DRY BULK WEEKLY

WEEK 21 | Monday, 31 May 2021

D&F SHIPPING MARKET ANALYSIS

LATEST COMMODITY NEWS

Iron Ore

CHINA TOUGHENS CRACK DOWN ON STEEL AND IRON PRICES, SHRINKS ITS SHARE OF AUSTRALIAN IRON ORE IMPORTS

Coal

US COAL EXPORTS BULLISH AS SUPPLY CONSTRAINTS AND INCREASING DEMAND DOUBLE PRICES

Grains

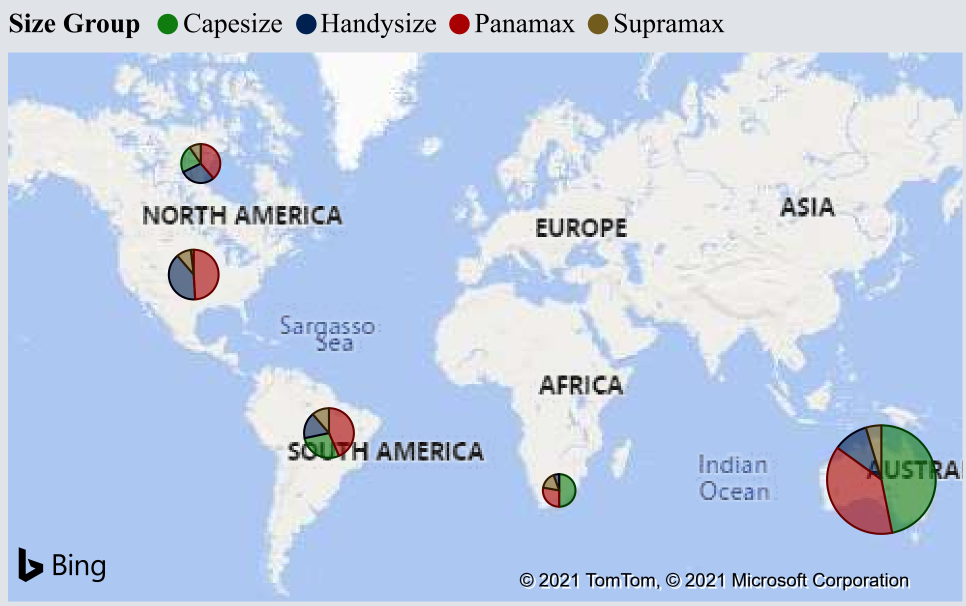
CHINA TARGETS SELF SUFFICIENCY IN WHEAT PRODUCTION BY 2025

RISING SUPPLY PUTS PRESSURE ON CORN PRICES IN CHINA

ARGENTINA SOYBEAN EXPORTS DOWN 16% Y-O-Y, WHILE RUSSIA CUTS EXPORT DUTIES TO 20%

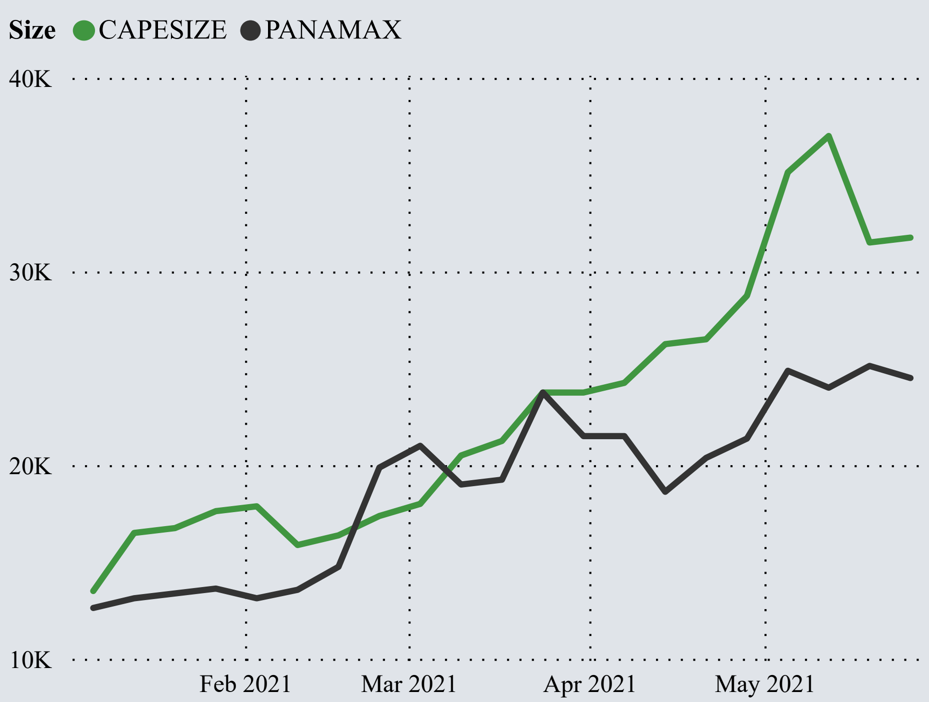
Week	S&P Transactions	Demolition Sales	Newbuilding Orders
21	16	1	4
20	18		8
19	28		7
18	9	1	11
Total	**69**	**2**	**30**

Top 5 Destination Countries of Ships in Ballast by Vessel Size (Week 22 Arrivals)



CONTENTS

6M TC Hire Rate Average



Sale & Purchase Market

Latest Transactions

Week	Ships Sold	Built	DWT	Reported Price (US$)	Country/ Region of Buyer	Owner	Notes
21	MINERAL KYOTO	2004	180,310	$15,000,000		BOCIMAR INTERNATIONAL	
