

DRY BULK WEEKLY BRIEF

WEEK 36 | Monday, 13 September 2021



LATEST COMMODITY NEWS

Iron Ore

GUINEA COUP RATTLES IRON ORE MARKETS, STOKES ECONOMIC UNCERTAINTY

ARCELORMITTAL NIPPON STEEL STARTS OPERATIONS AT IRON ORE MINE IN ODISHA

Iron Ore Inventories

QINGDAO PORT INVENTORY INDEX AT THREE-YEAR HIGH

Coal

SOUTH KOREA AND JAPAN COAL DEMAND OUTLOOK SOFT AS UTILITIES INTRODUCE COAL CAPS

US COAL SHIPMENTS DOWN 42.2% DUE TO HURRICANE IDA

Grains

USDA SOYBEAN OUTPUT DOWN 5% Y-O-Y

USDA SEE US CORN HARVEST AT SECOND BIGGEST HARVEST EVER

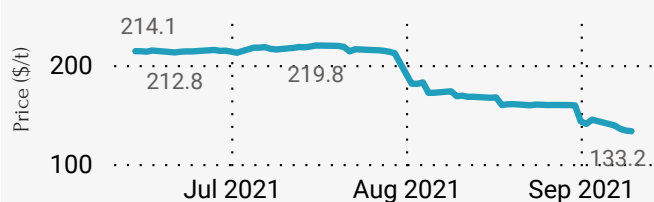
AUSTRALIA WINTER WHEAT OUTPUT FORECASTED TO DROP 3%

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
36	11		14
35	16	1	15
34	13	4	8
Total	40	5	37

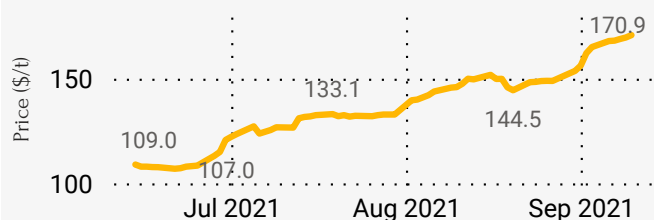
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
36	BAO ELLA	53,468	2006	£14.8M
36	JOSCO SUZHOU	49,416	2004	£13.5M
36	NAVIOS ALTAIR I	74,475	2006	£14.0M
36	NEW PRIDE	58,761	2008	£18.8M
36	NORD SUMMIT	61,649	2012	£22.5M
36	NSS DYNAMIC	233,584	2002	£18.5M
36	SEACON SHANGHAI	82,000	2019	£35.0M
36	SHAO SHAN 6	75,700	2012	£20.9M
36	VIJAYANAGAR	82,162	2010	£24.0M

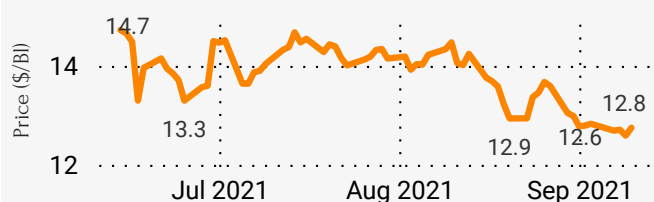
Iron Ore Price This Month (\$/t)



Coal Price This Month (\$/t)



Soybeans Price (\$/bl)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	↑ 8.81%
Qingdao-Dongjiakou	↗ 1.26%
Qingdao-Qianwan	↘ -3.28%
Saldanha	↓ -5.66%
Tubarao	↗ 2.54%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers (\$/LDT)

BREAKER COUNTRY	Week 35	WoW%
BANGLADESH	550	-6.1%
INDIA	560	-1.3%
PAKISTAN	580	0.7%
TURKEY	270	1.9%

Average bunker Prices (\$/t)

WEEK	VLSFO	MGO	IFO380
34	534	623	435
35	543	638	442
36	548	650	452

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GUINEA COUP RATTLES IRON ORE MARKETS, STOKES ECONOMIC UNCERTAINTY

A military junta claimed to have seized control in the West African country of Guinea and detained President Alpha Conde, casting uncertainty over key and iron ore supplies. The coup, carried out on Sunday by an elite special forces unit led by 41-year-old Col. Mamady Doumbouya, Doumbouya has claimed the army was forced into action amid rampant corruption, human rights abuses and economic mismanagement under Conde, but the move has been condemned by the U.N., the African Union and regional body ECOWAS. The elite unit on Monday allowed travel to resume through checkpoints in the capital of Conakry, barred government officials from foreign travel and lifted a curfew in mining areas. What's more, it has imperiled minerals and mining endeavors which are crucial to the country's economy and global supply chains, according to experts.

