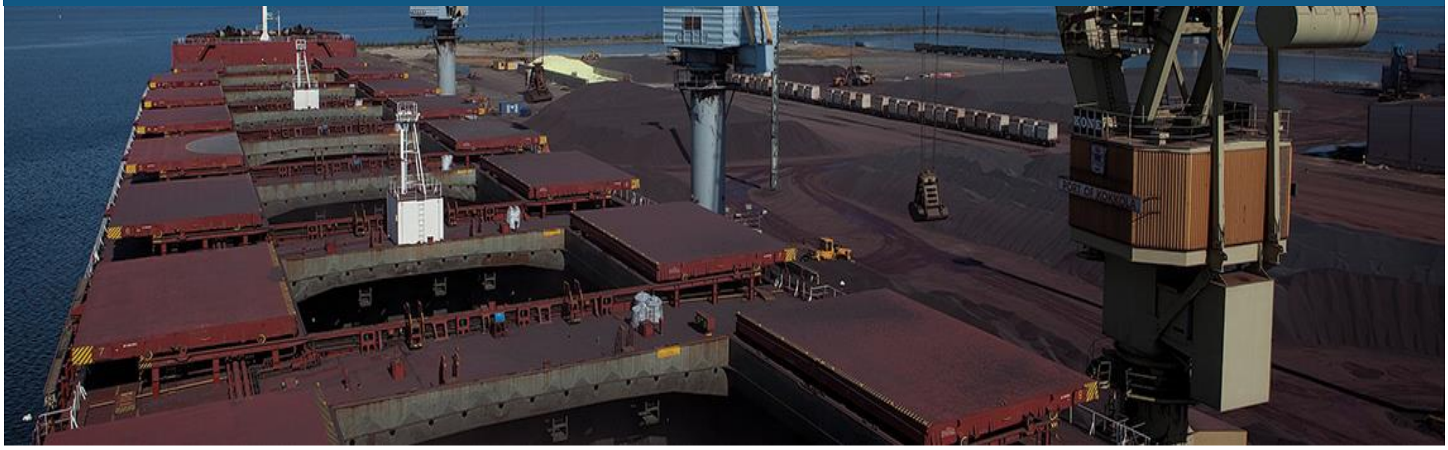
Baltic Briefing
Baltic Exchange member news, views and events



Bulk report – Week 14 2020

Capesize

The Capesize market this past week looks to have come off life support and found some improved sentiment. The week began rather ordinary before surging on Tuesday prior to the index publishing. Improved South African loading options and activity out of Brazil were cited as the cause. Countering that, Vale announced that same evening it forecast cuts to iron ore output due to Coronavirus lockdowns. The market remains a touch above OPEX levels, with the Cape 5TC closing the week at $5,949. Cargo supply remains weak, while Covid-19 fallout looks set to increase over the coming weeks. The West Australia to China C5 route was at the centre of Tuesday’s lift. It opened the week at $4.223, lifted to $5.395, to close out Friday at $4.923. A wide spread of earnings has now opened between the Pacific Basin C10 at $7,954 and the Atlantic Basin C8 at $4,620. The Baltic Capesize Index (BCI) lifted this week out of negatives, from -91 to 319, illustrating the improved situation.

Panamax

The Panamax market roused in the early part of the week, supported in tandem with FFA gains witnessed. The Pacific has been largely driven by strong demand out of the North Pacific. That has favoured Kamsarmax vessels, which have been fixing at rates ranging from

$7,000’s to $8,000s, depending on delivery. South America continued to be the driving force in the Atlantic. However, there were a few signs this was starting to be eroded somewhat by the plausible Ultramax arbitrage opportunities. Nonetheless, decent types were still able to achieve midweek rates in the mid- $9,000’s, some up to $10,000 with Southeast Asia deliveries. Tonnage supply appeared to be building in the North Atlantic, as transatlantic demand slowed. There was very little period talk, but a modern Post Panamax fixed for thirteen to fifteen months, delivery China, for a discounted rate of $4,000 for first 60 days and $8,500 thereafter for balance of period.

Supramax/Ultramax

The influence of the Covid-19 effect was dramatic over the last week, with the Baltic Supramax Index (BSI) losing over 100 points. Period activity remained quiet, but a 62,000dwt vessel, open Taiwan, was rumoured fixed for four to six months in the mid $9,000s. Brokers said the Atlantic lacked impetus, certainly from the US Gulf, with tonnage availability growing. However, in contrast, the South Atlantic saw increased activity. A 63,300dwt vessel fixing delivery Recalada trip, redelivery Morocco, at $10,000. For fronthaul business, Ultramax vessel sizes were getting in excess of mid $11,000’s, plus over $150,000 ballast bonus, redelivery Singapore-Japan. The Asian arena similarly suffered, with little fresh cargo and prompt tonnage availability across the region building. A 52,000dwt ship fixing delivery Singapore trip, via Indonesia, redelivery Taiwan, at $3,100. Further north, an Ultramax was fixed delivery Busan via the North Pacific, redelivery Bangladesh, at around $7,000. Little was seen from the Indian Ocean, but a 56,000dwt ship was fixed delivery Paradip, redelivery China, at $4,700.

Handysize

The slow movement and weakening sentiment from last week further continued, especially in the Atlantic. Pressure on rates remained on more spot tonnage being built up, whilst the overall activity was still minimal in East Coast South America and the US Gulf. However, towards the end of the week, some brokers saw slightly more cargoes in the market for second-half April dates. A 34,000dwt ship was fixed for moving grains from Rouen to the West Mediterranean at $7,100. A 29,000dwt ship, open in Constanza, was fixed for a trip via the Black Sea to Morocco at $6,800. In the East, a 44,000dwt ship, open Singapore, was fixed for a trip via Indonesia to China at $2,500, and a 32,000dwt ship, delivery in Fujairah, was fixed for a trip to Taiwan at $4,500.

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