21	MARIA	2003	76,015	$11,000,000		GOLDENPORT SHIPMANAGEMENT	
21	MARIA	2003	76,015	$11,000,000		MARINDOU SHIPPING CORP	
21	ASL VENUS	2001	75,928	$8,700,000		COSCO GROUP	
21	GH SEABIRD	2016	63,600	$21,000,000		UNION APEX SHIPPING	
21	NAUTICAL HILARY	2015	63,553		US	C TRANSPORT MARITIME	$ 44,000,000 en bloc
21	NAUTICAL LOREDANA	2015	63,553		US	C TRANSPORT MARITIME	$ 44,000,000 en bloc
21	DALIAN COSCO KHI DE107	2022	61,000				$ 54,800,000 en bloc
21	DALIAN COSCO KHI DE108	2022	61,000				$ 54,800,000 en bloc
21	OLYMPIC PEGASUS	2011	56,725	$14,000,000	Greece	OLYMPIC SHIPPING & MANAGEMENT	
21	OLYMPIC PEACE	2006	55,709		Greece	OLYMPIC SHIPPING & MANAGEMENT	$ 25,500,000 en bloc
21	OLYMPIC PRIDE	2006	55,705		Greece	OLYMPIC SHIPPING & MANAGEMENT	$ 25,500,000 en bloc
21	ARCHAGELOS MICHAEL	2007	53,400	$8,300,000		COSMOSHIPMANAGEMENT	
21	SIDER SYROS	2016	38,013	$20,600,000	Europe		
21	SREDNA GORA	2010	37,302	$11,000,000	Greece	NAVIBULGAR	
21	NEW GENERAL	2011	35,009	$12,000,000		HSIN CHIEN MARINE	
21	CHERRY ISLAND	2014	28,220	$10,000,000		SHIKISHIMA KISEN	

