

WEEKLY MARKET REPORT

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14th February 2020

Bulk report – Week 7

Capesize

Riding the downward momentum of the previous week, the market was always going to be hard pressed to make any sort of revival. With multiple drivers including Coronavirus, rail flooding in East Australia, rains in Brazil and a tropical cyclone in West Australia causing havoc, the market was seen to bottom out and meander sideways. The Capesize 5TC opened the week at \$2,660 to close out at \$2,445. While bunker volatility was causing fluctuation in the vessels' earnings, voyage rates were mostly seen to soften throughout the week. C3 Tubarao to Brazil opened at \$13.575 closed down at \$12.95. West Australia was quiet and spot market fixture activity opened the week at \$5.75 closing at \$5.595. Remarkably the C10 Transpacific bucked the trend this week as demand for time-charter vessels lifted. The Transatlantic C8 didn't fare so well as dwindling cargo options had most over offered. It now trades at \$2,920 which is below the Pacific, the first time since mid-December.

Panamax

It was a relatively strong week overall, with most areas increasing their values over the week. East coast south America again appeared the focus and driver with rates for beginning of March shipments dates improving from last done. The week witnessed some heightened period activity with a bunch of period fixtures mostly fixed with discounted rates for the first 40 days then a premium rate thereafter for balance of the agreed period. From east coast South America to the Far East, the median rate appeared at around \$12,250+\$225,000 ballast bonus at the start of the week and had increased to \$13,300+\$330,000 ballast bonus by the end. In Asia, trading was somewhat curtailed by the potential implications of Coronavirus. The NoPac round trip being agreed at \$4,350 for 82,000dwt, whilst some owners were discounting rates for quick and repositioning trips with \$6,500+\$65,000 ballast bonus getting done for an Indonesia to China run.

Supramax/Ultramax

The week started on a poor note, but as it closed a bit more optimism was being felt. Period activity was seen with a 55,000dwt vessel fixing delivery North China for one year at \$6,500, for the first 40 days and \$10,000 thereafter. It was a story of two halves from East Coast South America: poor levels at the start with a 56,000dwt ship being fixed in the upper \$2,000's for a transatlantic run. Later, a 51,000dwt ship was fixed at around \$7,000 for similar run. The Mediterranean remained stable whilst the US Gulf was heard to have a little more enquiry as the week closed. From Asia, some said there was more enquiry from Indonesia. However, a ready flow of tonnage held rates in check but a 56,000dwt vessel was concluded basis delivery Singapore via Indonesia redelivery China in the low \$6,000s. The Indian Ocean saw slight

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improvement, with a 52,000dwt ship fixing at \$7,000 delivery Arabian Gulf redelivery East Coast India.

Handysize

The index fell below 300 points throughout the week which is at the same level as in mid-February 2019. At the beginning of the week the Handy 7TC average was the highest of all four dry vessel types. Most route indices had minimal movement in both basins, while East Coast South America led the decline. A 38,000dwt vessel, open Fortaleza 15 February was fixed basis north Brazil for a trip to west Mediterranean at \$8,000. A mid-sized was failed on subjects basis passing Ushant for trip to China at mid high \$8,000s with some waiting on the owner's account. A 33,000-dwt was fixed from Canakkale for a trip with grain to Ireland at \$3,500. There was also talks of fixtures at the high end with a 34,000-dwt fixing from Canakkale to Norfolk in the \$6,000s and a 29,000-dwt fixing basis Rouen for a grain trip to Morocco at \$9,500. Pacific market remained weak and little came to light.

Tanker report

VLCC

The market in the Middle East was unmoved this week, with Chinese refiners continuing to slow imports, allied with the impact of the Coronavirus and the return of the previously sanctioned Cosco tonnage. The list subsequently swelled, allowing the few active charterers to reign in owners' expectations. Rates for 270,000mt to China bounced around the WS 40 level, while the 280,000mt market to US Gulf, via the Cape/Cape routing remained flat, at WS 30. In the western hemisphere, rates for 260,000mt West Africa to China were stuck in the mid WS 40s and in the 270,000mt, USG/China trade rates improved \$150k to \$6.6m, primarily on the back of another relatively active week.

Suezmax

Rates for 130,000mt West Africa/UK-Continent followed the VLCC example, remaining unmoved and in the high WS 80s for most of the week. However, at the time of writing, charterers appear to have convinced owners to fall through the WS 80 barrier, with WS 78.75 being reported on a trader's relet to Petroineos. Rates for 135,000mt Black Sea/Mediterranean remained static, at low-to-mid WS 90s. Meanwhile, thanks to a well populated tonnage list, rates for the 140,000mt Basrah/Mediterranean route hovered around WS 40, even though a Basrah/Greece cargo reportedly covered at the equivalent of WS35.

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Aframax

A more positive attitude existed in this sector with rates improving on all routes. 80,000mt Ceyhan/Mediterranean is worth WS85, 16% more than a week ago. The Northern European voyages of 80,000mt Cross-North Sea gained 37 points to WS132.5 whilst 100,000mt Baltic/UKC rose 28 points to WS 115 level. Across the Atlantic, 70,000mt Carib/USG voyages are rated up another 25 points at low WS 180s and another very busy 70,000mt USG/Mediterranean market saw rates climb a further 10 points to WS 170.

Clean

It was another uneventful week for owners with the market in the Middle East Gulf/Japan trade for 75,000mt steady in very low WS80s. In the 55,000mt size the market settled at around WS92.5. In the 37,000mt UKC to USAC trade, rates initially dipped down to WS150 and there was enquiry in to West Africa paying WS185 region, leaving the transatlantic market in the low/mid WS150s. Total are said to have a ship on subjects ex ARA at WS150, but this is with palm oil background. In the 38,000mt backhaul trade from US Gulf to UKC, rates stabilised and sit now at WS87.5/90 region. The 30,000mt clean cross-Med market saw rates dip down to mid WS170s before recovering to WS197.5 level and Black Sea pays WS210.