## Dry Cargo

# South Atlantic rates at risk of farmers' early return to strike

STRIKES in Argentina could resume earlier than expected and take the wind out of the sails for those supramax and handymax owners' fortunes which jumped this week, *writes Jamie Dale*.

Freight rates had increased in the south Atlantic market after Argentina's farmers last week suspended their three-week strike for 30 days. "The South Atlantic [rates are] on the way up because there just aren't enough ships," said a London broker. "Subjects have been lifted on a couple of big levels, and you are now talking around $70,000 [per day] to go to the Far East, up from around $65,000."

The broker added that owners had stopped ballasting to the South Atlantic for fear of being caught up in the "net" of the strike action. "But as soon as it turned around then the ships that were there had too many charterers crawling over their backs," he added.

Any further rise in fortunes for those owners who still have positions in the South Atlantic are hinged upon an earlier than expected return to the picket line by Argentina's farmers.

"Well, as long as the strike doesn't come back in force then rates should continue to rise next week," said the broker. "However, I am hearing that they might be going back on [strike] soon, but I am still waiting for clear information."

The broker noted that while there looked to be more vessels available in May, April dates are looking "very tight".

In the North Atlantic, the broker noted that the situation was much weaker than in the south, with rates easing slightly. "There doesn't seem to be too much excitement up there, and with plenty of tonnage available," he added.

Activity in the Indian market continues to be spilt between the two coasts this week. ICAP Hyde said in its daily report that the west coast was seeing an increasing volume of orders and "not the tonnage to match". "As such rates have increased significantly especially for premium positions", added the report.

The London brokerage noted that the west coast gains were "eclipsing" the east coast. A 53,000 dwt vessel open in west coast India was reported fixed for a trip to the Far East in the mid-to-high $60,000s per day, while supramaxes are seeing high $60,000s/low $70,000s for similar trips.

However, in southeast Asia the growing number of available tonnage continues to pressure rates. "The pressure is reflected by vessels in good positions — a 46,000 dwt vessel open in south China fixing for a trip to India at around the mid-to-high $30,000s level — not achieving the levels one would normally expect for such positions," added the London brokerage.

ICAP Hyde noted that short period market activity continued, despite holidays this week in Korea. It added that a supramax fixing for three to five months cover was fetching mid $50,000s per day. "So in conclusion the market overall remains at a standstill predominantly as a result of the Korean holiday [on Wednesday], but as evidenced above there are general pockets of positive sentiment."

Blu Fin bound: the suezmax *Tango*, to be delivered on May 30, will join sistership *Waltz* in the Heidmar-owned tanker pool.

# Hartmann to place newbuildings in pool

### Blu Fin destiny on cards for 150,000 dwt Waltz and Tango

**Katrin Berkenkopf**
Cologne

LEER owner Hartmann Reederei has agreed to put its two suezmax newbuildings into Heidmar's Blu Fin Tanker Pool and has sealed a respective co-operation agreement with the US operator, *writes Katrin Berkenkopf in Cologne*.

The 150,000 dwt tankers *Tango* and *Waltz* are the largest ships in the Hartmann fleet to date, marking the entrance of the group into the tanker markets. The vessels are being built in Japan, with *Waltz* being delivered at the end of this month and *Tango* being handed over at the end of May.

The group's founder, Alfred Hartmann, said he was expecting above-average growth rates for the crude market, which is why he ventured into this segment.

"We are very pleased to have Hartmann in the pool, it is a great addition," Heidmar president Tim Brennan told Lloyd's List.

The group is the second foreign partner of the Blu Fin suezmax pool, following Dalian Ocean Shipping. Greece's Cardiff Marine will put ships in the pool too, he added, bringing the pool's total to eight.

The pool was established in May 2007.

"Transparency has been the key," Mr Brennan said when commenting on the attractiveness of the Heidmar pools to third parties. The short-term prospects for the employment of suezmax tankers were "very positive", the Heidmar president said, as crude voyages were getting longer and longer.

The arrangement with Hartmann was brokered by Frachtcontor Junge, which is a regular partner for Heidmar, Mr Brennan said. He added that Heidmar has worked with German partners for more than five years, including Chemikalien Seetransport, which has ships in the Star Tankers Pool.

More newbuildings are set to enter Heidmar's Marida Tankers pool, where Harren & Partner is another German participant.

# DnB NOR still 'bearish' on containers

CONTAINER shipping margins are likely to remain poor in the absence of optimism for the transpacific trade and signals of a weakening Asia to Europe trade, *writes Jamie Dale*.

Norwegian shipping analyst DnB NOR Markets has warned that its "fundamentally bearish view" on container shipping was further underpinned by company visits last week to Asia.

