

Pulp friction

RECENT developments in the finances of sector powerhouse Abitibi-Bowater (ABH on the Toronto Stock Exchange) provide a stark reminder of the ties between the general economy and the specialist cargoes newsprint and woodpulp. The woes of the company, shipping newsprint from Canada down to the US, also have a larger cultural context.

Abitibi-Bowater, which filed for bankruptcy in the US after a failed attempt to raise more capital, is also caught in a cultural trend.

At the highest level, wood fibres feed pulp mills, which may import semi-finished bales for production into finished products.

Newsprint, an ABH export, forms a small part of the bigger picture. As North America's

largest newsprint producer, with roughly 43% of the market, the movement away from newspapers generally has accentuated ABH's downward spiral.

Print slump

With more news consumed through the internet, analysts point to shrinking newsprint demand in the US since a peak in 1987.

Compared to 12.3M tonnes in 1987, newsprint sales for 2008 are estimated at 6.8M, causing widespread consolidation and plant closures throughout the industry.

Roughly half the tonnage is imported, nearly all from Canada, although US imports have also been sourced from South Korea in recent years.

The dynamics in UK/ European markets, where parcels of material are shipped from Scandinavia, are similar.

Forest products encompass a broad swath of the 'minor bulks', second only to the recession-decimated trade in steel products. Clarkson's figures suggest an overall 2009 forest products trade of 180M tonnes, up very slightly from provisional 2008 figures and with newsprint and pulp forming a small proportion.

The broader trend meanwhile sees the origins of pulp cargoes shifting to low cost South American and South Asian mills located near forestry sources.

The maritime-facing component provides utilised shipments of newsprint or woodpulp, for processing into paper near the consuming markets, on open-hatch bulk carriers.

Stalwarts such as Greig Star Shipping, Westfal-Larsen affiliate Masterbulk, and Gearbulk play a role. Containerised loads of newsprint



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499 Emston Rd
Parlin NJ 08859 USA

Phone: (732) 727-8040
Fax: (732) 727-0243
Email: mri499@aol.com

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Dry Fixtures

CARGO	VESSEL	FROM	TO	TONNES	DATE	RATE	CHART	TERMS
Iron Ore	KEROS WARRIOR, 89	Itaqui	Qingdao	140,000-10%	May 1/10	17.80	PanOcean	FIO;ScLd/25,000t
Iron Ore	FERNANDINA, 06	Tubarao	Qingdao	160,000-10%	May 1/10	17.50	Vale	FIO;3Days/25,000t
Iron Ore	DONG-A SATURN, 94	Pt Dampier	Qingdao	150,000-10%	May 1/10	6.40	Rio Tinto	FIO;ScLd/25,000t
Iron Ore	GRAND OCEAN, 90	Pt Dampier	Xingang	160,000-10%	Apr 20/30	6.20	Rockcheck	FIO;ScLd/25,000t
Iron Ore	CHANNEL NAVIGATOR, 97	Pt Hedland	Qingdao	170,000-10%	May 1/9	7.15	BHP-Billit	FIO;ScLd/25,000t
Iron Ore	RZSFORTUNE, 96	Pt Hedland	Qingdao	170,000-10%	May 12/18	7.30	BHP-Billit	FIO;ScLd/25,000t