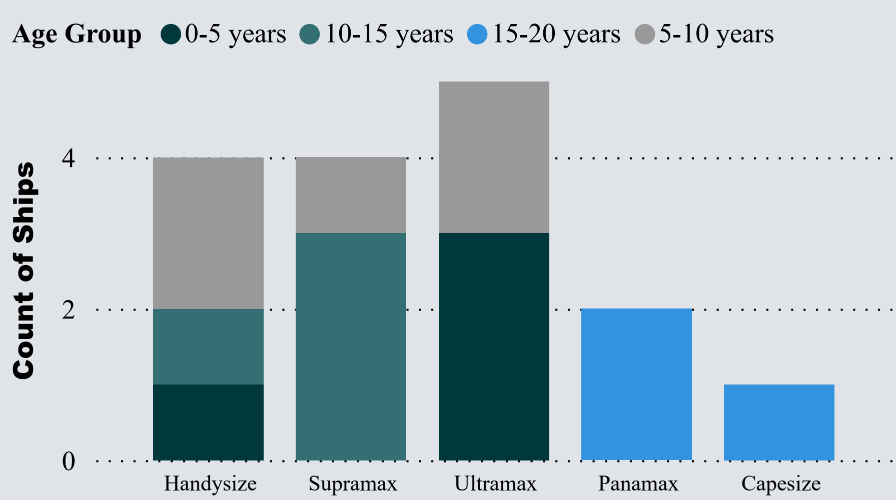
The second-hand market was once again led by shipowners snapping up smaller vessels as 13 of the 16 deals reported refer to ships under 70,000 dwt. Good sentiment in the smaller segments' freight market continues to provide the best support for S&P activity. Meanwhile, the weakened capesize rates seem to be keeping owners from investing in that segment as only two transactions have been reported in the last three weeks.

Once again the highest count of sales was for smaller-class ships with four Handysize, four Supramax and five Ultramax vessels changing hands during the 21st week of the year. Still, two sales were recorded for Panamax ships in addition to the sale of the Capesize Mineral Kyoto. As to the age range, nine vessels were within the 5-15 years old range, while four of the ships sold were 5 years old or younger. Nonetheless, the deals of the Panamax and the Capesize segment was for ships over 15 years of age.

Sale of the week:

The Greek Olympic Shipping and Management sold the 2011-built OLYMPIC PEGASUS to greek compatriont buyers for US$14 M.OLYMPIC PEGASUS is a supramax vessel sailing under the flag of Marshal Islands. Built by Chinese COSCO SHI, the vessel has a carrying capacity of 56,726 DWT. Her length overall (LOA) is 189.99 meters, and her width is 32.26 meters.

Reported Ship Sales by Age and Size (Week 21)



Weekly Volume of Sales

Size	19	20	21	Total
Handysize	11	6	4	**21**
Supramax	4	7	4	**15**
Kamsarmax	5	2		**7**
Ultramax		1	5	**6**
Panamax	2		2	**4**
Capesize	1		1	**2**
Handymax		1		**1**
Total	**23**	**17**	**16**	**56**

Annual Volume of Sales

Size Group	2019	2020	2021
Supramax	125	125	93
Handysize	119	128	75
Panamax	86	56	42
Kamsarmax	35	52	51
Ultramax	44	46	45
Capesize	25	53	39
Handymax	26	12	4
Post Panamax	15	9	11
VLBC	8	19	7
Total	**482**	**500**	**366**

Demolition Market

Latest Transactions

Week	Vessel	Vessel Age	Location of Delivery	USD / LDT	LDT (MT)	Sale Price
21	DONA V	26	Bangladesh			

