DRY BULK WEEKLY BRIEF
WEEK 6 | Monday, 14 February 2022

LATEST COMMODITY NEWS

Iron Ore

AUSTRALIA'S PORT HEDLAND DIVERSIFIES IRON ORE SALES

VALE'S Q4 IRON ORE SALES HIT RECORD HIGH

Coal

AUSTRALIA'S STANMORE COAL EXPANDS ON ALL FRONTS

Grains

DROUGHT DAMPENS BRAZIL CORN OUTLOOK

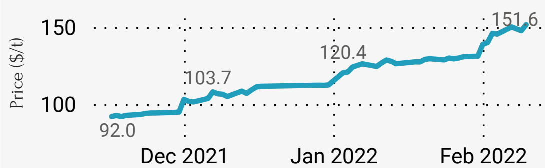
HIGH US WHEAT PRICES DEPRESS EXPORTS

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
6	12	1	
5	12		
4			
	24	**1**	

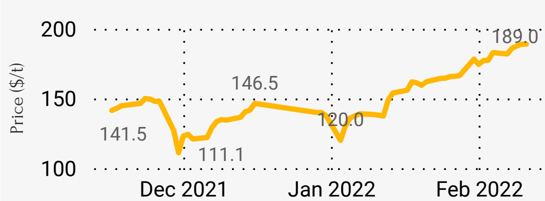
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
6	BAOSTEEL EVOLUTION	206,331	2007	$19.0M
6	BUMBLEBEE	55,628	2011	$20.5M
6	EVERGLORY	81,666	2012	$19.0M
6	GALAXY	81,666	2012	$19.0M
6	GRAVITY	56,546	2014	$16.8M
6	HEMINGWAY	207,672	2017	$52.0M
6	NAVIOS PROSPERITY	82,535	2007	$16.0M
6	NEW JOURNEY	36,371	2015	$23.7M
6	POLA ANISIA	46,000	2006	$13.2M
6	RENAISSANCE	81,666	2012	$19.0M
6	SUPER VALENTINA	33,382	2013	$18.0M
6	UNIVERSE 1	53,074	2003	$10.1M

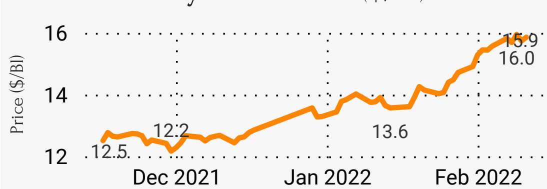
Iron Ore Price This Month ($/t)



Coal Price This Month ($/t)



Soybeans Price ($/bl)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	↑ 14.22%
Qingdao-Dongjiakou	↑ 13.00%
Qingdao-Qianwan	↑ 13.30%
Saldanha	→ 0.92%
Tubarao	↑ 39.57%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers ($/LDT)

BREAKER COUNTRY	Week 6	WoW%
BANGLADESH	630	9.6%
INDIA	590	12.4%
PAKISTAN	605	6.1%
TURKEY	320	0.0%

Average bunker Prices ($/t)

WEEK	VLSFO	MGO	IFO380
6	731	858	563
5	714	847	561
4	695	827	547

IRON ORE HIGHLIGHTS

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AUSTRALIA'S PORT HEDLAND DIVERSIFIES IRON ORE SALES

Iron ore shippers through Western Australia's (WA) Port Hedland are diversifying their customer base over concerns about Chinese demand as trade tensions remain high between Beijing and Canberra. Port Hedland shipped 47.99mn t of iron ore in January to 11 different nations in January, compared with 50.84mn t to nine nations in December and 42.23mn t to six nations in January 2021.

Last month was the most shipped in a January on record, with shipments to India, Belgium, the UK and Venezuela. These nations joined Malaysia, which has taken iron ore from Port Hedland over each of the past five months, as developing customers for the port. China remains the largest consumer of iron ore from Port Hedland, taking more than 10 times that of South Korea and Japan, which are the next largest consumers. Taiwan is a longstanding customer but is being challenged as the fourth largest by Indonesia at around 6.5mn t/yr. Vietnam has become a much bigger buyer over the past year, taking 4.7mn t in 2021 compared with 43,000t in 2020. This diversification is partly driven by Australian producers looking to develop new relationships with steelmakers outside of China, and partly by the wider discounts for some of the lower grade iron ores produced in the Pilbara making them more competitive in new markets.

