing, but a new building 82,000dwt ship, delivery ex yard China, was fixed at $13,000 for a short period. A 76,000dwt vessel with China delivery achieved $11,300 for five to eight months employment. A 76,000dwt vessel open in North China was fixed for a coal trip via Australia back to Singapore-Japan at $10,500. Further south a 72,000-tonner open South China fixed at $10,250 for an Indonesia coal trip to China. There was limited activity from South Africa, with a 76,000dwt ship managing to achieve $10,000 basis, delivery Fujairah, for a coal trip via South Africa to India. The rates from South America drifted lower, with Kamsarmax vessels getting fixed at rates ranging from $13,750 plus $375,000, to $16,000 plus $600,000 ballast bonus, depending on the specification.

Supramax/Ultramax

A poor week for the sector with rates under pressure across the board and the Baltic Supramax Index (BSI) well below the 1,000-point mark. Very little period interest was discussed with owners preferring to wait before committing to lower rates. In the Atlantic fresh enquiry was scarce from key areas such as the East Mediterranean, with vessel's seeing in the upper teens for trips to Singapore-Japan. There was a plentiful supply of prompt tonnage from East Coast South America. A 61,000dwt ship was reported fixed basis delivery Santos trip, redelivery Los Angeles, at $15,000. Activity from the US Gulf was slow and expectations between owners and charterers remained wide. In Asia, limited fresh enquiry for vessels open in the North of the region lead to owners looking to ballast vessels towards Southeast Asia, which in turn lead to negative pressure on rates further south. A 57,000dwt ship fixing basis delivery for a South Kalimantan trip to Vietnam at $9,100 plus $40,000 ballast bonus.

Handysize

Negative sentiment was evident in all areas and across all sizes throughout the week. Limited activity reported this week with the Baltic Handysize Index (BHSI) declining back to the same level as last recorded in mid-August. Brokers described the market as lacking cargo support, with more ships open spot in the Atlantic. Mid to large sizes with Rouen delivery were booked for trips to Algeria at rates close to $11,000. A 37,000dwt ship, open Skaw, was fixed for a trip to South Brazil at $9,400. A 32,000dwt vessel open East Coast South America was fixed for a tick under $11,000 for a trip to the Mediterranean. From the US Gulf, a 34,000dwt ship was fixed for a trip to the Caribbean at $10,000. Little hope from the East, with a 32,000dwt vessel open Indonesia reportedly fixing at $8,000 for a trip to West Coast India. A 38,000-tonner open Hong Kong was fixed for an Australia round in the mid $9,000s.

Tanker report

VLCC

Rates slid again as the market continues its return to ‘normality’. 270,000mt Middle East Gulf (MEG) to China is now at WS 80, down 10 points, while 280,000mt MEG to US Gulf (USG), basis Cape to Cape, has fallen to WS 48.5 level, down five points for the week. In the Atlantic basin, a similar fall has been seen, with rates for 260,000mt West Africa to China now in the low WS 80s, while 270,000mt USG to China has come down about a million dollars to just below $10m.

Suezmax

Further rate reductions have been seen this week with 130,000mt West Africa to UK Continent (UKC) shedding another 20 or so points to WS 90 level. 135,000mt Black Sea to the Mediterranean lost over 20 points to now sit around WS 117.5-120. Rates for 140,000mt Basrah to the Mediterranean fell another 20 plus points over the week to WS 47.5 level.

Aframax

A lack of confidence from owners, as a result of limited demand and a populous position list, has caused rates to further decline. In the Mediterranean 80,000mt Ceyhan to the Mediterranean lost another 10 points to low WS 90s, while the 80,000mt North Sea to UKC trade saw rates fall back five points to WS 95. On the other side of the Atlantic, rates nosedived, with owners relinquishing 45 points on the 70,000mt Caribbean to USG trade to WS 125 level, whilst rates for 70,000mt USG to the Mediterranean fell over 50 points to WS 107.5.

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Clean

Another slow week in the 75,000mt Arabian Gulf (AG) to Japan trade has seen rates lose over 30 points, with last fixed here at WS 120 and the market remaining under downward pressure. The LR1s are now assessed in the low to mid WS 140s although last actually reported agreed here was at WS 152.5, basis 55,000mt.

In the 37,000mt Continent to US Atlantic Coast (USAC) trade, a surfeit of tonnage saw rates sliding 20 points to WS 135. It was a better week for owners in the 38,000mt USG to UKC backhaul trade, with rates firming 13 points to around WS 122.75.