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

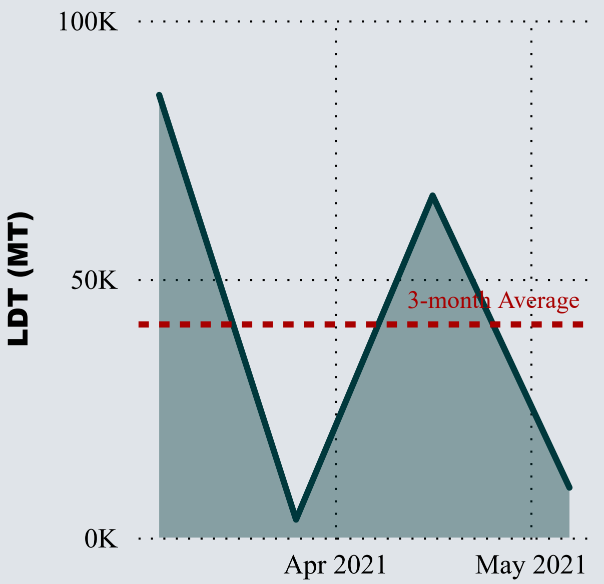
Market	Wk 19	Wk 20	Wk 21	WoW%
Pakistan	548	552	552	0.0%
Bangladesh	543	547	549	0.4%
India	500	513	509	-0.8%
Turkey	270	280	280	0.0%

There has been some activity in the demolition market this week with the sale of the Saint Kitts and Nevis flagged DONA V to Bangladesh shipbreakers. The details of the 1995 Japanese built vessel which has been engaged in China's coastal sea trade are undisclosed. This is the first dry bulk vessel sale reported since week18.

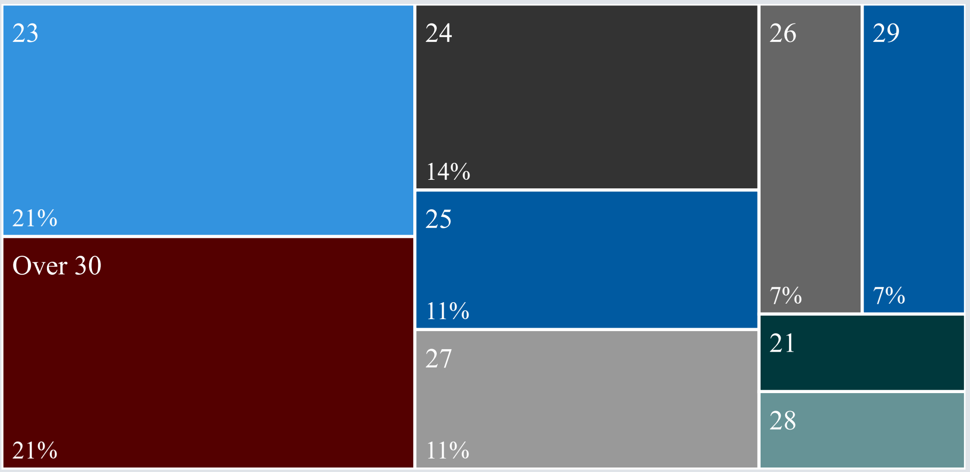
The demolition market price boom seems to be over with LDT rates slowing for the second consecutive week across major players, with only Bangladesh LDT rates up 2% from the previous week. Pakistan and Turkey saw no increases in rates, retaining prices from last week, while India prices were down USD4/LDT to USD509/LDT from last week's record high of USD513/LDT.

The situation in the sub-continent seems to have ease with Coronavirus infection rates and demand for Oxygen no longer intense, India's ship breakers are therefore lobbying the government to increase allocation of Oxygen to the industry after it was cut during the country's second wave. There has also been increasing pressure from small steel manufacturers in India who also rely on the beaches at Alang, these firms have seen profits erased due to rising Iron ore prices.

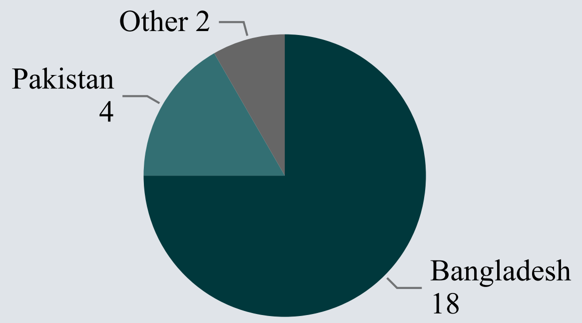
Demolition Activity in the Last 3 Months



