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Bulk report – Week 5 2020

Capesize

The week proved conspicuous for all the wrong reasons. This was the week when the Baltic Capesize Index (BCI) turned negative, closing at -20, whilst the average of the routes settled at \$3,973. With the perennial Q1 weakness, Chinese New Year, the rapidly evolving coronavirus crisis and the rains and flooding in Brazil also weighed heavily on the values. Whilst it remains difficult to delineate between macro events and sentiment, the financial markets, which are due to reopen in China on Monday, may provide much-needed clarity. The North Atlantic was purportedly devoid of any firm interest on the C7 route. Further south, Alufer were rumoured to have covered a Kamsar bauxite cargo at approximately \$15.85, basis 22 to 27 February. CCL were linked as owners, however this was not corroborated. The market was quick to extrapolate an equivalent C3, absent any reported fixtures on the route. A handful of fixtures were concluded for West Australia to China on Friday, with FMG reportedly taking the Navios Ray, (179,515dwt, 2012-built) basis 14/16 February, and the Alpha Confidence (176,320dwt, 2011- built) basis 15/17 February, both at \$6.10. NYK were understood to have concluded \$6.15 basis a non-index laycan of 5/14 February, although no vessel was attached.

Panamax

A disrupted week in the market with holidays in the East. The Atlantic continued to labour under the weight of available tonnage and rates here fell sharply throughout the week. Asia fared little better, with limited fresh enquiry. A dearth of period-fixing in recent weeks, but reports this week of an 82,000dwt ship achieving \$11,200 for 14 to 16 months trading. Out of East Coast South America to Asia, a \$13,500 plus \$350,000 ballast bonus was concluded on an 82,000dwt ship at start of the week, but rates for the same trip had eroded to closer to \$12,500 plus \$250,000 ballast bonus by the weekend. Some limited action out of the Black Sea saw a 75,000dwt ship agree \$19,000 for a trip to Singapore-Japan. With Asian holidays suppressing activity there little was reported. However, a 75,000dwt ship agreed \$3,800 for a North Pacific round-trip, whilst from Indonesia, \$1,800 was concluded on an 80,000dwt ship for a trip to East Coast India.

Supramax/Ultramax

Another poor week for the Baltic Supramax Index (BSI) closing at 524, which is down 18 points from Monday. Period activity remained slow, but a 64,000dwt Ultramax was fixed from the US Gulf for six to eight months, trading for around \$13,000. The Atlantic remained uneventful, with limited fresh enquiry from East Coast South America. From the Mediterranean, the market remained positional, with better numbers being paid for fronthaul trips. Owners remain reluctant to trade vessels to China. From the Continent there was a little enquiry at the beginning of the week, with a 63,500dwt ship fixing delivery Belfast, via France, to the Egyptian Mediterranean at \$9,000. The Asian arena remained in the doldrums, prompted by a considerable supply of prompt tonnage and the extended holidays. A 52,000dwt ship was fixed basis delivery South Kalimantan trip to India, at \$6,000. Further north, from CIS Pacific, a 53,000dwt ship fixed delivery Nakhodka, and redelivery Singapore-Japan, in the mid \$3,000s. The Indian Ocean fared little better, with a 58,000dwt ship fixing delivery Richards Bay, trip Djibouti, at \$10,000.

Handysize

It has been a continuous drop since the beginning of the year on the Baltic Handysize Index (BHSI). Having started the year at 465, it closed last week at 332. Lower rates were reported across the Atlantic in key areas showing no sign of recovery. From Skaw-Passero, a mid-sized vessel was reportedly fixed for a trip to the Mediterranean at the level of \$6,000, with some waiting on the owners account. A 37,000dwt ship delivery East Coast South America, was fixed for a trip to Southeast Asia in the mid \$13,000s. In the East, brokers saw tonnage sitting

spot, with little cargo support, whilst some chose to ballast from Singapore to South Africa for other alternatives. Limited fixture came to light from the Pacific basin this week.

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