

DRY BULK WEEKLY BRIEF

WEEK 2 | Monday, 17 January 2022



LATEST COMMODITY NEWS

Iron Ore

IRON ORE EXPORTS FINISHED LAST YEAR STRONG ACCORDING TO THE PILBARA PORTS AUTHORITY

CHINA 2021 IRON ORE IMPORTS RETREAT FROM RECORD ON STEEL CURBS

Coal

COKING COAL FUTURES HIT RECORD HIGH AS PROMPT CONTRACT SEES CONTANGO

GLOBAL SEABORNE COAL TRADE UP NEARY 6% IN 2021

Grains

CHINA PLANS TO PRODUCE 40% MORE SOYBEANS IN FIVE YEARS

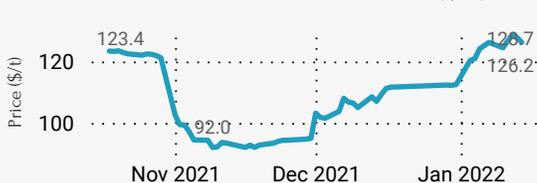
CHINA LOWERS FORECAST FOR CORN CONSUMPTION

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
2	9		1
1	13		
50	11		10
	33		11

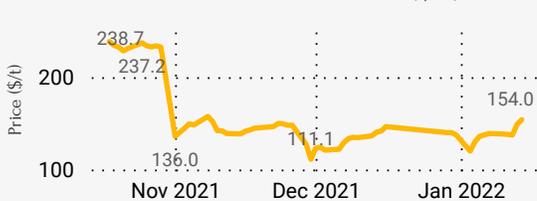
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
2	ASL JUPITER	87,052	2005	£13.2M
2	CRIMSON PRINCESS	38,395	2012	£19.0M
2	DIAMOND STARS	55,389	2011	£17.0M
2	HH PIONEER	72,940	1997	£9.0M
2	INTREPID EAGLE	33,773	2013	£15.5M
2	OCEAN DOTEY	69,045	1995	£7.8M
2	SPARROW	48,200	4000	£13.5M
2	TANIKAZE	56,064	2013	£23.0M
2	TIENTSIN	37,657	2016	£26.5M

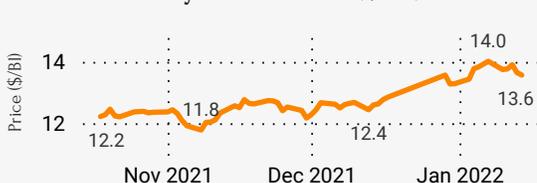
Iron Ore Price This Month (\$/t)



Coal Price This Month (\$/t)



Soybeans Price (\$/b)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	↑ 15.64%
Qingdao-Dongjiakou	↗ 3.35%
Qingdao-Qianwan	↘ -1.01%
Saldanha	↑ 42.89%
Tubarao	↗ 2.44%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers (\$/LDT)

BREAKER COUNTRY	Week 2	WoW%
BANGLADESH	593	3.2%
INDIA	543	3.5%
PAKISTAN	583	2.3%
TURKEY	323	1.0%

Average bunker Prices (\$/t)

WEEK	VLSFO	MGO	IFO380
2	657	781	509
1	636	745	491
52	641	732	489

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IRON ORE EXPORTS FINISHED LAST YEAR STRONG ACCORDING TO THE PILBARA PORTS AUTHORITY

Pilbara Ports Authority (PPA) had a good end to 2021. In December a total throughput of 68.5 million tonnes (Mt) represented a 6 per cent increase compared to December 2020. The key area of Port Hedland area achieved a 9 per cent increase on total throughput for December 2021 compared to December 2020, with iron ore making up more than 98 per cent of total exports for the month.