Guinea's 110-kilometer Simandou range hosts one of the largest untapped iron ore deposits in the world, containing more than 8.6 billion tons of ore with an average 65% iron content, according to the country's National Institute of Statistics. Simandou is situated in the remote southeastern interior of the country, a vast distance from Conakry and the western coastline that must be reached to access the global seaborne market for iron ore. "The infrastructure demands of the project are consequently massive in scale, complexity and cost, larger on all measures than the bauxite export industry that has been established in the country in recent years," said Andrew Gadd, senior steel analyst at CRU Group. "Geopolitical risk has been one of many hurdles hindering progress of Simandou up until now and the military coup that is now unfolding in the country marks a significant deterioration in the prospects for successful development of the deposit." The Simandou project has been somewhat stagnant since its discovery in the 1990s as a result of political uncertainty, disputes over mining rights and cost concerns. Despite recent progress on preparatory work, the project has yet to undergo a feasibility study.

Source: CNBC

ARCELORMITTAL NIPPON STEEL STARTS OPERATIONS AT IRON ORE MINE IN ODISHA

The Indian iron ore mine in Odisha has commenced operations. The mine which is operated by London based Arcelor Mittal Indian holding company ArcelorMittal India Private Limited (AMIPL) is spread over 139.17 hectares and holds an estimated 98.61 million tonnes of 65% Fe. The block which has an annual production capacity of 5.5 MT, can be scaled up to 8 million ton. The mine would serve ArcelorMittal Nippon Steel and Japan's Nippon Steel's India joint venture ArcelorMittal Nippon Steel India's 6 million tonne per annum pellet (MTPA) plant in Paradip.

In February 2020, AMIPL was selected preferred bidder for Thakurani iron ore mine license following an auction process conducted by the Odisha government, in which AMIPL agreed to pay a 107.55 per cent premium per tonne, as well as other royalty and duties, ensuring strong revenue contribution to the state. Dilip Oommen, CEO, AMNS India said, the firm is pleased to have commenced operations at this strategically important captive raw material site. The mine and its mineral reserves are expected to increase once detailed exploration is complete. "The ore produced at Thakurani will feed AMNS India's steel manufacturing facilities and support our long-term ambition to significantly grow our production capacity in India with a secure, integrated supply chain".

Ahead of its massive expansion, AM/NS India is strengthening its raw material security. The company has set a target of increasing its steelmaking capacity to 30 million tonnes. It includes a 12-million tonne greenfield steel plant at Kendrapara in Odisha. At Hazira in Gujarat, the plan is to increase capacity to 18 million tonnes from a current achievable capacity of around nine million tonnes.

Source: Business Standard



SOUTH KOREA AND JAPAN COAL DEMAND OUTLOOK SOFT AS UTILITIES INTRODUCE COAL CAPS

South Korean coal prices fell this week, with limited spot tender activity and as state utilities re-introduced voluntary coal-fired caps amid the seasonal slump in power demand. In the tender market, state-owned Korea Midland Power awarded NAR 5,700 kcal/kg January and February-loading Capesize cargoes at around \$145/t fob Newcastle on a NAR 6,080 kcal/kg basis. And Korean South-East Power was heard to have awarded December and January-loading Capesize cargoes of Australian NAR 5,700 kcal/kg coal at around \$145.50/t fob on a NAR 6,080 kcal/kg basis in a five-year contract. South Korean coal-fired generation rose on the year for the first time since April 2020 in July, Kepco data released today show. Coal burn climbed by 3.4GW to 28.6GW — split 24.9GW and 3.8GW, respectively between state-owned Kepco utilities and private-sector generators.

This came as overall power demand surged by 12.5GW on the year to a record 75.2GW, amid unseasonably hot weather. Coal burn is likely to have remained firm in August as well, although data will not be available for another month. But as peak seasonal power demand for cooling winds down this month, state-owned Kepco utilities have reintroduced voluntary restrictions across coal-fired power plants, according to the Korea Power Exchange (KPX) outage schedule published on Friday.

In Japan, High-CV thermal coal net-forward prices rose this week as all fob prices increased, but the demand outlook remains soft as an extension to coronavirus restrictions threatens to exacerbate the post-summer decline in seasonal power use. Japan is extending a state of emergency in place in 19 prefectures as new Covid-19 infections remain high, driven by the more transmissible delta variant. A panel of experts this week endorsed the government's proposal to extend an existing state of emergency in 19 prefectures covering most of the country's populated business and industrial areas, including Tokyo, Nagoya, Osaka and Fukuoka. The measures will be extended until 30 September from the previous end date of 12 September.

