

DRY BULK WEEKLY BRIEF

WEEK 42 | Monday, 25 October 2021



LATEST COMMODITY NEWS

Iron Ore

VALE Q3 IRON ORE OUTPUT JUMPS 18%

Coal

COAL PRICES ARE ROARING BACK AMID A GLOBAL ENERGY CRUNCH

Grains

AUSTRALIA IN LINE FOR RECORD WHEAT HARVEST

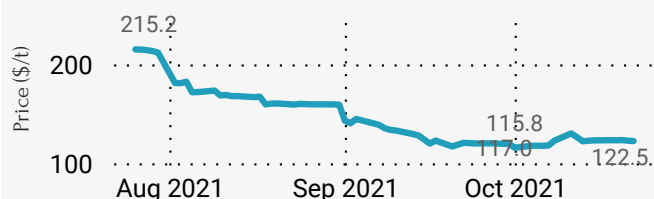
BRAZIL'S SOYBEAN PRODUCTION EXPECTED TO HIT RECORD LEVEL

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
42	22		2
41	15		12
40	15	1	
Total	52	1	14

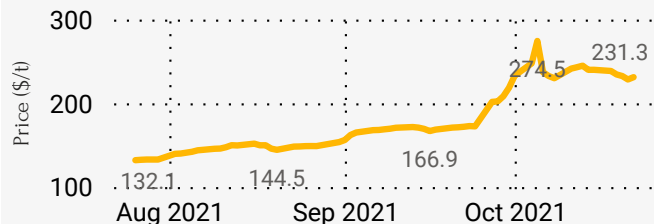
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
42	ATLANTIC YACATAN	55,863	2006	£17.0M
42	CARMENCITA	58,773	2009	£21.0M
42	DANIELA OETKER	61,228	2015	£29.8M
42	DANSAS	81,027	2015	
42	FEDERAL DANUBE	37,116	2004	
42	FEDERAL ELBE	37,058	2003	
42	GLOBAL PASSION	33,686	2011	£17.5M
42	GOLDEN BRIDGE	31,900	2019	£10.5M
42	IKAN SELAYANG	56,139	2013	£26.5M
42	KANOURA	61,396	2013	£28.4M
42	LUCKY SEA	52,200	2005	£14.2M
42	MAGNOLIA	28,389	2011	£13.0M
42	MP PANAMAX 4	69,925	1995	£6.0M
42	OCEAN HOPE	32,877	2012	£18.0M
42	PACIFIC 08	52,471	2004	£15.4M
42	QUEEN ASIA	28,425	2011	
42	RAMANAS ROSE	84,500	2021	£44.0M
42	ROYAL JUSTICE	37,000	2012	
42	SHANDONG HAI CHANG	75,200	2011	£16.7M
42	STONY LAKE	45,269	1997	£6.5M
42	WP BRAVE	58,627	2012	£21.8M
42	XING NING HAI	34,400	2015	£23.0M

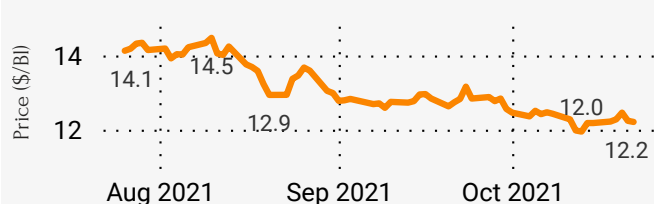
Iron Ore Price This Month (\$/t)



Coal Price This Month (\$/t)



Soybeans Price (\$/bl)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	→ -0.19%
Qingdao-Dongjiakou	↓ -8.65%
Qingdao-Qianwan	↘ -2.07%
Saldanha	↑ 42.72%
Tubarao	↗ 3.08%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers (\$/LDT)

BREAKER COUNTRY	Week 42	WoW%
BANGLADESH	603	2.8%
INDIA	587	2.9%
PAKISTAN	590	0.3%
TURKEY	290	2.5%

Average bunker Prices (\$/t)

WEEK	VLSFO	MGO	IFO380
43	3,454	764	525
42	2,297	758	3083
41	624	749	531

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VALE Q3 IRON ORE OUTPUT JUMPS 18%

Brazilian miner Vale produced 89.4 million mt of iron ore fines in the third quarter of 2021, 18.1% higher than in Q2 and up just 0.8% on Q3 2020, the company said late Oct. 19. However, the company expects production for the whole of 2021 to be in the lower part of its annual guidance of 315 million-335 million mt, due to market considerations, with lower demand forecast for lower-quality ores, it said. The quarter-on-quarter increase was due to a seasonal improvement in weather-related conditions in the company's Northern System which boosted performance at its Serra Norte and S11D mines, together with an increase in production at its Vargem Grande mine in its Southern System via the use of dry processing, with adjustments to the flowsheet of one of its wet-processing plants, the company said in a statement. In addition, performance improved at Itabira, in the company's Southeast System, due to better run-of-mine availability, the company said. Higher third-party purchases were also made, although these were proportionally lower than in the previous quarter (5.8% of total production in Q3 vs 6.2% in Q2); while the Fábrica mine reached its full capacity of 6 million mt/year, after the resumption of its beneficiation process in second quarter, it said.

"Vale remains committed to its capacity resumption plan, which is also associated with eliminating restrictions and optimizing costs," it said. The company has been striving to raise production following a series of mine production curtailments introduced for safety considerations after the fatal Brumadinho tailings dam collapse in January 2019.

