DRY BULK WEEKLY

WEEK 17 | Monday, 03 May 2021

D&F SHIPPING MARKET ANALYSIS

LATEST COMMODITY NEWS

Iron Ore

IRON ORE PRICE HITS RECORD US$193.85/T

Coal

CHINA ANNOUNCES PLAN TO LIMIT INCREASE IN COAL CONSUMPTION

Grains

WHEAT FOB PRICES RISE FOR FOURTH CONSECUTIVE WEEK

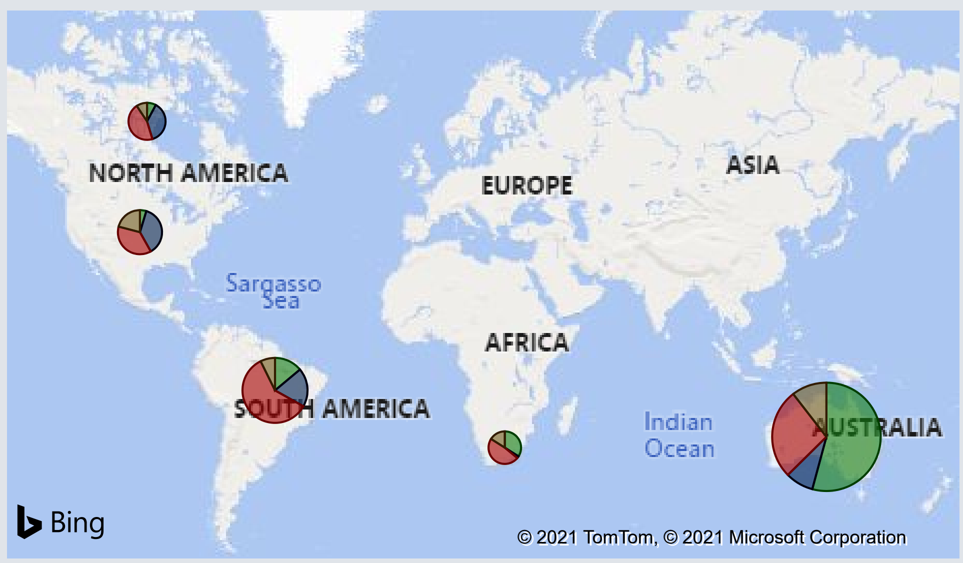
WEATHER CONCERNS SQUEEZE BRAZIL CORN PRODUCTION

SOYBEAN STOCKS TO FALL FOR THE SECOND CONSECUTIVE SEASON AS CONSUMPTION INCREASES

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
17	11		14
16	18		22
15	13	2	3
14	17		8
Total	**59**	**2**	**47**

Top 5 Destination Countries of Ships in Ballast by Vessel Size (Week 18 Arrivals)

Size Group ● Capesize ● Handysize ● Panamax ● Supramax



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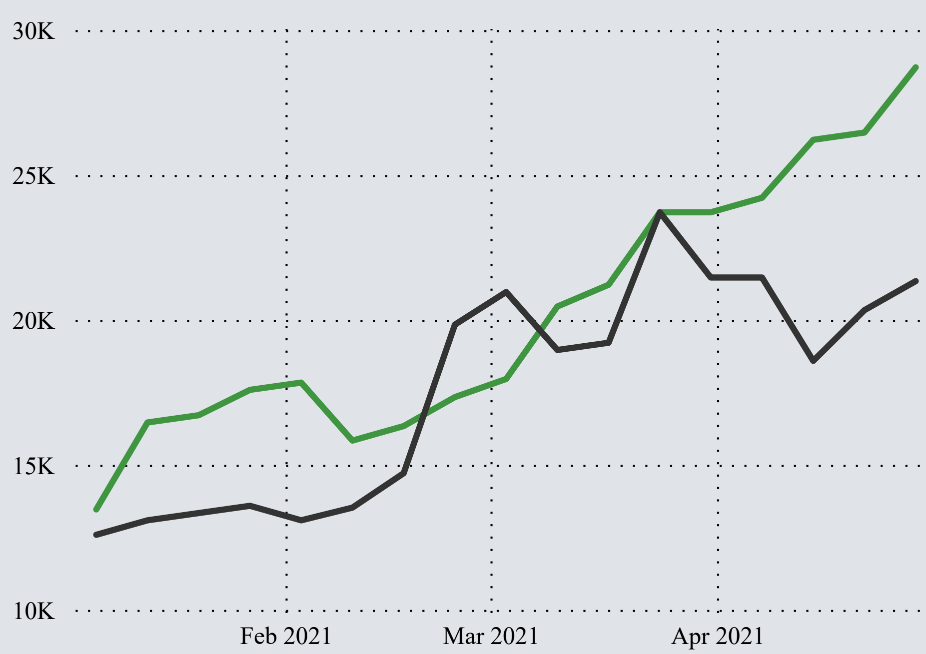
6M TC Hire Rate Average

