DRY BULK WEEKLY BRIEF

WEEK 4 | Monday, 31 January 2022

LATEST COMMODITY NEWS

Iron Ore

AUSTRALIAN IRON ORE TRADE STRONG AHEAD OF CHINESE NEW YEAR, DRIVEN BY SEASONAL HOARDING

Coal

GLOBAL COAL PRICES SURGE AS UKRAINE TENSIONS RISE

Grains

FRANCE FACES WHEAT SURPLUS AS ALGERIA HALTS IMPORTS

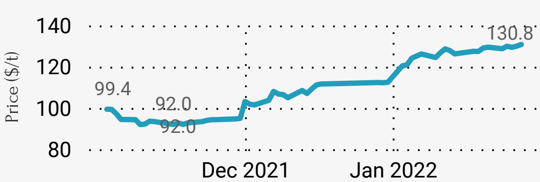
EU SOFT WHEAT STOCKS TO RISE ON HIGHER IMPORTS

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
4	21		6
3	6		4
2	9		1
	36		**11**

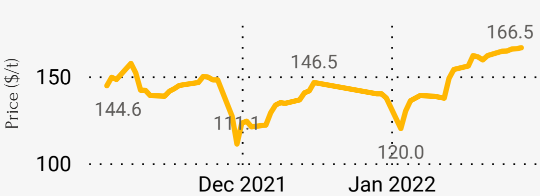
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
4	ELVA	73,910	2001	$11.0M
4	HUI XIN 18	35,045	2012	$11.6M
4	INTERLINK ABILITY	38,683	2015	
4	INTERLINK AFFINITY	39,046	2016	
4	INTERLINK AUDACITY	39,100	2016	
4	INTERLINK FIDELITY	38,792	2015	
4	INTERLINK MOBILITY	38,767	2015	
4	INTERLINK PRIORITY	38,709	2015	En bloc
4	INTERLINK PROBITY	38,638	2015	USD280M
4	INTERLINK QUALITY	38,719	2016	
4	INTERLINK TENACITY	38,785	2016	
4	INTERLINK UTILITY	38,719	2016	
4	INTERLINK VERACITY	38,763	2016	
4	JIN HANG	93,069	2012	$17.2M
4	JIN HAO	56,624	2012	$15.7M
4	MOLYVOS LUCK	57,924	2014	$21.2M
4	ROYAL INNOVATION	28,374	2011	$13.0M
4	SAFESEA NEHA II	53,389	2008	$13.0M
4	SILVERSTAR	31,762	3998	$18.5M
4	SOUTH TRADER	181,300	2014	$33.8M
4	ULTRA TOLHUACA	37,429	2015	$24.5M

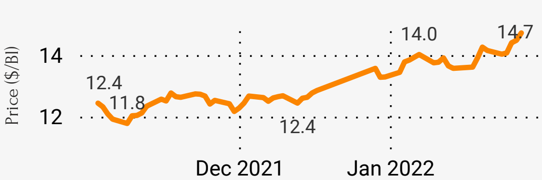
Iron Ore Price This Month ($/t)



Coal Price This Month ($/t)



Soybeans Price ($/bl)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	↑ 15.25%
Qingdao-Dongjiakou	↑ 20.50%
Qingdao-Qianwan	↑ 12.15%
Saldanha	↑ 23.84%
Tubarao	↑ 46.85%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers ($/LDT)

BREAKER COUNTRY	Week 4	WoW%
BANGLADESH	605	5.2%
INDIA	573	9.0%
PAKISTAN	588	3.1%
TURKEY	325	1.6%

Average bunker Prices ($/t)

WEEK	VLSFO	MGO	IFO380
4	691	820	543
3	689	810	533
2	664	788	514

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

AUSTRALIAN IRON ORE TRADE STRONG AHEAD OF CHINESE NEW YEAR, DRIVEN BY SEASONAL HOARDING

Australian iron ore exports to China remained strong in January despite the backdrop of rising market prices due to multiple factors including weather disruption and labour shortage concerns. Industry analysts said the proportion of Australian iron ore in China's total iron ore imports may be reduced to below 60 percent in 2022 for the first time since 2015, especially as China is diversifying its sources of supplies and deepening industry upgrading while pursuing low-carbon targets.

Iron ore prices have jumped significantly in the week prior to the Chinese New Year with traders and producers stocking up on raw materials in preparation for what could be a bigger gap between supply and demand. S&P Global Platts assessed the 62% Fe Iron Ore Index at $147 per ton on Friday, the highest in five months. The price was also reflected in the rising imports in China in recent weeks. According to data from industry data platform Mysteel, the total inventory of iron ore imported by steel mills across China reached about 117.57 million tons this week, an increase of 470,200 tons from the previous month. Speaking to the Global Times about the market price surge, a source with Rio Tinto Group told the Global Times on Saturday that the price increase could be related to seasonal speculation and hoarding. "Every year before the Spring Festival, there will be hoarding [in China]," the source said.

While the Anglo-Australian mining group has ramped up efforts to produce and export iron ore, it is currently reaching a bottleneck of production capacity due to multiple factors including potential disruption from not having enough workers amid the pandemic restrictions in West Australia where the outbreak continues to spread, the source added. But despite the challenges, the firm is still producing at full capacity and production might not be affected. The company's shipment guidance for 2022 is at 320 million-335 million tons, roughly the same level as 2021. In addition to Rio Tinto, the two other major global miners – Australia-based BHP Billiton and Brazil's Vale – announced their iron ore production guidance targets for 2022, which maintained the existing production forecast.