Timecharters

CONSUMPTION	VESSEL	FROM	TO	TONNES	DATE	RATE	CHART	TERMS
Unrptd	NICHIHOMARU, 94	Del Cape Passero	Redel Skaw/Cape Passero	151,177 dwt	Apr 29/May 4	15,000 Day	Cargill	TransAtlRd
Unrptd	YONGSUNG, 83	Del CaoFeidian	Redel China	139,650 dwt	Apr 21/23	7,500 Day	Jaldhi	IndiaRd
Unrptd	NSS ADVANCE, 95	Del Cape Passero	Redel Singapore/Japan	173,246 dwt	Apr 29/May 4	32,000 Day	Minmetals	TripOutViaNarvikOrBrazil
Unrptd	NSS BONANZA, 96	Del Cape Passero	Redel China Via SevenIs	170,907 dwt	May 2/5	39,000 Day	Rio Tinto	Trip out
Unrptd	C. ROYAL, 96	Del Qinhuangdao	Unrptd	148,657 dwt	Apr 22/24	18,500 Day	SwissMarin	4-6MoTrdg
14k/32.5t	PIRO, 97	Del Philippines	Unrptd	73,726 dwt	Apr 25/27	12,000 Day	SwissMarin	11-13MoTrdg
14.5k/35t	NEW ARISING, 95	Del Kaohsiung	Redel Singapore/Japan	71,695 dwt	Apr 20/21	11,750 Day	PanOcean	ECSoAmRd
14k/36t	NORD NAVIGATOR, 08	Del Dangjin	Redel Hong Kong	82,672 dwt	Retro Apr 13	12,000 Day	BHP-Billit	IndonesiaRd
14k/34t	OINOUSLADY, 04	Del Ube	Redel Japan	76,704 dwt	Apr 25/30	14,000 Day	Daiichi	AusRd
Unrptd	YASAILHAN, 07	Del China	Unrptd	55,518 dwt	Apr 25/30	12,000 Day	Cargill	4-6MoTrdg
Unrptd	EROL, 03	Del Continent	Unrptd	50,457 dwt	Apr 25/30	16,000 Day	Cargill	4-6MoTrdg
14k/31t	JIN LI, 01	Del Tema	Redel Atlantic	50,777 dwt	Apr 19/22	13,500 Day	G.M.I.	3-5MoTrdg
13.5k/30t	SMART, 82	Del Pass Skaw	Redel Egypt Via Baltic	36,205 dwt	Apr 24/25	12,000 Day	Imperial	1,723,000GrnBl;Trip out
Unrptd	SOPHIE BOLTEN, 96	Del Novorossiysk	Redel Morocco	27,609 dwt	Apr 24/27	11,000 Day	Oldendorff	Trip out

Bunker commentary

Bunker prices dip down and then tighten

BUNKER PRICES in major ports headed lower early last week before flattening out to levels seen earlier in April, with a late rise to close trading on Friday.

In Singapore, key grade IF0380 opened the week at just over \$300/tonne, the level seen for most of last week. By Tuesday, though, it had plummeted to \$288 where it continued to hover. To end the week the grade was at \$293, boosted by firming crude.

Lower prices for bunkers in Singapore last week were supported by weakening fuel oil trading with lower premiums. Traders noted that stocks were ample for the average levels of demand but cautioned that May could see some tightening of supplies and some upward pressure on prices.

In Rotterdam, there was also some concern that there could be less fuel oil available as local refineries switch to asphalt production for the summer season at the expense of fuel oil.

Import cargoes continued to sustain the bunker market, however, and Rotterdam prices were also down substantially. IF0380 was around \$268/tonne Tuesday through Thursday, with light trading: price levels commensurate with early April. Friday followed the firmer trend elsewhere with the grade finishing at \$273.

Houston saw varying levels of demand and suppliers noted that there was a tightening of avails during the week as some suppliers had limited stocks of product on offer. Prices drifted downward nonetheless, with IF0380 losing around \$15 from prices seen over \$300 the week before. Friday saw the grade move out of the \$270s range to the low \$280s in early trading before the close of energy markets.

Prices in the US Gulf port have been following Rotterdam relatively closely throughout April, as opposed to the \$10-20/tonne premium that IF0380 in Houston typically has over the European hub.

Last week's price report noted the parting of company between Fujairah and Rotterdam. This week, Fujairah prices continued to closely follow Singapore with differences of only a few dollars. In the port, IF0380 started the week at \$299, dropped to the mid-\$280s, then finished the week trading at \$289 – up just \$3.

Crude markets looked like the driver of prices last week with bunker markets responding to the big fall in WTI crude in New York on Monday, down to \$45/barrel. Prices then inched up throughout the week, with only small intra-day variations, and looked poised to finish the week back over \$50.

move on ro-ro ships from Scandinavia into the UK; carriers include DFDS Tor Lines with its Anglobridge service linking Gothenburg with the Stora Ensa terminal at Tilbury, and Finnlines, owned by Grimaldi.