Size ● CAPESIZE ● PANAMAX



Sale & Purchase Market

D&F SHIPPING MARKET ANALYSIS

Latest Transactions

Week	Ships Sold	Built	DWT	Reported Price (US$)	Country/ Region of Buyer	Owner	Notes
17	S'HAIL AL DOHA	2002	52,455	$8,000,000	China		
17	MAKIKI	2006	52,525	$9,300,000	Hong Kong	NORWESTER MARITIME LTD	
17	BRAHMS	2011	75,200	$14,500,000		BOREALIS MARITIME	
17	NEO BEACHWOOD	2011	61,418	$16,800,000		TOSHIN KISEN	
17	LOWLANDS PATRASCHE	2013	58,105	$18,300,000	Greece	MISUGA KAIUN	
17	SUNNT PUTNEY	2013	74,940	$20,000,000	Greece		
17	FOUR COAL	2014	76,822	$22,000,000			
17	BW CANOLA	2014	81,344	$23,000,000		BW MARITIME	
17	EMERALD STAR	2014	81,817	$25,000,000	Greece	NISSEN KAIUN	
17	SIMON LD	2014	179,816	$28,400,000		LOUIS DREYFUS ARMATEURS	
17	LEOPOLD LD	2014	179,816	$28,500,000	Europe	LOUIS DREYFUS ARMATEURS	

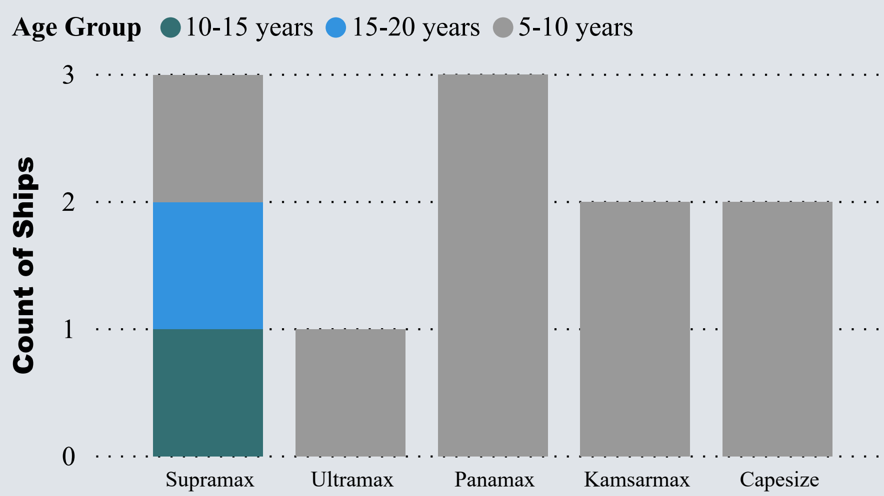
The buying interest seems to have softened again in the 17th week related to what we have been accustomed to in the previous weeks. Only eleven vessel sales came to light while we noticed for another week that the shipowners' interest did not focus on a specific size. However, the age range for most of the ships sold stayed between 5 to 10 years, as nine out of the eleven vessels had their place in that vessel age category while only two transactions were reported for ships above 10 years old.

Although the positive tone remains in the dry bulk freight market, Week 17 ended with a low account of activity in the S&P market. With only 11 sales reported, it has been the lowest weekly count of sales so far this year. While positive freight rates do not seem to be going away in the short term, it remains to see if shipowners' freight market expectations are strong enough to bring back the intense investment to the secondhand bulkcarrier market.