Vale added that in third quarter it started its Maravilhas III dam operations in the Vargem Grande complex, following the issuance by relevant authorities of a positive Stability Condition Declaration. As an additional step on the resumption plan, Vale started to commission the long-distance conveyor belt segment close to Vargem Grande dam in October, which has resumed after tests certified the absence of increased risk to the structure. Once commissioning is complete, an increase of 6 million mt/year is expected in the production capacity of the Vargem Grande site.

Meanwhile Third-party bus drivers that transport the employees of Brazilian miner Vale are continuing a strike that commenced on October 14, according to media reports. The bus drivers stopped transporting the miner's employees to four iron ore mines: Fazendão, Alegria, Timbopeba and Fábrica Nova. The strike will continue for an indefinite period of time as the workers demand better work conditions. So far, Vale hasn't officially commented about the impact, if any, in its iron ore output.

Source: Australian Mining



COAL PRICES ARE ROARING BACK AMID A GLOBAL ENERGY CRUNCH

Four leading coal producers have openly pledged to strictly observe a price ceiling for thermal coal and ensure coal supplies, as China goes full throttle to ensure supplies before winter heating starts in mid-November and at the same time launches a campaign to put the brakes on runaway coal prices.

State-owned CHN Energy, which accounts for 40 percent of coal supplies for coal ports around the Bohai Bay, announced on Thursday that it has decided to cap the price of 5,500 kilocalorie thermal coal at 1,800 yuan (\$281.33) per ton, a move it describes as a "fast response regardless of costs" and aimed at bringing coal prices back to "rational levels." Three other companies, State-owned China National Coal Group Corporation, State-owned Jinneng Holding Group, and private-owned Inner Mongolia Yitai Group Co, have made the same pledges, saying that thermal coal will not be sold at over 2,000 yuan per ton.

In the meantime, National Development and Reform Commission (NDRC) said on Thursday that it is conducting a comprehensive investigation on the production and circulation process of coal as the basis for its recently announced "specific intervention measures to be taken on coal prices" based on the country's price law. The economic planning body said rapidly increasing prices for coal push up costs for downstream companies and have negative impacts for power supply and winter heating.

Li Chaolin, a veteran coal industry analyst, told the Global Times on Thursday that one of the reasons for the runaway coal prices is that while China has enough coal production capacity, actual output still cannot meet demand as the winter heating season approaches. China has recently increased coal and power supply from neighbouring countries including Russia and Mongolia as well as imports of seaborne coal from Indonesia. China imported over 21 million tons of coking coal, steam coal and lignite from Indonesia in September, up from roughly 17 million tons in August, Bloomberg reported on Thursday, citing customs data.

Source: Argus Media



AUSTRALIA IN LINE FOR RECORD WHEAT HARVEST

Boosted by a second straight bumper harvest and strong global demand, Australia is challenging the country's wheat export record set in 2011-12, according to a report from the Foreign Agricultural Service of the US Department of Agriculture (USDA). Through the first 11 months of the 2020-21 marketing year, which ended in August, Australia had exported 22.6 million tonnes of wheat, the USDA said. "At this rate, Australia is well on track to achieve total exports of 24 million tonnes," the USDA said. "If achieved, this would be only around 700,000 tonnes below the record exports set in 2011-12."

The USDA noted that the majority of the increase in shipments have been to Indonesia and Vietnam, having increased by 583% and 374%, respectively. Exports are up over 100% to Thailand, the Philippines, Yemen and Malaysia, according to the report. "Notably, there are numerous nations to which there have been relatively low exports over the last five years who have become strong wheat export markets for Australia in 2020-21, including South Africa, Kenya, Saudi Arabia, Sri Lanka and Italy, with overall growth of 2.4 million tonnes combined to these markets from 2019-20," the USDA said.

Making the surge in exports possible is the second consecutive bumper grain crop after two years of devastating drought. The USDA forecasts Australia's wheat production in 2021-22 to reach 31.5 million tonnes, about 1.8 million tonnes below last year's record crop, but the third biggest ever and 30% higher than the 10-year production average. Source: World Grain

Source: World Grain

BRAZIL'S SOYBEAN PRODUCTION EXPECTED TO HIT RECORD LEVEL

Brazil is expected to produce a record number of soybeans in 2021-22 and increase exports, according to the Foreign Agricultural Service of the US Department of Agriculture (USDA). Production is estimated at 145 million tonnes, which compares with 137 million tonnes in 2020-21. The estimate is based on a yield of 3.58 tonnes per hectare. "Although there is concern for the planting of second-season crops if soybean plantings slow down, at this point there is no impact for soybean yields, as long as weather patterns are normal during the rest of the growing season," the USDA said.

Key reasons for year-over-year yield gains include growers' adoption and investment in technology and the use of cutting-edge chemicals and fertilizers, the report said. Increasing global demand and high domestic soybean prices are encouraging farmers to expand their soybean production. Planted area is estimated at 40.5 million hectares in 2021-22, up from 39 million hectares.

Soybean exports are estimated at 92 million tonnes, up from 85.3 million tonnes a year ago. The estimate is based on expectations of ample available supplies and a favourable exchange rate, the USDA said. "The export forecast also assumes that global demand for soybeans will continue to hold steady if pandemic situation continues to improve in 2022, and that increased vaccination will mitigate the negative impacts of the Delta variant," the USDA said. China is expected to remain the top importer of Brazil's soybeans as it looks to rebuild its swine herd following the African swine fever outbreak in 2019.

Source: World Grain