Port Hedland achieved a monthly throughput of 51.6Mt, of which 50.8Mt was iron ore exports. The port's imports totalled 210,000 tonnes, an increase of 28 per cent compared to December 2020. The Port of Dampier delivered a total throughput of 15.9Mt, a 3 per cent decrease from the corresponding month in 2020. Imports through Dampier totalled 69,000 tonnes, a decrease of 18 per cent from December 2020. This compares to November last year when the PPA exported a total monthly throughput of 59.9 million tonnes, a 4 per cent increase compared to the corresponding period in 2020.

Port Hedland achieved a monthly throughput of 43.9Mt in November 2021 of which 43.4Mt was iron ore exports marking a 5 per cent increase to total throughput compared to November 2020. Imports through Port Hedland totalled 167,000 tonnes, a decrease of 10 per cent compared to November 2020.

Last year, Mineral Resources (MinRes) partnered with Hancock Prospecting and Roy Hill to investigate the development of a new iron ore export facility in Port Hedland, Western Australia. Stanley Point Berth 3 in South West Creek is shaping as a viable option for the major iron producers to expand their export capacities. The agreement would see Roy Hill provide services to MinRes and Hancock to develop and operate the facility, including rail haulage and port services. MinRes managing director Chris Ellison said a collaboration of this kind would shape the future of Australia's mining industry.

Source: Kitco

CHINA 2021 IRON ORE IMPORTS RETREAT FROM RECORD ON STEEL CURBS

China's iron ore imports dropped in 2021, down 4.3% from the previous year's record annual high, as steel production curbs imposed to combat pollution dented demand and pulled prices of the key steelmaking material off historical highs. The world's top iron ore consumer brought in 1.12 billion tonnes of the commodity last year, compared with 1.17 billion tonnes imported in 2020, data from the General Administration showed on Friday. For December, China imported 86.07 million tonnes of the raw material, down 18% from November, the data showed.

China consumed iron ore at a rapid rate in the first five months of 2021, backed by robust steel production as mills enjoyed decent profits underpinned by a recovery in demand after the first waves of the coronavirus pandemic. However, imports then started to contract on an annual basis as authorities urged steel mills to cut production to meet an annual target of keeping crude steel output flat. Slowing construction activity also muted downstream demand for the industrial metal.

During June-December 2021, China's iron ore imports slid nearly 10% from the same period a year earlier. Benchmark iron ore futures prices on the Dalian Commodity Exchange dived 45% by end-December from the peak of 1,239 yuan per tonne logged in May. "For 2022, iron ore supplies from major miners are expected to remain stable, while the demand-side is largely decided by authorities' policy towards steel output controls," said Zhuo Guiqiu, analyst with Jinrui Capital.

A government-backed consultancy expects iron ore imports to continue to decline to around 1.08 billion tonnes in 2022 on falling steel production and increasing usage of steel scrap.

Source: Minning.com



COKING COAL FUTURES HIT RECORD HIGH AS PROMPT CONTRACT SEES CONTANGO

Coking coal futures on the Singapore Exchange hit all-time record highs Jan. 14, supported by stronger Australian and global prices for the crucial steelmaking commodity around tight coal supplies and recent disruptions to logistics in North America. Contracts surged Jan. 14 with prompt February 2022 rebounding to \$415.75/mt at the close in Singapore, from \$412.75/mt in the previous session, according to Platts assessments. S&P Global Platts started assessing coking coal derivatives in May 2014. Front-month futures continued to exceed the benchmark S&P Global Platts spot premium HCC FOB Australia index, at a record of \$409/mt on Jan. 14, with futures outpacing spot physical index prices for the sixth straight session. The forward curve has seen more support in front-month contracts, moving into a prompt contango structure from backwardation at the front of the curve earlier this month and in December. In a contango, later-dated prices are higher than prices for prompt loading, or delivery, with the inverse of higher prompt prices seen in a backwardated market. The Q2 2022 contract was assessed at \$330/mt on the day, up from \$322.75/mt on Jan. 13.