Sale of the week:

The Greek shipping company Norwester Maritime Ltd. sold the 2006-built MAKIKI to Hong Kong buyers for US$9 M. MAKIKI is a supramax vessel sailing under the flag of Liberia. Built by Philippine Tsuneishi Heavy Industries (CEBU), the vessel has a carrying capacity of 52,525 t DWT. Her length overall (LOA) is 189.99 meters, and her width is 32.26 meters.

Reported Ship Sales by Age and Size (Week 17)



Weekly Volume of Sales

Size	15	16	17	Total
Supramax	3	4	3	**10**
Capesize		7	2	**9**
Kamsarmax	4		2	**6**
Handysize	4	1		**5**
Panamax		1	3	**4**
Ultramax		3	1	**4**
Post Panamax	2	1		**3**
VLBC		1		**1**
Total	**13**	**18**	**11**	**42**

Annual Volume of Sales

Size Group	2019	2020	2021
Supramax	125	125	72
Handysize	119	128	52
Panamax	86	56	37
Kamsarmax	35	52	46
Ultramax	44	46	41
Capesize	25	53	32
Handymax	26	12	3
Post Panamax	15	9	11
VLBC	8	19	4
Total	**483**	**500**	**298**

Demolition Market

D&F
SHIPPING MARKET ANALYSIS

Latest Transactions

Week	Vessel	Vessel Age	Location of Delivery	USD / LDT	LDT (MT)	Sale Price

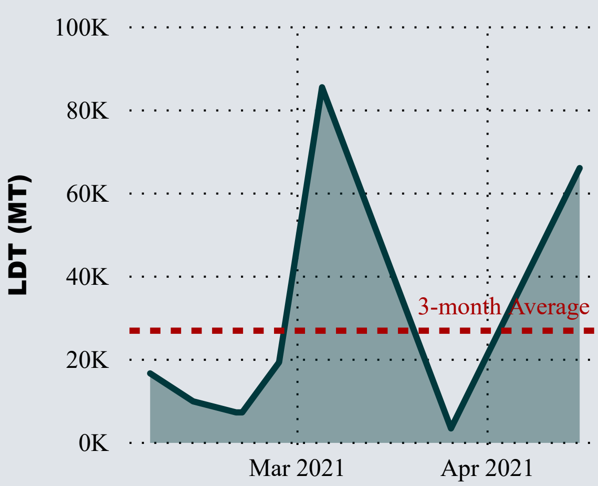
Demolition Prices for Bulkcarriers- Week Average (USD/LDT)

Market	Wk 15	Wk 16	Wk 17	WoW%
Bangladesh	494	497	510	2.6%
Pakistan	484	488	504	3.3%
India	465	471	477	1.3%
Turkey	250	250	250	0.0%

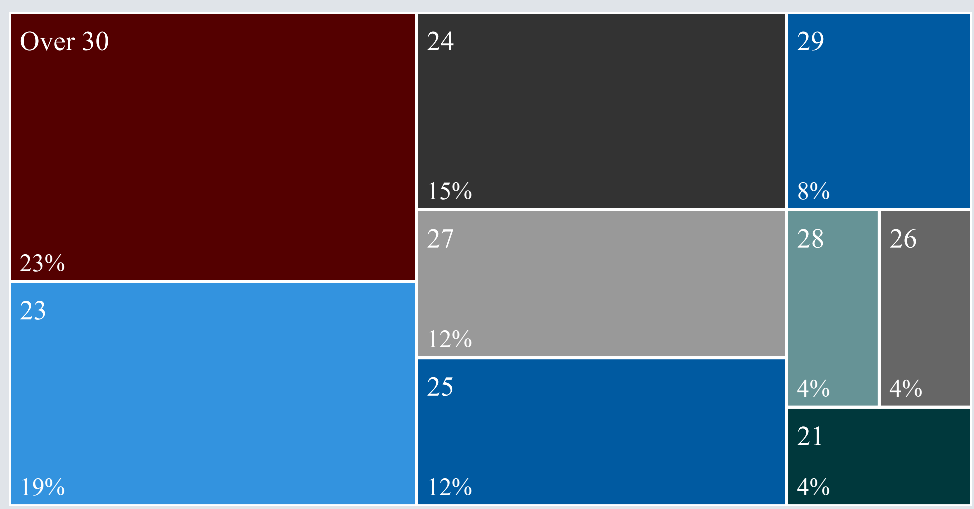
Activities in the demolition market continues to stall as increasing coronavirus infections ravage the sub-continent, with the situation in India attracting worldwide attention with Countries banning flights from India and its neighbours. This has added a new dimension to the transactions as shipowners cannot guarantee a home return for vessel crews despite demolition yards offering the best prices seen in a long while for their vessels. Nevertheless, the situation continues to be fluid with demolition still very much in the hunt for crucial LDT due to firm and rising steel demand.