Iron ore shipments from the WA port of Dampier, which is operated by UK-Australian mining firm Rio Tinto, fell to 10.91mn t in January from 13.31mn t in December and 11.21mn t in January 2021. Rio Tinto pushed hard in December ahead of the end of its financial year at the end of that month and eased shipments in January. BHP, Fortescue, Roy Hill, Atlas Iron and Mineral Resources all export iron ore through Port Hedland. Shipments from both ports dropped in February on rain and a Covid-19 outbreak, according to initial shipping data collated by Argus. Shipments to Japan, South Korea and Taiwan all continued to decline on the month in November.

The Argus ICX iron ore was last assessed at $148.65/dry metric tonne (dmt) cfr Qingdao on a 62pc Fe basis on 11 February, up from $90.05/dmt on 16 November but down from a high of $235.55/dmt on 12 May. Argus assessed 58pc Fe at $124.25/dmt cfr Qingdao on 11 February, up from $63.80/dmt on 16 November but down from a high of $207.10/dmt on 12 May.

Source: Argus media

VALE'S Q4 IRON ORE SALES HIT RECORD HIGH

Vale reported iron ore production of 82.47 million tonnes in the December quarter, which was down 2% year-on-year and 8% weaker than in the July-September period. That took full-year production to 315.6Mt, which was up 5% from 2020. RBC Capital Markets analyst Tyler Broda said the quarterly production came in 3% below RBC's estimate and was 4% weaker than consensus forecasts. The weaker-than-expected production saw Vale just miss out on the title of world's biggest iron ore producer. Rio Tinto retained pole position: its Western Australian Pilbara assets produced 84.1Mt in fourth quarter and 319.7Mt in 2021.

Vale's iron ore sales for the three months, meanwhile, were 83.15Mt, which was up marginally from 82.83Mt the same time a year earlier, 23% higher than the September quarter, and well above estimates. "Despite indications that material had been held back because of discounts for higher silica products rising in the weak pricing environment, Vale's inventories actually drew down, driving what ended up as a record sales figure," Broda said.

The sales beat RBC's estimate by 21% and consensus by 8%. The Brazilian miner said that heavy rains earlier this year resulted in about 2Mt of lost iron ore production, but it maintained its 2022 guidance range of 320Mt-335Mt - which is level with Rio Tinto's iron ore shipment guidance. Vale ended 2021 with 340Mt/year of iron ore production capacity and expected that to climb to 370Mt by the end of the current year.

Vale's pellets production was 9.07Mt in the fourth quarter, having risen 28% year-on-year and 9% quarter-on-quarter. Guidance for 2022 stood at 34Mt-38Mt. The company's nickel production for the three months was 48,000t, having dropped 6% year-on-year and risen 59% from the September quarter, while 2022 guidance was 175t-190t.

Copper production was recorded by Vale for the fourth quarter at 77,500t, which was down 17% year-on-year and up 12% quarter-on-quarter. Guidance for 2022 was 330,000t-355,000t. Production of metals by-products was 29,000t, which was down 49% year-on-year and up 26% quarter-on-quarter. On February 10, Vale traded on the New York Stock Exchange at US$17.85/share, which was up 2% day-on-day.

Source: Reuters

AUSTRALIA'S STANMORE COAL EXPANDS ON ALL FRONTS

Australian mining firm Stanmore Coal will expand its existing Queensland coal production capacity at the same time as it moves forward with its planned acquisition of Australian resources firm BHP's lower-grade coking coal assets. Stanmore's board has approved an upgrade to its Isaac Plains coal handling and processing plant (CHPP) to increase its capacity by 20pc, allowing it to handle more than 4mn t/yr run of mine (ROM) coal. This will allow it to match higher ROM production as it ramps up production at its Isaac Downs extension.

The firm expects 2022 production from its existing operations to be aligned with the 2.52mn t/yr in July-December 2021 rather than the 1.61mn t/yr in January-June 2021, and for the upgraded CHPP to support increased production over the next two years.