"Combined with the continued cost pressure, we remain cautious towards the container shipping sector in general, as margins are likely to remain poor," said the Norwegian shipping analyst in a research note on Wednesday.

DnB NOR's visit revealed that most companies were either losing money on the transpacific route, or were experiencing "wafer-thin" margins due largely to a drop in demand from the US.

DnB NOR analyst Glenn Lodden told Lloyd's List that US port throughput figures for inbound traffic were down 5%-8% year-on-year in February.

"We believe this to be a fairly good indicator for transpacific box shipping in general," he added.

Mr Lodden noted that Neptune Orient Line's estimated earnings margin for 2008 before interest and tax was 7%, down from 7.3% in 2007.

In 2009, this is estimated to fall to 5.6% before rising to 6.2% in 2010.

The Middle East and Eastern Europe are expected to be the main drivers and are likely to attract the newbuildings above 11,000 teu.

However, potential trading problems for the "big ships are voiced by many companies".

Mr Lodden said brokers estimated growth of 25% to provide work for tonnage redeployed on the Asia to Europe route. The Far Eastern Freight Conference posted 7% growth in January and February.

"Rising operational costs are also felt, and liners say that more GRIs [general rate increases] are required in order to stay out [or] get out of the red," said DnB NOR.

"Margins on transpacific westbound cargo is told to be slim," said DnB NOR.

Overall the Norwegian analyst expected "modest increases" in freight levels.

## News in Brief

### First quarter sets FFA record

THE SSY and GlobalCoal freight derivatives screen recorded its highest ever number of forward freight agreement deals in the first quarter this year, *writes Jamie Dale*.

A statement by SSY and GlobalCoal said that this was 24% higher than its previous best quarter, set in the third quarter last year.

However, in volume terms the 2008 first quarter recorded 2,966 lots, compared to 3,380 lots in the third quarter 2007.

But SSY and GlobalCoal believe this still represents an evolving trend towards screen trading, with a greater number of trades taking place in smaller clip sizes.

In April, SSY and Global Coal will launch NOS clearing through the screen, while also offering tanker FFAs cleared through both LCH.Clearnet and NOS.

### Japan coking imports fall

JAPANESE coking coal imports fell 1.2m tonnes year-on-year to 5.4m tonnes in February. Simpson, Spence and Young Futures said in its daily report that this was the lowest February total since 1999.

"The disruption to coking coal supply caused by severe flooding in Queensland, Australia, in the first two months of this year is the most likely cause of the dip in imports, given continued high levels of Japanese iron ore imports and steel production in February," added the report.

SSY noted that data reported by McCloskey showed that coal exports from Queensland fell 2.2m tonnes year-on-year to 8.9m tonnes in February.

### Indian steel predictions

INDIAN imports are set to rise significantly in the financial year 2008-2009 to around 8m tonnes, from 5m tonnes in 2007-2008, and 3m tonnes the previous year, according to Sandeep Bhatia, a steel analyst with UBS, *Bloomberg reports*.

However, figures from London-based Iron and Steel Statistics Bureau indicate an even higher volume of imports of finished products in the last two years. Based on exports to India from other countries, imports are estimated to have risen from 5.9m tonnes in 2006 to 8.5m tonnes in 2007.

Meanwhile, local press reports state that Indian steel production in 2007 rose by 14% to about 56m tonnes.

### No rice from Egypt

THE Egyptian government has suspended rice exports for six months, beginning April 1, following the sharp increase in rough rice prices, *writes Jamie Dale*.

The Minister of Industry and Trade last week decided to halt rice exports as prices for rough rice reached about $430 per tonne, up from $200 at the beginning of the export season last October.

Export prices for milled rice also jumped, from $450 per tonne to $750.

Since the beginning of the export season, Egypt has exported about 700,000 tonnes of rice. With the ban in place until the next export season begins, total exports for 2007-2008 are expected to be around 800,000 tonnes, well below the 1.2m tonnes the local industry had hoped to export this year, according to the US department of agriculture's foreign agricultural service.

The department added that existing export contracts for delivery after April 1 will not be fulfilled.

The decision to suspend exports had an immediate impact on prices, with rough rice prices dropping almost $100 per tonne to $330 on the local market.

