CAPESIZE

The market was off to the typically slow Monday start across both basins. Atlantic was very dull with limited inquiry heard. In the East, rates trended sideways on the lack of activity with the key C5 route largely unchanged from last week's close.

In the Atlantic, Treasure Boost Shipping covered their June 17-18 bauxite loading from Freetown to Qingdao at $21.45 fio while Koch was rumored to have fixed a vessel for Kamsar/Gangavaram 7-11 June in the high $16s.

In Asia BHP were reported to have fixed a Port Hedland /Qingdao for 5-7 June at $8.75 fio whilst Rio Tinto covered a June 6-8 from Dampier at same rate.

Iron ore retreated for a third straight session as China's construction season started to wind down amid a disappointing steel demand outlook. The steel-making ingredient had dropped nearly 5% since last Thursday, as optimism faded that China's usual period of peak demand in the second quarter would bolster a market suffering from lower prices and reduced run rates. Operating rates in Tangshan, the country's major steel hub, had fallen since March. In addition, more producers were cutting prices, according to researcher Mysteel. Meanwhile, three of China's four first-tier cities saw a decline in new home sales, a sign of waning property demand according to Bloomberg. The longer-term technical remained neutral as highlighted in their Friday's report some pressure.

Tuesday we saw more Colombian coal enquiry in the Atlantic with $27.00 reported into Korea. Physical volumes were good, ballasters were being picked off and certainly the paper market was underpinned but very range bound but seemed to be finding some fresh support.

While there had been a consistent stream of fixtures from West Australia to China, conditions in the Pacific remained comparatively stable. Although there appeared to be a tightening on earlier dates, with rumors of slightly better fixtures being concluded, details remained under wraps.

In the Atlantic there had been again talk of better fixtures being concluded with coal from Colombia to the Far East. The consensus was that perhaps the basin was trying to nudge back up. C3 rates were still lagging way behind as most owners were favoring a quick West Australia run. C3 could benefit from the increased volume of ships choosing West Australia, but not quite yet. Mid-June dates were fixing sub index and that was well below our anticipations. Supply and demand were suggesting a turnaround which was still not on the cards, however with more Colombia coal appearing and South Africa adding a few more stems, there were many foreseeing brighter times ahead. CSN covered their Itagui to Qingdao 11-13 June loading at $20.50, whilst both Mercuria and ST Shipping were being reported to have fixed from Colombia to the Far East but other details had not been disclosed. Ore & Metal awarded their June 14-18 ore tender from Saldanha Bay to Qingdao at $15.09 fio.

In Asia we saw rates creep ever closer to $9.00 C5. Much better volumes from the miners brought over a handful of ships fixing and there was more cargo to fix. BHP were rumored to have paid over $9.00 for very early dates although this had not been confirmed. The major was also been reported to have fixed ex Port Hedland for 7-9 June at $8.80 fio, having fixed earlier a prompt loading at $8.95. Rio Tinto reportedly covered ex Dampier a June 9-11 stem at $8.78 fio. On time charter Safeen Feeders were linked with a 2011- built 179,100 dwt vessel May 25 delivery EC India for a round trip via Richards Bay back to EC India at $17,500 daily.

Despite all three of the majors being in the market Wednesday from West Australia to China, the Pacific struggled to make any gains slipping marginally. Other than a few tenders, there was a lack of enquiry from the operators. A similar story in the Atlantic resulted in the market drifting and potentially coming under pressure. A bleak day for the capes despite good cargo volumes in the east. A lack of congestion and a plentiful supply of ships sucked up all the cargo with rates dropping in both basins. The paper market was sold off aggressively with the entire curve under pressure.

In the Atlantic, the lack of fresh inquiry continued to impede any improvement in rates, with rates toppy in light trading. Trafigura reportedly covered their end-June ore loading from Sudeste to Qingdao at $21.00 fio.

Capesizes in the east found little to reassure in Wednesday's market and rates trended sideways/slightly down on most of the routes. BHP Billiton covered at $8.65 a June 8-10 loading from Port Hedland to Qingdao and FMG agreed the same rate for June 7-8 also from Port Hedland. Rio Tinto secured $8.60 for their June 10-12 loading from Dampier and Netbulk covered their June 7-9 stem from Dampier also at $8.60 fio.

Approaching the weekend became somewhat negative, in both basins. Two of the three majors have been in the market from West Australia to China, yet rates continued to slide. The list of ballasters is long and enquiry in the Atlantic still appeared to be relatively thin. Overall, the market was facing increasing pressure, resulting in corresponding adjustments in rates.

