DRY BULK WEEKLY BRIEF

WEEK 44 | Monday, 08 November 2021

LATEST COMMODITY NEWS

Iron Ore

CHINA'S OCTOBER IRON ORE IMPORTS SLIP FOR SECOND MONTH ON EASING DEMAND

IRON ORE LANGUISHES BELOW $100/T ON WEAK CHINA DEMAND

Coal

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Grains

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SOUTH KOREA WHEAT IMPORTS FORECAST HIGHER

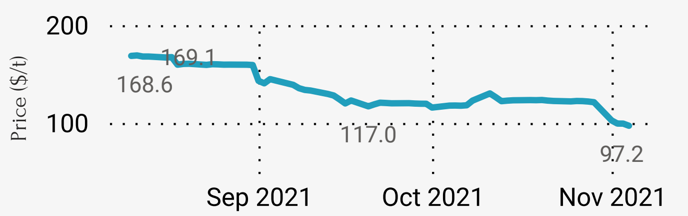
CHINA'S SOY IMPORTS INCREASE AS SWINE REBOUNDS

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
44	9		22
43	12		
42	22		2
Total	**42**		**24**

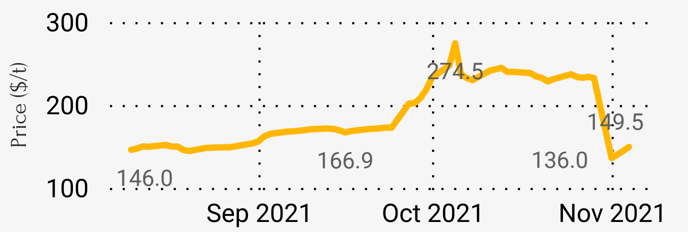
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
44	BERNA	21,964	1995	£6.0M
44	KEY DISCOVERY	82,152	2010	£24.5M
44	LILIAN	24,838	1999	£6.8M
44	MP THE HIGHTOWER	209,000	2020	En bloc
44	MP THE KRAFT	209,000	2020	En bloc
44	ORTOLAN BETA STRAIT	29,975	2010	
44	SHANDONG CHONG WEN	76,098	2011	£19.6M
44	SOPHIA N	56,868	2009	£17.8M
44	SUNLEAF GRACE	61,683	2011	£21.5M

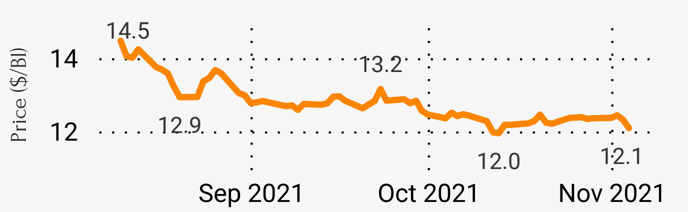
Iron Ore Price This Month ($/t)



Coal Price This Month ($/t)



Soybeans Price ($/bl)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	-7.57%
Qingdao-Dongjiakou	1.07%
Qingdao-Qianwan	6.41%
Saldanha	11.50%
Tubarao	-1.51%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers ($/LDT)

BREAKER COUNTRY	Week 44	WoW%
BANGLADESH	610	0.0%
INDIA	597	-0.3%
PAKISTAN	600	-0.2%
TURKEY	293	0.3%

Average bunker Prices ($/t)

WEEK	VLSFO	MGO	IFO380
44	629	763	510
43	637	764	524
42	635	758	533

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CHINA'S OCT IRON ORE IMPORTS SLIP FOR 2ND MONTH ON EASING DEMAND

China's iron ore imports fell 4.2% in October for a second straight month of decline, customs data showed on Sunday, as steel output curbs undermine demand for the raw material. The world's top iron ore consumer imported 91.61 million tonnes of iron ore last month, down from 95.61 million in September, data from the General Administration of Customs showed. The figure also represents a plunge of 14.2% from Oct. 2020, after the government clamped on environmental controls and demand for steel products weakened. "In the next few years, China's energy consumption controls will continue to weigh on its crude steel production and also affect its demand for imported iron ore," GF Futures told clients in a note ahead of the data.

Prices for the most actively traded iron ore futures contract on the Dalian Commodity Exchange have plunged about half from a peak in mid-May of 1,227 yuan ($191.90) per tonne. GF Futures expects China's imports of iron ore to fall 5% to 7% in the second half of the year as steel production drops. In the first ten months of 2021, China imported 933.48 million tonnes of iron ore, for an annual drop of 4.2%. October's steel exports of 4.5 million tonnes were a drop of 8.5% from a month earlier but were up 11.4% on the year. Steel imports fell 10% on the month, to 1.13 million tonnes last month, versus purchases of 1.93 million a year ago.