Since 2015, China's iron ore imports from Australia and Brazil have accounted for nearly 80 percent of all imports, of which imports from Australia have exceeded 60 percent, according to media reports. Bilateral relations have soured recently due to Australia's provocative attitude toward China, which has caused disruption for trade activities. Iron ore exports are among the few remaining products that are still in high demand in China, partly due to the needs of the domestic construction sector. However, the import proportion from Australia in 2022 is likely to drop below 60 percent, having been 61.6 percent in 2021 and 62.5 percent in 2020, an industry insider told the Global Times on Saturday on condition of anonymity.

In response to the surging iron ore prices, the National Development and Reform Commission issued a document on Friday pledging to further crack down on behavior such as price gouging and malicious speculation while taking more effective measures to ensure price stability. Other measures for securing a sustainable supply of iron ore resources may also be expected, including further diversification of sources of supplies, especially from domestic mines, Wang Guoqing, research director at Beijing Lange Steel Information Research Center, told the Global Times on Saturday. The increase in the proportion of electric furnace steel is also one of the directions for achieving not only iron ore replacement, but also low carbon and environmental protection plans, Wang said.

Source: Global Times

GLOBAL COAL PRICES SURGE AS UKRAINE TENSIONS RISE

Global coal prices jumped by over a third in January, edging toward record highs reached in October 2021, due to supply shortages and tensions between Russia and Ukraine. The benchmark Newcastle coal index rose to $262 a ton.

The coal market reacted to a month-long export ban by major supplier Indonesia, which halted deliveries following new domestic market sales regulations at the peak of the European heating season. The ban is due to be lifted on January 31, but experts are uncertain about the volume of coal the markets may expect, with Indonesian authorities saying only miners that have complied with the new laws will be allowed to resume exports. There are also worries over the outcome of the Russia-Ukraine crisis. The reported increase of Russian troops near Ukraine's border has been met with outrage in the West, which threatened Moscow with sanctions in the event of a military conflict.

Some experts speculate that Russia may cut off gas supplies to Europe in response to sanctions. If that happens, Europe, which is already short on gas, with the commodity prices nearly doubling in the past months, may start loading up on coal, analysts say. According to data from UK oil and gas giant BP, European utilities have already stepped up imports of coal since mid-2021, after reducing their share of global coal use to 6.2% in 2020 amid a push towards greener energy.

Projections from commodity flows tracking firm Kpler show that Europe is due to import some 5.58 million tons of thermal coal this month, the highest monthly figure since 2019 and over 1 million tons more than the monthly average for 2021 coal imports. If this buying spree continues, coal prices will keep rising, squeezing the market already tight from high demand in two major coal consumers – China and India. Last year's coal price records were reached because of shortages in these two states amid cold weather and booming post-Covid-19 pandemic industrial demand.

Analysts expect coal prices to retreat in February, as the heating season in the Northern Hemisphere draws to an end, but they claim this could change if Russia halts gas deliveries to Europe or stops coal exports. Ukraine was once a major producer of coal, with some 50% of the commodity mined in its eastern regions, which broke away in 2014. The two self-proclaimed republics of Donetsk (DNR) and Lugansk (LNR), both on the Russian border, declared independence from Ukraine and remain at a standoff with Kiev. Amid the conflict, many mines had been shut down and coal production dropped. The breakaway republics halted coal shipments to the rest of Ukraine, which forced Kiev to import the commodity for power generation from the US. This is much more expensive due to freight costs, which resulted in a spike in power prices. However, coal exports from the regions have been gaining momentum recently, up 26.8% last year after Russia allowed quota-free imports from the breakaway republics. Considering all the constraints weighing on the global coal market, analysts say the pricing situation remains unclear.

"[Buyers have] very few options, there are supply issues everywhere," Vasudev Pamnani from Indian consultancy Lavi Coal Info OPC told Reuters.

Source: RT Business News

FRANCE FACES WHEAT SURPLUS AS ALGERIA HALTS IMPORTS

Algeria has halted imports of French wheat, leaving France with a large surplus and challenges to its dominance in its top export market, Reuters reported. Algeria has excluded French offers from the past three milling wheat import tenders, traders said. In October, French President Emmanuel Macron questioned whether there had been an Algerian nation before French colonial rule. Algeria later responded by closing airspace to France's military and recalled its ambassador from Paris, Reuters reported.

Algeria is one of the largest milling wheat importers, bringing in about 6 million tonnes per year in recent years. It often has represented about 40% to 50% of French wheat exports outside of the EU. Large sales to China and current shipments to Morocco have partially offset the shortfall in Algeria, Reuters reported. Traders also see the possibility for more sales to Egypt, which booked a first cargo of French wheat this season in late December.

There is hope of resumed exports to Algeria as diplomatic tensions ease. But traders said France will stay face an ongoing challenge in its traditional export areas. "Algeria will revert to buying French wheat (once the political row subsides) but it will have to match international prices," a French trader told Reuters

Source: World Grain

EU SOFT WHEAT STOCKS TO RISE ON HIGHER IMPORTS

The European Commission on Jan. 27 revised its forecast of European Union soft wheat stocks upward due to sharply increased imports. The Commission forecasts soft wheat stocks to reach 13.3 million tonnes at the end of the 2021-22 marketing year, a four-year high and increase from its December projection of 12.9 million tonnes.

The Commission revised the EU's soft wheat imports higher by 500,000 tonnes for an overall total of 2 million tonnes. The Commission's forecast for 2021-22 production and exports were unchanged at 130.6 million and 32 million tonnes, respectively. Other highlights from the report include, Barley stocks lowered to 4.15 million tonnes from 4.5 million due mainly to a 300,000-tonne reduction in imports. Corn stocks declining significantly from 18.9 million tonnes to 17.3 million due mainly a rise in exports from 3.7 million tonnes to 5 million.

Source: World Grain