

# DRY BULK WEEKLY BRIEF

WEEK 10 | Monday, 14 March 2022



## LATEST COMMODITY NEWS

### Iron Ore

CHINESE IRON ORE FUTURES RISE ON WEAK SUPPLY, DEMAND RECOVERY

GUINEA JUNTA HALTS RIO TINTO'S SIMANDOU IRON ORE PROJECT

### Coal

AUSTRALIAN COAL EXPORT RECOVERY TO TAKE

### Grains

INDIA UPS WHEAT EXPORTS AS RUSSIA-UKRAINE CONFLICT CONTINUES

SPAIN TO BUY FEED CORN FROM ARGENTINA

USDA RAISES SOYBEAN OIL EXPORT PROJECTIONS

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
10	8		
9	9	1	
8	31		5
	<b>48</b>	<b>1</b>	<b>5</b>

### Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
10	SEA MELODY I	75,957	2022	\$13.4M
10	GOYA	75,750	2008	\$15.0M
10	HAI LONG	63,486	2014	\$16.0M
10	HANTON TRADER II	63,486	2014	\$25.8M
10	ANTERO	56,892	2011	\$17.6M
10	NATHAN BRANDON	56,849	2007	\$19.5M
10	PRABHU GOPAL	56,000	2003	\$14.0M
10	JIN CHENG	52,861	2004	\$13.9M

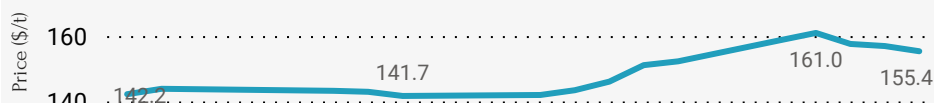
### Demolition Prices for Bulkcarriers (\$/LDT)

BREAKER COUNTRY	Week 10	WoW%
PAKISTAN	660	15.8%
INDIA	645	22.9%
BANGLADESH	680	18.3%

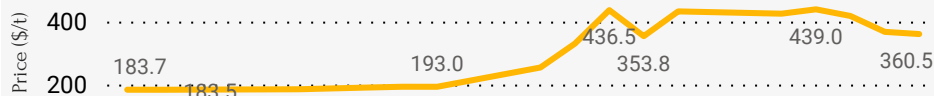
### Average bunker Prices (\$/t)

WEEK	VLSFO	MGO	IFO380
10	1,003	1,210	715
9	829	979	623
8	765	895	592

### Iron Ore Price Last 30 days (\$/t)



### Coal Price This Month (\$/t)



### Soybeans Price (\$/bl)



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## CHINESE IRON ORE FUTURES RISE ON WEAK SUPPLY, DEMAND RECOVERY

Benchmark iron ore futures in China rebounded on Friday, jumping more than 5% to log a second straight weekly gain on tight supplies and demand recovery at mills. Iron ore shipments from Australia and Brazil stood at 22.45 million tonnes last week, down 567,000 tonnes from the week before, data from Mysteel consultancy showed. "Boosted by positive macro policy, downstream consumption is improving, while profits at long-process steel plants are decent. There's further restocking demand at mills in the later period," according to a note by SinoSteel Futures. The most-active iron ore futures on the Dalian Commodity Exchange DCIOcv1, for May delivery, jumped as much as 5.9% to 839 yuan (\$132.66) a tonne in the morning session. They ended up 3.8% at 822 yuan a tonne, gaining 1.2% for the week. Dalian coking coal futures DJMcv1 jumped 0.7% to 3,038 yuan a tonne and coke prices DCJcv1 inched 0.2% higher to 3,678 yuan per tonne. "Coke futures prices are relatively strong, underpinned by demand recovery expectation and costs," said SinoSteel Futures.

Steel prices on the Shanghai Futures Exchange were mixed. Construction-use steel rebar SRBcv1 closed 0.9% higher at 4,917 yuan a tonne and hot rolled coils SHHCcv1, used in the manufacturing sector, rose 1.3% to 5,137 yuan a tonne. Stainless steel futures SHSScv1, for April delivery, extended losses into the third straight session and dropped 3.6% to 19,235 yuan a tonne, as Shanghai nickel futures SNICv1 dived to hit the 17% trading limit after resuming trade on Friday. For the whole week, stainless steel prices rose 2.5% amid volatility in the prices of raw material nickel.

*Source: Reuters*

## GUINEA JUNTA HALTS RIO TINTO'S SIMANDOU IRON ORE PROJECT

Guinea's ruling junta has ordered a full halt of Rio Tinto's vast Simandou iron ore project in the country's southeast, with interim president Mamady Doumbouya saying it is not clear how the mine will preserve national interests.

The current government, who took power in a military coup in September, said in a statement that Doumbouya had not seen any progress in that direction, despite having discussed the matter with Rio's boss Jakob Stausholm in December.

"[Colonel Doumbouya] therefore ordered the cessation of all activity on the ground pending the answers to questions posed to various actors and the clarification of the operational mode by which the interests of Guinea will be preserved," government spokesperson Ousmane Gaoual Diallo said in the statement.

Simandou, owned by Rio Tinto and a Chinese-backed consortium, spent years in limbo because of disputes over ownership rights and the complexity and expense of transporting ore to the coast. Rio Tinto said on Friday it was not making any public comment on Guinea's move at this stage. The world's second largest miner owns about 45% of Blocks 3 and 4 of Simandou, while Aluminum Corp. of China (NYSE: ACH) holds 40% and Guinea's government the remaining 15%. Blocks 1 and 2 are controlled by China-backed SMB Winning Consortium.

"It's a bold move by Doumbouya, and it may yet come back to bite him," Eric Humphery-Smith, Senior Africa Analyst at risk intelligence company Verisk Maplecroft, said in a note. "This is the culmination of several months of rumblings that now have risen to the surface and boiled over."

