WEEKLY MARKET REPORT

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14th May 2021

Bulk report – Week 19

Capesize

As the week progressed it became clear that the Capesize market wasn't having a small retracement but was in for a more significant downturn as the 5TC dropped $6,972 week-on-week to settle at $34,542. While Friday's sharp selloff in the Pacific on the back of West Australia to China C5 fixtures gave clear market visibility, the remainder of the market was operating on low physical activity as dark clouds from the paper market ensured sentiment was poor across the board. The C5 had a small lift on Monday but lowered -2.254 week-on-week to post at $12.173 by Friday. Out from Brazil to China, the C3 followed a similar early uptick to begin the week but quickly started to decline as charterers' bids melted away with the declining forward curve to settle the week at $26.89. The North Atlantic could only watch the decline as activity in the region seemed virtually non-existent this week. How the market reacts next week will surely dictate whether this is a flash crash, possible buying dip, or something more severe. The Cape size major cargo, iron ore, has been on a tear this week reaching the $220-230 pmt levels which may help to underpin owners' optimism for strong demand for their vessels in the weeks ahead.

Panamax

It proved to be a negative week overall for the Panamaxes with rates easing across the board, any potential momentum early on was somewhat disrupted by many holidays towards the latter part of the week. The Atlantic was predominantly fronthaul led with a steady cargo flow ex NC South America with an 82,000-dwt achieving $26,000+$1.7 million ballast bonus delivery US Gulf. However, with an easier looking trans-Atlantic market the nearby Med positions came under pressure with reduced rates appearing. In Asia, exports from Indonesia continued to thrive with healthy volumes throughout the week, $32,000 agreed on an 82,000-dwt delivery mid China. But Singapore holiday on Thursday curtailed trading somewhat with rates eroding to closer to $30,000 and under for such a trip. Period activity included an 81,000-dwt delivery mid China position concluding at close to $24,000 for one year's period with sustained support for the rest of this year into next.

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Ultramax/Supramax

Despite widespread holidays, sentiment remained firm from the Asian basin with tonnage supply remaining tight. However, there were mixed signals from the Atlantic with limited fresh enquiry from the US Gulf and Mediterranean, where rates eased early in the week but levels remained steady from the south Atlantic. On the period front, a 63,000-dwt open Japan was fixed for six to eight months at $28,000 and a 51,000-dwt open Mediterranean was heard fixed for four to six months Atlantic trading at $23,000. From the Atlantic a 55,000-dwt was fixed at $19,750 from the US Gulf to central Mediterranean. Further south a 58,000-dwt fixed delivery Recalada for a trans-Atlantic run at $30,250. From Asia, with the strong sentiment a 54,000-dwt was fixed for a trip delivery China via South Korea to Continent-Mediterranean at $26,000. For Indonesian business a 58,000-dwt fixed delivery China via Indonesia redelivery China at $29,000. From the Indian Ocean an Ultramax fixed delivery Haldia via east coast India redelivery China at $34,500.

Handysize

Despite holidays and religious festivals this week, sentiment remained positive and the BHSI continued to move upwards. A 37,000-dwt open in Rio De Janeiro 15 May fixed minimum four months to about six months redelivery Atlantic at $19,500. A 34,000-dwt open in CJK was rumoured to have fixed two to three laden legs at $29,000. In East Coast South America, numbers have been firming with a 36,000-dwt rumoured to have fixed a trip from Recalada to the US Gulf – US East Coast Range at $27,000. A 35,000-dwt was rumoured to have fixed a trip from US Gulf to the Western Mediterranean with Agriprods at $17,500. In Asia a 38,000-dwt open in Japan was fixed for a trip via North Pacific Canada/USA back to Japan at $28,000. A 28,000-dwt open in Singapore was fixed for a trip via Australia to Indonesia at $28,000.

Tanker report – Week 19

VLCC

In the Middle East, the market for 280,000mt Middle East to US Gulf (routing via the Cape/Cape) continues to be assessed at WS18.5 level while rates for 270,000mt to China have similarly been stuck at WS32.5 (showing a round-trip TCE of minus $1400/day). In the Atlantic, rates for 260,000mt West Africa to China also remained pegged at WS35 (a round trip TCE of $2.3k/day) and 270,000mt from US Gulf to China saw rates dip about $30k to just under the $4.3m mark ($5.5k/day TCE round-trip).

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Suezmax

In the 135,000mt Black Sea/Med market rates were last assessed about 1.5 points down on a week ago, at WS58 (a round-trip TCE of minus $4.7k/day) with reports this morning of a fixture at WS60. In the 130,000mt Nigeria/UK Continent market, rates have eased three points to WS51 (a round trip TCE of $450/day). The market for 140,000mt Basrah/Med remains flat at WS17.

Aframax

In the Mediterranean, the market has again slipped slightly with rates for 80,000mt Ceyhan/Lavera down two points at WS85 (a TCE of about $1.7k/day basis a round voyage). In Northern Europe, owners have fared a little better with the market for 80,000mt Cross-North Sea improving by seven points to WS95 (about $500/day TCE round trip) while rates for 100,000mt Baltic/UK Continent are back to WS75 (a round trip TCE of $5.3k/day) - up 10 points week-on-week. On the other side of the Atlantic the market has peaked for now and is gradually coming down with rates for 70,000mt Caribbean/US Gulf losing five points to WS102 (a TCE of about $5.6k/day round trip). For 70,000mt US Gulf/UK Continent rates lost four points week-on-week to WS 77.5/78 level (a round trip TCE of $1.5k/day, which obviously would improve considerably basis one way economics).

Clean

Undoubtedly the cyber attack on the Colonial pipeline has been the big news this week. This led to a surge of enquiry from both the Continent to USAC and also for US Gulf loading. Consequently, rates shot up in both markets at the start of the week with the Continent market gaining over 32.5 points peaking at around WS160. However, this was short lived. As the week draws to a close WS130 has been agreed - albeit on 2005 built tonnage. The US Gulf saw even bigger rises with the market at the start of the week, gaining almost 50 points to WS140 and thereafter rates continued to firm with deals concluded in the low WS150s. There was even talk of WS165 having been paid. That said, and not for the first time under these circumstances, a lot of fixtures subsequently failed. With the pipeline seemingly operating again, rates have tailed off significantly with the market now assessed in the low WS120s trans-Atlantic, with Brazil discharge now evaluated in the low WS160s after peaking in the mid WS190s, which was agreed by Petrobras earlier in the week. Brokers also feel there is potential for further falls here. It was somewhat less eventful in the 75,000mt Middle East Gulf/Japan trade with rates largely unchanged in the mid WS70s. The LR1 market was also steady and rates have drifted down 2.5 points over the week to WS92.5. In the MR market, the 35,000mt clean into East Africa was being fixed early in the week at around WS172.5 before easing back to mid to high WS160s here. It was a more positive week for owners in the 30,000mt clean cross Med trade with the market gaining 30 points to WS150 and with the potential for further firming. Uncertain itineraries for tonnage in the Eastern Mediterranean combined with healthy enquiry has given owners the upper hand.