Flooding in British Columbia, wet weather in Queensland, and winter storms hitting the Appalachians have limited spot supplies of coking coal over the past two months, with signs of continuing strong demand. China has returned to book and inquire around US coking coals for delivery in March and in the second quarter. At the same time, global demand was supported on stronger steel prices and demand, with environmental pressure on lending to coal projects and financing for the sector said to hit expansions and replacement tons.

The steel raw materials market had been affected by weaker iron and steel production in the fourth quarter from China, with signs of stronger rates and stimulus increasing production in Q1, especially after February. China has suspended coking coal and thermal coal imports from Australia for just over a year and released some Australian coals at ports to clear customs during Q4, cutting import demand temporarily.

Demand for Canadian, US and Russian coking coal had earlier tightened up Atlantic and Asian markets during lower availability from Australia, as miners adjusted production to meet contracts and BHP conducted maintenance at coal processing plants in the second half of 2021.

The SGX clears coking coal derivatives basis FOB Australia and CFR China, with trading volume centered on futures contracts with settlement on the Platts TSI Premium HCC FOB Australia assessment. Coking coal futures clearing volumes in December decreased to 424,200 mt, down 50% from November, according to SGX data. The Dalian Commodity Exchange offers coking coal, met coke and iron ore futures, for China-registered trading entities and members.

Source: S&P Platts

GLOBAL SEABORNE COAL TRADE UP NEARLY 6% IN 2021

Global seaborne coal trade rose by 5.7% last year, driven by rising demand from steelmakers for coking coal and its products as economies began to recover from the coronavirus crisis, Germany's VDKi coal importers lobby group said. Imports and exports of hard coal across the globe stood at 1.18 billion tons in 2021, up from 1.116 billion in 2020, the Verein der Kohlenimporteure (VDKi) estimated. Trade in coking coal rose by 6% to 903 million tons while that of steam coal for power stations was up 4.9% at 277 million tons, it said.

Strong demand came out of Asia, with notable growth rates in smaller economies such as Malaysia, Thailand and Vietnam, adding to China and India's overriding hunger for imported energy, VDKi said. Among exporters, Russia and the United States exceeded export volumes of pre-pandemic 2019. Only 17% of hard coal consumed globally is traded internationally.

In Germany, Europe's biggest importer, shipments in 2022 could rise by 7.7% to 42 million tonnes after rising by 24.5% last year, VDKi noted.

Source: Reuters



CHINA PLANS TO PRODUCE 40% MORE SOYBEANS IN FIVE YEARS

China hopes to produce 40% more soybeans by the end of 2025 in an attempt to boost self-sufficiency in the oilseed, Reuters reported. The nation has set a goal of production of 23 million tonnes of soybeans, compared to production of 16.4 million tonnes currently, according to the 14th five-year plan on crop farming.

China relies on the global market for 85% of its soybeans and it heavily relies on a few countries for its imports. Since 2019, China has set out a plan to revitalize domestic soybean production, Reuters said. But soybean output fell 16% in 2021 with some farmers opting to plant more profitable crops such as corn.

The five-year plan says China will cultivate land specifically for growing soybeans, expand soybean-corn rotation programs and focus on raising the yield of soybeans. It also will expand planting and output of other oilseeds such as rapeseed and peanut to meet increasing demand for cooking oil and feed protein.

Source: World Grain

CHINA LOWERS FORECAST FOR CORN CONSUMPTION

The ministry said feed consumption of corn for the year will be 186 million tonnes, down from its December estimate of 187 million tonnes, as falling pig prices curbed restocking while increased grains imports slowed down demand for corn, according to the report. The country will import 20 million tonnes of corn for the year, a forecast unchanged from December's report.

The ministry also lowered estimates for industrial consumption of corn in 2021-22 to 80 million tonnes, down 2 million tonnes from December. Processors cut operation rates on falling profits due to high corn prices, while inventories of end products at the plants built up amid weak demand, the report said. The ministry's estimates for 2021-22 soybean consumption remained unchanged from last month at 118.08 million tonnes. Soybean imports for the year were seen at 102 million tonnes, also unchanged.

Source: World Grain