
BHP Yandi shutdown adds to capsizes woes

Monday, 08 Sep, 2008

It is reported that a decision by BHP Billiton to close its Western Australian iron ore mines following the death of a worker added to the capsizes sector's woes. This came as the average of the four time charter rates headed towards their lowest level since February 2008.

The closure came as Rio Tinto indicated that Dampier would be used for most of its iron ore shipments after the producer declared force majeure. This followed an accident involving a rail car and one of the two iron ore dumpers at its Cape Lambert facility, which is unlikely to resume normal operations for at least two weeks.

Speaking about the effect of the latest events on the capsizes market, one Hong Kong based broker, said that "It is a perfect storm. Everything has gone wrong at once. The market is now fundamentally soft without any support and it would take more than a bit of effort to lift sentiment now. Short-term there is no strength in the market."

He added that "The problems in Australia would increase the waiting time for vessels and could take a raft of ships out of the market. This might create a bounce in rates, but I think we will have to wait two or three weeks to see if these problems really provide a fillip to the market or it remains a dead cat bounce."

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