

DRY BULK WEEKLY BRIEF

WEEK 47 | Monday, 29 November 2021



LATEST COMMODITY NEWS

Iron Ore

IRON ORE PRICE REBOUNDS ON POSITIVE NEWS FROM CHINA'S PROPERTY SECTOR

VALE INDICTED FOR ENVIRONMENTAL CRIMES IN DEADLY DAM DISASTER

Coal

NE ASIA COAL PRICES JUMP ON FIERCER COMPETITION

Grains

IGC: WHEAT STOCKS CONTINUE TO TIGHTEN

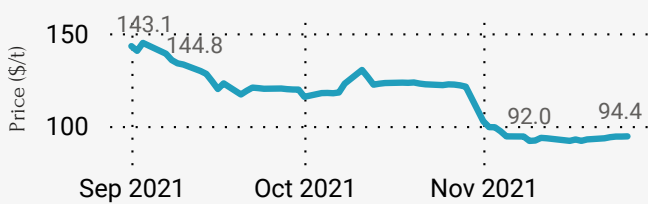
CHINA SOYBEAN IMPORTS DECLINE SIGNIFICANTLY IN OCTOBER

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
47	12		2
46	15		15
45	12	1	6
Total	37	1	23

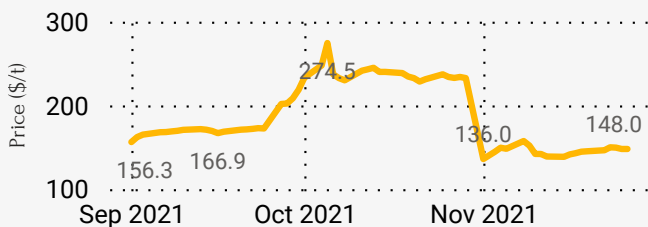
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
47	ATLANTIC VERACRUZ	28,339	2009	£12.7M
47	BRAVEHEART	74,100	2001	£13.0M
47	CHARMEY	35,697	2011	£15.0M
47	CHINA STEEL REALIST	203,512	2007	£21.5M
47	DROGBA	63,488	2015	£25.0M
47	DRY BEAM NEO	37,900	2019	£30.0M
47	FRAGRANT ATHENA	38,131	2020	£30.0M
47	LOPI	28,346	2010	£15.3M
47	MAYFAIR SPIRIT	93,300	2011	£19.0M
47	NEW DAYS	38,230	2017	£27.0M
47	SM AURORA	81,970	2012	£21.0M
47	TAI HE ZI JIN	27,400	2011	£9.6M

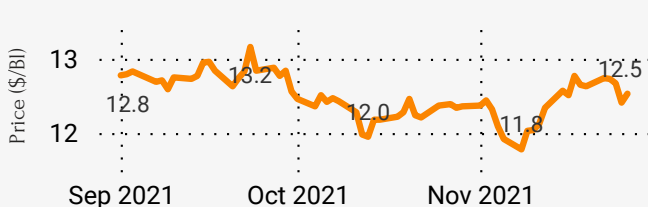
Iron Ore Price This Month (\$/t)



Coal Price This Month (\$/t)



Soybeans Price (\$/b)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	↘ -2.45%
Qingdao-Dongjiakou	↗ 3.13%
Qingdao-Qianwan	↗ 1.44%
Saldanha	→ -0.17%
Tubarao	→ 0.12%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers (\$/LDT)

BREAKER COUNTRY	Week 47	WoW%
BANGLADESH	595	-1.9%
INDIA	563	-1.3%
PAKISTAN	590	-1.2%
TURKEY	325	-0.4%

Average bunker Prices (\$/t)

WEEK	VLSFO	MGO	IFO380
47	618	738	498
46	643	742	492
45	632	760	505

Follow us for more analysis and updates of the dry bulk shipping market



IRON ORE PRICE REBOUNDS ON POSITIVE NEWS FROM CHINA'S PROPERTY SECTOR

Greenland said on Monday it has stripped a Chinese mining company of its licence to an iron ore deposit near the capital Nuuk, dealing a blow to attempts by Chinese companies to gain a foothold on the resource-rich Arctic island. General Nice, a Chinese coal and iron ore importer, took control of the Isua mine project in 2015, replacing previous owner London Mining, which went bankrupt.