Atlantic was dull, with pressure mounting on rates as ballasters and prompt tonnage weighed on the market. Koch covered their June 18-22 stem from Itaguai to China at $20.50 fio. Trafigura fixed their June 11/onwards Sudeste/Qingdao loading at $20.00. Vale was linked with a Newcastlemax for their end June/ early July Tubarao/China at $19.30 fio. TKSE also fixed a prompt Newcastlemax from Saldanha Bay to Rotterdam at $5.40.

In Asia for C5 FMG were rumored to have fixed Newcastlemax from Port Hedland to Qingdao for 8-9 June at $8.65, although this was not been confirmed. Rio Tinto covered their June 12-14 loadings from to Qingdao at $8.40 and $8.25 fio. Also Panocean took a vessel for June 12-14 at $8.35. Elsewhere Mercuria covered their June 13-17 coal stem from Richards Bay to Mailliao at $13.25 fio.

Cape rates are under pressure despite relatively good demand in the Pacific. On the main C5 route, the miners have been present, but rates had not been going anywhere, rather slightly down. Overall index is off a couple of thousands, and the biggest drop is in the most volatile part the Atlantic. The BCI lost this week 382 to 1,683, while the BCI 5TC collapsed losing $3,170 standing on Friday at $13,956 daily. Sentiment is dull, but analysts are forecasting an upturn will be coming, along with the summer.

PANAMAX

Activity was slow to emerge on the week's opening, with details of concluded business hard to come by. No fresh inquiry was heard in the Atlantic, leaving traders guessing as to whether last week's small gains would be expanded on this week from EC South America. Pacific saw some slight gains from Australia, though little else positive was heard. A flurry of period fixtures emerged for both short and longer period.

Action was slow in the North Atlantic with prompt tonnage seeking business from NC and EC South America thus competing with an already heavy list of ballasters. In the South we saw some improved demand for fronthaul trips ex EC South America yet bids remained close to last dones. Undoubtadly the list of ballasters towards was longer than last week as it remained to be seen if fresh demand would be able to lift off some pressure. Cargill was linked with a kamsarmax prompt delivery Tubarao on a trip to Skaw/Gibraltar at $19,000 daily, and a 2015-built 77,853 dwt vessel went to undisclosed charterers June 12 delivery EC South America on a trip to the East at $16,000 daily plus a ballast bonus of $600,000. Ultrabulk booked a 2019-built 81,625 dwt kamsarmax May 23-24 Cadiz on a trip via the US Gulf to the Continent at $10,750 daily.

In Asia, North Pacific was muted with more period enquiry surfacing again. Demand from the South kept exchanges in the basin alive but rates were again discounted due to the oversupply of tonnage. It was too early in the week to grasp the market's sentiment but as FFA dropped further and vessel count was high, only fresh demand could overthrow this sluggish performance. D'Amico was linked with a 2013-built 79,235 dwt kamsarmax May 22-25 delivery Putian on a trip via Indonesia to the Philippines at $5,000 daily. It also emerged that Panocean fixed last week a 2011- built 87,450 dwt post panamax May 17 delivery Kaohsiung on a trip via Villanueva to Japan at $17,000 daily.

Period business saw Triangle, a new name to many, taking a 2019-built 81,783 dwt kamsarmax May 19-20 delivery Zhoushan for 5-7 months trading at $15,500 daily and a 2015-built 82,039 dwt vessel May 19 delivery Shidao also for 5-7 months at $14,500 daily. In addition Norden fixed a 2016-built 81,093 dwt kamsarmax May 24 Dafeng for 6-9 months at $10,000 daily for the first 45 days trading and $14,000 daily thereafter on the balance. Longer period reported Cargill agreed $12,000 daily with a 2010-built 75,598 dwt panamax May 21-28 Zhoushan for 16-18 months.

A softer market Tuesday, despite some talking of a floor being found in Asia.

Out of the Atlantic, talk continued to focus on the slow pace of inquiry in the North, while the South trended sideways in limited activity. In the Pacific, rates continued to drift down after an early infusion of new business, failing to achieve the hoped for improvements.

Another dull day in the North Atlantic as cargo scarcity affected exchanges, whilst owners had to face a drifting market. Further South, focus was switching into mid-June EC South America fronthaul, with some vessels dropping offers as the market was under further pressure. Olam International booked a 2008-built 82,562 dwt kamsarmax May 12 delivery retro-Singapore for a trip via EC South America redelivery Singapore-Japan at $10,500 daily.