Pulp has also become an opportunistic backhaul trade for empty containers, particularly for exporters in the Southeastern region of the US.

The bigger picture

Online schedules and snapshots from AIS-Live help provide a fuller picture of the trades. Grieg Star, with special handling and stowage for the pulp trades, has a major presence in the Southeastern US export trades, reveals multiple sailings from Mobile in Alabama, Panama City in Florida, Brunswick in Georgia and Charleston in South Carolina into North Europe.

Grieg Star's 'E' and 'F' Class vessels serving the trade, with multiple sailings each month, offer protection from the rain mandated by large shippers.

Its larger 'J' Class vessels, fully rain protected, are deployed in a service linking the Gulf of Mexico with the Far East. AIS Live revealed *Star America*, an 'A' Class open-hatch bulker deployed in Greig Star's Atlantic-Gulf to Mediterranean service, at Mobile.

Wet Fixtures

CARGO	VESSEL	FROM	TO	TONNES	DATE	RATE	CHART	TERMS
Oil Dirty	NOAH, 96	Unrptd	Unrptd	298,731	Apr25	37,500 Day	Shell	Storage
Oil Dirty	ATLANTIC LIBERTY, 95	ME Gulf	US Gulf	280,000	Apr30	W20	Shell	
Oil Dirty	TAKAMINE, 04	ME Gulf	So Korea	265,000	May2	W27	SK Shipp	
Oil Dirty	OLYMPIC LEGEND, 03	W Africa	US Atlantic US Gulf	260,000	May13	W47	Statoil	Part cargo
Oil Dirty	KOKKARI, 08	W Africa	WC India	260,000	May13	2,100,000	IOC	Lump Sum
Oil Dirty	BW LUCK, 03	North Sea	US Gulf	270,000	May5	W37	Shell	
Oil Dirty	AUDACIUS, 91	Basrah	WC India	130,000	May2	W45	BPCL	
Oil Dirty	VENETIA, 95	W Africa	St Croix	130,000	May13	W57	Hess	
Oil Dirty	SEAVOYAGER, 07	W Africa	UK/Continent Med	130,000	May13	W55	CSSA	
Oil Dirty	SINA, 08	Sidi Kerir	Spain	135,000	May1	W55	Repsol	
Oil Dirty	MAERSK PHOENIX, 05	Unrptd	Unrptd	109,571	Apr25	19,000 Day	NanjingPet	1-2Yrs Trading
Oil Dirty	OCEAN LADY, 02	Mina Al Fahal	Pt Dickson	80,000	May3	W68	Shell	Part cargo
Oil Dirty	POSEIDON M, 95	Singapore	China	80,000	Apr30	W50	ST Shipp	
Oil Dirty	SKS MERSEY, 03	UK/Continent	UK/Continent	80,000	Apr24	W65	Shell	PtC; InterUK/Cont Voy
Oil Dirty	SEADANCE, 99	Black Sea	Mediterranean	80,000	Apr26	W60	Shell	Part cargo
Oil Dirty	GENMAR AJAX, 96	Caribbeans	US Gulf	70,000	Apr28	W52	Marathon	Part cargo
Oil Clean	NEW CHALLENGE, 05	ME Gulf	Japan	55,000	Apr26	W47	Shell	Part cargo
Oil Clean	BLUE CORAL, 08	Thailand	Japan	35,000	Apr27	W57	Trafigura	Part cargo
Oil Clean	AZOV SEA, 98	Riga	US Atlantic	37,000	Apr20	W70	Clearlake	
Oil Clean	TORM CAROLINE, 02	Caribbeans	US Atlantic	38,000	Apr18	W65	CNR	
Oil Clean	GEA, 05	Black Sea	Mediterranean	30,000	Apr22	W87	Gazprom	

Source: Maritime Research Inc