



## Short Sea



Short Sea Market Report

Friday, November 27, 2020

### Weekly Commentary

Firm. And firm is definitely the operative word at the moment. Despite the challenges that 2020 has thrown up, the market has not only staged a rally through Q4 but a rally that would be regarded as notable even in normal circumstances, and it hasn't been short-lived. Since the beginning of October momentum has built progressively week on week and that trend continues. Supply is now acutely short to the extent that the dynamic has shifted beyond spot/prompt and Charterers looking to cover any November or early December stems had few options other than to try throwing money at the problem or more likely make arrangements to postpone.

Rates were universally up against last done with varying degrees of severity. It has been some time since the market felt quite as firm and for vessels to be snapped up so quickly. On UK related trade flows the looming Brexit deadline, and specifically the continued absence of clarity over what will follow, has applied significant pressure to ship cargo out and/or stockpile well in advance whilst still on known terms and that has certainly been a contributing factor although logically it's only a transient one. The Baltic remains hot (metaphorically speaking) but by extension that is now the scenario in most other areas because demand is high and this is currently a strong market across the board.

The short-term outlook is for more of the same. Considering the market's current strength and cumulative momentum even if demand begins to dip from next week any impact is unlikely to bite from a spot perspective until at least mid December. It is inevitable there will be a slow down over Christmas and New Year and by that point it will be too late for the Brexit rush to be relevant so the pertinent question is where does it go from there. There are too many variables and unknowns to call it with any confidence but it appears the market may well sustain its upward trajectory in the run-up to the year end and managing positions around holidays could ultimately become more of a challenge for cargo than it is tonnage.

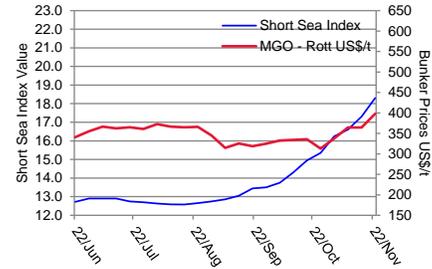
### Hull City Update

Like the market Hull City go from strength to strength. Back to back away victories at MK Dons last Saturday and Ipswich Town on Tuesday have propelled them back to the top of the table with a game in hand. On Sunday they're away at Stevenage the FA Cup and again, like the market, you never know what to expect – but at least it's nice to be winning for a change.

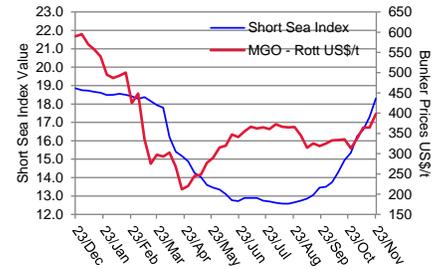
Have a good weekend

*The Short Sea Index is based on the average freight rates for five routes, ECUK/N. Spain, ECUK/ARAG, Lower Baltic/ARAG, French Bay/ECUK and WCUC/East Med in 3000/4000 mts deadweight and bunker prices in USD basis MGO delivery ARAG range*

Short Sea Index vs Bunkers - 6 Month Graph



Short Sea Index vs Bunkers - 12 Month Graph



Short Sea Rate Assessments (EUR/mt)

|            |                       |       |       |
|------------|-----------------------|-------|-------|
| 4500 Mtons | Black Sea/WCUK        | 40.00 | 41.00 |
| 3000 Mtons | SWCUK/ARAG            | 14.50 | 15.50 |
| 4500 Mtons | Upper Baltic/Irish Se | 32.00 | 33.00 |
| 5000 Mtons | ECUK/Lower Baltic     | 13.00 | 14.00 |

Bunkers & Exchange Rates

|            |                            |         |        |
|------------|----------------------------|---------|--------|
| Bunkers    | Rotterdam Bunkers (US\$/t) | 380 cst | 289.00 |
|            | Rotterdam Bunkers (US\$/t) | MGO     | 398.00 |
| Currencies | EUR - USD                  |         | 1.19   |
|            | GBP - USD                  |         | 1.34   |
|            | GBP - EUR                  |         | 1.12   |

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