DRY BULK WEEKLY BRIEF

WEEK 48 | Monday, 06 December 2021

LATEST COMMODITY NEWS

Iron Ore

IRON ORE PRICE UP DESPITE CHINESE STEEL CURBS

BRAZIL'S VALE LOWERS 2021 IRON ORE PRODUCTION ESTIMATE

Coal

ADANI GROUP STARTS EXPORTS FROM AUSTRALIA COALMINE THAT DREW PROTESTS

Grains

CHINA'S CORN PRODUCTION INCREASES IN 2021

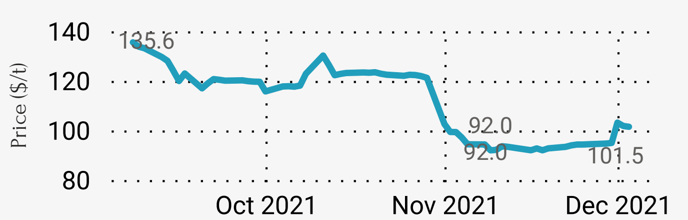
RUSSIA MAY SET WHEAT EXPORT QUOTA AT 9 MILLION TONNES

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
48	11		3
47	12		2
46	15		15
Total	**36**		**20**

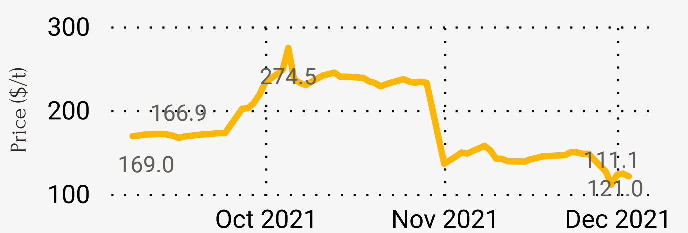
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
48	AQUAPRINCESS	182,060	2009	£25.0M
48	CAPE TREASURE	180,201	2007	£21.5M
48	CLIPPER BETTINA	38,221	2012	£19.3M
48	FAREAST HOPE	55,628	2004	£14.8M
48	GDF SUEZ NORTH SEA	55,848	2012	£21.0M
48	NONI	61,631	2015	£27.5M
48	OCEAN GALAXY	37,193	2011	£16.5M
48	SITC HUASHAN	76,249	2012	£22.0M
48	STAR ARTEMIS	63,205	2015	£26.5M
48	STAR EOS	63,132	2015	£26.5M
48	VIRGO COLOSSUS	61,616	2012	£24.0M

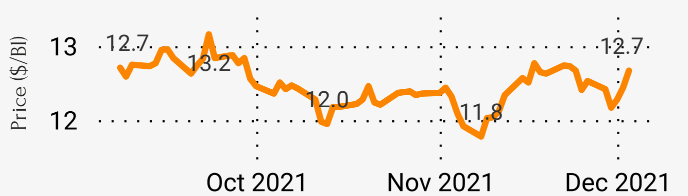
Iron Ore Price This Month ($/t)



Coal Price This Month ($/t)



Soybeans Price ($/bl)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	-0.06%
Qingdao-Dongjiakou	2.81%
Qingdao-Qianwan	-0.88%
Saldanha	-20.40%
Tubarao	6.71%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers ($/LDT)

BREAKER COUNTRY	Week 48	WoW%
BANGLADESH	590	-1.5%
INDIA	565	0.2%
PAKISTAN	590	-0.2%
TURKEY	320	-1.9%

Average bunker Prices ($/t)

WEEK	VLSFO	MGO	IFO380
48	587	698	463
47	618	738	498
46	643	742	492

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IRON ORE PRICE UP DESPITE CHINESE STEEL CURBS

The iron ore price rose on Friday even as production at steel mills stayed sluggish amid government curbs in China. Capacity utilisation rates of blast furnaces at 247 steel firms across the country declined for the seventh straight week and stood at 74.8% as of Friday, down from 75.2% a week earlier, according to Mysteel consultancy. According to Fastmarkets MB, benchmark 62% Fe fines imported into Northern China were changing hands for $102.36 a tonne, up 0.7% from Thursday's closing.

Benchmark iron ore futures on the Dalian Commodity Exchange, for May delivery, were down 3.6% to 603 yuan ($94.61), as of 0330 GMT, after declining as much as 5.5% in morning trade. For the week, however, the contract was on course for a 4.8% gain. "Impact from changes to the supply side on steel products prices is weakening," SinoSteel Futures wrote in a note, referring to output controls during winter. However, with the real estate market remaining weak, steel prices are not expected to gain significantly, SinoSteel Futures said

Source: Mining

BRAZIL'S VALE LOWERS 2021 IRON ORE PRODUCTION ESTIMATE

Brazilian iron ore producer Vale reduced the top end of its iron ore production guidance for 2021 and indicated that there could be limited upside in 2022, with a 400mn t/yr capacity achievable in the "medium term". Vale expects to produce 315-320mn t in 2021, which is within expectations, after it said it expects to come in at the lower end of its guidance of 315-335mn t. The company will continue its strategy to prioritise value over volume. It estimates 2022 production will range between 320-335mn t with an average of 63.5pc Fe content for iron ore sales. The average Fe content in 2021 is expected to be 62.9pc, Vale said at an investors meeting in New York yesterday. The increased production of high-quality ores and higher percentage of iron are also aimed at the decarbonisation of the steel industry, Vale said.