It was the first Chinese firm to have the right to exploit minerals in Greenland, which has attracted international interest as climate change has opened up waterways and access to the vast Arctic island's mineral resources. The licence was withdrawn because of inactivity at the site, the government said in a statement, adding it will be offered to new interested companies once it has formally been handed back. The company also failed to make the agreed guarantee payments, it said.

"We cannot accept that a licence-holder repeatedly fails to meet agreed deadlines," Greenland's Resources Minister Naaja Nathanielsen said. The government requested that all geological data is returned, remaining payments of 1.5 million Danish crowns (US\$227,500) are deposited, and the mining area is cleaned up. London Mining, which obtained the exploitation licence in 2013, had initially planned to hire some 2,000 Chinese workers to construct the project and aimed to supply China with around 15 million metric tonnes of iron ore a year. However, it failed to secure sufficient financing.

Greenland's government, elected in April, has said it supports environmentally responsible mining. This year it banned uranium mining, effectively halting development of the Kuannersuit mine, one of the world's biggest rare earth deposits, which is partly-owned by a Chinese company. General Nice also attempted in 2016 to buy an abandoned naval station in Greenland from Denmark, but Copenhagen vetoed the offer because of security concerns, sources told Reuters at the time. General Nice could not be reached for comment. In 2018, Greenland rejected an offer from a Chinese state bank and a state-owned construction company to finance and build two airports in Greenland.

Source: South China Morning Post

VALE INDICTED FOR ENVIRONMENTAL CRIMES IN DEADLY DAM DISASTER

Brazil's Federal Police indicted Vale SA and German safety auditing firm TUEV SUED AG for environmental crimes in a deadly dam collapse that buried a rural village and spread mining waste in the area.

The two companies were charged with several crimes against animal life, flora, water resources, and other counts of pollution, while 19 consultants, engineers, managers and directors were also indicted for the deaths of 270 people, the Federal Police said in a statement Friday.

The 2019 disaster in Brumadinho in southeastern Brazil caused Vale to lose its position as the world's biggest iron-ore producer and sparked a company-wide safety and governance overhaul. In February, Vale agreed to pay \$7 billion to the state of Minas Gerais, which will be used in socioeconomic and environmental programs to repair the damage caused by the dam collapse. Vale awaits to be formally informed of the conclusion of the police investigation before making any statement, according to an emailed response to questions. The Rio de Janeiro-based company said it has continuously collaborated with the Federal Police investigations and reaffirmed that no scenario at the time indicated the dam structure was at an imminent risk of rupture. Tuv Sued said by email it couldn't comment because it hasn't yet been able to assess the police report. The report from the police inquiry will now be sent to the federal prosecutors' office, which said it will analyze the documents, together with other evidence obtained during its own investigations. Federal prosecutors also await a decision from a high court on whether criminal charges related to the Brumadinho case will be judged at federal or state level.

Source: Mining



NE ASIA COAL PRICES JUMP ON FIERCER COMPETITION

A cold snap across the northern hemisphere and fiercer inter-basin competition for fuel amid a decline in Russian natural gas deliveries to Europe supported coal prices across northeast Asia this week. The decline in Russian natural gas deliveries along the 33bn m³/yr Yamal-Europe pipeline at the Mallnow entry point from Germany to Poland and colder weather across the northern hemisphere sent the gas market higher, with the price of solid fuels moving in tandem. Most of Argus' spot coal assessments rose on the week, although China-delivered prices slipped amid ongoing government interventions. Argus assessed NAR 5,800 kcal/kg coal at \$144.69/t fob Newcastle and \$165.08/t cfr South Korea, up by \$20.81/t and \$17.15/t on the week, respectively. In South Korea, state-owned Korea Midland Power (Komipo) reportedly purchased a Capesize cargo of NAR 5,400 kcal/kg Canada-origin coal at about fob \$141/t on a NAR 6,080 kcal/kg basis for February loading. Fellow state-owned utility Korea Western Power (Kowepo) issued a five-year term tender on 26 November, seeking 1.44mn t of NAR 3,700-5,000 kcal/kg coal, with the first shipment to be made in January 2022. The tender is scheduled to close on 2 December.