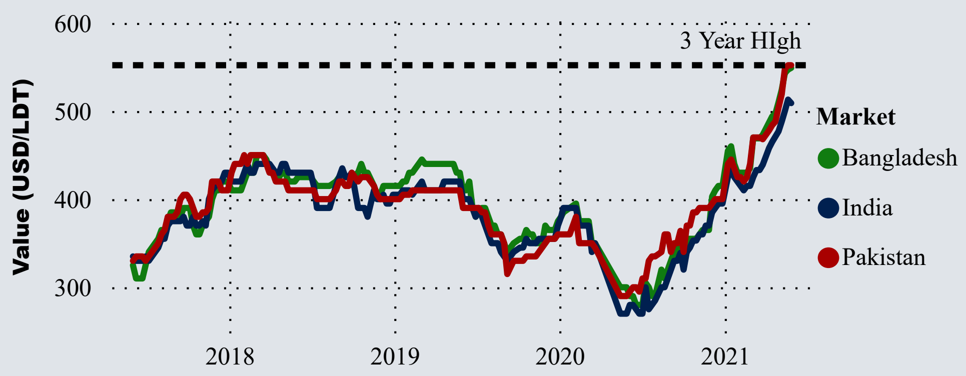
Demolition Age (years) of Vessels in 2021(%)



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
21	CAPESIZE	2	2022	Elcano	Shanghaiguan, China
21	POST PANAMAX	2	2023	U-Ming Marine	Oshima, Japan

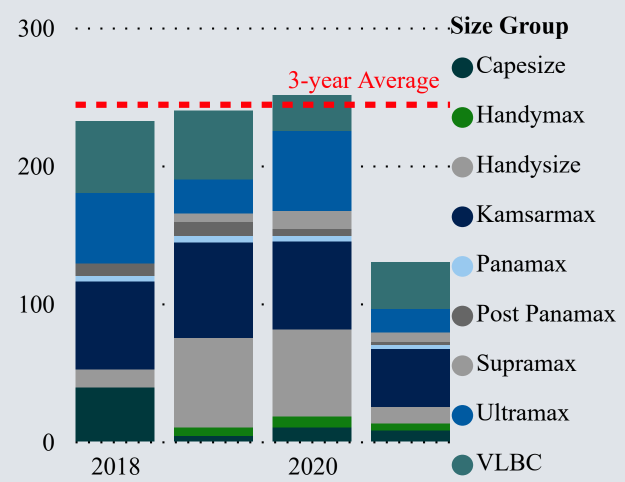
Newbuilding Market Price by Size (Week 21)

