DRY BULK WEEKLY

WEEK 19 | Monday, 17 May 2021

D&F SHIPPING MARKET ANALYSIS

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Iron Ore

IRON ORE PRICE CRASHES AS CHINA EXERTS TIGHTER CONTROL OVER THE MARKET

Coal

COAL EXPORTS FROM AUSTRALIA'S QUEENSLAND PORTS REBOUND IN APRIL

QINHUANGDAO COAL INVENTORIES REMAIN BELOW SUMMER TARGET

Grains

USDA CUTS RUSSIA WHEAT OUTPUT FOR THE 2021-22 MARKETING YEAR

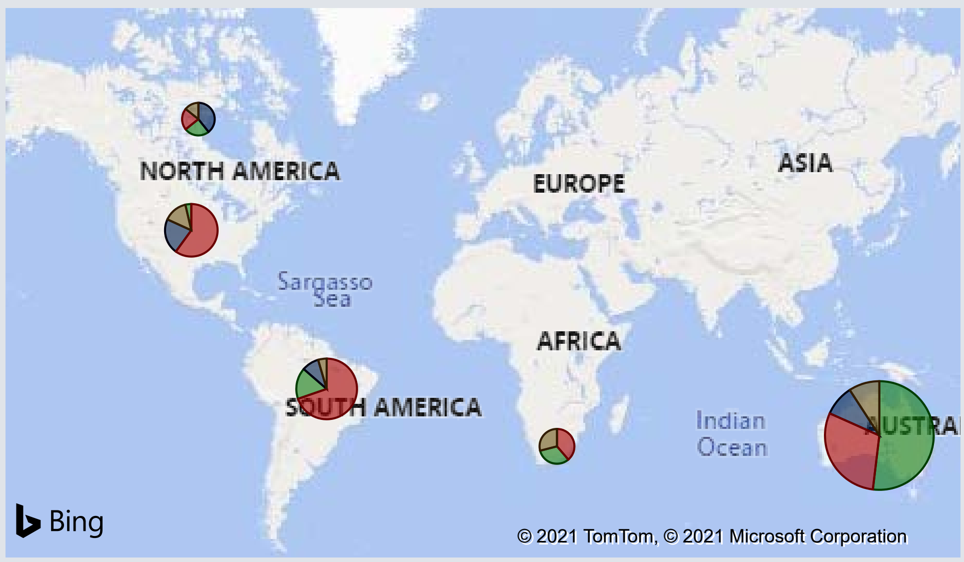
US CORN JULY FUTURES DOWN 12.1% AS USDA REPORTS SHOW PRIVATE SALES OF NEW CROP TO CHINA

USDA FORECAST INCREASED DEMAND OF SOYBEANS FROM CRUSHERS

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
19	23		7
18	9	1	11
17	11		14
16	18		22
Total	**61**	**1**	**54**

Top 5 Destination Countries of Ships in Ballast by Vessel Size (Week 20 Arrivals)

Size Group Capesize Handysize Panamax Supramax



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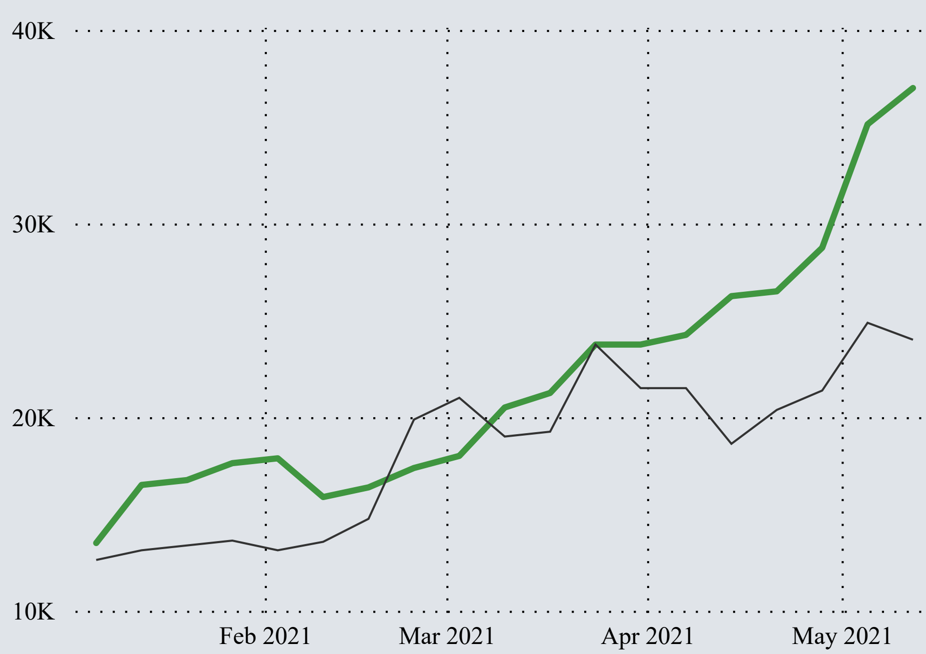
6M TC Hire Rate Average

