

WEEKLY MARKET REPORT

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27th August 2021

Bulk report – Week 34

Capesize

Both the overall index and 5 time charter (5TC) average climbed back to positive territory at the end of the week after a mid-week decline. BCI closed the week at 6162, which is slightly higher than the Monday opening at 6114. The 5TC recorded an improvement of \$986 to \$51,099 on Friday. The key indicator, C5 west Australia to China run, slipped under \$15 whilst the related transpacific round voyage was now at \$47,592 for a 35 to 45 days trip. C3 Tubarao to Qingdao run recorded \$35.77 on voyage basis whilst the related China-Brazil round trip reflected the voyage level at \$47,060. During the week, there were rumours of a Capesize vessel being primed to transport containers. The implications could be big for the Capesize and Container markets, if it can be concluded, from both short and long-term perspectives.

Panamax

The Panamax market continued its upward trajectory this week, mostly driven by a Pacific market with a pick-up in demand from all the load origins. Noticeably too was the impact that congestion in China was having for tonnage availability, along with early signs of activity emerging from the US Gulf for October arrival dates and beyond. The Atlantic - and in particular the North Atlantic - remained under pressure all week as the nearby tonnage count grew with little demand of note. Rumours of an 82,000-dwt delivery Gibraltar fixing \$28,000 for a transatlantic round was muted on Friday suggesting sizeable corrections for next week. But Asia stole the headlines, from NoPac an 81,000-dwt delivery Japan achieving \$36,000 for a NoPac round trip. An 81,000-dwt agreed a rate of \$32,500 basis delivery South China for an EC Australian coal round trip with the immediate outlook appearing firm.

Ultramax/Supramax

We have seen positive gains in many regions this week. However, East Coast South America has been softer of late due to a lack of visible activity. Period enquiry in Asia has been active with a 58,000-dwt open early September fixing for four to six months at \$36,750. A 63,000-dwt open China with prompt dates for four to six months with worldwide redelivery at \$43,000, a 63,000-dwt in South China with prompt dates for five to seven months with worldwide redelivery at \$42,500 and a 61,000-dwt in a similar position with end August dates fixing for 12 months with worldwide redelivery at \$31,000. A 56,000-dwt in Surabaya fixed via Australia to Japan with a cargo of Salt at \$48,000. A 56,000-dwt open in Rotterdam fixed basis when ready with prompt dates to the Eastern Mediterranean with a cargo of scrap at \$37,500. A 58,000-dwt open in Nigeria fixed a trip to India at \$54,000.

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Handysize

A largely positive week, with the biggest gains in the Asian basin where numbers have been improving day-on-day and we have seen some tonnage being used to carry cargoes of containers. A 33,000-dwt Logger type was fixed from South Korea for four to six months period with redelivery worldwide at \$32,000. A 38,000-dwt open Shanhaiguan 20-23 August was fixed for a trip via Japan with steels to Thailand at \$40,000. A 38,000-dwt open in China was fixed for a trip to the West Coast USA with containers at \$46,000. The Arabian Gulf has also remained firm with a 36,000-dwt fixing from Umm Qasr via Saudi Arabia to East Coast India with an intended cargo of fertilizers at \$52,500. In the Atlantic, a 39,000-dwt open Turkey was fixed for a trip to the Caribbean at \$39,000 and a 33,000-dwt open Sea of Marmara fixed a steels cargo to the Caribbean at \$33,000.

Tanker report – Week 34

VLCC

There has been plenty of activity in the Middle East this week giving a much needed sentiment boost to the region. However, between an ample supply of vessels and contracts of affreightment, rates have not moved significantly. The 280,000mt to US Gulf (routing via the Cape/Cape) stays steadily in the WS18 region while 270,000mt to China - the busiest route this week - is valued at WS32.86 (showing a round-trip TCE of \$-1008/day). In the Atlantic, open enquiry has been lacklustre by comparison and rates for 260,000mt West Africa to China are still at the WS33 mark. Over in the United States Gulf, 270,000mt US Gulf to China saw an approximate \$35k upturn with a widely reported charter at \$3.95m.

Suezmax

In West Africa there has been increased activity as the week has gone on. This, combined with some replacement business, affected a moderate 1.46 point improvement in rates for the 130,000mt Nigeria/UK Continent market to the WS57.98 level (a round trip TCE of \$3742k/day). Rates for 135,000mt Black Sea/Med also held around the WS62.5 supported by continued enquiry in the Mediterranean.

The Middle East market was relatively quiet this week, but rates have held for the 140,000mt Basrah/Med trip at around WS25-26 underpinned by the activity of the other regions.

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Aframax

In the Mediterranean, 80,000mt Ceyhan/Lavera is still at the WS87.5 mark despite some end of week activity prior to the U.K. bank holiday and plenty of available tonnage.

In Northern Europe both markets have seen an overdue tick up. 80,000mt Cross-North is now at the WS92.19 level (a round trip TCE of \$-4415/day) while the 100,000mt Baltic/UK Continent rose 1.72 points to WS59.06. This could indicate the start of the higher winter freight rates.

Across the Atlantic, 70,000mt US Gulf/UK Continent has gained some traction after an active week and the market improved by 2.08 points to WS72.5 level. The Caribbean market has been relatively immobile, however, and 70,000mt East Coast Mexico/US Gulf and 70,000mt Caribbean/US Gulf are at WS81.88 and WS79.69 respectively. With the bad weather season approaching the region's freight rates may see an impact.

Clean

The Middle East Gulf started balanced this week. And, after some sustained activity, owners' patience paid off. We saw an eventual firming towards the end of the week. On the LR2s to Japan, TC1 has risen about 7.5points to back over the WS100 mark - a round-trip TCE of \$8.5k/day. The LR1's have held steady and TC5 55k Middle East Gulf / Japan now in the WS130 region, a round-trip TCE \$11.8k/day. MR rates 35k Middle East Gulf / East Africa (TC17) jumped 15.5 points to WS194.5.

The Mediterranean Handy market has seen more sideways moves this week despite plenty of life in the market, TC6 30kt Skikda / Lavera stable at WS115. The LR2's in the region have been subdued this week and remain to be tested. TC15, 80k Mediterranean / Japan currently marked around \$1.65m.

Rates appear to have reached a floor in Baltic Handy market, TC9 30k Baltic / UK-Continent dropped to WS120 (Down WS0.71). On the UK-Continent MR freight levels have rebounded from a busy end of week, TC2 37k UK-Continent / US Atlantic Coast is now at WS107.78 (Up WS7.22), showing a round-trip TCE of \$317/day. TC19 37k Amsterdam to Lagos also propelled up off the back of TC2 and is now WS115.83 (Up WS11.66). On the LR1's, TC16 60k Amsterdam / Offshore Lome stays at around Ws80-82.5.

In the Americas, open interest covered at market levels and plenty of vessels are available for the remaining cargoes. TC14 38k US Gulf / UK-Continent route is now around WS75 and TC18 35k from US Gulf / Brazil, corresponded and ended up at WS105 (Down W1.25).

The MR Atlantic basket TCE dropped from \$4483/day to \$4273/day.