CAPESIZE

Previous week the BCI returned from year-end holidays and immediately saw activity coming from the usual West Australia iron ore flow. Initial movement in the market appeared positive as physical rates lifted slightly.
Fixtures out of Brazil and the North Atlantic were more muted as to be expected this time of the year. While activity was low the tightness of vessels in the region was tight as several vessels were having schedule delays, leaving the area primed for rate spikes. Paper was showing a small backwardation into February before lifting in March through to the end of the year.

A positive start to the week 3 with both and BCI up Monday. The movement of C3 Brazil to China run remained lacklustre with reports that Vale had weather related production problems. The route saw a sentimental rise more of a response to the movement from South Africa and the Pacific. Asia firmed on the back of gains seen on the key West Australia/Qingdao run.
A sudden turn-around Tuesday as numbers eased on the majority of routes. Among all, the backhaul route moved sharply lower despite slightly more cargoes coming to the market. Outlook was negative due to a range of factors such as limited fresh inquiry, weather delays, the ongoing absence of Indonesian coal cargoes and a surfeit of tonnage in both basins.
In the Atlantic the Ore & Metals awarded their Saldanha Bay/Qingdao 1-5 February tender at $15.47 fio basis 1.25% commissions. Further it emerged that Aahapura covered last week its Konta to Qingdao 18-25 January loading at $25.85.
Tuesday a coal stem from Bolivar to Rotterdam with an option to Turkey on 18-27 January was reportedly fixed at $14.00, but this was possibly a fixture concluded last Friday, with bids now barely close to that level. SAIL awarded its Newport News/Dhamra 30 January-8 February coal tender at $37.80 fio. Earlier Kingho covered their February 15/onwards Freetown to Qingdao loading at $24.50 fio. TS Global covered their February 1-10 loading from PDM to Port Talbot and Ijmuiden at $12.50 fio.
From South Africa Koch fixed a February 1-10 coal loading from Richards Bay to Fangcheng at $13.10 fio.
Not a lot was done in the Asia Monday. Rio Tinto fixed their January 25-27 Dampier/Qingdao loading at $10.10 fio.
Tuesday the charterer fixed at $9.05 on 27-29 January, followed by another at $8.80. BHP covered its January 25-27 stem from Port Hedland to Qingdao at $9.60. It also emerged that on Friday PMI booked its January 24-26 cargo from Esperance at $11.50 fio. Also on Friday, KEPCO awarded its January 24-28 Westshore/Dangjin coal tender at $14.73 fio.
On the oil front, Crude edged lower Monday as supply concerns receded. Chinese COVID-19 cases raised and NYMEX February WTI settled 67 cents lower at $78.23/b, and ICE March Brent declined 95 cents to $80.80/b. Libyan oil output recovered to 900,000 b/d, western blockade still in place.
This came a few days after crude production had fallen to a 14-month low of 729,000 b/d, according to a statement from the state-owned National Oil Corporation. China had been tightening the regulations to prevent the spread of coronavirus, including on bunkering operations.
Tuesday crude pushed to two-month high as supply outlooks tightened, and gap between OPEC+ crude oil quotas and production widened.

The negative trend continued across both basins mid-week with the Pacific market taking the biggest hit again. The C5 run was reportedly fixed in the low-mid $8s followed by two trades slightly below $8.00. Atlantic

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business was limited, with weather delays from Brazil hampering loadings.

In the Atlantic TS Global covered its 1-10 February iron ore from PDM to Port Talbot and Ijmuiden at $12.50 fio.

In the Pacific on C5, Rio Tinto reportedly covered two January 15-25 loadings from Dampier to Qingdao at $8.40 and $8.35 respectively, closing the day with two more fixtures in the high $7s. BHP Billiton agreed $8.35 for their January 15-25 loading from Port Hedland and FMG booked its January 20-30 loading from Port Hedland at $8.25 fio. Also Richland covered its January 22-31 stem at $8.20. Elsewhere Vale booked their January 21-22 coal stem from TRMT to Qingdao at $5.90.

Pacific period business heard that a 2013-built 181,322 dwt caper went to an undisclosed charterer last week for January 5 delivery Dalian for minimum 12-maximum 15 months trading at $27,000 daily.

On the oil front US commercial crude oil stocks declined 4.55 million barrels to 413.3 million barrels in the week to January 7, US Energy Information Administration data showed January 12.

As the week drew to a close, trading remained limited in both basins. In the East majors out of West Australia included only Rio Tinto and to a lesser extent BHP and rates from West Australia to Qingdao eased further, while backhaul business plunged rapidly with charterers taking advantage of market conditions.

In the Atlantic, TKSE covered their February 5-14 loading from Saldanha Bay to Rotterdam at $6.25 fio.