Size CAPESIZE PANAMAX



Sale & Purchase Market

Latest Transactions

Week	Ships Sold	Built	DWT	Reported Price (US$)	Country/ Region of Buyer	Owner	Notes
19	TIGER SHANDONG	2011	180,100	$24,000,000			
19	SPRING AEOLIAN	2012	83,500	$21,000,000		SHUNZAN KAIUN	
19	TANGERINE ISLAND	2013	82,265	$20,000,000		FUNADA KAIUN	
19	JAIGARH	2010	82,166	$18,000,000	Greece	DOUN KISEN	
19	PEDHOULAS BUILDER	2012	81,541	$22,000,000		SAFE BULKERS	
19	PEDHOULAS FIGHTER	2012	81,541	$23,000,000		SAFE BULKERS	
19	COUNTESS I	2013	79,235	$18,000,000	China	NGM ENERGY	
19	WISDOM DIVA	2009	76,606	$16,000,000		BERLIAN LAJU TANKER	
19	LEGACY	2011	57,045	$13,000,000	China		
19	SIKANIA	2001	53,553	$9,000,000	Bangladesh	TST INTERNATIONAL	
19	GREAT LEGEND	2006	52,385	$11,000,000		EMPIRE BULKERS	
19	CS DREAM	2010	50,800	$13,000,000			
19	XING RONG HAI	2015	38,947				$64,000,000 en bloc
19	XING ZUN HAI	2015	38,947				$64,000,000 en bloc
19	XING YI HAI	2016	38,898				$64,000,000 en bloc
19	XING RU HAI	2016	38,858				$64,000,000 en bloc
19	ULTRA CALBUCO	2017	37,981				$45,000,000 en bloc
19	ULTRA OSORNO	2018	37,981				$45,000,000 en bloc
19	LADY C	2011	32,790	$9,400,000	China	MASSOEL	
19	BASIC RAINBOW	2011	28,468	$14,600,000		DOUN KISEN	
19	LOVELAND ISLAND	2010	28,316	$9,300,000		SHIKISHIMA KISEN	
19	CRYSTAL ISLAND	2011	28,228	$9,400,000	Greece	SHIKISHIMA KISEN	
19	BEAGLE VII	2007	16,822	$5,600,000		WISDOM MARINE LINES	

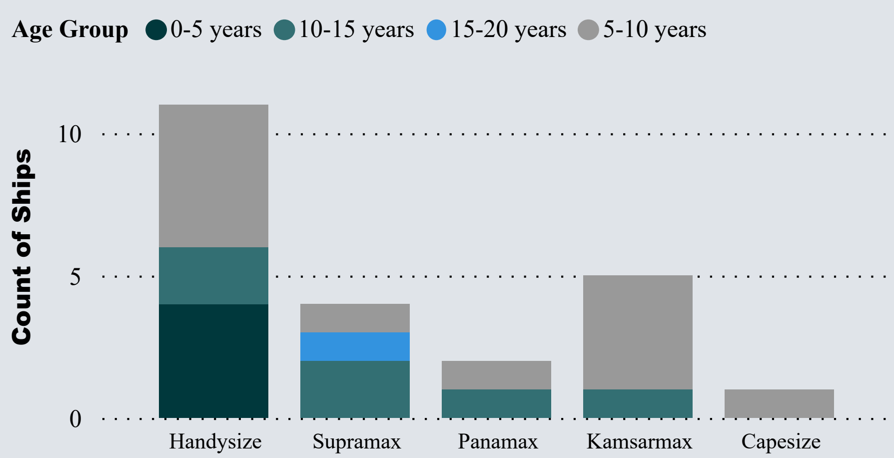
The buying interest in the secondhand market is back as the count of sales returned to levels not seen for a few weeks. The rebound in S&P activity led to 23 deals reported the past week, as shipowners' apetite remains focus on the smaller size classes.

