

BalticBriefing

Baltic Exchange member news, views and events



Bulk report – Week 5 2019

Capesize

The Vale dam tragedy sparked a sharp fall in rates across all regions even where tonnage remained tight. The potential loss of production prompted a panic among some owners and operators who chased rates down. Vale did fix a ship on the key run from Tubarao to Qingdao at \$13.75 mid-week and as the week closed out the rate was hovering around the mid \$13.00s. The North Atlantic still saw limited tonnage availability but fronthaul rates dipped closer to \$20,000 and a well described 180,000dwt vessel fixed a transatlantic round at \$14,000 daily. In the East, as the Chinese New Year approached, the rate from West Australia to Qingdao dropped to \$4.80 with, as yet, little sign of the market finding a floor. Timecharter trading was limited, but certainly rates were significantly lower. However, some owners resisted taking equivalents of voyage rates agreed. There was some back-haul business coming to light with a 135,000dwt 10% coal cargo fixed, from Richards Bay to Hamburg via the Panama Canal, at a rate in the low \$9.00s – suggesting a substantial negative return. Period rates were also lower, with a 179,000dwt fixed for 11 to 14 months trading, with China delivery at \$15,000.

Panamax

Despite talk of more enquiry in the East last week (seasonal holidays), most fixtures, concluded from Australia and Indonesia, have been on an arrival pilot station (APS) basis, whilst from the North Pacific Kamsarmaxes fixed as low as \$4,000 daily for a round trip. The Atlantic followed a similar pattern, with vessels fixing on an APS basis, or on voyage, with many having to agree some waiting time for later cargoes to find cover. Non-South American front-haul saw a Panamax fixed at \$10,000, basis Gibraltar delivery, whilst South America appeared to stabilise and even show a slight improvement for end February-early March stems. Meanwhile, Kamsarmaxes concluded at \$13,300, plus \$330,000 ballast bonus, as opposed to \$12,750, plus \$275,000 ballast bonus, or lower for earlier dates. Period interest remains from charterers, but not at levels owners would entertain.

Supramax

Since the start of the year the Baltic Supramax Index (BSI) has lost around 50% of its value, and with widespread holidays in Asia in the week ahead the market remained cautious. Period activity was evident, but charterers looked to cover with discounted rates early in the week, and split rate thereafter. Levels from key areas, such as East Coast South America, remained poor, with a 58,000dwt vessel booked at \$9,500, plus \$95,000 ballast bonus. From the US Gulf, Supramaxes were seeing numbers at around \$5,000-6,000 for transatlantic runs. Very little activity was registered elsewhere with tonnage lists growing. Routes in Asia also suffered heavy losses with owners having to give APS rates. An Ultramax was fixed delivery Kalimantan, for trip to West Coast India at \$7,000, with limited action further north. Again, the Indian Ocean was slow, with a 63,000 tonner covering delivery South Africa, redelivery Arabian Gulf, to West Coast India range at \$11,000 plus \$100,000.

Handysize

With the long first month of the year now over, next comes the Chinese New Year celebrations. The Baltic Handysize Index (BHSI) recorded a large fall, from 588 on the first index day of 2019 to 328 on 31 January. Spot ships were building up in both basins with little cargo lending support, brokers said. A few more fixtures were reported from East Coast South America, with a 33,000dwt ship fixing at \$5,250 from Recalada, to redeliver in ARA-Ghent range. A 30,000dwt vessel was booked for moving sugar from Santos to the West Mediterranean at \$5,000. The same level was concluded on larger Handysize vessels in northern Brazil, for redelivery in the Baltic area, with some waiting days. In the East, two 28,000dwt vessels were fixed via Australia, to redeliver in Singapore/Japan range, in the low-mid \$4,000s, basis

Singapore delivery from the Persian Gulf. A 28,000dwt was covered at \$7,000 for a run to Bangladesh with fertiliser.

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