Source: Reuters

IRON ORE LANGUISHES BELOW $100/T ON WEAK CHINA DEMAND

Iron ore futures languished on Monday, as benchmark prices collapsed under $100 a tonne due to weak Chinese demand and swelling portside inventory of the steelmaking raw material, but the country's upbeat October exports data lent some support. The most-traded January iron ore on China's Dalian Commodity Exchange DCIOcv1 slipped 0.1% to 562 yuan ($87.84) a tonne by 0240 GMT, trimming early losses but was down for an eighth consecutive session.

Iron ore's December contract on the Singapore Exchange SZZFZ1 slumped 1.5% to $90.10 a tonne, after initially trading at $89.45. Spot 62%-grade iron ore for delivery to China from top supplier Australia traded at $94.50 a tonne on Friday, the lowest since May 2020, based on SteelHome consultancy data. SH-CCN-IRNOR62

Atilla Widnell, managing director at Singapore-based Navigate Commodities, said he had updated his short-term target price to $97.92-$101.16 a tonne CFR China for the fourth quarter, from an earlier range of $76-$98. Weekly shipments from Australia and Brazil plunged last week by an estimated 4.5 million tonnes as prices tumbled, after rising in prior weeks. "The material decrease in Australian shipments may be an indication that output from high marginal cost producers could now be feeling the pinch from relatively low iron ore prices," he said. Imported iron ore stocked at Chinese ports stood at 145.10 million tonnes last week, the highest since April 2019, SteelHome data showed.

Source: Reuters

JAPAN UPS CLIMATE FINANCE SUPPORT BUT STICKS WITH COAL

Japan's prime minister Fumio Kishida today promised to raise climate funds for developing countries to tackle the global climate crisis, but the country will stick with using coal as an energy source. Speaking at the UN Cop 26 climate conference, Kishida pledged $10bn in climate finance for developing countries over the next five years, in addition to the already pledged $60bn. The Paris Agreement holds that developed countries commit $100bn each year to assist developing countries adapt to climate change, which so far has not been achieved. Kishida also committed to providing around $240mn to global forestry conservation efforts, and said Japan will raise its renewable energy capacity, with a special focus on the expansion of solar energy, as it seeks to cut greenhouse gas emissions (GHG) by 46pc by 2030 from 2013 levels.

Japan's pledge on emissions, which it aims to get to net zero by 2050, will be achieved through the use of hydrogen, ammonia and carbon capture and storage (CCUS), foreign press secretary Yoshida Tomoyuki said today. But while Tokyo has agreed to end new financial support for new coal-fired power plants by the end of 2021, it will stick to using the fuel for power generation until it can be replaced with ammonia or hydrogen, Tomoyuki said. Japan has already pledged to phase out older coal plants in an effort to reach GHG reduction targets and aims to cut the share of coal in the generation mix to 19pc by 2030. It is the only G7 member not to have agreed on a coal-phase out before 2050. Japan "cannot depend on one energy source" for power generation, Tomoyuki said.

By the April 2030-March 2031 fiscal year Tokyo plans to generate 20-22pc of its electricity output from nuclear energy, 36-38pc from renewables, 41pc from thermal power and 1pc from hydrogen and ammonia. The IEA has forecast that by 2050 renewables will account for around 50-60pc of power demand in Japan, with the remainder supplied by nuclear and thermal generating plants with CCUS at around 30-40pc, and around 10pc from hydrogen.

Source: Argus Media

BHP TO SELL CONTROLLING STAKE IN TWO COAL MINES FOR UP TO $1.35 BILLION

BHP Group Ltd. said it would sell its controlling interest in two metallurgical coal mines to Stanmore Resources Ltd. for up to $1.35 billion, shifting focus to high-quality coal that it expects to be in demand as the global steel industry decarbonizes. BHP said Stanmore will buy its 80% stake in BHP Mitsui Coal, or BMC, which operates the South Walker Creek and the Poitrel coal mines in Queensland, a coal-rich Australian state located in the northeastern part of the country. Japan’s Mitsui and Co. owns the remaining stake. The Wall Street Journal recently reported that a deal for BHP to sell the interest to Stanmore was close. BHP will receive $1.1 billion in cash when the deal is completed and another $100 million in cash six months later. The world’s biggest mining company by market value could receive up to $150 million more in 2024 depending on movements in the price of metallurgical coal, a key ingredient in the manufacturing of steel.

