DRY BULK WEEKLY BRIEF

WEEK 39 | Monday, 04 October 2021

LATEST COMMODITY NEWS

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DALIAN IRON ORE FUTURES UP TO A 3-WEEK HIGH

Iron Ore Inventories

CONCERNS OF ENERGY SUPPLY CRISIS ADDS PRESSURE ON STEEL OUTPUT

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JAPAN COKING COAL IMPORT FALL 7% IN AUGUST

Grains

EU SOFT WHEAT EXPORT RISING SHARPLY

CHICAGO CORN FUTURES UP TO 4-WEEK HIGH

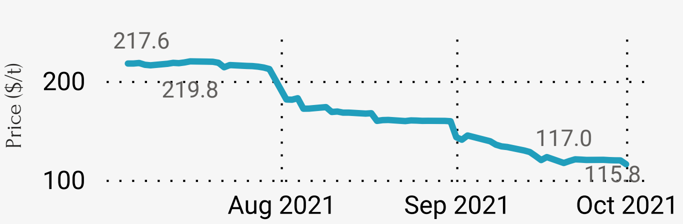
SOY CRUSHING FACILITIES IN CHINA HALT OPERATIONS

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
39	25		6
38	18		12
37	18		3
Total	**61**		**19**

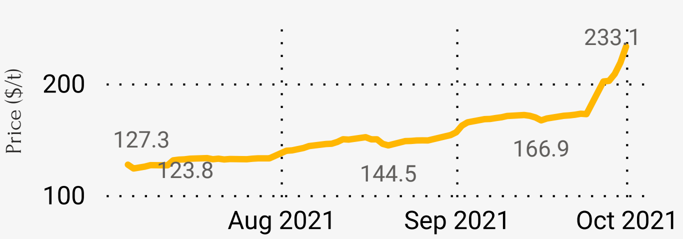
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
39	AQUA HONOR	175,428	2012	£28.0M
39	BANASOL	72,562	2001	£13.7M
39	BAO DA	28,107	2001	£7.0M
39	BULKER BEE 20	25,041	2010	BLOC £21.5M
39	BULKER BEE 21	25,012	2011	BLOC £21.5M
39	CONRAD	207,609	2017	£54.0M
39	EOS ESPERANCE	33,686	2012	BLOC £34M
39	EOS VICTORY	33,686	2012	BLOC £34M
39	ES VENUS	34,358	2014	£20.5M
39	GLORIOUS EARTH	26,102	2013	£14.5M
39	HTC CHARLIE	56,450	2014	£20.5M
39	JUN BENEFIT	45,572	1997	£7.0M
39	MEDI OKINAWA	56,118	2011	£22.0M
39	NEW HISTORY	36,300	2013	£20.6M
39	NEW INSPIRATION	36,300	2013	£20.6M
39	ROSCO MAPLE	179,800	2010	£33.5M
39	SEACON 6	57,000	2012	£15.3M
39	SPRING HAWK	55,688	2010	£22.0M
39	SPRING SUNSHINE	46,947	2013	£17.9M
39	STOVE FRIEND	57,679	2016	£29.0M
39	STOVE TIDE	57,679	2016	£29.0M
39	STRATEGIC ENCOUNTER	33,000	2010	£14.0M
39	STRATEGIC ENDEAVOR	33,078	2010	£14.0M
39	TEO	35,829	2011	£16.5M
39	YANGTZE BRILLIANCE	32,323	2011	£15.5M

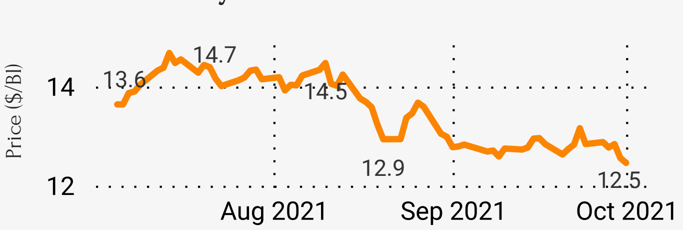
Iron Ore Price This Month ($/t)



Coal Price This Month ($/t)



Soybeans Price ($/bl)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	29.18%
Qingdao-Dongjiakou	-2.04%
Qingdao-Qianwan	-0.51%
Saldanha	-7.33%
Tubarao	0.89%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers ($/LDT)

BREAKER COUNTRY	Week 39	WoW%
BANGLADESH	578	-1.1%
INDIA	553	-0.8%
PAKISTAN	575	-1.1%
TURKEY	275	-0.9%

Average bunker Prices ($/t)

WEEK	VLSFO	MGO	IFO380
39	583	692	482
38	568	670	463

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MORE AUSTRALIAN IRON ORE MINERS HALT OPERATIONS

More Australian miner scaling back their mining operations as the knock-on effect of drastic drop of Iron Ore price continues. Mount Gibson Iron Limited said it would wind down operations at the Shine mine site, located in the Mid-West and at Koolan Island in the Kimberley region of Western Australia.The company in a statement released on Friday that given recent significant adverse movements in iron ore prices, product discounting and shipping freight rates, the company will implement a staged suspension of operations at the mine. The mines will continue operations and processing over the next month to facilitate a shipment around the end of October the company said. "However, this is the commercially sensible course of action in order to reduce expenditure and preserve the value of the deposit, as well as to provide time to assess the outlook for the iron ore market'' on Mount Gibson website reads. The Shine mine only commended ore sales in August 2021, after the development of the mine was put on hold following softening market conditions in 2014 when Mount Gibson acquired the site. The company has withdrawn sales guidance for mines for the 2021/2022 financial year.

