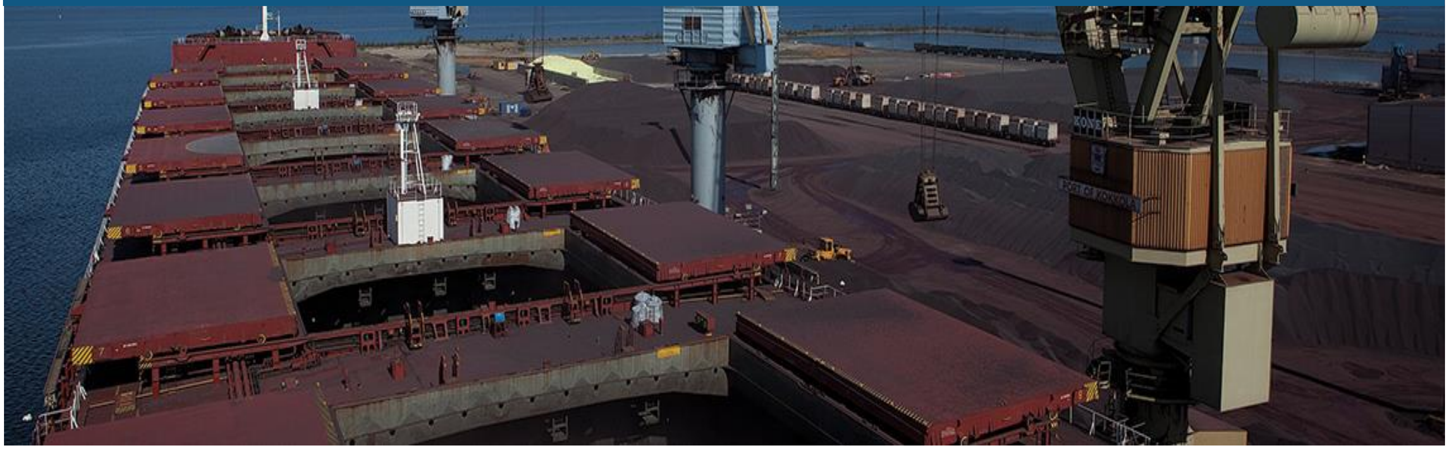
Baltic Briefing

Baltic Exchange member news, views and events



Bulk report – Week 8 2019

Capesize

Gloom continued to beset the market for the big ships, with Dalian port last week imposing a ban on Australian coal imports and capping coal imports from all sources by the end of 2019 at 12 million tonnes. It was also another week with Vale absent from the market from Brazil and Teluk Rubiah. West Australia/China shipments provided the significant focus, with rates hovering around $5.00 for 7 March onward cargoes. It takes nerves to ballast in this market, with rates on the Tubarao/Qingdao run in the upper $12.00 range. Saldandha/Qingdao is now paying around $9.00, having briefly reached $9.50. Timecharter trading was all but absent from the market, although early in the week a 181,000-tonner fixed from Zhoushan for an Australian round at $6,800. As the week closed out, a 179,000-tonne vessel went retroactive Fangcheng 25 Januaryor a Brazil or West Africa round at $7,000. Voyage rates from South Africa and Brazil to the Continent as a backhaul equivalent showed substantial negative returns on timecharter. Fronthaul rates for ships willing to breach International Navigating Limits (INL) remained at reasonable levels, equating to the high teens for non-breaching tonnage. Period rates continued to slide with a 177,000dwt 2009 vessel agreed at $10,500 for 14 to 17 months trading.

Panamax

There was some hope for Atlantic traders this week, with a reasonable amount of fixing absorbing some of the early ships, however, rates still remained very low with owners largely conceding to Arrival Pilot Station (APS) delivery and some without bonuses. A 2018-built Kamsarmax open Brake, 23-25 February, agreed $10,000 or $9,500 plus a $140,000 bonus for a run from the US Gulf to the Continent. The pace quickened from South America, with rates for the runs to the East on standard Kamsarmaxes in the low $12,000s and low $200,000, rising to $13,000 and $300,000 for the eco builds. There was a significant volume of fixing in the East, with increased North Pacific (NoPac) trade boosting rates, with charterers largely operating spot and Southeast Asia active, but with more spot ships. Although rates improved, the pace slowed and rates closed largely flat. Rates for NoPac rounds ranged from the mid $6,000s for Pamamaxes, rising to the low $9,000s for super eco Kamsarmaxes.

Supramax

Brokers saw a wide spread for vessels trading in the Atlantic versus committing to fronthaul business depending on the premium for going to the East. An increase in ships in the US Gulf led to easier numbers.   A 46,000dwt vessel open Dneprobugskiy, was rumoured fixed for a trip to the East at $12,000. While a tight supply of February Ultramaxes resulted in a 2014 63,400-tonner booked from EL Dekheila for a grain trip, via the Black Sea, to the Far East at $17,000. In the East, a 52,000-tonner 2004-built open Singapore was fixed for a trip via Australia to Singapore-Japan at $10,600. For North Pacific runs, a 57,900dwt 2015-built ship, open Laizhou, was reportedly fixed at $9,250. A 2013 66,000-tonner, open Mizushima 22 February, was booked at $10,250, both with redelivery in the Singapore-Japan range.

Handysize

The Baltic Handysize Index (BHSI) climbed 38 points over the week and returned to the same level seen two years ago, as rates slowly improved. Centurion booked a 38,000dwt 2017 vessel, open Londonderry, for a trip via the Baltic to move scrap cargoes to the East Mediterranean at $6,500. A 32,000-tonner was fixed at a rate in the mid $6,000s to redeliver in the West Mediterranean, while a 34,000 tonne 2012-built ship reportedly fixed at $7,250 for a similar run, possibly into Algeria. A 34,000dwt vessel delivery Kanmon Strait was fixed for a trip from CIS to China at low $4,000s.

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