

DRY BULK WEEKLY BRIEF

WEEK 46 | Monday, 22 November 2021



LATEST COMMODITY NEWS

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Grains

USDA MAKES MINOR ADJUSTMENTS TO US CORN, SOYBEAN PRODUCTION FROM OCTOBER

UKRAINE AHEAD OF PACE ON WHEAT EXPORTS

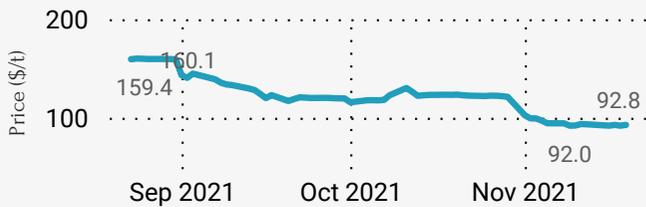
CHINA'S SOY IMPORTS INCREASE AS SWINE REBOUNDS

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
46	15		15
45	12	1	6
44	9		22
Total	36	1	43

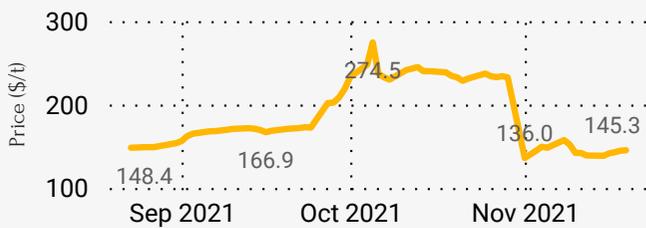
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
46	BERLIN	76,600	2009	£19.9M
46	BRAVEHEART	74,117	2001	£13.0M
46	BUNJI	98,704	2013	£23.8M
46	CHERRY DREAM	51,703	2011	£17.5M
46	FU HENG SHAN	57,034	2011	£20.0M
46	NORDCOLORADO	37,976	2018	£32.0M
46	ORIENT ACCORD	33,755	2010	EN BLOC
46	ORIENT TIGER	33,701	2011	EN BLOC
46	ORIENT TRADER	33,757	2010	EN BLOC
46	ORIENT TRAIL	33,762	2011	EN BLOC
46	ORIENT TRANSIT	33,755	2010	EN BLOC
46	SM AURORA	81,970	2012	£21.0M
46	STAR CRIOS	63,301	2012	£21.5M
46	SUPER LYDIA	37,406	2007	£13.0M
46	ZHONG XING DA 98	38,448	2013	£14.1M

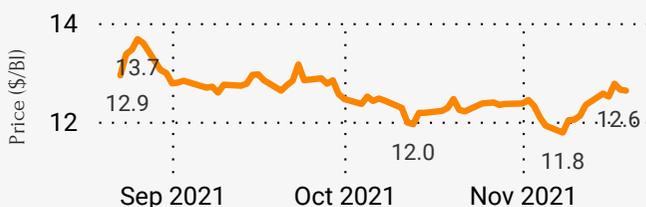
Iron Ore Price This Month (\$/t)



Coal Price This Month (\$/t)



Soybeans Price (\$/b)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	↓ -6.41%
Qingdao-Dongjiakou	↘ -3.76%
Qingdao-Qianwan	↘ -4.57%
Saldanha	↓ -19.37%
Tubarao	↓ -5.77%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers (\$/LDT)

BREAKER COUNTRY	Week 46	WoW%
BANGLADESH	608	0.3%
INDIA	573	-3.0%
PAKISTAN	598	0.1%
TURKEY	325	8.3%

Average bunker Prices (\$/t)

WEEK	VLSFO	MGO	IFO380
47	609	734	494
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

The iron ore price rebounded on Friday following some positive news from China's troubled property sector. According to Fastmarkets MB, benchmark 62% Fe fines imported into Northern China were changing hands for \$91.69 a tonne, up 5%, after hitting the lowest in 18 months on Thursday. The most-traded January iron ore contract on China's Dalian Commodity Exchange ended daytime trading 2.5% higher at 536 yuan (\$84.00) a tonne. The contract hit 509.50 yuan earlier in the day, its lowest since Nov. 6, 2020, and marked its sixth consecutive weekly decline.