This suspension follows similar moves by Venture Minerals which announced it would halt iron ore shipment from its Riley Iron ore mine in Tasmania. The company said in a statement issued on the 17th of September that operations would be temporarily suspended following the fall in Iron ore price. Last month Australian iron ore junior GWR halted mining at its 1mn t/yr C4 deposit in Western Australia (WA) as iron ore price dipped to less than half its price following China's stringent steel output curbs amid a crashing housing market.

Meanwhile Australian iron ore mining firm Fortescue suspended operations at its 75mn t/yr Solomon iron ore hub on September 30 following an incident that is being investigated by the firm, police and the Western Australian department of mines, industry regulation and safety according to an Argus media report. The incident occurred when there was a collapse of ground, which resulted in a fatality, FMG said in an update. The report expects the incident to cause the mining hub to be closed for one or two days, with more details expected to emerge later. The Solomon hub in the Hamersley Ranges in the Pilbara, around 60km north of Tom Price, comprises the Firetail, Kings Valley and Queens Valley mines, which together have a production capacity of 75mn t/yr.

Source: Kitco, Argus Media

DALIAN IRON ORE FUTURES UP TO A 3 WEEK HIGH

Dalian iron ore futures jumped to a three-week high on Thursday after Fortescue Metals Group halted mining operations at a Pilbara project, while hopes of improved Chinese demand in the fourth quarter provided further support. Iron ore miner Fortescue FMG.AX said an employee had died after a ground collapse at its Solomon Hub site in Australia's Pilbara region. January iron ore on China's Dalian Commodity Exchange DCIOcv1 ended daytime trading 5.4% higher at 721.50 yuan ($111.58) a tonne, after scaling 758 yuan, its loftiest since Sept. 8, earlier in the day. November iron ore on the Singapore Exchange SZZFX1 was up 3.4% at $118.45 a tonne by 0707 GMT, off a two-week high of $127.80. This week's gains in iron ore futures markets also mirrored the rebound in spot prices in top steel producer China, underpinned largely by restocking demand ahead of the nation's Golden Week holiday from Oct. 1.

Dalian iron ore, however, marked its first quarterly loss in two years and third consecutive monthly decline, having tumbled 42% since hitting a record peak in mid-May. Caution prevailed in Chinese metals markets amid power curbs and shortages that have prompted production cuts, and the China Evergrande debacle. "The power crunch is resulting in many steel mills having to cut production," ANZ senior commodity strategist Daniel Hynes said, citing industry data that showed a 7.2% month-on-month output decline in the first two weeks of September. The power shortage has dampened iron ore demand that has already been hammered as China seeks to limit steel output to reduce carbon emissions. Rebar on the Shanghai Futures Exchange SRBcv1 climbed 1.2%, while hot-rolled coil SHHCcv1 gained 0.4%. Stainless steel SHSScv1 slumped 2.4%. Dalian coking coal DJMcv1 hit the day's upside limit of 9% ahead of the holiday and scaled a contract high, while coke DCJcv1 jumped 4.4% – both also benefitting from a supply crunch.

Source: Reuters

INDIAN COMPANIES TURN TO AUSTRALINA AS ITS COAL PLANTS RUN LOW ON STOCKS

India's massive fleet of coal plants are running dangerously low on stockpiles, which may force the nation to buy expensive shipments of the fuel or else risk blackouts. Stockpiles have fallen to the lowest since November 2017, data from the Central Electricity Authority showed. The South Asian nation isn't alone in facing a fuel crisis. Buyers from the U.K to China are grappling with energy shortages as a rebound in demand outpaces supply.

Indian companies have reportedly purchased nearly 2 million tons of Australian thermal coal and continue to buy more fuel that is lying in Chinese warehouses for months amid rising tensions between the two countries. Indian companies are buying coal at $12 to $15 a ton discount to fresh shipments from Australia, a Bloomberg report said. Coal accounts for over 70 percent of India's electricity output, and utilities account for about 75 percent of India's coal consumption. The buyers include cement-makers and sponge iron plants that are using the fuel to compensate for the domestic shortages, the report said. "The development reflects the extent to which China-Australia relations have soured: China is battling a crippling energy crunch that's set to get worse as winter sets in, and yet it won't touch coal from Australia due to a geopolitical squabble," sources told Bloomberg.