Nonetheless, although the 16 small-class sales led the board (11 Handysize + 4 Supramax) there was also interest for the medium and large classes with 8 transactions recorded for Panamax (2) Kamsarmax (5) and Capesize (1) ships. As to the age range, the focus naturally remained in vessels with 5-15 years old however there was one deal for a Supramax over 15 years old.

Good sentiment in the smaller segments' freight market continues to provide the best support for S&P activity. However, with iron ore price at high levels, last week's decline in the Capesize freight market did not stopped owners from investing in secondhand ships.

Sale of the week: The Japanaese-based Doun Kisen Co. Ltd. sold the 2010-built JAIGARH to Greek buyers for US$18 M. JAIGARH is a kamsarmax vessel sailing under the flag of Panama. Built by Japanese Tsuneishi Shipbuilding Company, the vessel has a carrying capacity of 82,166 DWT. Her length overall (LOA) is 228.99 meters, and her width is 32.26 meters.

Reported Ship Sales by Age and Size (Week 19)



Weekly Volume of Sales

Size	17	18	19	Total
Handysize		2	11	**13**
Supramax	3	4	4	**11**
Kamsarmax	2		5	**7**
Panamax	3	1	2	**6**
Capesize	2	1	1	**4**
Ultramax	1			**1**
VLBC		1		**1**
Total	**11**	**9**	**23**	**43**

Annual Volume of Sales

Size Group	2019	2020	2021
Supramax	125	125	80
Handysize	119	128	65
Panamax	86	56	40
Kamsarmax	35	52	50
Ultramax	44	46	41
Capesize	25	53	34
Handymax	26	12	3
Post Panamax	15	9	11
VLBC	8	19	5
Total	**482**	**500**	**329**

Demolition Market

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Latest Transactions

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

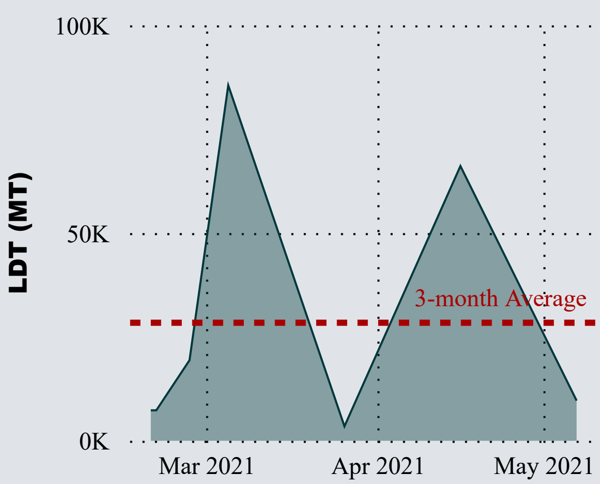
Demolition Prices for Bulkcarriers- Week Average (USD/LDT)

Market	Wk 17	Wk 18	Wk 19	WoW%
Bangladesh	510	524	543	3.6%
Pakistan	504	519	548	5.6%
India	477	488	500	2.5%
Turkey	250	250	270	8.0%

