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Bulk report – Week 1 2020

Capesize

The New Year started with an erosion on pre-Christmas rates as the higher low sulphur fuel costs due to IMO 2020 affected levels. From Brazil the route is now assessed at close to \$18.50, whilst from West Australia, several vessels were fixed at various levels which eventually settled at over 50 cents less to just under \$7. With vessels having differing bunkering strategies, it will be a few days for TC levels to become more visible, but they too lost value. A Pacific round voyage at week's end was assessed at \$6,200 and the 5TC average at \$10,825 which, on 24 December 2019, were at \$11,525 and \$14,337 respectively. There was talk of a vessel fixing for Bolivar/Rotterdam plus an option for Turkey loading end January, but full details have not been disclosed. Some are suggesting tonnage availability might be tightening there.

Panamax

As the new calendar year begun and bunker fuel legislation came into effect, rates remained severely under pressure in most areas. The new larger 82,500dwt vessel is now the benchmark BPI vessel. With talk of an ever-growing tonnage list in the Pacific, charterers are now generally bidding tonnage basis delivery Arrival Pilot Station (APS), plus a ballast bonus

as opposed to Dropping Outward Pilot (DOP). Consequently, owners are now faced with difficult decisions to make. In the Atlantic a couple of 82,000dwt vessels achieved \$14,250 plus \$425,000 ballast bonus basis delivery East Coast South America for grain trips to Southeast Asia, with the low being an 81,000dwt ship agreeing \$13,000 plus \$315,000 ballast bonus for a similar trip. Earlier in the week a 75,000dwt vessel achieved \$13,000 for a Baltic round trip back to the continent. In Asia, an 81,000dwt ship agreed \$7,000 for a North Pacific round trip basis Korea delivery. There were also reports of an 81,000dwt ship delivery Taiwan fixing \$3,500 for a trip via Indonesia to India.

Supramax/Ultramax

Week one of the decade started very negatively with all routes losing ground. This was due to long tonnage lists and a lack of fresh enquiry, coupled with the new era of the IMO 2020 regulations coming into force. Limited period activity surfaced, but a 58,700dwt ship open China fixed for four to six months trading at \$5,500 for first 30 days and \$9,200 thereafter. With the widespread Christmas holidays, the Atlantic basin saw little fresh information. A 61,000dwt vessel was reported fixed delivery for an East Coast South America trip to Japan at around \$13,300 plus \$330,000 ballast bonus. From the Mediterranean, a 55,000dwt ship fixed delivery Iskenderun trip to West Africa at \$8,000. The Asian basin was also under pressure. A 53,000dwt vessel fixing delivery Indonesia trip to China at \$4,000 and a 58,000dwt ship fixing delivery East Kalimantan trip to Thailand at \$5,500. An Ultramax was rumoured to have fixed a North Pacific business delivery Japan, redelivery East Coast India-Bangladesh in the low \$8,000s.

Handysize

A slow start to the year with limited fresh activity and tonnage availability piling up, brokers said. With the benchmark vessel changed to the larger 38,000dwt, the BHSI opened at 465 and closed the week down 13 points at 452. As ever with various holidays and skeleton staffing there has been limited fresh information. From the Atlantic, a 32,000dwt ship was fixed basis delivery Canakkale via the Black Sea, redelivery Mediterranean with grains, in the mid \$4,000s. From the Asian basin, a 38,000dwt vessel was linked to a trip delivery Taiwan via Australia redelivery Far East at \$7,750. A 43,000dwt ship was fixed delivery North China for a trip via West Coast Central – West Coast South America, redelivery Korea-Japan range, at around \$8,000. All eyes on the next few days to see if the downward movement will continue.

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