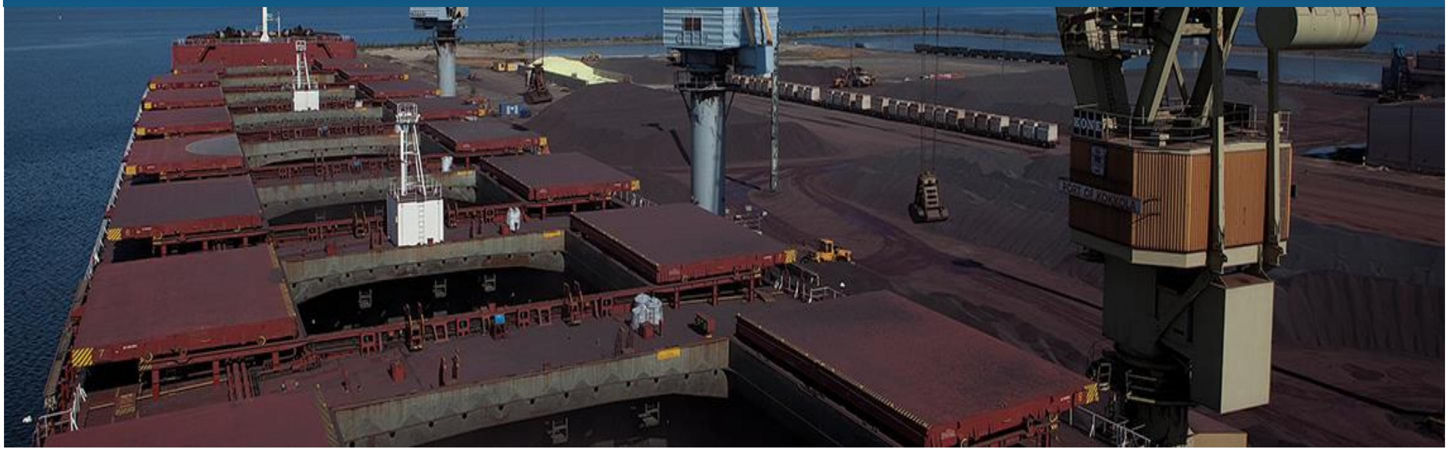
BalticBriefing

Baltic Exchange member news, views and events



Bulk report – Week 27 2019

Capesize

The Capesize market surged over the past week, reaching highs not seen since August last year. Widespread activity in both basins saw a week on week lift of $7,084 to settle at $26,444. As usual, this volatile rise was initially Atlantic Basin lead. Black Sea iron ore fronthaul cargoes supplied the sparking tinder, which took a toll on the already sparse Atlantic tonnage supply. Higher transatlantic rates ensued. The Brazil to China C3 route supplied a timely and healthy amount of cargoes to aggravate the tonnage imbalance. The Pacific Basin showed more of a steady hand in gains early in the week before going full in on Thursday, with an action packed day of fixing. This was particularly evident on the West Australia to China C5 route late into the Singaporean evening. C5 opened the week at $7.205 to close at $9.159. The slightly backward forward curve on the derivatives market is a telling sign of the markets uncertainty in this lift being sustainable. However, for now, the Atlantic remains very tight on tonnage.

Panamax

Most of the excitement emanated from the Atlantic again last week. The continued lack of early tonnage had a profound effect on rates, with transatlantic rates jumping by more than $5,000 and the weighted average up by around $3,000. A Panamax fixed from the Continent for a trip via Murmansk to Jorf Lasfar at $22,000, leading many to complain the index remained under-marked. Fronthaul trades from the North Atlantic also increased, adding fuel to the fire. However, at the end of the week several vessels reportedly failed on Black Sea cargoes. The Pacific market rose steadily throughout the week buoyed by the skyrocketing Atlantic market. Several vessels fixed for US Gulf rounds, again at a premium to Pacific rounds, which improved to very high $12,000s for well described Kamsarmaxes. This was despite a seemingly plentiful tonnage supply. Several period fixtures were reported due to increased paper values, with many of the ships taken basis Atlantic delivery due to the rising spot prices.

Supramax

It was a stronger week again for the Baltic Supramax Index (BSI), mainly due to increased pressure from key areas within the Atlantic. Period activity remained, a 52,000dwt ship, open East Mediterranean, fixing in the upper $11,000s for two to four months trading. Key areas of interest were the US Gulf and Mediterranean, which saw jumps throughout the week. An Ultramax covered a trip to the Continent at around $20,000, while a 58,000dwt vessel fixed at $22,500 for a grain’s run to Japan with delivery Houston. Likewise, from the Mediterranean a lack of fresh tonnage saw an Ultramax being fixed in the $13,000s delivery West Coast India trip via Black Sea redelivery Southeast Asia. From Asia, it was a different story, with a lack of fresh enquiry from the north. A 52,000-tonner open CJK fixed for a trip via Indonesia with redelivery China at $6,100. Backhauls from the area to the Mediterranean were being concluded in the low $3,000s and a split rate.

Handysize

The Baltic Handysize Index (BHSI) had a minor decline when the week first started, but soon returned to positive territory, the US Gulf and East Coast South America lending support. More period fixtures were reported from the area, with large handysize vessels fixing in the mid $12,000s from Santos. Mid-sized vessels were fixing in the high $10,000s, basis Recalada, both for three to five months with redelivery within the Atlantic. A 33,000dwt ship open in the US Gulf mid-July was fixed for two to three laden legs redelivery Atlantic at $10,500. Brokers suggested East Coast South America firmed, with more demand to West Coast South America in particular. Fixtures were reportedly done from $15,000 to $17,000 depending on the size of the ship and the load/discharge. From North Brazil, a 32,000dwt vessel was fixed to the Mediterranean at $10,500. From the US Gulf, a 39,000-tonner was booked for a petcoke stem to Lebanon at $16,000. Rates remained soft in the East. A trip from South Korea to

Southeast Asia paid $6,000 and low $5,000s on a small handysize from Malaysia for a quick trip to the Philippines.

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