LDT rates continued to strengthen with Demolition yards are offering record rates for tonnage. Chittagong shipbreakers are offering historical high prices of USD510/LDT a 2.6% jump from the previous week. Pakistan demolition yards are also willing to part with more than USD500/LDT. Pakistan LDT rates have this week increased 3.3% from last week to USD504/LDT. Similarly, LDT rates in India increased 1.3% to USD477/LDT as prices continues to strengthen in major markets in Asia. Turkey demolition rates remain at USD250/LDT with the country facing a barrage of problems from new Coronavirus restrictions to a poorly performing Lira.

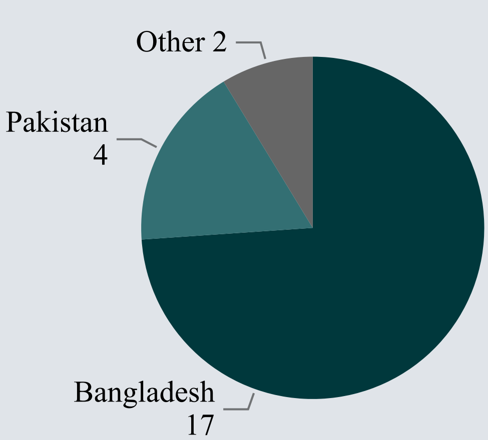
Demolition Activity in the Last 3 Months



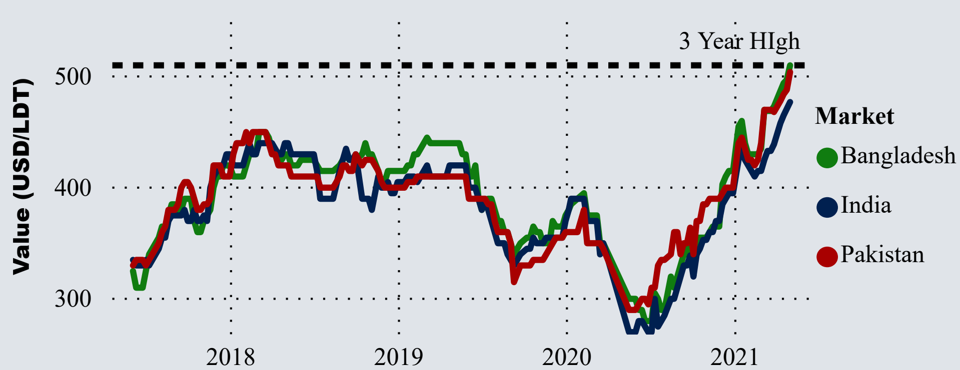
Demolition Age (years) of Vessels in 2021(%)



Location of Delivery - No. Vessels 2021



Demolition Prices (US$/LDT)



Shipbuilding Market

D&F SHIPPING MARKET ANALYSIS

Latest Orders

Week	Size	Units	Delivery	Buyer	Shipbuilder
17	KAMSARMAX	10	2022/2023	Nisshin Shipping	Jiangsu Hantong, China
17	PANAMAX	4	2023	Asia Pulp & Paper	Chengxi Shipyard, China

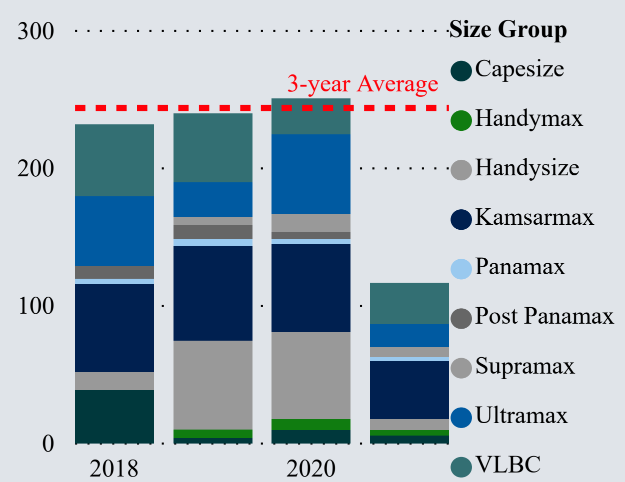
Newbuilding Market Price by Size (Week 17)