Debt-laden China Evergrande Group has resumed construction of 63 projects in the southern Pearl River delta, while Country Garden Services Holding raised HK\$8 billion (\$1 billion) in a share sale. Concerns about the debt problems of Chinese property developers, a sector that accounts for about a quarter of the domestic steel demand, had recently added pressure on prices of iron ore and steel. "There's been a swarm of positive news from Chinese property developers. This is sentiment-driven, nothing has actually changed," managing director at Navigate Commodities Atilla Widnell told Reuters. China is also tapping the brakes on steelmaking in a bid to contain pollution and energy consumption. "Despite ongoing steel production cuts, weak demand has resulted in a loose market balance, pulling down steel prices and margins," said Richard Lu, a senior analyst at CRU in Beijing.

Source: Mining

AUSTRALIA'S MINRES CUTS IRON ORE OUTPUT GUIDANCE

MinRes has cut its guidance for its Yilgarn operations in Western Australia (WA) to 8mn-8.5mn wet metric tonnes (wmt) from 10.5mn-11mn wmt, as it removes the high-cost Yilgarn tonnes from production. It maintained its guidance from its WA Pilbara operations at 10.5mn-11mn wmt, taking its total to 18.5mn-19.5mn wmt from 21mn-22mn wmt. The firm shipped 17.3mn wmt in 2020-21, which was just below its sales guidance of 17.4mn-18mn wmt that it had revised down from 20.5mn-23.2mn wmt in February. Yilgarn is MinRes' lower cost mine to run at a budgeted cost of A\$85-89/wmt (\$61.50-64/wmt) for 2020-21 but it produces lower grade ore than the Pilbara operations, which have costs of A\$99/wmt. The firm received an average realised price across both operations of \$78.32/dry metric tonne (dmt) during July-September, down from \$178/dmt for April-June.

Prices have fallen further since the beginning of October, putting pressure on MinRes' margins. The Yilgarn and Pilbara mines are not yet operating at a loss but could soon be, MinRes executive chairman Chris Ellison said last week. He expects to keep operating them if they become loss making on the expectation that prices will rebound as part of the price cycle.

Argus assessed 58pc Fe iron ore at \$65.40/dmt cfr Qingdao on 19 November, down from \$88.20/dmt on 1 October and from a high of \$207.10/dmt on 12 May. Argus ICX iron ore was last assessed at \$91.35/dmt cfr Qingdao on a 62pc Fe basis on 19 November, down from \$118.05/dmt on 1 October but down from a high of \$235.55/dmt on 12 May

Source: Argus news



DERAILMENT DISRUPTS COAL DELIVERIES TO AUSTRALIAN PORT

A train derailed at the marshalling yard at Callemondah on 16 November, closing the track for some hours while the train was removed. The train has been removed and an adjacent track been made available for trains entering and leaving Gladstone, but the full track will not be operational until 23 November. The ship queue at Gladstone has grown to 34 from a more average of 19 on 6 October, as the Callemondah derailment compounds delivery disruptions caused by an outage on the Moura rail line earlier this month.

The Callemondah derailment will affect all deliveries to Gladstone, as it is close to port beyond where the Moura and larger Blackwater rail systems connect. Blackwater delivered 52.3mn t of coal to Gladstone during 2020-21, down from 55.6mn t the previous year. It services UK-Australian-Japanese joint venture BHP Mitsubishi Alliance's 15mn t/yr Blackwater coking and thermal coal mine, US-Australian firm Coronado's 12mn t/yr Curragh coking and thermal coal mine, Japanese firm Idemitsu's 5mn t/yr Ensham thermal coal mine, Australian firm Jellinbah's 5mn t/yr Jellinbah PCI and thermal coal mine, Swiss trading firm Glencore's 12mn t/yr Rolleston thermal coal mine, Japanese firm Sojitz's 2.5mn t/yr Minerva thermal coal mine, Indonesian firm Adaro's 6mn t/yr Kestrel coking coal mine and Chinese-controlled Yancoal's 3mn t/yr Yarrabee coking coal mine.

The Blackwater line can also be used by mines on the Goonyella system to access Gladstone. Mines on the Blackwater and Goonyella systems have options to send coal out through the ports of Hay Point, Dalrympe Bay or Abbot Point, but long term contracts make switching exit port difficult. Moura, which can only discharge coal at Gladstone, delivered 12.9mn t of coal in the 2020-21 fiscal year to 30 June, down from 13.8mn t the previous year. It services private-sector Australian firm Batchfire's 6.5mn t/yr Callide thermal coal mine, US insurance firm Liberty Mutual's 2.5mn t/yr Baralaba North pulverised coal injection grade mine and UK-South African firm Anglo American's 9mn t/yr Dawson metallurgical and thermal coal mine. Hard coking coal typically accounts for around a third of Gladstone's total exports, with lower-grade coking coal and thermal coal each accounting for a third.