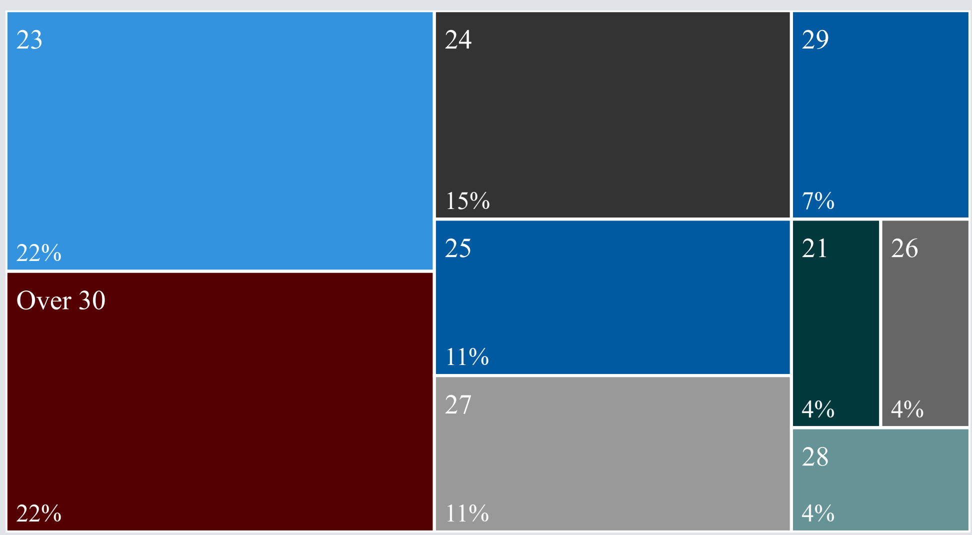
Demolition market quickly returned back to its perilous slump despite LDT rates rising an average 4.9% across major demolition players during the week with no tonnage sale reported this week. There has been a sort of renaissance in Turkey where covid-19 restriction is been eased with Aliaga shipbreakers offering their highest rates in 11 weeks. Demolition rates have continued to grow in the sub-continent as despite the mounting challenges from Covid imposed restrictions and cuts to oxygen supply. Leading shipbreakers Bangladesh and Pakistan prices are edging closer to the USD550/LDT mark while India LDT rates hit USD500/LDT with a 2.5% increase this week.

D&F analysis believe rates would continue grew in the short-term with most shipbreakers closed in the last couple of weeks with steel demand still firm. The dynamics of the market remains as most shipowners continue to focus on the freight market where profit margins remain high.

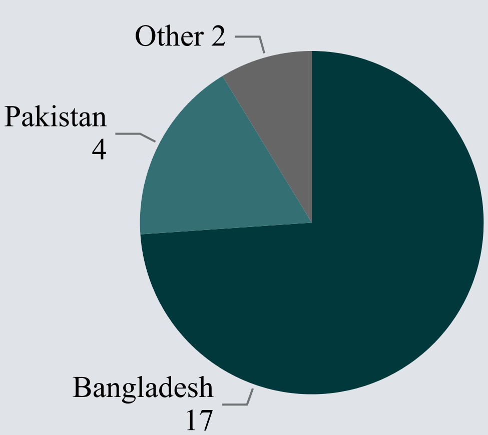
Demolition Activity in the Last 3 Months



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



Location of Delivery - No. Vessels 2021



Demolition Prices (US$/LDT)

Shipbuilding Market

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SHIPPING MARKET ANALYSIS

Latest Orders

Week	Size	Units	Delivery	Buyer	Shipbuilder
19	NEWCASTLEMAX	4	2023/2024	Magni Partners	New Times Shipyard
19	POST PANAMAX	2	2023	Safe Bulkers	Undisclosed
19	HANDYMAX	1	2023	Zhejiang Dachen	Haidong, China

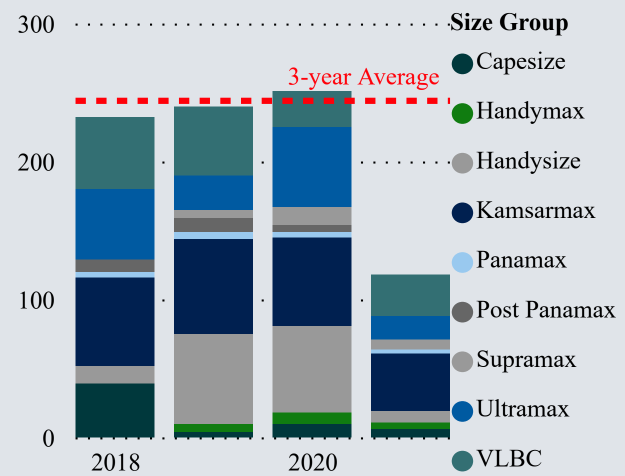
Newbuilding Market Price by Size (Week 18)

Year	Handysize	Ultramax	Panamax	Kamsarmax	Capesize
2021	$25,000,000	$28,000,000	$29,000,000	$32,000,000	$53,000,000
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