In the Pacific C5 trading linked Rio Tinto with a January 29-31 cargo from Dampier to Qingdao at $7.55 having agreed earlier $7.95 for January 30-February 1 and January 29-31 loadings. The charterer was later rumored to have managed $7.10 and $7.00.. Backhaul business reported TKSE covered a February 9-18 loading from Gladstone to Rotterdam at $12.30 fio.

On the oil front crude edge lower as market consolidated after hitting nine-week highs with a two day climb that saw Brent futures push up.

The market looks like running out of fuel. Indices and rates collapsed leaving both basins "in red". BCI dropped 1058 to end at 1,496 and BCI 5TC average plunged $8,774 standing on Friday at $12,407 daily. Question is whether next week we could see any signs of finding a floor to stop the huge declines across the board.

PANAMAX

The market was dull in this week's start, with rates in the Atlantic falling off last dones. While there were rumors of tonnage fixed from the Black Sea and Jorf Lasfar to the East details were lacking. In the Pacific, the lack of Indonesian coal cargoes weighed heavily.

Trading saw a further easing in rates Tuesday as the lack of new interest was overset by the amount of available tonnage, as well as those in ballast. Atlantic reports dealt with recent fixtures at levels which were unlikely to be repeated.

A lacklustre and negative tone to start the week in the Atlantic. The North remained under pressure with a lengthy tonnage profile ex Continent and the handful of bids seen, for both transAtlantic and fronthaul, at less than last done levels. EC South America too was light on bids and with the ballaster list continuing to increase especially on the deferred position. It emerged that Trafigura fixed last week a 2016-built 81,060 dwt kamsarmax January 12 delivery Zhangzhou for a trip via EC South America redelivery Singapore-Japan at $27,000 daily.

Rates were off across the board Tuesday. In the North a buildup of tonnage, specifically on the Continent meant owners had to drop ideas in order to attract bids. Further South, EC South America followed suit, with bids significantly under last done and owners had to reduce in order to cover.

A the 2015- built 81,458 dwt kamsarmax was fixed recently to an undisclosed charterer for January 10 delivery Singapore for an EC South America round at $25,000 daily and a 2012-

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built 75,416 dwt panamax to an unnamed charterer January 14 delivery Singapore at $24,000 daily, rates that could not be repeated now.

In the Pacific the Indonesian coal ban, minimal fresh cargo enquiry and an overhang of uncertainty in relation to whether nominated ships would actually load out of Indonesia forced rates to a negative turn as most owners were relatively aggressive trying to cover their positions. There were a handful of comparatively healthy spot fixtures due to tight cargo laycans but overall the tone was soft. As of Asia's closing there were reports of some vessels loading in Indonesia which might yet again mean a pause in the market as the market waited to see further clarity from the local Indonesian authorities.

A 2020-built 81,984 dwt scrubber-fitted kamsarmax was fixed for January 7 delivery Kinuura on a trip via EC Australia redelivery Japan at $24,000 daily. No word on the charterer involved.

On voyage SAIL awarded its February 1-10 coal tender from Gladstone to Visakhapatnam at $24.85 fio.

Australia remained the main source of activity Tuesday but with a lengthy tonnage list, rates continued to drift. This drift only widened further the bid/offer gap for those vessels affording the luxury of waiting. There were a handful of fresh Indonesia requirements but with continued conflicting reports on the general status of Indonesian coal, we were at the time being in a negative direction.

A 2006-built 75,399 dwt panamax agreed $19,750 daily for prompt delivery Zhoushan for a trip via EC Australia to India. The charterer involved was not identified. SAIL awarded its February 1-10 coal tender from Hay Point to Visakhapatnam at a weaker $23.90 fio and KEPCO its January 25-30 tender from Dalrymple Bay to Goseong at $15.00. From NoPac K-Line fixed a 2011-built 82,165 dwt kamsarmax January 10 delivery Rizhao for a round trip at $25,000 daily, whilst on Friday Cargill took a 2012-built 81,585 dwt vessel January 13 delivery Niihama for a trip via Long Beach redelivery Singapore-Japan at $22,000 daily. Olam was linked with a 2009-built 75,659 dwt panamax January 9 delivery retro-sailing Inchon for a NoPac round at $19,000 daily.

Mid-week, Wednesday proved a further day of poor trading. Rates eased again in the Atlantic for prompt tonnage, whilst forward dates failed to support what typically one would expect to see i.e. more upside potential. Pacific trading also eased, despite a slight uptick in cargoes from Australia. The sheer volume of available tonnage overwhelmed current inquiry.

