

# Baltic Briefing

*Baltic Exchange member news, views and events*



## Bulk report – Week 13 2020

### **Capesize**

As Covid-19 continued to ratchet up tensions across the globe, the Cape market dealt with the change to remote working. Most regions of the world are now under no illusions as to the severity of this crisis and are acting to mitigate amongst the daily changing circumstances. Force Majeure declarations are increasingly common, with the latest heard being at European steel mills. At the beginning of this week South Africa announced intended lockdowns on its mines. This led to a rush of fixtures on Tuesday, as West Australia to China C5 potentially became the only show in town with cargo flow. C5 traded down to a low of \$4.003 this week before lifting at the end of the week to \$4.223. Brazil to China business has maintained a faint heartbeat, with owners being picked off slowly at ever sharpening levels. C3 closed the week out at \$9.29. The Cape 5TC closed out the week at \$3,675, down -392. Next week promises to be defined as another one of uncertainty. While some industries are feeling the impact more than others, it's imperative in these trying times we all keep calm and carry on – remotely.

### **Panamax**

A turbulent week with Covid-19 dominating headlines. Subsequently, Force Majeure was declared in several countries and integral shipping ports, as nervousness enveloped the

market. Nevertheless, bright news of soya bean meal crushing margins turning positive in China and a good volume of fresh sales were concluded ex-Brazil and USA into China as a result thereof. This translated into a positive move for the Baltic Panamax Index (BPI) route P6, with rates moving on the week. Rates for fronthaul trips, basis delivery Southeast Asia and India positions, were fixed in the \$8,000's, with one very well-described 82,000dwt vessel achieving \$9,500 from Singapore. Asia was something of a two-tier market, with the North seeing improved numbers due to solid levels of North Pacific demand. A very good design 81,000dwt new building, delivery South Korea, achieved \$7,750 for a North Pacific round trip, whilst Indonesia lacked volume, partly due to Force Majeure in Indian ports, which drove down coal sales.

### **Supramax/Ultramax**

An anaemic week for the Supramax market – driven lower predominantly by the Atlantic routes, as macro concerns continued to weigh heavily on the index. On already decreasing cargo volumes, many charterers, who were not forced to comply with tight nominations, duly withdrew from the market. Meanwhile, brokers said that the tonnage count in the Atlantic continued to grow – correspondingly the offers appeared to track down. The crucial long ton-mile fronthaul routes suffered a significant amount of erosion, with the S1B Black Sea to China route losing \$1,518 on the week to close at \$16,782, the S1C US Gulf to China route dropping \$1,867 on the week to close at \$19,042, and the S5 East Coast South America to China route declining by \$2,430 on the week to close the week at \$9,909. Finally, the average of the timecharter routes posted losses of \$1,092 to settle at \$7,054 on the week. The short-term outlook remains one of further weakness.

### **Handysize**

The consecutive positive trend since mid-February came to an end, with the overall Handysize Index (BHSI) declining from midweek. Rates from the Continent moved sharply lower, with limited cargo support, whilst some market players chose to move cargoes by using own tonnage. Volume was described to be thin in both East Coast South America and the US Gulf. This was especially the case from the second half of the week onwards, with stems reportedly being cancelled or pushed back due to delays or closure at load-ports. A 34,000dwt vessel open Rotterdam was fixed at \$10,000, basis delivery Rouen, for moving grains to Algeria. A 32,000dwt ship was fixed from Southwest Pass for a trip with petcoke to Huelva in the early part of the week at \$9,500. The movement in the Pacific was not significant this week, with the market showing a similar trend as the Atlantic Basin.

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