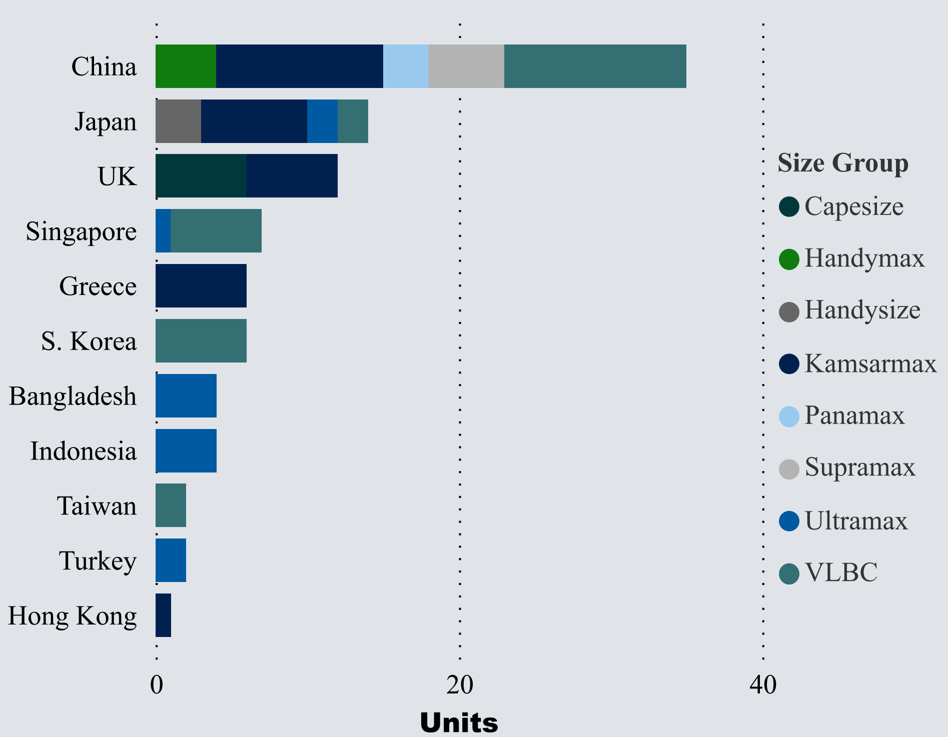
Delivery Year by Size

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		1	**8**
Post Panamax		3		2	**5**
Panamax		4			**4**
Total	**16**	**163**	**20**	**85**	**284**

Units Ordered by Year and Size Group



Orders by Country of Buyer - 2021



There is considerable activity in the newbuild market this week as shipping companies take advantage of high freights to renew their fleets. Zhejiang Dachen placed an order for Handymax from Haidong Shipyard, the order which is for a unit will be delivered in 2023. Safe Bulker has gone into the newbuild market for the first time this year in an effort to renew its fleet after offloading a string of older vessels in the S&P market. The contract for 2 post panamax was made with an unnamed Japanese shipyard. The vessels have been spec-ed out to meet IMO tier emission requirements with delivery penned for Q2 2023. Leading Chinese shipyard New Times has won an order for 4 Newcastlemax from London based Magni partners Limited. New times has been contracted to build the vessels with delivery scheduled 2023 till 2024.

Many traditional and smaller shipowners continue to turn to the S&P market as shipping's attempt to cut its carbon footprints falls on the bigger conglomerate owners who have been more willing participants in the newbuild market. Traditional shipowners are weary of the implications of running alternative fuels, with the current infrastructure and technology not built out to support them.

IRON ORE

IRON ORE PRICE CRASHES AS CHINA EXERTS TIGHTER CONTROL OVER THE MARKET

The Iron ore surge has seemingly crashed as traders are weary of the potential impact of Chinese production curbs in Tangshan and stricter supervision of the steel mills. This sent the markets down with traders in a sell off frenzy, In Singapore, iron ore futures tumbled as much as 14% to $190 a tonne before recovering to $209 while iron ore futures on the Dalian Commodity Exchange slumped almost 8 per cent. Chinese mills have been churning out record volumes of steel with many steel manufacturers ramping up production in order to take advantage of Tangshan government cuts. The government in China's largest steel making province had put in place production cuts in the province to cut the emissions, release from the steel mills furnaces, the officials have also ramped up inspections which see the steel mills comply to safety standards that deprive them of full installed capacity.

Beijing has been forced to intervene in as iron ore prices began spiralling out of control since tensions between Canberra and Beijing led to the unofficial ban of Australian. Diplomatic relations between the countries have continued to suffer with reports indicating China 'indefinitely suspended' the China-Australia Strategic Economic Dialogue communications with Australia. China has since last year banned the import of multiple products from Australia including wines. Iron ore counts itself lucky as supply constraints from Brazil and Australia's geographical location continues to upset the trade balance in Australia's favour.