Weaker rates continued to dominate the market on Tuesday with little change since end of last week. The Atlantic continued to appear largely underwhelmed especially in the North with muted action, whilst further south rates here continued to be under pinned by SE Asia ballast tonnage exploring alternative employment whilst the coal ban continued its impact. The Asian market remained fundamentally weaker and was described as all over the place with mixed rates/rumors being banded around for most of the day along with a large amount of fixing and failing.

Wednesday North Atlantic continued to drift and with some sharper fixtures concluded for both the transAtlantic and fronthaul bids were hard to come by and owners had to discount to cover.

Further South, EC South America seemed to be looking at a tentative floor with a few grain houses bidding the 2nd half February position at flat levels in the morning, however most of these pulled back in the afternoon. Owners though were now becoming more realistic on their offers and appeared willing to face the market.

Cofco Agri was active fixing a 2020-built 80,883 dwt kamsarmax January 19-20 delivery Eemshaven for a trip via the US Gulf option NC South America redelivery Singapore-Japan at $35,000 daily.

The charterer also took a 2002-built 75,966 dwt panamax January 12 delivery Singapore for an EC South America round at $20,000 daily and a 2012- built 81,247 dwt kamsarmax January 8 delivery retro-Tianjin for a US Gulf round trip redelivery Singapore-Japan at $23,000 daily. A 2014- built 81,879 dwt vessel was reported fixed prompt delivery New Orleans for a trip redelivery Singapore/Japan at $28,250 daily plus a $1.1 million ballast bonus. The charterer's identity was withheld. An unnamed charterer booked a 2012-built 81,504 dwt Panorama for prompt delivery Rotterdam on a trip via the US East Coast redelivery in the Eastern Mediterranean at $20,500 daily.

Thursday those owners who were optimistically holding out for a floor or some fresh enquiry instead took what available bids were on the table, resulting in further declines on all routes. In the North Atlantic the lack of mineral enquiry (most noticeably ex Baltic/Murmansk) was hampering sentiment as the tonnage list lengthened and owners had to look further afield for cover or for fronthaul cargoes further putting pressure on the route. In the South numbers were still sliding with charterers happy to sit back and cherry pick the best candidates for their cargoes. The outlook remained weak whilst there was still competition from the smaller sizes and a floor was yet to be found. Limited reporting emerged; Raffles were linked with a 2006-built 76,585 dwt panamax passing Sunda Straits 15 January for a trip via EC South America redelivery Singapore- Japan at $21,000 daily and TS Global covered its January 23-27 ore loading from Mo-I-Rana to Ijmuiden at $9.40 fio.

In the Pacific there was a dribble of fresh Indonesian requirements which had little impact on the market except creating further confusion on the coal ban. Australian demand was comparatively healthy but with such a large volume of tonnage and minimal demand elsewhere, especially the Nopac, rates continued to drift. Even vessels coming open early next week decided to seek cover, the risk of the negative trend shifting into next week becoming more of a reality.

K-Line fixed a 2012-built 76,249 dwt panamax January 11 delivery sailing Kwangyang on a trip via Newcastle redelivery Taiwan at $21,500 daily.

Viterra took a 2014-built 82,624 dwt kamsarmax January 12-13 delivery Bayuquan for a trip via EC Australia to India at $20,000 daily and Hyundai Glovis a 2012-built 93,069 dwt post panamax January 12 delivery Bayuquan on a trip via EC Australia to South Korea at $18,250 daily, whilst Rio Tinto was linked with a 2011-built 93,764 dwt vessel January 11-13 delivery Yuhuan for a trip via Weipa to China at about $18,500 daily. On voyage SAIL awarded its February 1-10 coal tender from Gladstone to Visakhapatnam at a weaker $21.50 fio.

Thursday we continued on much the same theme with rates further losing value. With already competitively offered kamsarmaxes competing, the smaller/older units had to heavily discount in order to attract charterers' eye. What would have been deemed normally as a reasonably respectable volume of Pacific demand, continued to be undermined by the lack of Indonesian coal. With the Capes trading at a heavy discount, the prospect of any stabilization and assistance from other sizes was non-existent. Unappetizing spot rates had enticed some owners to explore what premium, if any, can be garnered from the period market. From Australia came reports of a 2011-built 81,147 dwt kamsarmax Yosu prompt fixed for a trip via EC Australia redelivery India at $16,500 daily, whilst a 2020-buIlt 82,516 dwt vessel Shibushi 21-22 January was fixed for the same trip at $21,500 daily and a 2010-built 80,282 dwt kamsarmax Zhoushan prompt was placed on subjects by unnamed Japanese charterers for a trip via EC Australia redelivery Japan at $18,000 daily.

The approach to the weekend failed to bring any relief. Fresh inquiry was very limited in the Atlantic, and ballasters from the East were adding further pressure to rates. In the Pacific the market was easier with a number of vessels said to have fixed and failed.