Year	Handysize	Ultramax	Panamax	Kamsarmax	Capesize
2021	$25,000,000	$28,000,000	$29,000,000	$32,000,000	$52,500,000
2020	$25,000,000	$30,000,000	$31,000,000	$32,000,000	$50,000,000
2019	$26,000,000	$31,000,000	$32,000,000	$33,000,000	$51,000,000

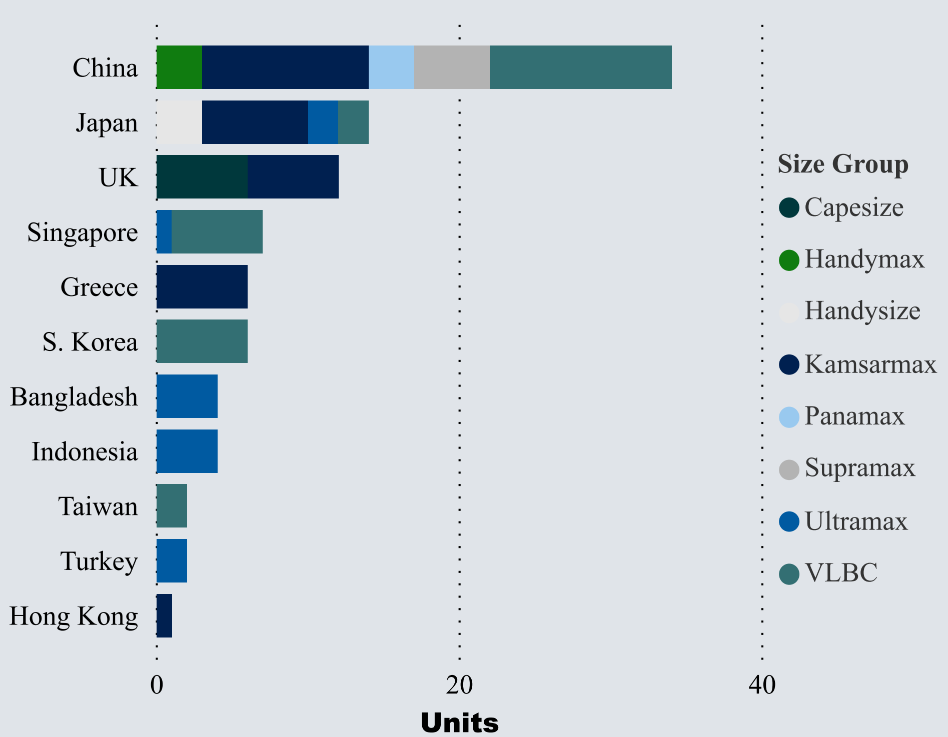
Delivery Year by Size

Size Group	2021/2022	2022	2022/2023	2023	Total
Kamsarmax		35	15	28	**78**
Handysize	9	40	3	3	**55**
VLBC		23	2	26	**51**
Ultramax	3	41		5	**49**
Supramax		12		7	**19**
Capesize		2		13	**15**
Handymax	4	3			**7**
Post Panamax		3		2	**5**
Panamax		4			**4**
Total	**16**	**163**	**20**	**84**	**283**

Units Ordered by Year and Size Group



Orders by Country of Buyer - 2021



Chinese Shipbuilders are not letting off their hold on the dry bulk Newbuild orders winning orders for the 2 deals reported this week. Jiangsu Hantong won an order from Indonesia's Asia Pulp and Paper for 4 units Kamsarmax with delivery in 2022/2023. Likewise, Japan's Nisshin shipping contracted the building of 10 units Panamax vessels to China's Chengxi Shipyard with delivery in 2023.

