

DRY BULK WEEKLY BRIEF

WEEK 8 | Monday, 28 February 2022



LATEST COMMODITY NEWS

Iron Ore

RIO TINTO POSTS RECORD FULL-YEAR PROFIT

Coal

CHINA MOVES TO GUIDE COAL PRICES WITHIN REASONABLE RANGE

Grains

CHINA OKS WHEAT IMPORT FROM RUSSIA

ARGENTINEAN FARM GROUP WANTS GRAIN EXPORT TAX GONE

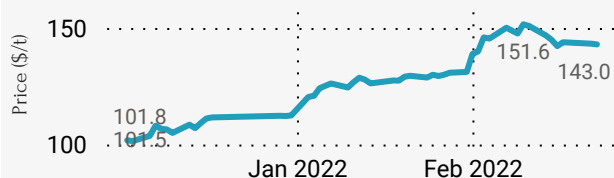
ARGENTINA SOY HARVEST IN CENTRAL ZONE COULD BE LOWEST IN 14 YEARS

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
8	31	1	5
7	10	1	
6	12		

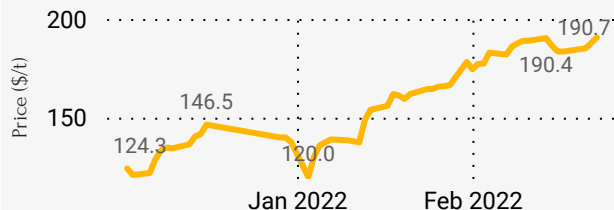
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
8	STELLA HOPE	180,000	2016	\$42.5M
8	DONG-A ASTREA	179,329	2010	En bloc deal
8	DONG-A EOS	179,329	2009	En bloc deal
8	DONG-A OKNOS	179,329	2010	En bloc deal
8	MINERAL BELGIUM	173,806	2005	\$15.5M
8	DOUBLE FORTUNE	95,712	2010	\$21.0M
8	CORONA INFINITY	88,233	2002	\$12.0M
8	LILY BREEZE	74,744	1998	\$8.6M
8	ANDROS ISLAND	63,008	2016	\$25.0M
8	SYROS ISLAND	63,008	20215	\$24.5M
8	WP BRAVE	58,627	2012	\$19.0M
8	TOMINI MAJESTY	56,942	2010	\$15.9M
8	MANDARIN GRACE	56,693	2011	\$17.0M
8	MANDARIN TRADER	56,677	2011	\$17.1M
8	TTM PHOENIX	55,947	2010	\$18.0M
8	WP AMBITION	55,865	2015	\$25.0M
8	AWESOME ASHLEY	55,596	2011	\$21.0M
8	HS LUCK	52,421	2002	En bloc deal
8	HS WINNING	51,104	2002	En bloc deal
8	WUCHANG	39,128	2013	\$22.3M
8	INTERLINK AUDACITY	39,100	2016	\$24.5M
8	WUCHOW	39,090	2013	\$22.3M
8	WUHU	39,049	2014	\$22.2M
8	INTERLINK AFFINITY	39,046	2016	\$25.0M
8	INTERLINK TENACITY	38,785	2016	\$24.5M
8	INTERLINK UTILITY	38,706	2016	\$25.0M
8	ES DIGNITY	37,084	2014	\$23.0M
8	SUPERNOVA	36,367	2012	\$20.4M
8	EMIL SELMER	32,626	2010	\$14.5M
8	TEDA	32,354	2006	\$14.0M
8	EKATERINA	31,764	1998	\$8.5M

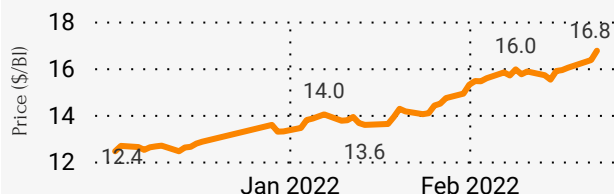
Iron Ore Price This Month (\$/t)



Coal Price This Month (\$/t)



Soybeans Price (\$/bl)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	↑ 40.30%
Qingdao-Dongjiakou	↗ 2.14%
Qingdao-Qianwan	↑ 13.96%
Saldanha	↓ -7.61%
Tubarao	↑ 32.43%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers (\$/LDT)

BREAKER COUNTRY	Week 8	WoW%
BANGLADESH	645	12.2%
INDIA	555	5.7%
PAKISTAN	620	8.8%

Average bunker Prices (\$/t)

WEEK	VLSFO	MGO	IFO380
8	761	892	588
7	742	870	567
6	730	858	561

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



RIO TINTO POSTS RECORD FULL-YEAR PROFIT

Rio Tinto has reported its best ever annual profit and a record full-year dividend of \$US16.8 billion (\$A23.3 billion), boosted by higher iron ore prices and strong demand from top consumer China. The world's biggest iron ore producer posted underlying earnings of \$US21.38 billion for the year ended December 31, up 72 per cent from a year earlier. Analysts had expected underlying earnings of \$US21.63 billion, according to Visible Alpha. The jump in earnings came despite tight labour market conditions due to pandemic-related restrictions and its impact on the ramping up of the company's Pilbara operations in Western Australia. "The recovery of the global economy, driven by industrial production, resulted in significant price strength for our major commodities, which we were able to capture, achieving record financial results..." Rio Tinto Chief Executive Jakob Stausholm said in a statement on Wednesday.