Export data collated by the flow shows that in April, shipments from major producers in Australia, Brazil and South Africa were down 5.4% month on month to 92.27 million mt and were down 2.6% year on year. The poor shipments were led by Rio Tinto's exports falling by 12%, with all other miners reporting a decline in shipments. Data released by Port Hedland authorities show shipments from the port which is used by BHP, Fortescue Metals Group, decreased by 3.4 percent compared to March and were down by 0.4 percent year on year, totalling 45.09 million mt, of these shipments to China was 36.29 million mt, down 4.8% month on month and down by 6.2% on the year. However, exports should bounce back in the month of May as it is traditionally a strong month for supply owing to the passing of the Australian cyclone season.

Sources: FT, SCMP, S&P Global Platts

COAL

COAL EXPORTS FROM AUSTRALIA'S QUEENSLAND PORTS REBOUND IN APRIL

Exports from Australia's Queensland ports rebounded in April less disruption was recorded due to milder wilder. Shipments from the ports has since realigned trade flows in the aftermath of the Chinese ban on Australian coal. Shipments were up from a 4 year low in March as the four ports shipped 16.79mn t in April, according to monthly trade data by North Queensland Bulk Ports (NQBP) and the Gladstone Port Authority. The Dalrymple Bay Coal Terminal (DBCT), Hay Point and Abbot Point all shipped more coal in April than any other month so far this year, while Gladstone had a weaker month. Shipping queues outside these key ports are average, with four vessels outside Abbot Point and 27 outside Gladstone. The 20 ships outside the adjacent ports of Hay Point and DBCT are lower than the average seen in 2019 but higher than the 18 seen two months earlier and around the average for the past year.

DBCT shipments gained 25pc from an exceptionally weak March. The increase may be partially due to catch-up tonnes from the previous month, but there are signs that changing trade flows are increasing demand for Australian coking coal shipped from this port. Initial shipping data suggests that DBCT has had a strong start to May. DBCT services many of Queensland's smaller mining firms that have had to find alternate markets because they usually supply Chinese traders. It also services UK-South African mining firm Anglo American, which is set to increase throughput at the port because over the past month it re-entered its 6.5mn t/yr Moranbah and 5mn t/yr Grosvenor coking coal mines after prolonged closures. Hay Point, which is operated by the world's largest supplier of seaborne coking coal BHP Mitsubishi Alliance, had a strong April and is the only one of the four ports to be tracking ahead of its year to date comparison for both 2020 and 2019. At 55mn t/yr, Hay Point is a much smaller port than the 85mn t/yr capacity DBCT, yet it shipped nearly the same volume in April as BHP appears to navigate the Chinese ban better than some of its smaller competitors. Abbot Point had its strongest month since August 2020, but has had a slower start to May, according to shipping data collated by Argus. Initial shipping data shows no shipments to China from any of these four Queensland ports in April. The NQBP authority does not disclose destinations in its monthly data.

Sources: Argus Media

QINHUANGDAO COAL INVENTORIES REMAIN BELOW SUMMER TARGET

Meanwhile, Coal inventories at China's key transshipment port of Qinhuangdao were little changed in the week to yesterday, remaining below the summer target of 5mn t set by the central government. There are signs that coastal utilities are stepping up summer restocking with domestic coal because of rising seaborne prices. Qinhuangdao had coal inventories of 4.95mn t yesterday, little changed from 4.94mn t on 5 May, according to data from coal industry association the CCTD. Stocks rose to 5.27mn t on 8 May as many coastal utilities were reluctant to pay the relatively high asking prices. But the prospects of higher seaborne prices, as sellers of Russian and Indonesian cargoes are leveraging on the absence of Australian competition after Australian imports were banned by China since last year, eventually drove some Chinese consumers back to domestic supplies. Inbound deliveries to Qinhuangdao were at 3.4mn t for the week to yesterday, down from 3.51mn t a week earlier, CCDT data show. Offtake for the week to yesterday was 3.36mn t, up from 2.97mn t a week earlier. The vessel queue in the week to yesterday averaged 39/d, slightly lower than 40/d a week earlier, according to *Argus* calculations based on CCTD data.