In the Pacific a vicious cycle was created in the South, as most fresh mineral cargoes were destined in the basin, hence tonnage looking to fix would only reopen after a short time again in the region keeping the supply of ships high. Pacific fixtures linked Tongli to a 2019-built 82,033 dwt kamsarmax May 25 delivery CJK on a trip via Australia to India at $10,000 daily, whilst some confusion reigned over Oldendorff fixing a 2017-built 82,204 vessel Busan 24 May on the same run at $9,250 or $9,500 daily amongst talk that the vessel failed.

Wednesday talk continued to focus on the slow pace of inquiry in the North Atlantic, while the South trended sideways in limited activity. In the Pacific, rates continued to drift down after an early infusion of new business, failing to achieve the hoped improvements.

In the Atlantic vessels from the North were once again left with limited options competing against the same stems ex NC & EC South America as ballasters were coming from the Fareast. In EC South America more vessels were prepared to drop their offers in order to find coverage. The focus remained on mid-June arrivals and some vessels were inevitably required to take some waiting time. Transatlantic business from the South remained scarce for the first half June loaders. The basin was dominated by activity in the South with a spate of rumors emanating. Fixtures included Cargill taking a 2019-built 82,044 dwt kamsarmax June 03 delivery EC South America for a trip to the Far East at $16,250 daily plus a $625,000 ballast bonus. On the same run Raffles fixed a 2013-built 81,698 dwt vessel June 09 delivery at $15,100 daily plus a ballast bonus of $510,000. Al Ghurair also booked a 2010- built 93,115 dwt post panamax June 11 delivery EC South America on a trip to the Arabian Gulf at $14,750 daily plus a $475,000 ballast bonus.

The Pacific remained under further pressure with the North still lacking any fresh demand, whilst the South was still flooded with tonnage looking to cover before the end of the week. Sentiment remained poor despite some improved demand, but as fundamentals had not changed, it became enervating to even cover at close to last done levels. Oldendorff fixed a 2011-built 87,450 dwt post panamax at $7,250 daily May 22 delivery retro-Taichung for a trip via Australia redelivery Taiwan. A 2012-built 81,664 dwt kamsarmax 24 May went delivery passing Taichung on a trip via Indonesia to South China at $6,000 daily and Klaveness was linked with a 2010-built 93,312 dwt post panamax May 29 delivery Taichung for a trip via Indonesia to Vietnam at $4,500 daily. On voyage business Trading Atelier covered a June 5-10 coal loading from Bayuquan to Gijon at $17.00 fio.

Thursday the market continued to soften further with all routes seeing significant corrections. Tonnage count was increasing and where the market lacked any fresh momentum, exacerbated perhaps by a further easier FFA market. Basic market fundamentals appeared taking a hold on the market right with both basins requiring fresh volume in order to turn the tide.

A strained market in the North Atlantic, with bids dropping heavily and as we approached the end of this week we saw more vessels fixing at significantly discounted rates towards all directions. Owners found it difficult to secure bids around last done for mid-June arrival, with most prepared to discount further in order to find coverage before Friday. Bunge was linked with a 2014-built 81,004 dwt kamsarmax June 11 delivery EC South America for a trip redelivery Singapore/Japan at $15,500 daily plus a ballast bonus of $550,000.

The Pacific order book remained in good health with more fresh cargo being introduced early on from Indonesia. But the swathe of tonnage supply continued to dash owners' hopes of improvement. There was plentiful fixing volume but the emergence of fresh cargo was still met with multiple offers. Another muted day in the NoPac with vessels ready to ballast South over the weekend as more minerals surfaced this week. Rates dropped further, as competition forced prompt tonnage to accept lower bids. The basin remained under further pressure with the North still lacking any fresh demand, whilst the South was still flooded with tonnage looking to cover before the end of this week. Sentiment remained poor despite some improved demand, but as fundamentals did not change, it became enervating to even cover at close to last done levels. Reported fixtures include a 2020-built 87,635 dwt post panamax fixed June 10 delivery Yokohama on a trip via Australia redelivery Japan at $11,000 daily. A 2012-built 93,069 dwt post panamax went to another undisclosed charterer May 29 delivery Jingtang on a trip via Australia to Taiwan at $9,000 daily whilst an unnamed charterer fixed a 2011-built 83,494 dwt scrubber-fitted vessel at $11,500 daily prompt delivery Paradip on a coastal trip to Krishnapatnam. The scrubber benefit will be for the owner's account. LSS secured $8,800 daily from a 2017-built 82,204 dwt kamsarmax May 24 Busan on a trip via Australia redelivery India. From Indonesia Lotus Ocean booked a 2011-built 75,725 dwt panamax May 27 delivery Zhangzhou on a trip via Indonesia to South China at $5,250 daily and Sinmal took a 2011-built 75,092 dwt vessel May 23 delivery Yangjiang on a trip to Malaysia at $5,000 daily plus a $50,000 ballast bonus. Voyages in the East reported, SAIL awarded their June 10-19 coal tender from Abbot Point to Visakhapatnam at $14.35 fio and KEPCO their June 8-17 from Tarakan to Taean at $5.74.