BHP said profits from the deal could be used for future dividends, buybacks, or both. It expects the deal to be completed in the middle of next year. "As the world decarbonizes, BHP is sharpening its focus on producing higher-quality metallurgical coal sought after by global steelmakers to help increase efficiency and lower emissions," said Edgar Basto, president of BHP’s minerals business in Australia. The miner began to seek a buyer for the mines last year.

BHP remains Australia’s largest producer and exporter of metallurgical coal as an equal partner in a separate alliance with Mitsubishi Corp. That joint venture operates seven mines and owns and operates the Hay Point Coal Terminal in Australia, one of the world’s largest coal-export ports. The commodity’s price, which has plateaued in record territory, has more than tripled this year because of a global supply shortage. Stanmore, which is majority-owned by Singapore-listed Golden Energy and Resources Ltd., has been active in deals for coal mines in recent months. In July, one of its joint ventures bought two coal-mining operations from Peabody Energy Corp

Source: Foxbusiness

SOUTH AFRICA EXPECTING ANOTHER BIG CORN CROP

For the third straight year, South Africa is expecting to harvest a bumper corn crop. Output of more than 16 million tonnes is once again anticipated in the 2021-22 marketing year as planted area remained at 2.7 million hectares, according to a Global Agricultural Information Report from the Foreign Agricultural Service of the US Department of Agriculture (USDA).

"Relatively attractive local market prices, progressive exports and favorable weather forecasts are positively influencing producers' planting decisions," the USDA said. South Africa is coming off a year in which it produced the second largest corn crop on record at 16.8 million tonnes. The USDA forecasts corn exports to reach 3 million tonnes, slightly lower than the estimated 3.5 million tonnes exported in 2020-21.

Commercial demand for corn is expected to increase slightly to 11.8 million tonnes, the report said. The USDA noted that economic growth in South Africa is expected to be limited, which will "hinder any major increase in the demand for corn, especially for animal feed purposes." South Africa's corn sector has shown tremendous growth since 2015-16, with production more than doubling from 8 million tonnes and exports quadrupling from 800,000 tonnes.

Source: World Grain

SOUTH KOREA WHEAT IMPORTS FORECAST HIGHER

Wheat production estimates for the 2021-22 South Korea crop have been revised down by 11%, while imports have been raised by 12%, according to a Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA). Yields were down 19% from the previous marketing year due to weather damage, the USDA said.

With the smaller crop (22,406 tonnes) and a 12% increase in consumption to 3.9 million tonnes due to expanding demand for both milling and feed grade wheat, South Korea has been forced to depend on higher imports this marketing year. The USDA noted that "a major Korean bakery company involved in wheat milling has been successfully expanding its business for both domestic and overseas bakery markets, driving up wheat demand."

Imports are projected to reach 4.3 million tonnes in 2021-22, including 2.8 million for milling wheat and 1.5 feed grade wheat, the USDA said. "This import estimate hinges to a large extent on the continued availability of competitively priced feed wheat," the USDA said.

The report noted that South Korea flour imports declined 12% in 2020-21 to 16,272 tonnes (wheat equivalent) following declining demand from small-sized restaurants and noodle manufacturers "who are traditionally the most loyal users of cheaply priced flour."

Source: World Grain

CHINA'S SOY IMPORTS INCREASE AS SWINE REBOUNDS

With increasing demand from the swine and poultry sectors, China imported a record 99.8 million tonnes of soybeans in 2020-21, according to the Foreign Agricultural Service of the US Department of Agriculture (USDA). Imports in 2021-22 are expected to reach 101 million tonnes. The US share of China's soybean imports rebounded but were still less than 2016-17 levels. Soybean meal imports are limited due to adequate domestic supply and have remained generally stable at 1 million tonnes.

Growth in the aquaculture sector is increasing demand for fish meal. Fish meal imports are forecast at 1.65 million tonnes, the USDA said, up from 1.43 million tonnes in 2020. The swine sector accounts for 40% to 45% of China's corn consumption, the USDA said. The live pig inventory in September was up 18.2% from the same time a year ago. Meat production has increased to 64.28 million tonnes in the first three quarters of the year, up 22.4% from a year ago. China's soybean production is estimated to decrease to 19 million tonnes from 19.6 million tonnes in 2020-21, reflecting a loss of planting area to corn production. Production estimates are based on a planted area of 9.6 million hectares, a decrease of 2.7% compared to last year.

Source: Reuters