

# DRY BULK WEEKLY BRIEF

WEEK 50 | Monday, 20 December 2021



## LATEST COMMODITY NEWS

### Iron Ore

IRON ORE SCALES SEVE-WEEK PEAK ON CHINA STEEL DEMAND HOPES

OTI REGION: IRON ORE DISCOVERED IN COMMERCIAL QUANTITIES

### Coal

AUSTRALIA'S QUEENSLAND PORTS TO LIFT 14-DAY QUARANTINE

GLOBAL COAL DEMAND TO GROW 6% IN 2021: IEA

### Grains

RABOBANK FORECASTS SURGING CORN DEMAND

ARGENTINA TO LIMIT CORN, WHEAT EXPORTS

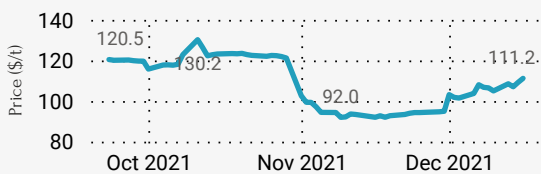
COCERAL SEES SMALLER EU WHEAT CROP IN 2022

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
50	11		10
49	18		7
48	11		3
<b>Total</b>	<b>39</b>		<b>20</b>

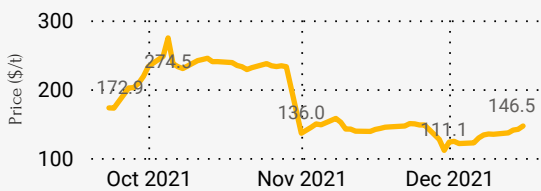
### Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
50	DEWO GANDAWATI	28,282	2008	£11.7M
50	FERONIA	56,058	2007	£16.0M
50	LAN HAI HE XIE	56,620	2011	£18.4M
50	MACHITIS	18,315	1997	£6.0M
50	NORD COLUMBIA	60,396	2018	£32.0M
50	NORDRUBICON	37,985	2016	£21.4M
50	PACIFIC BLESS	56,361	2012	£17.1M
50	PACIFIC CROWN	56,469	2012	£17.1M
50	SHANDONG HAI DA	56,734	2013	£18.0M
50	SILVIA GLORY	56,797	2012	
50	UNION ERWIN	55,733	4022	£21.0M

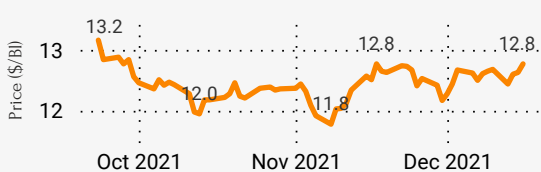
Iron Ore Price This Month (\$/t)



Coal Price This Month (\$/t)



Soybeans Price (\$/bbl)



### Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	↓ -5.10%
Qingdao-Dongjiakou	→ 0.35%
Qingdao-Qianwan	→ 0.64%
Saldanha	↓ -12.39%
Tubarao	→ 0.18%

Source: Tathya.Earth

### Demolition Prices for Bulkcarriers (\$/LDT)

BREAKER COUNTRY	Week50	WoW%
BANGLADESH	575	-1.4%
INDIA	530	-1.5%
PAKISTAN	575	-0.9%
TURKEY	320	0.0%

### Average bunker Prices (\$/t)

WEEK	VLSFO	MGO	IFO380
50	601	718	467
49	596	710	465
48	587	698	463

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## IRON ORE SCALES SEVEN-WEEK PEAK ON CHINA STEEL DEMAND HOPES

China's iron ore prices jumped to a seven-week high on Friday and were set for a fourth straight weekly gain, on growing hopes of a recovery in steel demand in the world's biggest producer of the construction and manufacturing material. The optimism around the key steelmaking ingredient, however, continued to be tempered by China's rising stockpiles of imported iron ore hitting 156 million tonnes last week, the highest level since July 2018. SH-TOT-IRONINV Iron ore's most-traded May contract on China's Dalian Commodity Exchange DCIOcv1 ended the morning trade 1.9% higher at 676.50 yuan (\$106.21) a tonne, after earlier touching 696.50 yuan, its strongest since Oct. 28. On the Singapore Exchange SZZFF2, the most-active January contract rose 0.4% to \$117.40 a tonne.

