WEEKLY MARKET REPORT

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4th September 2020

Bulk report – Week 36

Capesize

The Capesize market suffered a technical correction this week, with the timecharter average shedding $1792 to close at $16,252. Whilst the catalyst was not isolated to one loading area, the C5 West Australia round rapidly traded lower on Thursday, dropping from $7.80 to $7.05 in successive trades, whilst the benchmark C3 Brazil fronthaul route lost $1.505 to close at $16.51 as Vale appeared content to fix ships on the way down from $17.50 to $16.35 for second half September dates. Several brokers suggested that a floor had yet to be found on either route, given the prevailing supply/demand dynamic. The North Atlantic, meanwhile, remained short of enquiry, with Glencore covering a 170,000mt Seven Islands fronthaul lifting at a weaker $20.95, whilst a lone Transatlantic round was fixed at $10.50. When Cosco covered their 170,000mt Drummond/Eren cargo with CCL on the Aquasalwador (2012 180,012) – the market quickly extrapolated the equivalent C7 at $8.75. For many Owners, the short trading week must have offered some small respite.

Panamax

A shortened week and a sell-off in the Panamax market this week with the five timecharter average returning a loss of $1179 to close at $13,260 on Friday's publishing. Something of a stand-off appeared for the most part with a wide bid/offer spread failing to kindle much gravitation in both basins. In the Atlantic, activity from EC South America and the US Gulf was confined to a limited number of fixtures with owners' resolve tested to the maximum. Delivery APS NC South America at $18,000 concluded a couple of times for Transatlantic trips. In Asia, aside from a flurry of fixing midweek ex NoPac, generally at around the $13,500 mark, there appeared little substantial volume elsewhere from the usual loading regions. Rates subsequently eased and the market here is in need of a fresh injection in order to avoid further erosion. Period activity included $13,400 being agreed on an 82,000dwt for seven/nine months employment.

Ultramax/Supramax

A level week for BSI with mixed signals from both basins. Period activity was limited but a 55,000-dwt open CJK was fixed for four to six months trading at $10,500. Brokers described a positional market in the Atlantic with cargo flows and tonnage supply finely balanced. Good numbers where still seen from the eastern Mediterranean as the grain harvest continued. There was a 63,300-dwt fixed delivery Canakkale for a trip via Black Sea redelivery south east Asia at $24,500. East coast South America remained level with Ultramax size seeing around $15,000 plus $500,000 ballast bonus for trips to the Far East. There was a slight build up of prompt tonnage in parts of Asia with limited fresh enquiry. However, demand for nickel ore remained with a 61,000-dwt fixing a south China round voyage via Philippines at $12,600. The recent demand from the Indian Ocean and South Africa waned with little being reported.

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Handy

It was overall a relatively slow week with both BHSI and the weighted time charter average having a minor decline after remaining in the positive territory for over a month. Some market participants suggested the surge from the Continent / Mediterranean was coming to an end by showing softening signs, whilst little movement was reported from east coast South America, the US Gulf or the Pacific.

A 28,000-dwt open Casablanca was fixed for a trip via the Continent to Durban at $10,300. There was talk of east coast South America coastal runs fixing at $10,000s to $11,000s level on mid-sized Handysize. In the Pacific, a 38,000-dwt open Manila was fixed for a trip to south China at a rate in the high $7,000s. A 45,000-dwt open CJK was fixed for a trip via Indonesia to China at high $8,000s.

Tanker report – Week 36

VLCC

The Middle East market again eased slightly with rates for 270,000mt AG/China falling 4.5 points to WS25, while for 280,000mt to USG via the cape/cape routing rates are assessed 1.5 points lower at WS18 level. In the Atlantic, another quiet week and downward pressure saw rates for 260,000mt West Africa to China fall three points to just below WS30. The 270,000mt US Gulf/China trip fell about $430k to just below $4.8m.

Suezmax

Rates for 135,000mt Black Sea/Med saw rates ease four points to WS50, while the market for 130,000mt West Africa/UKContinent stumbled seven points downward to the WS36/37 region. The 140,000mt Middle East Gulf to Med market weakened three points to WS16.5 level.

Aframax

In the Mediterranean market, the 80,000mt Ceyhan/Med trade saw owners able to claw back four points to WS60 level. In Northern Europe, rates for 80,000mt Cross-North Sea fell 2.5 points to WS77.5 while the 100,000mt Baltic/UKC market shed four points to WS50. Across the Atlantic the market found a new bottom with rates for both 70,000mt Carib/USGulf and USGulf/UKC falling five to six points to WS57.5.

Clean

Owners in the Middle East Gulf had a reality check this week with rates for 75,000mt to Japan easing around six points to barely WS90, while in the 55,000mt trade the market which ended the previous week in the high WS90s came under heavy downward pressure and has seen a number of deals subsequently concluded at WS76.

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After the sharp fluctuations last week in the West, the market for 37,000mt UKC/USAC started the week down almost 10 points at just above WS105 before subsequently recovering to WS120 as tonnage in the natural fixing window tightened somewhat. In the backhaul business for 38,000mt USGulf/UKC, the negative trend continued with the market losing another 22.5 points to sit now at around WS67.5. Brazil discharge rates followed suit losing over 20 points to very low WS100s. The 30,000mt clean cross-Med trade continued its revival gaining over 32.5 points to be assessed now in the high WS120s.