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

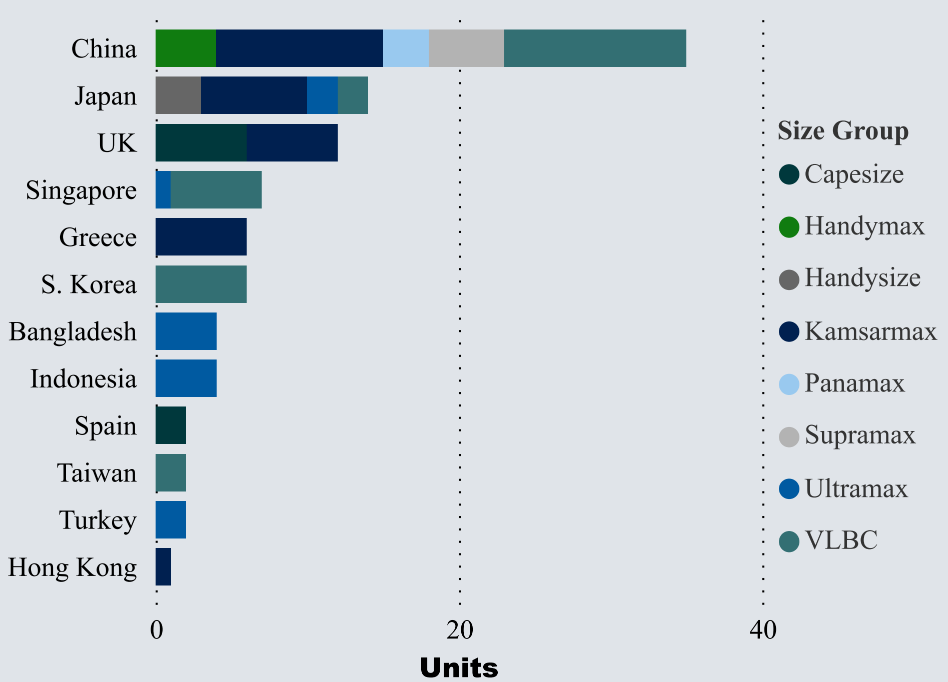
Delivery Year by Size

Size Group	2021/2022	2022	2022/2023	2023	**Total**
Kamsarmax		35	15	28	**78**
Handysize	9	44	3	3	**59**
VLBC		23	2	30	**55**
Ultramax	3	41		5	**49**
Supramax		12		7	**19**
Capesize		4		13	**17**
Handymax	4	3		1	**8**
Post Panamax		3		4	**7**
Panamax		4			**4**
Total	**16**	**169**	**20**	**91**	**296**

Units Ordered by Year and Size Group



Orders by Country of Buyer - 2021



Spanish shipowner and management company Elcano has been reported this week to have ordered 2 Capesize from China's Shanhaiguan New shipbuilding Industry CO. LTD. The vessels which Elcano are disponent owners of would be delivered in 2022. Also, a second deal which was reported this week involves Taiwan's U-marine and Japan's Oshima shipbuilding for 2 Post Panamax. This order comes as U-ming presses on with its fleet renewal programme. The Post Panamax vessels will be due for delivery in 2023.

The Newbuild market has begun to see some consistent volume of orders in the past month, with major Shipowners ordering vessels. Shipping has continued to receive new investments despite the apathy towards new technology aimed at meeting IMO 2050 targets. Shipping continues to attract investments with reports indicating George Soros has continued to expand his stakes amidst a much-touted Prexit.

IRON ORE

CHINA TOUGHENS CRACK DOWN ON STEEL AND IRON PRICES, SHRINKS ITS SHARE OF AUSTRALIAN IRON ORE IMPORTS

Industrial commodity prices extended sharp losses on Monday both in China and abroad, after officials in China, the world's factory floor and largest consumer of raw materials, intensified a top-down campaign to rein in runaway prices that have already exerted pressure on factories and businesses and further threaten to derail China's hard-fought economic recovery from the COVID-19 pandemic.

The latest effort by Chinese officials to further step up the crackdown on what they call excessive speculation in the commodity markets came after repeated warnings and actions by local governments and industry bodies over the past several weeks failed to bring prices down to a "reasonable" range, and risks posed by the soaring prices for the Chinese economy continue to emerge, analysts noted. In a rare step, five Chinese agencies on Sunday warned leading companies not to engage in price gouging.

Further highlighting China's commitment to tackling soaring commodity prices, Premier Li Keqiang on Monday inspected a major port in Ningbo, East China's Zhejiang Province on Monday and heard reports on trend in global commodity prices. During the tour, Li also highlighted the impact of high commodity prices on factories and asked the port to improve import and storage operations, according to an official statement.

While China's efforts are aimed at stabilizing the domestic commodity markets to stave off potential risks, they could also help end a months-long rally in global commodity prices, analysts said. Major suppliers, particularly Australia – which has enjoyed record-high prices for its main export to China, iron ore, despite losses in other trade–could feel the pain, they added. Australia's days of "profiteering" may be marked, an expert said.

