

WSJ LOGISTICS REPORT

Today's Logistics Report: Tankers Market 'Bonkers'; Transparent Supply Chains; Sourcing in the Trash

Today's Top Supply Chain and Logistics News from WSJ



An oil tanker off the Fos-Lavera oil hub near Marseille, France. PHOTO: JEAN-PAUL PELISSIER/REUTERS

By Paul Page

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Last month supertankers could be had on oil transport markets for a bit under \$20,000 a day.

The crude shipping market has turned upside down since then, with prices for some tankers recently going far beyond \$100,000 a day, the WSJ Logistics Report's Costas Paris writes, and average rates hitting the highest levels in 11 years. Shipping rates have been skyrocketing since the U.S. imposed sanctions last month on energy transport units of China's Cosco Shipping Group over alleged transport of illicit shipments of Iranian oil. That's buffeted oil markets facing a series of geopolitical shocks that have sown what one tanker operator called "a lot of uncertainty and confusion." The troubles including sanctions against Iran and Venezuela and production disruptions in Saudi Arabia have boosted U.S. oil exports to Europe to record highs as buyers try to secure cargoes as winter approaches.

SUPPLY CHAIN STRATEGIES

The microscopes on food supply chains are getting more powerful than ever. Big food companies such as Mondelez International Inc. and Unilever PLC are responding to increasing pressure from consumers for more transparency on sourcing in part by serving up detailed new information online about the commodities they buy around the world. The WSJ's Micah Maidenberg writes that data that once was the domain only of purchasing specialists and transportation planners is starting to give investors and the public a glimpse into the sprawling supply chains behind many companies. Food makers say the effort covering goods like palm oil contrasts with longstanding sourcing practices. By their nature, commodities are undifferentiated products meant to be easily aggregated, traded and shipped, and sourcing has often been considered a trade secret. New technology makes tracking the information easier, but companies say pressure from consumers and investors may be the biggest driver of change.

Food and beverage companies are taking their sourcing strategies to the garbage. Mondelez, Starbucks Corp. and Anheuser-Busch InBev SA are among several industry giants looking to develop foods and drinks from foodstuffs such as cocoa husks and spent brewing grain that they and their suppliers have typically discarded. The WSJ's Heather Haddon and Lucy Craymer write the moves to upend development and sourcing is part of an effort to attract consumers who say they want companies to waste less and limit their environmental impact. They're certainly not lacking for raw materials: One study says U.S. farmers and manufacturers create around 11 million tons of food waste a year. Food makers are joining textile companies in the effort, and the market appears to be ripe. Sales of consumer goods marketed as sustainable, simple or organic grew to some \$130 billion in the U.S. last year, up 12% from 2015.

QUOTABLE

'The market has gone bonkers.'

—George Lazaridis of Allied Shipbroking, on oil tanker rates.

IN OTHER NEWS

Explosions hit an Iranian tanker off Saudi Arabia, sending oil

Number of the Day

38

The number of parcels shipped per person on average in the U.S. in 2018, according to a Pitney Bowes study of parcel shipping trends.

prices higher. (WSJ)

Autonomous electric delivery truck startup Einride plans to use \$25 million in new funding to back an expansion into the U.S. (WSJ)

Two-thirds of economic forecasters said in a survey that U.S. manufacturing is in recession and overall growth will likely slow for the rest of the year. (WSJ)

U.S. consumer prices were flat in September, held down by declining energy costs. (WSJ)

The International Energy Agency cut its global oil demand growth outlook for the fourth time in six months. (WSJ)

U.S.-China trade talks kicked off amid expectations that Beijing would offer compromises to get President Trump to hold off on new tariff increases. (WSJ)

United States Steel Corp. upgraded its earnings outlook for the latest quarter. (WSJ)

Palm oil inventories in Malaysia rose for the first time in six months after exports of the material fell. (Nikkei Asian Review)

Pitney Bowes expects global parcel volumes to more than double by 2025 to some 200 billion packages. (Post & Parcel)

Federal Motor Carrier Safety Administrator Ray Martinez will leave his position for another post overseeing a Department of Transportation construction project. (Commercial Carrier Journal)

Cargill Inc. completed a \$20 million upgrade of a grain rail transport facility in Alberta that will triple capacity from the site. (Lethbridge News)

Global air cargo traffic fell 3.9% year-over-year in August in the 10th straight monthly decline. (Air Cargo News)

Discount grocer Lidl plans to start home delivery of online orders in the U.K. (Daily Mail)

Dryships Inc. shareholders approved a buyout offer from founder George Economou that will take the bulk operator private. (Lloyd's List)

Inpax Final Mile Delivery is laying off more than 700 workers after losing its contract with Amazon.com Inc. (Supply Chain Dive)

ABOUT US

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