The Baltic Exchange

Fixtures from SSY Simpson, Spence & Young

**ORE**

**Port Hedland to Qingdao** — *SG Prosperity*, 190,000t, 29.5 per tonne, fio scale/25,000sc, 21-30 Apr. (BHP Billiton)

**Dampier to Qingdao** — *Castillo de Catoira*, 160,000t, 28.45 per tonne, fio scale/25,000sc, 20-30 Apr. (Noble)

**Port Hedland to Qingdao** — *Cape Dover*, 160,000t, 29.5 per tonne, fio scale/30,000sc, 1-10 May. (BHP Billiton)

**Dampier to Qingdao** — *Anangel Ambition*, 160,000t, 28.5 per tonne, fio scale/30,000sc, 25 Apr - 5 May. (Rio Tinto)

**Dampier to Qingdao** — *China Progress*, 160,000t, 25.25 per tonne, fio scale/30,000sc, 25 Apr - 5 May. (Rio Tinto)

**Itaqui to Qingdao** — vessel to be nominated, 160,000t, 77.5 per tonne, fio scale/30,000sc, 25 Apr - 13 May. (Noble)

**COAL**

**Murmansk to Gijon** — *Genco Vigour*, 70000t, 26 per tonne, fio 30,000sc/15,000sc, 14-19 Apr. (CCC)

**TIMECHARTERS**

***Bulk Hong Kong*** (180,000 dwt, 14.8/67L(A) 15.6/67B, 2006-built) delivery Shanghai 24-25 Apr, redelivery worldwide, 4-6 months, 140,000 daily. (Louis Dreyfus)

***Chou Shan*** (175,589 dwt, 14/55L 15.5/55B, 2005-built) delivery worldwide 1-31 July, redelivery worldwide, 15-17 months, 130,000 daily. (Classic Maritime)

***Cologny*** (149,477 dwt, 13.1/42.1L 14.2/42.1B, 1992-built) delivery Zhoushan 10-15 Apr, redelivery Skaw-Cape Passero, $75,000 1st 55 days $120,000 for balance daily. (SK Shipping)

***Billion Trader I*** (82,050 dwt, 14.5L(A), 2007-built) delivery PMO 8 Apr, redelivery Singapore-Japan range, 73,750 daily. (Noble)

***Maritime Suzana*** (76,614 dwt, 14/34.6L 14.8/34.6B, 2005-built) delivery Inchon 12-17 Apr, redelivery Far East, 53,500 daily. (TMT)

***Torm Tina*** (75,971 dwt, 13.5/32.3L 14/30.7B, 2001-built) delivery Philippines 25-27 Apr, redelivery worldwide, 4-6 months, 70,750 daily. (GMI)

***Medi Cagliari*** (75,772 dwt, 14/36L(A) 14.5/36B, 2004-built) delivery Fos 11-13 Apr, redelivery Skaw-Cape Passero, 70,000 daily. (Mittal)

***Ligari*** (75,583 dwt, 14/32L(A) 14/28B, 2004-built) delivery South Japan 20-22 Apr, redelivery Singapore-Japan range, 57,500 daily. (South Korean charterer)

***Oceanis*** (75,211 dwt, 14/33L 14/28B, 2001-built) delivery Cape Passero 20-22 Apr, redelivery worldwide, 4-6 months, 75,000 daily. (Bunge)

***Pavian*** (74,710 dwt, 14/34L 14/31B, 2001-built) delivery Shanghai 13-15 Apr, redelivery Continent, 47,500 daily. (Norden)

***Goldbeam Trader*** (74,247 dwt, 14/32.5L 14.5/32.5B, 2001-built) delivery Fukuyama 28-30 Apr, redelivery Far East, 55,000 daily. (Noble)

***Halo Cygnus*** (73,937 dwt, 14.3/33L 15/33B, 1998-built) delivery Zhoushan 16-18 Apr, redelivery India, 52,000 daily. (GPN)

***Genco Acheron*** (72,495 dwt, 1999-built) delivery Amsterdam 18-20 Apr, redelivery China, 75,000 daily. (Armada)

***Wadi Sudr*** (64,214 dwt, 13.5/31.5L, 1994-built) delivery Setubal 8-15 Apr, redelivery Singapore-Japan range, 77,500 daily. (Louis Dreyfus)

***Seaflower*** (69,125 dwt, 13.8/32L 14.3/32B, 1995-built) delivery Valencia 21-24 Apr, redelivery Skaw-Cape Passero, 68,000 daily. (Louis Dreyfus)

***Theoniki*** (65,772 dwt, 13/33L 13/33B, 1984-built) delivery PMO 14-19 Apr, redelivery Singapore-Japan range, 56,000 daily. (Noble)

***Senorita*** (58,000 dwt, 14/30.6L 14/29.5B, 2008-built) delivery North China 15-20 Apr, redelivery China, 42,500 daily. (Tongli)

***Fassa*** (55,447 dwt, 14/29.5L(A) 14.5/29.5B, 2006-built) delivery Haldia 18-20 Apr, redelivery China, 70,000 daily. (Chinese charterer)

***Matumba*** (53,591 dwt, 14L(A), 2005-built) delivery Zhanjiang 13-20 Apr, redelivery worldwide, 3-5 months, 52,000 daily. (STX Pan Ocean)