South Korea's ministry of industry and energy (Motie) on 24 November finalised its seasonal coal restriction plan covering the December-February period. The number of shutdowns imposed on state-owned Kepco's 53 coal-fired units is roughly unchanged from last year's level, although the output cap being placed on the remaining operational units will have more flexibility in the event of a power demand spike and tight LNG availability. Kepco added more maintenance to its schedule this week with the 500MW Samcheonpo unit 5 and the 250MW Honam unit 2 being put offline for the whole of December, according to the latest schedule released by the Korea Power Exchange (KPX). But the company's coal availability is still scheduled to rise on the year, to an average of 28.2GW in December, compared with a 25.01GW average availability a year earlier. Assuming the available capacity is dispatched at the same rate as a year ago, state-owned Kepco's coal-fired power generation could increase by 2.41GW on the year. This is equivalent to 498,400t more NAR 5,800 kcal/kg coal burn at 40pc efficiency, according to Argus analysis.

KPX forecasts that South Korea's average and peak power demand will increase by 2.2pc and 4.2pc on the year, respectively, to 69.4GW and 89GW in December, according to its latest power report. The report shows peak power demand in January is projected to further increase to 90.1-90.3GW, while the energy ministry's announcement on 25 November shows peak demand could reach as high as 93.5GW this winter. The Korea Meteorological Administration projects a 40pc chance of lower-than-usual temperatures for December-January. Temperatures in Seoul are forecast to fall below the seasonal average on 1-5 December by as much as 7.15°C before rising above the norm until 10 December, Speedwell data show. The government aims to retain a reserve capacity of at least 10.1GW and "will inject 9.7-13.5GW more capacity in a timely manner to ensure stable electricity supply and demand", the energy ministry said.

Source: Argus news



IGC: WHEAT STOCKS CONTINUE TO TIGHTEN

Global wheat stocks continue to tighten as the International Grains Council (IGC) released its latest Grain Market Review report on Nov. 18 that showed production falling by 4 million tonnes and carryover stocks declining by 2 million tonnes since last month's estimates. The IGC said the wheat production forecast was lowered to 777 million tonnes, mainly because of a sharp reduction in output in Iran as well as downgrades in Kazakhstan, Algeria and the European Union. Iran's decline is due to a severe drought that sliced production to a 13-year low of 11.5 million tonnes, down 21% year on year.

"The forecast for world stocks at the end of 2021-22 is lowered to 274 million tonnes (down 4 million tonnes from the previous year), representing the first global drawdown in three seasons," the IGC said. "The year-on-year contraction is concentrated in the major exporters, where aggregate inventories are predicted to shrink by 6.6 million tonnes to 53.4 million, the least since the end of 2012-13."

Following below-average harvests, the United States and Canada are projected to be especially tight at 15.8 million tonnes and 3.5 million tonnes, respectively, the IGC noted.

Record wheat consumption continues to drive the drawdown in stocks. Although the IGC cut its consumption estimate by 1 million tonnes from the previous month, the projected total for 2021-22 of 782 million tonnes is 9 million tonnes above last year's record total and 5% higher than the global wheat consumption figure two years ago (745 million tonnes). "Despite elevated (wheat) prices, there are signs that food use is remaining resilient, and is seen climbing by 2% year on year to 541 million tonnes," IGC said. "The feed figure is trimmed a little month on month, although 154 million tonnes (up 3% from the previous year) would still be a record."

The forecast for world trade is raised by 1.4 million tonnes month on month, to a record 195.7 million tonnes, a 3% increase year on year. The biggest adjustment is for Iran, with imports up by 1.8 million tonnes month on month, to 6.8 million tonnes, the most since 2008-09. The IGC Grains and Oilseeds Index climbed by 1% over last month, as weaker soybean and rice prices were offset by net gains for wheat, corn and barley.

Source: World Grain

CHINA SOYBEAN IMPORTS DECLINE SIGNIFICANTLY IN OCTOBER

China's soybean imports from the United States in October declined by 77% over the previous year, Reuters reported, citing data from the General Administration of Customs. The data showed that China imported 775,331 tonnes of US soybeans last month, well below the 3.4 million tonnes it brought in during October 2020. This is a major trend reversal, as China typically imports its highest total of soybean from the United States during the last quarter of the year when the United States is completing its harvest.

But several factors contributed to the slump in imports, including poor crush margins, price-competitive Brazilian soybeans, and a reduction in exports from the United States in October after Hurricane Ida damaged key export terminals in the Gulf of Mexico, Reuters reported. The customs data showed that China imported 3.3 million tonnes of soybeans from Brazil in October, 22% less than the previous year. The overall total of 5.11 million tonnes of soybeans imported by China in October was 41% below the same month in 2020 and was the lowest total since March 2020, Reuters reported.

Source: World Grain