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Bulk report – Week 17 2020

Capesize

The tide turned this week for the Capesize market, as voyage rates registered dramatically falling fuel costs. This was led primarily by weakness in the energy market, as the global supply of oil continues to mount. US suppliers are finding storage levels are brimming, while being reluctant to turn off the taps. The Capesize 5TC peaked early in the week at \$10,081, before gains were gradually eroded down to \$8,381 by Friday. Fixture activity was relatively strong throughout the week, with a flurry of cargoes fixing out of Brazil to China across a wide range of dates. West Africa and Eastern Canada to China were also notable on fronthaul activity. The Brazil to China C3, while active, shed over \$1.60 to settle down at \$10.505. The Pacific had a reasonable flow of trade before petering out on Friday. The West Australia to China C5 settled Friday at \$4.073, down -\$0.84. Along with the oil, Brazilian iron ore forecasts for the 2020 year were revised down by Vale this week. Cashflow troubles were heard out of a Steel maker in India, as Covid-19 continues to wreak havoc on the world markets.

Panamax

The Panamax market had a real directional shift this week, with the Baltic Panamax Index (BPI) veering negative for the first time in over two weeks. East Coast South America grain activity, so often the market driver, has come under pressure this week, with a vast amount of ballasters from Asia compounding the issue. With varying rates being fixed, the mean rate averaging out was at around \$8,750 for 82,000dwt, basis delivery Singapore. Elsewhere in the Atlantic, trans-Atlantic demand has failed to deliver again despite some increased activity from North Coast South America. In Asia further falls were witnessed, and despite cargo volume remaining steady week on week, the tonnage count began to build. This counter balanced charterer's standpoint, and consequently lower bids, with \$6,500 being agreed on an 80,000dwt ship for a North Pacific round. Some period deals were agreed. An 82,000dwt ship agreeing to \$6,100 for the first 55 days, \$9,835 thereafter, for seven to nine months. An 81,000dwt vessel achieved \$10,000 for 12 months earlier in the week.

Supramax/Ultramax

As the week ended, there was a change in direction from some areas, with vessels in Southeast Asia seeing rates from where they are open rather than absorbing ballast time. Other areas remain finely balanced, but some brokers saw more enquiry from East Coast South America. However, this has yet to be seen on rate values. There was limited activity on the period front. A 58,000dwt vessel open Nantong fixing in the mid \$3,000s for the first 30 days, with \$7,750 for balance of period up to five months. From the Atlantic, a 63,000dwt ship was fixed for a trip delivery US Gulf, redelivery China, at \$13,000. From East Coast South America a 58,000dwt ship fixed a trip to Algeria in the low-mid \$6,000s. From Asia, a 58,000dwt vessel was fixed delivery Singapore trip via Indonesia, redelivery West Coast India, at \$4,500. From the Indian Ocean, a 53,000dwt vessel fixed for a trip East Coast India, redelivery China, at \$5,000 for the first 35 days then balance \$7,500.

Handysize

The same trend continued from last week, with limited activity reported from either Basin. There was a minimal gap reported among the four Atlantic and three Pacific routes. From Upriver region, Handysize vessels were competing with bigger sizes as the draft further dropped. East Coast South America coastal trips were reported at the level of \$3,000 to \$4,000. Inter-Mediterranean trips were at rates in the mid \$4,000s. For a mid-large sized delivery in the Black Sea, a trip to the US Gulf paid in the range of \$4,000 to \$5,000 and slightly higher level for redelivery in the Continent. Otherwise little was reported from the Pacific.

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