***Daebo Pioneer*** (53,450 dwt, 14.5/32L(A), 2007-built) delivery PMO 18-22 Apr, redelivery India, 55,000 daily. (Coal & Oil)

***Jin Rong*** (50,236 dwt, 14/30.2L(A), 2000-built) delivery US Gulf 23-25 Apr, redelivery worldwide, 3-5 months, 67,500 daily. (San Juan Navigation)

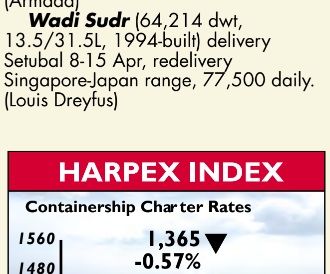
***Alice Oldendorff*** (50,000 dwt, 14.3L(A), 2000-built) delivery Shanghai 11-13 Apr, redelivery , 30,500 daily. (Bunge)

***Amalfi*** (45,526 dwt, 14/28.5L 14.5/28.5B, 2000-built) delivery Jamaica 15-17 Apr, redelivery Atlantic, 57,000 daily. (Norden)

***Gundulic*** (45,269 dwt, 14/29.5L 14/27.5B, 1997-built) delivery Paranagua 11-18 Apr, redelivery Singapore-Japan, 59,500 daily plus $950,000 ballast bonus. (Sinotrans)

***Eastgate*** (27,700 dwt, 15.5L, 1990-built) delivery Brunsbuttel 19-21 Apr, redelivery Atlantic, 37,000 daily. (Charterer not reported)

**HARPEX INDEX**




**AXSMARINE CAPESIZE COAL INDEX** — 10 Apr 2008

| Atlantic/Pacific | $ Kwangyang | $ Kakogawa | $ Pohang | $ Kaohsiung |
|---|---|---|---|---|
| Hampton Roads | 93.49 | 96.13 | 94.20 | 93.80 |
| Richards Bay | 70.01 | 79.23 | 70.52 | 84.21 |
| Puerto Bolivar | 85.08 | 92,51 | 86.05 | 98.60 |
| Cienaga | 86.07 | 97.54 | 87.33 | 103.79 |

Rate calculations based on a 172,000 dwt capesize built 1999/daily hire $182,868. Daily Hire provided by: Arrow Chartering, Barry Rogliano Salles, Fearnleys, Socomet Chartering and Sobelnord.
**For more calculations or freight matrices, visit www.axsmarine.com**

**AXSMARINE CAPESIZE IRON ORE INDEX** — 10 Apr 2008

| Transatlantic r/v | $ Beilun/ Baoshan | $ Qingdao | $ Kwangyang | $ Kaohsiung | $ Pohang |
|---|---|---|---|---|---|
| Tubarao | 74.52 | 76.48 | 71.78 | 88.62 | 73.50 |
| Saldanha Bay | 64,53 | 66.49 | 61.79 | 76.52 | 63.58 |
| Sepetiba Bay | 77.43 | 79.41 | 74.70 | 91.17 | 75.64 |

Rate calculations based on a 172,000 dwt capesize built 1999/daily hire $182,868. Daily Hire provided by: Arrow Chartering, Barry Rogliano Salles, Fearnleys, Socomet Chartering, Sobelnord.
**For more calculations or freight matrices, visit www.axsmarine.com**

**BALTIC DRY BULK INDICES** — 10 Apr 2008

| INDEX | | |
|---|---|---|
| Baltic Dry Index | 7,823 | +63 |
| Baltic Capesize Index | 11,366 | -103 |
| Baltic Panamax Index | 7,866 | +140 |
| Baltic Supramax Index | 4,665 | -42 |
| Baltic Handysize Index | 2,340 | +8 |

**For more information on routes or calculations please visit www.balticexchange.com**

**FIS DRY BULK FFA PRICES** — 10 Apr 2008

| | | | |
|---|---|---|---|
| **Capesize** | **Apr 08** | **Q2 08** | **Cal 09** |
| Average 4 Timecharters 172,000 dwt | 131,000 | 133,000 | 91,000 |
| **Panamax** | **Apr 08** | **Q2 08** | **Cal 09** |
| Average 4 Timecharters 74,000 dwt | 64,000 | 66,500 | 47,250 |
| **Supramax** | **Apr 08** | **Q2 08** | **Cal 09** |
| Average 5 Timecharters 52,000 dwt | 52,000 | 54,000 | 40,500 |

**All prices are indications in US$/day of current market level, basis midpoint between bid/offer at 13:00 London time. Contract routes are as current Baltic Exchange definitions. For more information, visit www.freightinvestor.com**