China's spot market for iron ore also saw sustained weekly gains, with the benchmark 62% grade at \$117.50 a tonne on Thursday, the highest since Oct. 27, based on SteelHome consultancy data. In general, commodity markets were normalising after seeing wild moves triggered by power shortages and shifting Chinese regulatory measures, according to ANZ commodity strategists. For the steel market, in particular, the stabilising construction activity in China also helped lift the overall mood, they said. "This supports steel demand, though the backdrop remains challenging for iron ore until February 2022," they wrote in a note. With China expected to ensure smog-free skies while hosting the Winter Games in February, tight steel production controls are likely to remain in place next year, putting a cap on iron ore demand. China's iron ore port stockpiles, partly due to weaker offtakes from steel producers, may thus continue piling up. Construction steel rebar on the Shanghai Futures Exchange SRBcv1 rose 0.7%, while hot-rolled coil SHHCcv1 gained 0.4%. Stainless steel SHSScv1 slipped 0.3%. Dalian coking coal DJMcv1 jumped 3.3% and coke DCJcv1 advanced 0.9%.

*Source: Reuters*

## OTI REGION: IRON ORE DISCOVERED IN COMMERCIAL QUANTITIES

Iron ore has been discovered in commercial quantities in the Oti Region of Ghana. It is at Akokrowa, a farming community in the Oti Region. Ghana's Minister of Lands and Natural Resources, Mr Samuel Abu Jinapor disclosed this when he toured the area of the discovery on Tuesday. The Ghana Geological Survey Authority led the discovery of the large quantities of Iron ore deposits. The iron ore is 55.22 weight percent (fe) and of a higher grade.

Mr Jinapor at a meeting with the chiefs and people of Akokrowa on Tuesday (December 14, 2021) said the government will ensure that the commodity found in the area benefits the people. He said government is determined to provide value addition to its raw commodity and would ensure that the Ghana Intergrated Iron and Steel Development work closely with the GGSA and the community to ensure that full value chain is retained in the region and the country. He maintained that the exploration and the business of the Iron will create jobs and wealth for the people of Oti and the country in general.

He described the discovery of the iron ore in commercial quantities as "good news" and urged the chiefs and people to work in harmony to drive development to the area. The Omanhene of the Apesokubi Traditional Area, Okogyeaman Koram II, expressed the readiness of his people to make the project a success. "I will release lands to expand and push the progress of the work as and when required," he said.

*Source: Business Ghana*



## AUSTRALIA'S QUEENSLAND PORTS TO LIFT 14-DAY QUARANTINE

Australia's Queensland state plans to lift the 14-day quarantine requirement for vessels arriving from international ports, effective from 24 December. The 14-day quarantine was imposed by Maritime Safety Queensland (MSQ), as have many ports across the world, on crew and vessels arriving from foreign ports when the Covid-19 outbreak began in 2020. But as vaccination rates in Queensland and among international seafarers have increased, MSQ said the quarantine period was now redundant with better controls against the spread of the virus.

Queensland is Australia's largest coal exporter of predominantly coking coal. Its Gladstone port is home to three LNG exports projects with a nameplate capacity of 25.3mn t/yr. Vessels that typically load from northeast Asia — Japan, South Korea and north China, will see little change as it typically takes a vessel 14 days to reach Queensland's Hay Point or Gladstone. But vessels from Taiwan or east/south China, which take about 11-12 days, will now not be subject to any additional waiting time. As more countries and/or ports begin to adopt a similar stance, global vessel supplies could increase as overall voyage turnarounds return to pre-pandemic levels.

*Source: Argus News*

## GLOBAL COAL DEMAND TO GROW 6% IN 2021: IEA

Overall coal demand is set to grow 6% in 2021, threatening net-zero goals, the International Energy Agency said Dec. 17. This could lead global coal production -- of thermal and metallurgical qualities -- to rise to its highest-ever level in 2022, after output failed to keep pace with 2021's demand rebound, IEA said in its Coal 2021 report. This year's demand surge -- leading to all-time price highs in early October for both metallurgical and thermal -- was seen due to rapid economic recovery following the COVID-19-related markets slump of 2020, when coal demand was estimated to have fallen 4.4% from the previous year.