Friday the market did not see any signs of finding a floor and the significant declines across the board continued.

Very little was reported fixed in the Atlantic. Raffles fixed a nicely described 2019-built 82,083 dwt kamsarmax delivery EC South America June 9 for a trip to the east at $16,000 daily plus $600,000 ballast bonus.

Pacific was busier however the rates kept losing ground. India destined business included Sineway fixing a 2015-built 82,099 dwt kamsarmax delivery CJK 28 May for a trip to India at $5,250 daily and Dooyang a 2013-built 75,812 dwt panamax prompt delivery North China at $7,500 daily. HMM fixed to vessels ex Indonesia to South Korea. A 2011-built 93,267 dwt post panamax Hong Kong 29-31 May at $8,000 daily and a 2013-built 76,117 dwt panamax also from Hong Kong June 1 at $5,400 daily. Otherwise a 2011-built scrubber-fitted 98,681 post panamax Hadong 27 May went to undisclosed charterers for a trip via EC Australia to Japan at $10,000 daily with the scrubber benefit for the owners.

A chastening week for the segment. The Atlantic appeared to be lacking in any fresh demand with opinion divided following the end of last week's mini push ex EC South America, whilst limited talk of improved mineral demand ex Australia, otherwise Asia experienced a muted week.

SUPRAMAX – HANDYMAX - HANDYSIZE

EAST COAST SOUTH AMERICA / WEST AFRICA

Atlantic Basin maintained its downward tendency throughout the week with little fresh information surfaced. More specifically, supramaxes in ECSA could get mid/high 10ies for trips to Med/Continent range while Ultramaxes for same route were getting payed slightly more. Fronthauls to Singapore/Japan were paying Supramaxes around $14.000 + $400.000 gbb basis ECSA delivery and slightly more for ultramaxes. Trips via West Africa to Continent were paying mid 10ies for supramaxes and slightly more for Ultramaxes, while trips to India/China range were paying around mid/high 10ies.

MEDITERRANEAN/ CONTINENT / BLACK SEA

At Continent cargo count was thin with spot/prompt vessels struggling to find employment. Supramaxes were covered at $12/13,000 for trip with scrap to Mediterranean and at the same time fronthaul trip would pay mid-high teens levels. In addition, backhaul trips are traded at $9/10,000 levels. Handysize vessels were traders at low teens for trip to West Africa with grains; whereas we heard a nice handy was fixed at $10,000 for a trip via Baltic to West Mediterranean with Sulphur.

At Mediterranean, few fresh cargoes have entered the market for the first half of June while owners with prompt tonnage would have to re-evaluate their ideas in order to secure employment as prompt cargoes are limited. On the supramaxes, a 58k dwt could gain low/mid-teens levels for trip to West Africa while backhaul trips are paying very low-teens levels. Furthermore, fronthaul trips traded at around $17/18,000.We heard a 35k dwt vessel was fixed at $9,000 aps Constanta for trip to Italy with grains, whilst trips via East Mediterranean with clean cargoes to Us East coal paying very low-teens levels. On handies side, we heard here fertilizers stem to Peru was covered at $12,000 aps Tunisia, whilst backhaul trips were traded at $9/10,000 levels.

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 exciting week for the supramax sector is coming to an end, with market's sentiment softening in all areas and activity/rates retreating in both Indian/Pacific oceans. A nice 58 could barely achieve $10,000/10,500 basis Philippines for a coal shipment to India while Australia rounds have been paying up to $8,750/9,000 basis CJK, subject to the cargo/duration and eventual destination. Aggregates via Fujairah to Bangladesh could pay in the area of $16,000/16,500 basis Fujairah and South Africa levels have been fluctuating around $15,000 plus $150,000 passing Durban for ores to Far East or closer to $14,000 plus $140,000 afsps Richards Bay for coal to India. Interest for period has been next to zero, on the basis that market levels have been dropping every day, as opposed to the expectations for a much better performing Q3, and hence making owners very hesitant to consider committing their assets at the ongoing poor rates.

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