In the Atlantic a 2005-built 76,255 dwt panamax Colombo 13 January after having fixed & failed to Nordic for a trip via EC South America at $21,000 daily refixed an unnamed charterers for a trip via Black Sea to Singapore/Japan at $19,800 daily, whilst a 2005-built 73,691 dwt vessel that sailed Xiuyu 28 December was rumored fixed for a similar trip at $20,500 daily, however exact details were not available.

In the Pacific Marubeni fixed a 2013-built 82,165 dwt kamsarmax prompt Tianjin for a NoPac round at $20,500 daily whilst a 2010-built 80,282 dwt vessel went to unnamed charterers delivery Zhoushan prompt for an Australia round at $17,000. On voyage Hoa Phat covered their 90,000 tons coal Port Kembla/Vietnam 5-10 February coal loading at $20.50 fio.

A much needed injection of fresh cargoes is obvious for the market to rebound.

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SUPRAMAX – HANDYMAX - HANDYSIZE

EAST COAST SOUTH AMERICA / WEST AFRICA

The week is closing with a minus sing with market following the downward course throughout the week.
However it was a more enlighten week in matter of fixtures for both Supramax/Ultramax and Handy size vessels. Trips via Ecsa to Baltic were paying around $32,000/33,000 on aps Recalada basis, whilst for East Med the rates were around $30,000 for both Ultramaxes/ Supramaxes.
Fronthauls to China were around $20,000+$1 mill bb.

Handies were on about same levels, with trips via Ecsa to Ncsa were around $30.000 and trips to Med were around $30,000/29,000. Handies in Ecsa seeing around $38,000/39,000 for trips to Wcsa.

MEDITERRANEAN/ CONTINENT / BLACK SEA

Market sentiment remained negative and rates continued to fall in Mediterranean and Continent. Little fresh enquiry, less activity resulted tonnage prompt/spot list gradually building up.
As far the handysize, a 32,000-dwt was fixed from Marmara to the Egyptian Mediterranean with steels at $15,500. Another 28,000-dwt fixed basis Canakkale at $17,000. Finally a 30,000-dwt fixed at $19,750 for grains run to west Med.
On the supramax sector, fronthauls were at very low 30's basis Canakkale whilst backhaul trips to Usg region were paying mid-teens especially by midweek and afterwards. The intermed grain run for a supramax was at high teens always basis Canakkale delivery.
From the west med a Tess 58 was rumored fixed basis delivery Oran for a clinker run to West Africa at $20,000.
Continent saw the biggest fall with large decreases in rates and many owners took the decision to start to ballast towards Brazil.
From handysize a 32,000-dwt rumored to fix for a trip Cont to USG at $14,000. The usual grain runs ex French Bay were at mid-teens basis aps delivery whilst intercont local trips were at low teens.
Supramaxes and ultramaxes saw same or even worst downtrend.
Not fresh cargoes and the reluctance for ice trading had impact in rates as scrap cargoes were paying in the region of 20,000 basis ARAG delivery. A 61,000-dwt heard fixed for a scrap cargo ex Baltic at $24,000.

FAR EAST/ INDIA

(**Below info on the basis of an average 58k dwt vessel - basis our views/feeling/information on the market)
A far from interesting week for the supramax segment is coming to an end. Indonesia coal ban is still on and looks that only Indonesia government knows when may be expected to be lifted. According to industry players looks that no coal from Indonesia has moved this week and despite a list of "licensed exporters" came to the spotlight, nothing officially came out from government hence it actually never got implemented. Rates for the single trips in almost all areas have been pushed down, same not happening with period levels though (since owners expect market will bounce back – question remaining though, "when?"). An Australia or NOPAC round would pay around $19,000/20,000 basis South Korea, subject to the cargo/duration and eventual destination. A 58K dwt could secure around $27,000/28,000 basis Pakistan for aggregates via Fujairah back to Bangladesh and South Africa levels retreated as well; close to $23,000 plus $300,000/ 350,000 afsps Richards Bay for coal to Pakistan or closer to $24,500 plus $450,000/500,000

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passing Durban for manganese ore to Far East. On the period font, levels have been fluctuating around $23,000/24,000 on a 58 for 4/6 months basis North China delivery or more like $25,000/26,000 basis WCI delivery – always subject to flexibility offered and actual vessel's design.

FFA

The week started slower for cape which later on drifted and panamax overall was drifting with some support at the end of the day. Tuesday was volatile for cape but panamax started trading in a tight range which later turned positive and the day ending supported. Mid of the week cape was just trading lower and lower and panamax even though starting supported later started drifting. Thursday cape drifted and panamax traded in a tight range, and finally week ended actively.

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