Demand for coal was particularly strong in the first half of 2021, cutting into stock levels and pushing up prices, the IEA reported. In China and India coal shortages led to power outages, resulting in significant steel and aluminium production cuts in China which brought prices for these commodities to multi-year highs. This in turn led to domestic policies to ramp up production and reduce coal shortages, facilitated by the large presence of state-owned companies in production. "Overall coal demand worldwide -- including uses beyond power generation, such as cement and steel production -- is forecast to grow by 6% in 2021," the IEA said, putting this year's demand figure at 7,906 million mt. "That increase will not take it above the record levels it reached in 2013 and 2014. But, depending on weather patterns and economic growth, overall coal demand could reach new all-time highs as soon as 2022 and remain at that level for the following two years, underscoring the need for fast and strong policy action."

Coal power's sharp rebound is taking it to a new record in 2021, threatening net-zero goals, the report argued. After falling in 2019 and 2020, global power generation from coal is expected to jump by 9% in 2021 to an all-time high of 10,350 terawatt-hours. Demand for thermal coal this year however grew much more than for metallurgical coal, where IEA expects "a slight increase of 0.5% in 2021, raising consumption to 1,106 million mt."

*Source: S&P Global Platts*



## RABOBANK FORECASTS SURGING CORN DEMAND

Global corn consumption is forecast to rise 25% over the next decade, according to a report released by Rabobank on Dec. 16. The Netherlands-based financial services company also projects global corn trade to show even stronger growth, boosted by animal protein production growth, geopolitical tensions, and corn shortages resulting from adverse weather and constraints on acreage and yield gains. With consumption set to rise, exported volumes from the main corn producers also are projected to increase, the report said. Brazil, Argentina, Ukraine, and the United States will benefit the most from this increase in global growth as all have further production potential, and Brazil is well-positioned to take the lead.

"During the next decade, South America will take the lead in corn area growth, while yields will play a major role in US and Ukraine corn production growth up to 2030," said Marcela Marini, senior analyst, Grains & Oilseeds, Rabobank. "Area availability, yield potential, financial margins, and infrastructure to deliver corn to importing countries will be the key drivers for corn growth among these players. We estimate that corn production in the top four exporting countries will increase by 159 million tonnes to reach 682 million tonnes by 2030."

*Source: World Grain*

## ARGENTINA TO LIMIT CORN, WHEAT EXPORTS

"This is so we don't compromise supply to the domestic market," Julián Domínguez, agriculture minister, told Reuters. Argentina, which is the world's second biggest corn exporter and the primary wheat supplier to South American countries, exported 39.8 million tonnes of corn and 11.2 million tonnes of wheat in 2020-21. The US Department of Agriculture's Foreign Agricultural Service (FAS) projects Argentina will post record-high production in corn (54 million tonnes) and wheat (20 million tonnes) in 2021-22. "Formal or informal self-regulations, or this quota for wheat and corn, harm the country and harm us all," Nicolás Pino, president of the Argentine Rural Society, told Reuters, adding that the move would lead to an "artificial oversupply."

Argentina had put a quota on beef exports but recently relaxed those limits. In an effort to prevent domestic grain shortages and put a cap on rising food prices, the Argentine government on Dec. 17 announced it would place a quota on exported corn and wheat in the 2021-22 marketing year, Reuters reported. Corn exports will be limited to 41.6 million tonnes while wheat shipments will be capped at 12.5 million tonnes, the report said.

*Source: World Grain*

## COCERAL SEES SMALLER EU WHEAT CROP IN 2022

Wheat production in the European Union (EU) in 2022 is expected to decline by more than 3 million tonnes compared to 2021, according to Cocal, a European association representing the trade in cereals and other agricultural products. In its first forecast for the 2022 EU-27+UK grain crop, Cocal projected wheat output at 139.8 million tonnes, down slightly from the previous year mainly due to a return to average yields in the Balkan region. The French wheat crop is forecast to be down by almost 1 million tonnes year-on-year, while the German crop is seen higher by about 500,000 tonnes. The EU-27+UK 2022 barley production is forecast at 59 million tonnes, marginally down from 59.4 million tonnes this year.

The EU-27+UK 2022 corn crop is expected to be unchanged year-on-year at 66.4 million tonnes, with a much larger crop in Hungary, but slightly smaller crops in Poland, Germany, France and Romania. The EU-27+UK rapeseed crop is forecast to recover from 18.5 million tonnes to 20 million tonnes, mainly because of higher plantings in several countries, including Germany, France, the UK, Romania and Bulgaria. COCERAL sees the total grain crop in the EU-27+UK at 304.5 million tonnes, down slightly from the 307.6 million tonnes harvested in 2021.

*Source: World Grain*