WEEKLY MARKET REPORT

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20th March 2020

Bulk report – Week 12

Capesize

The Capesize market made some headway this past week despite being buffeted by the global pandemic storm. With the market in a constant state of flux on a seemingly endless news cycle, increasing restrictions and disruptions, the Cape 5TC managed a lift out of its recent range to settle the week at $4,067, a lift of +$1,270 for the week. The Atlantic Basin was the bigger mover this week, albeit with fewer fixtures, as large declines in the bunker prices lifted timecharter rates in relation to the marked voyage rates. Declines were felt later in the week with the Brazil to Qingdao C3 dropping from $10.535, to end the week at $9.970. West Australia to China C5 saw a constant flow throughout the week with rates fluctuating to close out at $4.305. Overall, sentiment seems improved, yet it's expected there will be plenty more turmoil to endure as talk of quarantines increasing, credit lines tightening and port closures being mentioned, while governments react with stimulus injections and boarder closures. This is all churning up a strange dynamic the likes of which have never been experienced.

Panamax

A thin week of trading in the Panamax market, with distractions elsewhere focussing most people's attention. With mid-week news breaking of port suspensions in a region of Argentina, nervousness beset the East Coast South America market, where lower fixtures than last done drove the index down. Weaker bunker prices further accentuated matters, and there became an apparent appetite for many owners to lock in for longer duration business given the increasingly bleak macro-outlook. This resulted in some discounted rates getting agreed. Rates for fronthaul trips generally hovered around the high $8,000's to $9,000 mark for nicer described unit's delivery Southeast Asia and India positions, whilst earlier tonnage was able to achieve closer to $13,000 plus $300,000 ballast bonus delivery Arrival Pilot Station (APS). Very few rumours from Asia, an 81,000dwt ship delivery North China fixing $6,500 for a trip to Japan with minerals, whilst an 82,000dwt ship agreed $4,250 for a coal trip via Indonesia redelivery South China.

Supramax/Ultramax

A volatile week with the spread of Covid-19. For many countries in Europe and elsewhere, the market remained erratic. Period activity was seen, with an Ultramax open North China, fixing five to eight months trading at $11,000. In the Atlantic, uncertainty remained about port activities in East Coast South America, brokers said rates suffered with a lack of fresh enquiry. Limited fresh information surfaced elsewhere, but some said that tonnage remained tight from the US Gulf. An Ultramax was rumoured fixed at around $20,000 for a trip to the East

Mediterranean with petcoke. As the week progressed, the Asian Basin came under pressure, with rates slipping. A 56,000dwt ship fixing a trip from China to the Arabian Gulf in the low $3,000s. The Indian Ocean, whilst remaining active, some felt rates were also under pressure. A 60,900dwt ship fixing delivery Richards Bay trip to Vietnam at $12,000 plus $200,000 ballast bonus.

Handysize

The Baltic Handysize Index (BHSI) had an overall positive week, with support coming from both basins. Rates in the Continent to Mediterranean trade broadly remained firm, with some high-level fixtures reported for trips with short duration. However, the fresh orders from the area were described to be limited, with vessels building up for slightly more forward dates. A 35,000dwt ship, open Ghent, was fixed for a trip to North Brazil at $10,000 for moving fertilizers. Minimal changes in East Coast South America this week, whilst in the US Gulf, brokers saw a tight tonnage list, with rates continuously improving. In the East, short period fixtures were reported with a 34,000dwt ship, delivery Vietnam, fixed for three to five months at $5,000 for the first 45 days, and $7,000 thereafter. From the Indian Ocean, a 36,000dwt ship open Mesaieed was booked for a trip to West Coast India at $7,000.

Tanker report – Week 12

VLCC

After the Saudis lifted subjects on nearly all their VLCC in-charters last week, there seemed to be an activity vacuum, with only a few other fixtures being concluded, whilst charterers waited for the natural gravity effect of sentiment driven rises. In the Middle East, rates for 280,000mt to the US Gulf via Cape to Cape routing, fell back to WS120 having reached just over WS200. 270,000mt to China is now worth WS130, down almost 100 points from its peak. In West Africa the trip for 260,000mt to China rates have dropped 75 points week-on-week to WS120 level. The market for 270,000mt US Gulf to China has settled back to $13.8 million, as no activity was seen and sentiment alone had pushed rates close to $20 million.

Suezmax

In the West Africa to UK-Continent market, owners continued to ride the metaphorical wave of the VLCCs, which turned ugly, and rates crashed 100 points down to WS120. On the 135,000mt Black Sea to Mediterranean market, rates fell 50 points to WS150. In the Arabian Gulf, rates also fell away on the 140,000mt Basrah to Mediterranean market, having risen to close to WS200, are last assessed at WS120.

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Aframax

Rates for 80,000mt Ceyhan to the Mediterranean climbed another 30+ points to WS177.5, while in Northern Europe, 80,000mt Cross-North Sea gained 60+ points to WS185 level. 100,000mt Baltic to UK-Continent shared the same uptick to WS155-157.5 region. On the other side of the Atlantic, 70,000mt Caribbean to US Gulf saw a modest rise of 7.5 points to WS192.5-195 level. Rates for 70,000mt US Gulf to the Mediterranean remained flat at WS172.5-175.

Clean

Another positive week for owners saw rates in the Middle East Gulf to Japan trade for 75,000mt gain 17 points to very high WS170s, though there now appears a marginally softer sentiment here. The LR1s firmed 15 points to peak at around WS177.5/178 region, though here too, there is seen by brokers a potential slight weakening in the market. In the 37,000mt UK-Continent to US Atlantic Coast trade, the start of the week saw a 12.5 point jump to low WS180s, with the market peaking at WS185. However, Exxon are said to have paid WS180 from Sines, and the market is now coming under downward pressure. Rates in the 38,000mt backhaul trade from the US Gulf to the UK-Continent have been slipping all week against a build-up of early tonnage. Consequently, the market now sits in the low WS120s, down from WS135 region earlier in the week, with potential to slide further. The 30,000mt clean cross-Med market gained almost 12 points to about WS195 level.