Stanmore sold 632,000t of mostly metallurgical coal during October-December, down from 723,000t in July-September but up from 293,000t for April-June. The weak first-half 2021 contributed to full-year production of saleable coal of 2.07mn t, down from 2.26mn t in 2020 and below its 2.2mn-2.4mn t guidance for 2021. Strong prices for metallurgical and thermal coal have prompted Stanmore to invest in ramping up Isaac Downs quickly, despite its planned $1.2bn acquisition of BHP's 80pc stake in the BHP Mitsui Coal coking and thermal coal joint venture. This deal is still on track complete in the middle of 2022 despite Stanmore's major shareholder, Indonesian-Singaporean firm DSS, postponing its extraordinary general meeting to seek approval for the plan indefinitely, according to Stanmore.

Premium hard coking coal prices more than trebled from early May to exceed $400/t fob Australia in the middle of September before easing until late November and rose again to new record highs in January. Argus last assessed premium hard low-volatile coking coal at $446.45/t fob Australia on 4 February, up from $381.65/t 12 January. Thermal coal prices eased from record highs in the middle of October but picked up in the past month to new highs in late January. Argus last assessed high-grade 6,000 kcal/kg NAR thermal coal at $246.45/t fob Newcastle on 4 February, up from $192.60/t on 7 January but down from $260.82/t on 28 January.

The Isaac Downs extension primarily produces 9.1-9.5pc ash high-quality semi-soft coking coal with a secondary product of 16pc ash thermal coal. It contains some coal seams that can produce semi-hard coking coal at 8.5pc ash, which can be exploited in response to market conditions.

Source: Argus media

DROUGHT DAMPENS BRAZIL CORN OUTLOOK

Brazil’s corn harvest is forecast at 113 million tonnes for the 2021-22 marketing year, down 4 million tonnes on disappointing first-crop volumes, according to a Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA). Brazil’s corn exports were lowered by 1 million tonnes, to 42 million tonnes, the report said, while imports remain above average levels, though they will continue to be sourced mostly from the Mescour trading bloc.

The La Niña weather phenomenon created long periods of drought in November and December 2021, which occurred right as corn crops in the south of the country were pollinating and filling grain. The USDA now forecasts first-season corn to total about 23.5 million tonnes in 2021-22. First crop, one of three corn seasons in Brazil, accounts for 25% of the South American nation’s marketing year total. The USDA slightly revised up its forecast for corn planted area for the 2021-22 marketing year to 21 million hectares, an expansion of 5.5% on the current season. The USDA forecasts overall yield for the 2021-22 season at 5.38 tonnes per hectare.

“The forecast, if realized, would represent more than 30% increase in production over Post’s estimate for the marketing year 2020-21 season, as well as a new corn harvest record for Brazil,” the USDA said.

Source: World Grain

HIGH US WHEAT PRICES DEPRESS EXPORTS

US wheat exports are on pace to fall short of US Department of Agriculture (USDA) forecasts for the 2021-22 marketing year as elevated wheat prices keep a lid on global demand for US supply. Total wheat commitments — the sum of outstanding sales and exports — were 17.3mn metric tonnes (t) during the week ending 3 February, 21pc lower than USDA export projections of 22.05mn t and trended near the bottom of the 14-year range, according to Argus' agricultural analytical arm Agritel.

US sales would need to rise by an additional 4.7mn t before the marketing year ends, which runs from June-May, to meet official estimates. Sales between mid-February and May are unlikely to ramp up and close the gap with USDA estimates, as marketing year-to-date exports by 3 February were 22pc lower at 12.8mn t than the same period the year prior. The US would need to export 576,600 t/week of wheat for the rest of the marketing year — when exports typically trend lower — to meet expectations.

US exports are facing additional resistance from elevated prices that have made domestic wheat unpalatable to global consumers. Front-month US wheat futures prices have risen by 15pc since the start of the 2021-22 marketing year and settled at $7.98/bushel today.

US wheat prices have been supported by drought in the central US and Pacific Northwest, with prices peaking at $8.56/bushel in late November, the highest price since November 2012. Recent geopolitical tension has also lent price support and will likely keep US prices elevated in the near-term. But Russia-Ukraine tensions have added pressure to Ukrainian prices, and spot Ukraine wheat prices plummeted in recent weeks.

Source: World Grain