Source: Argus news

ATLANTIC COKING COAL: TIGHTNESS SUSTAINS HIGH VOLATILE

US coking coal prices are a mixed bag this week, with low volatile coking coal prices continuing to lose ground alongside a weakening China cfr price while high volatile coking coal prices held steady. The Argus-assessed US low volatile coking coal price fell by another \$9.60/t today to \$406.90/t fob Hampton Roads as falling Chinese domestic coal prices weighed on cfr China price indications while Chinese buyers continued to stay out of the seaborne market. The high volatile A and high volatile B prices are flat today at \$395/t fob Hampton Roads and \$315/t fob Hampton Roads respectively, as the lack of spot loadings until January at the earliest has kept price expectations bullish despite the softness in low volatile coals.

Ready availability in the low volatile coal segment has not helped already weakening sentiment. Cargoes heard to be available to load as soon as November have emerged on the market this week for Blue Creek 7 and Buchanan coals but no offers are understood to be given, with suppliers waiting for bids instead. "Buyers are just not bidding, even if there may be ready demand, no one wants to commit while prices are still falling," one trader said.

European and south American mills are still enquiring about December-loading high volatile coal but US miners have no availability until at least January. The rail disruptions and upcoming holidays in the US are likely to add to the lack of ready tonnes, US miners said. Demand from India has also been robust, one miner said, but buyers are understandably hesitant as prices in the low volatile market continue to fall. Flooding in British Columbia is likely to add growing supply concerns in the market as major producer Teck's deliveries are expected to face some interruptions. But any concrete information on the extent of the disruptions will likely take time, a company source said today. "We will continue to produce and ship coal but it will reduce efficiency. An announcement on the prediction of the impact will be made in the next few days."

Source: Argus news



USDA MAKES MINOR ADJUSTMENTS TO US CORN, SOYBEAN PRODUCTION FROM OCTOBER

US wheat and corn growers received welcome news on Nov. 16 as the Vietnam government announced it would eliminate its 3% tariff on US wheat imports and reduce its tariff on imported US corn from 5% to 2% by the end of the year. The decree, which will go into effect on Dec. 30, was praised by US agricultural trade groups.

“US wheat exports to Vietnam’s growing market are much slower so far this year because of short supplies and rising prices, so eliminating this tariff is very important for growers like me,” said Darren Padget, US Wheat Association (USW) chairman and a soft white wheat grower from Grass Valley, Oregon. Vietnam imported more than 500,000 tonnes of US hard red spring, soft white, hard red winter, and soft red winter wheat valued at \$129 million in marketing year 2020-21, second in volume only to Australia.

Vietnam imports an average of about 4 million tonnes of wheat per year. “With about half of the wheat we produce available for export each year, we depend on increasing access to markets like Vietnam,” said Dave Milligan, North American Wheat Growers president and a wheat farmer from Cass City, Michigan, US. “Here at home, NAWG will continue advocating for trade policies that work toward positive opportunities for wheat growers and their customers.” The decree comes after US Vice President Kamala Harris visited Hanoi in August. Vietnam had reduced wheat tariffs from 5% to 3% in July 2020.

Source: World Grain

UKRAINE AHEAD OF PACE ON WHEAT EXPORTS

Less than 6 months into the current grain marketing year, Ukraine has already exported more than half of its wheat exportable surplus, Reuters reported on Nov. 18, citing APK-Inform statistics. Ukraine has exported 12.4 million tonnes during the June-July season, with Indonesia, Egypt and Turkey being the primary destinations, according to the APK-Inform report.

Ukraine’s agriculture ministry earlier this month forecast record wheat production at 32.1 million tonnes and pegged exports at around 24 million tonnes, which would also be a record. This contrasts sharply with neighbouring Russia, which recently lowered its wheat production estimates by 12% from the previous year to 75 million tonnes. A little less than half of the drought-impacted Russian wheat crop is expected to be exported, according to the latest USDA Foreign Agricultural Service projections.

In an effort to curb food inflation, Russia earlier this year implemented a floating tariff on wheat, barley and corn exports. Ukraine, meanwhile, is not taking measures to curb grain exports. Taras Kachka, Ukraine’s deputy minister for agriculture, told Reuters on Nov. 17 at the Global Grain Conference in Geneva, Switzerland, that the government does not plan to impose wheat export restrictions but could decide to at a later date if the export pace remains faster than expected.

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: World Grain