Power demand in Japan fell by 15pc from a week earlier to an average of 95GW on 3-9 September, according to power agency the Organisation for Cross-Regional Co-ordination of Transmission Operators. Tokyo, the biggest electricity consuming region, saw the biggest demand fall — of 22pc to 29GW — during the period. As in South Korea, rising nuclear availability and increasingly competitive oil-linked LNG remain a threat to Japanese coal-fired generation this autumn.

Source: Argus Media

US COAL SHIPMENTS DOWN 42.2% DUE TO HURRICANE IDA

Weekly US coal ship departures plummeted in the week ended Sept. 5 due to Hurricane Ida and its aftermath. Twenty-nine coal ships carrying nearly 1.48 million dwt of coal departed the US, down 42.2% from 2.55 million dwt on 41 ships the previous week, Platts cFlow trade-flow analytics software showed Sept. 7. The laden and part-laden ships departed the United States' major shipping zones – the Gulf, Atlantic and West Coasts – between Aug. 30 and Sept. 5, according to Flow data. Gibraltar was set to receive the most US coal shipments, at 2.74 million dwt. Japan followed with 1.32 million dwt, and Turkey was scheduled to receive the third-most US coal shipments.

Coal ship departures from the Gulf Coast dropped 64.7% week on week. Gulf Coast coal ship departures fell to a 10-week low of six carriers. Atlantic Coast coal shipments decreased 30% week on week to 14 ships. While fewer coal ships departed from the Gulf and Atlantic regions, week-on-week West Coast coal ship departures increased by 125%. In the week ended Sept. 5, nine coal carriers departed the West Coast, up from four the week before and three in the year-ago week.

Source: S&P Global



USDA SEE US CORN HARVEST AT SECOND BIGGEST HARVEST EVER

The USDA has revised its forecast for the country's corn harvest by 1.7% on Friday after farmers devoted more acres to the grain than previously reported. Traders have been closely monitoring U.S. crop development as a bumper harvest would help to ease fears of global food inflation after crop shortfalls in Brazil and other parts of the world.

Chicago Board of Trade soybean futures, which had been trading close to unchanged before the forecasts came out, rallied to session highs after the data was released. Corn futures quickly sank to their lowest since Jan. 25, dropping below the \$5 a bushel threshold, but recovered most of their losses as the market digested the news. "We went into this report very oversold and the market was already fearful of bigger acres and bigger yield and bigger ending stocks," said Don Roose, president of U.S. Commodities in West Des Moines, Iowa.

U.S. corn production will reach 14.996 billion bushels, which would be the second biggest harvest ever. The harvest forecast was based on an average yield of 176.3 bushels per acre, according to the U.S. Agriculture Department's monthly World Agricultural Supply and Demand Estimates report.

Source: Reuters

USDA SOYBEAN OUTPUT DOWN 5% Y-O-Y

The US Department of Agriculture in its Sept. 10 Crop Production report forecast 2021 US soybean production above August levels and slightly below trade expectations. The USDA forecast 2021 soybean production at 4.374 billion bushels, up 1% from 4.339 billion bushels as the August forecast, up 6% from 4.135 billion bushels in 2020 and the third highest on record, if realized. The average of trade expectations was 4.377 billion bushels.

The 2021 soybean production forecast was based on harvested area projected at 86.436 million acres, down slightly from the prior forecast but up 5% from 2020, and an average yield of 50.6 bushels per acre, up 0.6 bushels from August, up 0.4 bushels from 2020 and the second highest on record. Soybean futures were up sharply release of the USDA report.

Source: World Grain

AUSTRALIA WINTER WHEAT OUTPUT FORECASTED TO DROP 3%

Winter crop planted area in Australia in the 2021-22 marketing year is forecast at a record 23.2 million hectares, according to the latest projections from the Australian Bureau of Agricultural and Resources Economics and Sciences (ABARES). The report, published Sept. 7, said Australian winter crop production is forecast to fall by 2% year-on-year, to 54.8 million tonnes, but will still be 32% above the 10-year average.

Wheat output is forecast to drop by 2% in 2021-22 to 32.6 million tonnes as a 3% decline in yield offsets a 1% gain in planted area, ABARES said. Production of barley is expected to fall by 5% to 12.5 million tonnes, with average yield declining by 3% and planted area increasing by 2%.

Source: Reuters