Iron Ore exports from Australia most affected could be iron ore exports from Australia, which has benefited massively from the sky-high prices in its main export. "Due to unreasonable global iron ore prices, Australia's iron ore exporters have profited greatly. However, such profiteering will not last very long," Chen Hong, a professor and director of the Australian Studies Center at East China Normal University, told the Global Times on Monday.

In addition to the impact from declining prices, China's reliance on Australian iron ore will decline over time, as the country moves to expand sources of supplies, experts said. "China's diversifying import system will have the key impact on the reduction of China's imports of Australian iron ore," Wang told the Global Times on Monday, noting Australia's iron ore's proportion of China's total import is already declining slightly. Australia's proportion of China's iron ore imports dropped below 60 percent for the first time in the first four months of 2021 and as China continues to diversify supplies, this could further drop to below 50 percent in the next few years, experts said.

Sources: Global Times

COAL

US COAL EXPORTS BULLISH AS SUPPLY CONSTRAINTS AND INCREASING DEMAND DOUBLE PRICES

Coal prices are quickly rising as strong demand occasioned by the opening of the world economy puts some drive into the commodity after falling to a slump during the highs of the pandemic. Prices have more than doubled with S&P Global Platts spot assessment for thermal coal, basis 6,000 kcal/kg NAR, being assessed May 28, 2021, at $94.50/mt, an increase of 155.4% y-o-y. The prices are signalling a lack of supply as producers scramble to rehire furloughed workers and reconnect supply chains. Supply constraints in places like Colombia and even the US, where producers were heard to be struggling to attract workers.

Analysts are however treading with caution as uncertainty whether the sustained rally will lead to a crash or the prices will stabilize as supply chains catch up. "People need to get over price and become more concerned about availability," said a US-based coal consultant. "This market is so inelastic. The demand for energy in Q3 has spiked and they can't find the coal."

The coal renaissance has been fuelled by stimulus spending by governments around the world in a bid to jumpstart the economy from the lows brought by the covid-19 pandemic. "Infrastructure spending and resurgence in manufacturing is lifting the industrial side of the landscape, while energy should remain supported by accelerating demand growth over summer and tightening supply-demand balances," wrote Platts Analytics in the May 17 edition of its Global Economic Outlook.

Despite environmental pressures, coal remains the world's number one fuel for power generation, partly because it's generally more competitive than gas. Even with the rally in coal pricing this still bears out, as increased gas demand has supported higher coal pricing, particularly in Asia and Europe. US thermal coal exports in the first quarter totalled 9.4 million mt, up from 7.5 million mt in the same period last year. US export prices have also increased, though to a lesser extent. On May 28, Platts assessed FOB Baltimore, basis 6,900 kcal/kg NAR, at $75/mt, up from $56.50/mt a year ago, and FOB New Orleans, basis 6,000 kcal/kg NAR, at $53.05/mt, up from $43.15/mt last year.

Source: SP Global Platts

GRAINS

CHINA TARGETS SELF SUFFICIENCY IN WHEAT PRODUCTION BY 2025

China is ramping up its production of staple grains such as wheat and rice and should achieve self-sufficiency by 2025 in line with its 14th five-year plan according to the China Agricultural Sector Development Report released on May 25. The reports forecast the country's total grain production at 692 million tonnes by 2025 up 23 million tonnes from 2020.The report, jointly released by the Chinese Academy of Agricultural Sciences and International Food Policy Research Institute quotes the Mei Xuron vice president of the Chinese Academy of Agricultural Sciences saying "The grain production will keep increasing and China's food security will be absolutely guaranteed during the 14th Five-Year Plan period," The The five-year plan runs from 2021-2025.