Coal stockpiles at Indian coal-fired power plants have nosedived. As of September 29, 16 of India's 135 coal-fired power plants had zero coal stocks, according to the Central Electricity Authority (CEA). Over half of the plants had stocks that would last fewer than three days, while over 80 percent had less than a week's stock left. Coal India, which produces over 80 percent of India's coal, recently said an increase in global prices and freight costs had led to a curtailment in power production by plants using imported coal, adding to the pressure on utilities using domestically mined coal to ramp up output.

Source: Business Standard and Money Control

JAPAN COKING COAL IMPORT FALL 7% IN AUGUST

Japan's coking coal imports fell in August compared with July as the country's steel demand was faced with uncertainty with a continued shortage of auto components, while metallurgical coke imports rebounded from a six-month low in July. Japan imported 5.16mn t of coking coal in August, down by 7pc from July but up by 7pc from a year earlier, according to finance ministry data. January-August imports fell marginally by 1pc from a year earlier to 41.9mn t. Seaborne coking coal prices strengthened further to hit their highest level since January 2018 in August as supply tightness of Australian coal persisted in the fob market, ending the month at $249/t fob. Argus' spot price assessment for premium low-volatile hard coking coal averaged $226.47/t fob Australia in August, up by 9pc from $207.68/t in July.

Japan's crude steel output has come under pressure with continued uncertainty around the country's domestic car production. The surge in Covid-19 cases in southeast Asia weighed on the operation of domestic auto component suppliers in the region, further worsening the supply shortage of automotive chips. Japanese auto producer Toyota is planning further output cuts during September-October, deepening pressure on crude steel production in the country. Japan's metallurgical coke imports rose by 41pc from July's six-month low of 136,605t to 192,371t in August. But imports in August increased 25-fold from a year earlier when effects from the pandemic forced many Japanese steel mills to shut furnaces. Almost all of Japan's met coke imports came from China.

Source: Argus Media

EU SOFT WHEAT EXPORTS RISING SHARPLY

Soft wheat exports from the European Union (EU) are sharply higher in the 2021-22 marketing year compared to the previous year at this time, according to data from the European Commission. The Commission data showed exports reaching 6.95 million tonnes from July 1 through Sept. 26, a 36% increase compared to the 5.09 million tonnes exported last year through that date. The increase in exports coincides with reports of a rise in yield. In late August, the European crop monitor MARS estimated EU soft wheat yield to reach 5.98 tonnes per hectare, up 5% from the previous year and 5% above the five-year average.

The amount of barley exported to date from the EU was also up, according to the Commission data, with 2.37 million tonnes traded compared to 2.11 million tonnes in 2020-21. The Commission data also showed that EU maize imports had declined year-on-year to 3.43 million tonnes through Sept. 26, compared to 4.22 million through the first three months of the 2020-21 marketing year.

Source: World Grain

CHICAGO CORN FUTURES UP TO 4 WEEK HIGH

Chicago corn futures edged up on Thursday to hold near a four-week high as traders awaited widely followed U.S. grain stocks data expected to show tightening corn inventories. The most-active corn contract on the Chicago Board Of Trade (CBOT) was up 0.3% at $5.40-1/2 per bushel by 1136 GMT, trading close to Tuesday's four-week peak of $5.41-3/4. "The report should show a substantial, but unsurprising, rundown in U.S. (corn) inventory," said Tobin Gorey, director of agricultural strategy at Commonwealth Bank of Australia. The report comes as the market has been assessing early yield reports from the U.S. harvest, seen as crucial to replenish global supplies after a poor Brazilian crop and brisk Chinese demand in the past year. Analysts surveyed by Reuters expect the USDA to peg U.S. corn stocks at the end of Sept. 1 at 1.155 billion bushels, down from 1.187 billion in a USDA supply and demand report earlier in September. Analysts estimate soybean stocks at 174 million bushels, close to the USDA's last forecast of 175 million bushels.

Source: Reuters

SOY CRUSHING FACILITIES IN CHINA HALT OPERATIONS

At least 20 soybean crushing plants in China ceased operations last week to comply with curbs on industrial power consumption, setting off an increase in soymeal prices in the country, according to Reuters. Among the companies with operations that were shuttered were Louis Dreyfus Co. (LDC) and Bunge Ltd. According to Reuters, the LDC facility in Tianjin closed on Sept. 22. It has a daily crushing capacity of 4,000 tonnes. Meanwhile, Bunge, which also has a crushing facility in Tianjin, told Reuters that it “responded to the government mandate but total production is not materially different from what we expected.” Reuters also cited a soymeal buyer with a major feed company who said about five plants in the eastern province of Jiangsu also have closed. As a result of the closings, cash soymeal prices have seen a spike and Reuters noted concerns for further price hikes as China approaches the week-long National Day holidays set to begin Oct. 1. “Those shutdowns impact our plans,” one soymeal purchaser told Reuters. “This is normally the time when feed mills need to build stocks ahead of the holidays.” Reuters said China’s provincial authorities have stepped up enforcement of emissions curbs in recent weeks, leading to strict limits on power loads that have hampered production across a broad range of industrial consumers.

Source: Reuters