Kamsarmax newbuild prices are at par with 2020 prices while Capesize are priced 5% and 2.9% more than in 2020 and 2019 this week, respectively. Kamsarmax remains the most ordered vessel and continues to be favoured by shipowners. On the buying front shipowners in Asia are so far more active in the newbuild market while majority of owners elsewhere look to S&P market. The Asian buying frenzy has been led by the Chinese an indication that they are confident in the direction the dry bulk shipping markets are heading. This is however not a surprise as the Chinese government commitment to grow their economy through infrastructure spending.

Weekly Commodity Update

D&F SHIPPING MARKET ANALYSIS

IRON ORE

IRON ORE PRICE HITS RECORD US$193.85/T

The Fortescue Metals Group has announced an 8.8% drop in its iron ore shipments in the third quarter of the 2020/2021 financial year compared to the previous quarter to 42.3 million mt, contributing to a record shipping performance for the first nine months of the financial year. Shipments rose by 2% y-o-y to a record 132.9 mn mt in the first nine months of the financial year. Meanwhile, in the given period, the average iron ore price received increased to US$143 per dry metric ton (dmt) compared to the December quarter price of US$122/dmt, representing a 17.2 percent increase quarter on quarter. The Australian iron ore giant has revised its target to achieve carbon neutrality by 2030, ten years earlier than the previous target. The company's iron ore shipment guidance for the financial year 2020-21 is at 178-182 million mt, compared to the previous guidance of 175-180 million mt.

There is strong sentiment amongst industry observers the steel market will continue a bullish run for the considerable future will strong support from infrastructure laden stimulus plans around the world led by the proposed $2 trillion Joe Biden infrastructure plan. With plans for 10,000 bridges and 30,000km of roads will be a huge boost to dry bulk shipping. Meanwhile the Chinese fundamentals are not slowing with steel inventories continually dropping despite 271 mn mt of steel produced in Q1 2021 with mills improving profit margins to $135/mt-$175/mt. the unprecedented recovery of global steel demand last year as put wind in the sail of iron ore pushing prices soaring near $200/mt with prices peaking at US$193.85/t. The red dirt has seen its price more than double over the past 12 months from $83.40/dmt on April 27, 2020.

The surge in iron ore is however increasing threats as China tries to tighten credit supply so as to cool the property market. Iron ore fundamentals continued to be supported by poor with Australian mining giant Rio Tinto and BHP seeing production decline by 11% and 5% quarter over quarter while Vale's production dropped 20% due to seasonal raining season in Brazil and cyclone season in Australia. With the constraints easing in the coming quarter production would be ramped which could potentially impact iron ore prices. Iron Ore closed the week at US$190.45/t (CFR Tianjin port) down US$3.40/t (CFR Tianjin port).

Sources: Argus media, SP Global Platts.

COAL

CHINA ANNOUNCES PLAN TO LIMIT INCREASE IN COAL CONSUMPTION

China has announced it will limit the increase in coal consumption /in its 14th five-year plan which is likely to weigh on Chinese import demand. President Xi said at the US-hosted climate summit China will restrict coal-fired power projects in order to ensure this target is met. This is a shift from previous Chinese stance of cutting down share of coal in the overall energy and power mix. President Xi last year set targets for China's carbon emissions to peak before 2030 and the country to achieve carbon neutrality by 2060. Top energy planning agency the NEA last week set targets to bring the share of solar and wind-based power generation to 11pc in this year's overall power mix before increasing it to 16.5pc by 2025. “China’s energy structure is dominated by coal power. This is an objective reality,” said Su Wei, deputy secretary-general of the National Development and Reform Commission. CNBC translated his Mandarin-language comments, which he made late last week. “Because renewable energy (sources such as) wind and solar power are intermittent and unstable, we must rely on a stable power source,” Su said. “We have no other choice. For a period of time, we may need to use coal power as a point of flexible adjustment.” He added that coal is readily available, while renewable energy needs to develop further in China.

China depends heavily on coal for power, with the commodity’s share hitting 4.63 trillion kWh or 61pc of national overall power output in 2019, up from 4.55 trillion kWh in 2019 but the share declined in the same year. The central bank has suspended financial support for coal-related projects. Last week it removed fossil fuel investments, including for ultra-supercritical coal power plants, coal-fired units above 300MW of generation capacity and clean coal use from a list of projects considered eligible for green bond financing in China's 2021 green bond catalogue. China added 39GW of installed coal-fired power capacity in 2020, taking total installed coalfired power capacity to 1,080GW at the end of the year. This has however since decline to 49pc share of installed coal-fired capacity last year from 51pc in 2019. China's coal imports registered straight increases from 2016 to 303.99mn t in 2020.