China, the world's biggest wheat and rice producer, will continue to dominate global production in those two food grains. The US Department of Agriculture's Foreign Agricultural Service (FAS) projects China's wheat production to reach an all-time high of 136 million tonnes in 2021-22. It also forecasts wheat imports at 10 million tonnes, the second highest on record. The FAS also sees China setting a record rice output in 2021-22 at 149 million tonnes, with imports coming in at 2.7 million tonnes, the second lowest total in the past 10 years. The story is different, however, when it comes to soybeans and corn. Although China is projected to harvest a record soybean crop of 19 million tonnes in 2021-22, it still will remain far and away the largest importer with a record 103 million tonnes, according to the FAS. It forecasts a record corn crop for China at 268 million tonnes in 2021-22 but also 26 million tonnes of imports, equaling this year's record and nearly four times the amount it imported three years ago.

Source: World Grian

RISING SUPPLY PUTS PRESSURE ON CORN PRICES IN CHINA

Rising corn supplies on the Chinese market, amid record imports in 2020-21, as well as prospects for higher domestic production next season, are putting pressure on the upward trend of corn prices. China's corn market has recovered from supply shortages, following large imports in the 2020-21 marketing season (October–September). This is unlikely to support a further increase in corn prices, given a rising domestic production outlook for 2021-22. The corn primary futures on the Dalian Commodity Exchange closed at 2,670 yuan/t ($417/t) yesterday, down by 7pc from Yn2,872/t on 12 May. The physical market is following this downward price movement, which could continue during the remainder of this season, as well as in the new season. China's total corn imports from the US are expected to exceed 28mn t in 2020-21, according to market participants.

Although some feed producers are believed to have this week cancelled around 1mn t of US corn purchases for 2020-21, the country had purchased more than 22.8mn t of the US product by 13 May. China has also stepped up its 2021-22 corn purchases, with more than 10mn t of US new-crop corn having been booked by 20 May. The US Department of Agriculture (USDA) projects China's corn imports for the next marketing year at 26mn t, in line with its estimate for 2020-21.

Domestic corn production in China is forecast to rise by 4.3pc on the year to 271.81mn t in the 2021-22 marketing season (October–September), as farmers increased planted acreage following high prices in the local market, data from China's Ministry of Agriculture and Rural Affairs show. The USDA expects Chinese 2021-22 corn production to increase to 268mn t, compared with 260.7mn t produced this marketing year. Additional pressure on China's corn prices could come from higher consumption of other feed grains. Although strong demand from the Chinese animal feed sector continues to support corn consumption in 2021, its further growth is likely to be limited, as animal feed producers have increased the usage of other feed grains in feed rations, having replaced expensive corn. In addition, the Chinese government has announced a policy to stabilise agriculture commodities prices and manage the production of corn processors in bonded zones. Some companies set up milling corn facilities in the free trade zones, which allows them to import the product as feed, with imports of the product exempt from high import tariffs of up to 65pc, set for arrivals outside the quota.

Source: Argus Media

ARGENTINA SOYBEAN EXPORTS DOWN 16% Y-O-Y, WHILE RUSSIA CUTS EXPORT DUTIES TO 20%

Argentina's 2020-21 soybean sales amounted to 975,500t in the seven days to 19 May, down by around 17pc from a week earlier. About 272,500t were sold for exports, while 703,000t headed to domestic crushers. This takes Argentina's total soy sales for the 2020-21 marketing year in April 2021 to 19.45mn t, down by 16pc year on year, with about 5mn t sold for exports, compared with 6.7mn t last year. The USDA forecasts Argentina's soybean exports to fall to 6.4mn t in 2020-21 from 10mn t a year earlier. Argentina's soybean harvesting accelerated to 85.4pc complete during the week to 20 May. Farmers are likely to finish first-crop soybean threshing in the coming days, while second-crop harvesting is expected to be completed by June, according to Bage.

Meanwhile Russia in a bid to boost its Soya bean exports will implement cuts on duties on soybean exports in July a government statement issued on friday said. Moscow plans to cut duties to 20% from 30% which was imposed in december 2020 as its Soybean harvest season approaches. The new tariff regime is expected to run until the end of summer in 2022.

Source: Argus Media, AgriCensus