Vale expects its iron ore capacity to reach 400mn t per year in the medium term and 400-450mn t per year in the long term. Vale lost its position as the world's largest iron ore producer to Australian mining firm Rio Tinto after a January 2019 dam accident forced it to shut down capacity for upgrades and safety checks. Vale's protracted production recovery has been a major factor behind the record run in 62pc Fe iron ore prices above $235/dry metric tonne (dmt) cfr Qingdao in May. The other factor was China's crude steel output, which rose to a record high in May, but has since slowed by nearly 30pc to the lowest level since December 2017 in October, under Beijing's push to zero out steel output growth in 2021. China's October iron ore imports fell by 14pc on year, with Brazilian arrivals down by 20pc.

The Argus ICX 62pc iron ore fines index was assessed at $102.80/dmt on 29 November, above an 18-month low of $87/dmt on 18 November.

Source: Argus news

ADANI GROUP STARTS EXPORTS FROM AUSTRALIA COALMINE THAT DREW PROTESTS

Leading miner Adani's coal mine in Australia, a project that's become a global emblem for opposition to fossil fuels, is preparing to begin exports after more than a decade of bitter dispute over its development. Proposed in 2010 and stalled by legal challenges, financing setbacks and a sustained campaign from climate activists, the operation is scheduled to ship first cargoes before the end of December and aims to supply an initial 10 million tons of thermal coal annually for at least 30 years. Opposition to the Carmichael mine, located inland from Australia's iconic Great Barrier Reef in Queensland state, has spanned environmental activists to Wall Street banks, insurers, and investors, offering a microcosm of the escalating international campaign against the most polluting fossil fuel in the past decade. "Carmichael seems to have catalysed a broader conversation about the future of thermal coal," said Samantha Hepburn, a law professor at Melbourne-based Deakin University who has focused on mining and energy issues. "That's happening not just for activists, but in boardrooms and for investors across the world who want to reduce their exposure to toxic investments."

Yet the start of overseas sales also reflects coal's still-pivotal role in the world's energy mix, a status that led China and India--the top consumers-- to dilute efforts to set a global deadline to phase out the fuel at the COP26 climate talks. Demand is rising in parts of Asia, and the remedy from Beijing and New Delhi to recent power shortages was to ramp up coal production. Exports from Carmichael will be used to supply electricity to India and nations in Southeast Asia, according to Bravus Mining & Resources, an Adani unit in Australia. Analysts expect at least some of the material to be used by the conglomerate's own power plants, though the company declined to specify details of its customers. "We have already secured the market for the 10 million tons per annum of coal," Bravus said in a statement, confirming its export plans are on track. "The coal will be sold at index adjusted pricing," and all taxes and royalties will be paid locally, according to the company. Seaborne coal prices have swung wildly in recent weeks, plunging from a record high in October and then recovering some of the gains.

The project, which the company self-financed, has been scaled back from initial plans for a A$16 billion ($11 billion) operation that could yield 60 million tons a year. The company also lists more than 100 approvals secured for the development and has developed conservation strategies including plans to protect the endangered black-throated finch, found in the project area. Australia's government also argues that local mines like Carmichael could reduce global emissions, as the coal is higher quality and will displace the use of more polluting fuel.

Source: Business Standard

CHINA'S CORN PRODUCTION INCREASES IN 2021

China produced 4.6% more corn in 2021 than last year for a total of 272.6 million tonnes, Reuters reported, citing the statistics bureau. Chinese farmers switched to corn because of record prices during the planting season. Heavy rains in the north did impact the harvest, lowering output and quality in some of the crop. Planted acreage was up 5% from the previous year to 43.32 million hectares. Corn yield fell 0.4% from a year earlier, in part due to flooding in the Huang-Huai-Hai river area. Corn yield in 2021 fell 0.4% from a year earlier, as flooding in the Huang-Huai-Hai river area hit crops there, bureau official Wang Minghua said in the statement. Total grain output rose 2% from the previous year to 682.9 million tonnes, the statistics bureau said. Wheat output was at 136.9 million tonnes, with acreage and yield both rising from 2020.

Source: World Grain

RUSSIA MAY SET WHEAT EXPORT QUOTA AT 9 MILLION TONNES

Russia is considering setting a wheat export quota of 9 million tonnes on wheat that is shipped from mid-February through June 30 in 2022, Bloomberg reported on Dec. 3, citing anonymous sources. Bloomberg also cited sources saying that the total grains export quota during that period would be 14 million tonnes. If implemented, the quota for that period in 2022 would be lower than the 17.5-million-tonne quota imposed during the same period in 2021.

Food inflation in Russia is at a five-year high and the country already has a formula-based tax on grain exports which was implemented last June. The Russian government on Oct. 28 cut its official grain harvest estimate for the 2021-22 marketing year to 123 million tonnes, down from its previous projection of 127 million tonnes. It said the country's wheat output, which has been hampered by dry weather, is expected to shrink to 75 million tonnes, down from 85 million a year ago.

In recent years, Russia has been the world's leading wheat exporter, but the latest US Department of Agriculture's Foreign Agricultural Service projections have the European Union as the No. 1 exporter in the 2021-22 marketing year at 36.5 million tonnes, 500,000 tonnes more than Russia.

Source: World Grain