Sources: Argus Media.

GRAINS

WHEAT FOB PRICES RISE FOR FOURTH CONSECUTIVE WEEK

Wheat FOB prices continued to rise for the fourth consecutive week and for the second week in a row, prices are also rising in the Black Sea region. Nevertheless, FOB wheat prices in the Black Sea region continue to lag significantly behind wheat prices of other major exporters, with Australian wheat May delivery costing an average 19 USD/ton more and French wheat up at a much larger 27 USD/ton.

Meanwhile concerns remain in the US as severe drought in the western United States continues to weigh on US wheat crops as the has mainly impacted the US Wheat Belt. On the Export front, EU wheat exports remains weak nevertheless, Exports from the Black Sea region increased very quickly. Exports from Russia and Ukraine are put at 597,000 tons. In this week's trading on the CBOT fall CBOT wheat dropped 1.9% to $7.18-3/4 a bushel on Wednesday while IGC assessed export prices as follows; Argentina Grade 2, Up River $273, EU France Grade 1 (Rouen) $301, while US No 2 Hard Red Winter (HRW) $310, and US No 2 Soft Red Winter (SRW) $319

Source: Grainprices, IGC

WEATHER CONCERNS SQUEEZE BRAZIL CORN PRODUCTION

Uncertainties continue to plague the second corn crop in Brazil, driven by weather in the main producing areas. However, the center-south region has been registering few rains and high temperatures, hampering the development of corn, which needs high volumes of rainfall or water reserves in the soil to ensure adequate growth. In Parana, Brazil's second largest producing state, the Department of Rural Economics (Deral) recorded a decline in the quality of developing corn crops. Areas rated in good condition fell to 40pc from 62pc last week, while areas rated as average rose to 42pc from 31pc. Areas in poor condition or risking losses jumped to 18pc from 7pc last week. A considerable part of the crop faces water stress. In addition, the second corn crop was planted outside the ideal window for development due to late harvest of Soybean. Market participants believe May will be crucial for good corn production. In Mato Grosso, Brazil's top grain producer, 45pc of the state's planted area occurred outside the ideal window, according to the Mato Grosso Institute of Agricultural Economics (Imea). This prompted the institute to cut its corn production forecast for the 2020-21 season to about 35mn metric tonnes (t), a drop of 1.3pc from the previous year.

Shipowners will be perturbed as the smaller, delayed corn crop is likely to impact port traffic and freight rates. These delays narrow the window for exports, reducing cargo handling at the ports. In Mato Grosso, Imea foresees 21mn t of exports, a 5.5pc drop compared to the previous cycle. With less volume to be transported, peak freight rates in export corridors would last a for a shorter period, about 20 days, before dropping, reviving concerns of a potential truckers' strike in the second half of the year. The affects extend to the domestic animal protein sector, which has been suffering from elevated feed costs. In an attempt to balance the market and contain grain prices, Brazil last week renewed tariff exemptions on imports of soybeans, corn, soybean oil and soybean meal from outside the Mercosur trade bloc. Meanwhile in America, grainprices report stated that weekly corn exports were strong with about 2 million tons of corn exported.

Source: Grainprices, Argus Media

SOYBEAN STOCKS TO FALL FOR THE SECOND CONSECUTIVE SEASON AS CONSUMPTION INCREASES

Soya bean global trade is underpinned by bigger crops in the US and Brazil, global soyabean output in 2020/21 is forecast 7% higher y/y. Nevertheless, with an expected solid increase in consumption, stocks are seen falling for the second consecutive season, including US carryovers contracting by 80% y/y. After surging in the previous year, global trade is seen increasing only marginally, albeit to a new peak. Meanwhile, high prices expected to elicit a supply response, 2021/22 world output is pegged tentatively at a record of 383m t with consumption on the increase, while modest inventory accumulation is likely. World import demand is projected at a fresh high. Soya bean export prices for major producers as assessed by the IGC; US 3YC (Gulf) $302, Argentina Feed (Up River) $276, and Brazil Feed (Paranagua) $282

Source: Reuters