At China's other key coal transshipment port of Caofeidian, stocks were 4.43mn t yesterday, up from 4.1mn t on 5 May. Inbound deliveries were 1.83mn t in the week to yesterday, down from 1.85mn t a week earlier. Offtake was 1.37mn t in the week to yesterday, down from 1.52mn t in the previous week. The vessel queue in the week to yesterday averaged 22/d, up from 20.9/d a week earlier.

Most Chinese coal indexes have suspended publication from yesterday after spot prices surged beyond the government-set upper limit of 600 yuan/t ($93.19/t). Chinese NAR 5,500 kcal/kg coal was bid at Yn935-940/t fob north China ports yesterday against offers at Yn950/t. This is significantly higher than the latest *Argus* assessment at Yn850/t fob Qinhuangdao on 7 May, suggesting a volatile market.

Sources: Argus Media

GRAINS

USDA CUTS RUSSIA WHEAT OUTPUT FOR THE 2021-22 MARKETING YEAR

The USDA in its Global Agricultural Information Network report reports cut Russia's wheat production for marketing year 2021-22. Russia's wheat production is forecasted to declines by 9% due to poor weather which has severely impacted yields. The forecast reduces Russia's wheat output to 77.5 million tonnes with Russia's total grain production forecast to decline by 5% to 118 million tonnes in 2021-22. "Difficult weather conditions at the end of 2020-21 affected the winter crop and reduced crop yield prospects," the USDA said. This follows the 2020-21 total grains crop, which was the second largest on record at 133 million tonnes, just shy of the 135 million tonnes harvested in 2016-17. The report noted that in 2021 and beyond, intensified government regulation in the Russian Federation will be a significant factor for pricing and overall regulation of the agricultural sector.

The Russian government has since introduced export quotas which take effect in February. The government capped exports of grains at 17.5 million tonnes of grain from Feb. 15 to June 30 of this year. "Lower production and export restrictions are projected to result in lower grain exports in 2021-22," the USDA said. It projects total grain export volume to reach 48 million tonnes in 2021-22, including 40 million tonnes of wheat exports.

Meanwhile, The FOB price of Australian wheat with June delivery decreased by 1 USD/ton for the week to 294 USD/ton. Wheat from Ukraine and France are now the cheapest. Wheat price in the United States and Argentina are still well above them.

Source: World Grain, grainprices

US CORN JULY FUTURES DOWN 12.1% AS USDA REPORTS SHOW PRIVATE SALES OF NEW CROP TO CHINA

U.S. corn futures fell for a third straight session on Friday, with the benchmark July contract hitting a two-week low on fund-driven long liquidation amid easing concerns about dwindling supplies, analysts said. Chicago Board of Trade July corn futures settled down 31 cents at $6.43-3/4 per bushel. Corn fell more than 4% and recorded a weekly decline of 12.1% - its first retreat in seven weeks - as traders focused on a bigger-than-expected supply outlook released Wednesday by the U.S. Department of Agriculture.

The USDA report fuelled selling after corn's eight-year peak last week. "I just think the specs have more selling to do. It may take weather (problems) to get this market going again," said Jack Scoville, analyst with the Price Futures Group in Chicago. The market shrugged off the USDA's confirmation of private sales of 1.36 million tonnes of new-crop U.S. corn to China, the latest in a series of corn sales announcements in recent days. Scoville said the bookings, for delivery in the 2021/22 marketing year that begins Sept. 1, 2021, suggest China may be done buying old-crop U.S. corn, which is scarce as supplies dwindle ahead of the autumn harvest.

Source: Reuters

USDA FORECAST INCREASED DEMAND OF SOYBEANS FROM CRUSHERS

Strong domestic demand will keep U.S. stockpiles of soybeans near seven-year lows even after farmers harvest the crops they are currently seeding, the government said on Wednesday. The stocks estimates were in line with market expectations, but the report showed that the recent gains in agricultural commodities, highlighted by soybean futures' rally to a nearly nine-year high this week, are likely to continue. "You could make the argument that the market has been undervalued for the last several months," said Joe Vaclavik, president of Standard Grain.

Soybean stocks in September 2022 were seen rising just 20 million bushels from 120 million bushels forecast for 2021, according to USDA's monthly World Agricultural Supply and Demand Estimates report. Soybean demand from crushers that process soybeans into soymeal for animal feed, was seen up 35 million bushels to 2.225 billion. During the past week, FOB soybean prices fell the most in the United States. The FOB price of Brazilian soybeans fell by only 8 USD/ton to 569 USD/ton.

Source: Reuters, grainprices