According to Humphery-Smith, Guinea's decision to suspend all activities at Simandou reflects mostly the "power struggle" between the SMB consortium and Guinean authorities regarding recommendations they made in December in relation to the rail and port infrastructure.

*Source: Mining*



## AUSTRALIAN COAL EXPORT RECOVERY TO TAKE WEEKS

It is likely to take weeks to clear the backlog to Australian coal exports caused by the storms that flooded mines through the Hunter valley, according to coal mining firms in the region. Mines in the key Hunter valley region of New South Wales (NSW) are waterlogged after heavy rainfall caused the evacuation of parts of the region earlier this week. Staff are returning to work after many were cut off by flooded roads or evacuated from flooded homes. But it will take a couple of weeks before mine operators can fully assess the damage.

Before last week mines in the Hunter valley were operating as normal, albeit with water storage at or near full capacity. But the flooding this week has filled pits that will take time to empty. The port and rail infrastructure will recover more quickly. But coal stocks are reasonably low as the port has been pushing to try to cut the above average vessel queues waiting to load in the middle of one of the wettest Australian summers on record.

Mines outside the Hunter valley that deliver coal to Newcastle, including Yancoal's 20mn t/yr Moolarben mine, Glencore's 10mn t/yr Ulan mine and Whitehaven's operations in the Gunnedah basin, have received less rain and are not as saturated as those in the middle of the valley.

Hunter Valley mines include BHP's 20mn t/yr Mount Arthur mine, the 12.5mn t/yr Hunter Valley Operations joint venture between Yancoal and Glencore, Yancoal's 18mn t/yr Mount Thorley Warkworth complex, Glencore's 7.5mn t/yr Mount Owen and the 10mn t/yr United Wambo joint venture between Glencore and Peabody. The Illawarra region of NSW was also flooded, with Port Kembla coal terminal (PKCT) declaring force majeure on 8 March on coal exports because of the slumping of its stockpile. But the recovery is expected to be quicker. PKCT is operating today and South32, which operates the Appin and Dendrobium mines in the area, expects to return to normal quickly.

Thermal coal prices have increased to record highs on increased interest from European buyers. Argus last assessed the high-grade 6,000 kcal/kg NAR thermal coal price at \$377.27/t fob Newcastle on 4 March, up from \$246.45/t on 4 February and from \$192.60/t on 7 January.

Argus last assessed the semi-soft mid-volatile coking coal price at a record \$518.40/t fob Australia on 9 March, up from \$273.35/t on 4 February and from \$225/t on 12 January. Source: Argus Media

*Source: Argus media*



## INDIA UPS WHEAT EXPORTS AS RUSSIA-UKRAINE CONFLICT CONTINUES

India signed agreements in recent days to export about 500,000 tonnes of wheat as international prices rally, Reuters reported. The nation is the second largest producer of wheat. Buyers are seeking alternatives to Black Sea exports as Russia's invasion of Ukraine threatens supplies from the two nations that together supply 30% of the world's wheat exports

India has significant wheat inventories after five consecutive record annual crops. A guaranteed high domestic price from the government of about \$257 per tonne typically deters exports unless world prices are high. India is expected to export a record 7 million tonnes of wheat this year. Traders, who did not want to be named, told Reuters that most suppliers have signed deals at around \$340 to \$350 a tonne free on board.

*Source: World Grain*

## SPAIN TO BUY FEED CORN FROM ARGENTINA

As major grain importers in Europe and Africa scramble to fill gaps in the supply chain caused by Russia's invasion of Ukraine, Spain announced March 14 it would approve emergency purchases of corn from Argentina for animal feed, Reuters reported. Spain, a major buyer of feed corn from Ukraine, had been pushing the European Commission to waive import controls as other nations that rely on Ukraine began buying corn from other markets. Argentina is the world's second-largest corn exporter behind the United States.

On March 11, the relevant committee of the European Commission authorized member states to lift some technical restrictions linked to the existing maximum pesticide residue limit for animal feed with "full guarantee and safety of the agri-food trade," said Luis Planas, agriculture minister of Spain. "Today (March 14) we will meet with the import sector, and we hope in the next few hours to issue a resolution that will allow us to overcome this technical hurdle," he said. Planas added that there were no obstacles to also allow imports of corn for animal feed from the United States.

*Source: World Grain*

## USDA RAISES SOYBEAN OIL EXPORT PROJECTIONS

The US Department of Agriculture (USDA) forecast higher US soybean oil exports in 2021-22 amid concerns of tighter edible oil supply in the wake of the Ukraine conflict. Soybean oil export projections for 2021-22 rose by 14pc to 1.6bn lbs from last month's outlook as the Russian invasion of Ukraine has resulted in reduced trading activity for sunflower oil. Ukraine is a top exporter of sunflower oil and if trading activity continues to drop in the region, other edible oils such as soy oil will be in high demand.

Import projections for 2021-22 remained unchanged at 450mn lbs, with US export and import estimates for 2020-21 unchanged at 1.7bn lbs and 302mn lbs, respectively.

The 2021-2022 soybean oil production forecast was unchanged at 26.2bn lbs, according to USDA's World Agricultural Supply and Demand Estimates (WASDE) report. The USDA kept its estimate for both 2020-21 and 2021-22 soybean oil ending stocks steady at 2.1bn lbs.

Soybean production expectations for 2020-21 and 2021-22 remained unchanged along with the import forecasts. Soybean export projections for 2021-22 rose by 2pc to 2.1bn bushels. Estimates of soybean ending stocks for 2021-22 decreased by 12pc to 285mn bushels.

*Source: World Grain*