Rio Tinto declared a final special dividend of 62 cents per share and a final dividend of \$US4.17 per share, higher than the \$US3.09 per share final dividend a year earlier, bringing the total dividend for 2021 to a record \$US10.40 per share. The company's shares closed 1.2 per cent higher on the Australia Stock Exchange ahead of the results. Labour shortages induced by COVID-19 restrictions have hit Australian miners, with Rio previously forecasting weaker-than-expected iron ore shipments for 2022. The miner on Wednesday warned of Pilbara iron ore unit cash costs for 2022 rising.

Like rivals BHP and Fortescue Metals Group, Rio has benefited from the West Australian government's isolationist COVID-19 policies which have allowed the mining sector to operate largely uninterrupted for much of the past two years. But the state's border closures have exacerbated labour shortages with companies struggling to access skilled workers. The mining giant warned the reopening of Western Australia's borders will be no magic bullet for labour shortages after riding a surge in commodity prices to a record profit. Chief executive Jakob Stausholm on Wednesday said he hoped the reopening of WA's borders from March 3 would gradually relieve the pressures. "There's not going to be a magic bullet," he told reporters. "Slowly but surely, I hope we will work towards more normal conditions. It's very difficult to predict how it's going to unfold ... but I see (that) we are reaching a stage in the pandemic where things hopefully are moving forward. "Many things have worked out very well in the Pilbara but it's very clear that we have certain specific specialised skills shortages that we are hopefully able to address on opening the border."

A report released by the company earlier this month outlined a culture of bullying, harassment and racism, including 21 complaints of actual or attempted rape or sexual assault over the past five years. Nearly half of all employees who responded to an external review of the miner's workplace culture commissioned by Rio Tinto said they had been bullied, while racism was found to be common across a number of areas. Rio has promised to implement all 26 recommendations from the report by former Australian sex discrimination commissioner Elizabeth Broderick. Mr Stausholm said he hoped the "confronting" report would foster a culture of greater openness. "I really feel we have gone from silence to a very open dialogue. So I'm more optimistic than ever that we can address this," he said.

Source: Reuters



CHINA MOVES TO GUIDE COAL PRICES WITHIN REASONABLE RANGE

China's top economic planner is moving to improve the price formation mechanism in the coal market to guide price movements within a reasonable range as the country seeks to ensure stable energy supplies. In a circular released Thursday, the National Development and Reform Commission (NDRC) put the relatively reasonable range for the medium and long-term trading of 5,500 Kcal thermal coal at Qinhuangdao Port at 570 yuan (about 90 U.S. dollars) to 770 yuan per tonne. In full considerations of logistics and production costs, the NDRC accordingly proposed the ex-mine prices for medium and long-term trading in major coal production areas including Shanxi, Shaanxi and Inner Mongolia. "Proposing a reasonable range is not to adopt government pricing for coal, but to establish a range regulation mechanism on the basis of market-formed prices," NDRC official Wan Jinsong explained, saying the move could enable better combination of the roles of the market and the government to avoid drastic ups and downs in the market.

The new policy comes after surging coal prices last year prompted China's coal-fired power stations to reduce their output to avoid losses because of official caps on electricity prices, resulting in power outages that halted factory production. Thermal power still takes up a large share of China's energy output, accounting for about 70 percent of the country's power generation. Although authorities have since managed to cool down the coal price rally through a slew of measures, calls are growing for an improved mechanism to rein in drastic fluctuations. To ease the risk of a further power crunch, in October last year, the NDRC improved the pricing mechanism for coal-fired power, adjusting the floating range of the market-based electricity transaction prices to 20 percent in either direction, compared with the previous ceiling of 10 percent and the floor of 15 percent from the benchmark price. The market transaction prices of coal-fired electricity for enterprises with high energy consumption are not restricted by the ceiling of 20 percent upward fluctuation.

The latest move to range-guide coal prices should help enable the smooth transmission between coal and electricity prices, while tackling the persistent conflicts in the two markets, according to NDRC official Peng Shaozong. Thursday's circular pledged to enhance the country's capacity to balance supply and demand, strengthen market supervision to prevent improper interventions and timely investigate illegal market practices. The new mechanism sends a clear signal on the government's regulation of coal prices, which will guide market expectations for upstream and downstream industries and deter speculation, noted Peng. He predicted coal prices would see a reasonable retreat from the current level.

Coal output and market supplies are now remaining largely stable, with daily production stabilizing at over 12 million tonnes and stockpiles at power generators at an elevated level. As China's coal self-sufficiency rate exceeds 90 percent and the relationship between upstream and downstream sectors remains stable, China has the conditions to guide coal prices to operate within a reasonable range, said Wan from the NDRC.

Source: Xinhua



CHINA OKS WHEAT IMPORTS FROM RUSSIA

China's customs agency on Feb. 24 approved imports of wheat from all regions of Russia, the Associated Press reported. This move gives Russian President Vladimir Putin an alternative to Western markets that might be closed under sanctions. Russia, one of the largest wheat producers, has not exported to China before now due to concern about possible fungus and other contamination, the AP said. On Thursday, China's customs agency approved imports of wheat from all regions of Russia, giving Putin an alternative to Western markets that might be closed under possible sanctions.

Russia is one of the world's biggest wheat producers but has been shut out of China until now due to concern about possible fungus and other contamination. China and Russia announced on Feb. 8 an agreement for China to import Russian wheat and barley. Russia said it would take all measures to prevent contamination by wheat smut fungus and would suspend exports to China if it was found, AP reported. China is the only large government to not condemn Putin's attack on Ukraine. It did call for restraint and respect for national sovereignty.

Source: World Grain

ARGENTINEAN FARM GROUP WANTS GRAIN EXPORT TAX GONE

A major Argentinean farm group is asking a federal court to rule taxes levied on grain exports as unconstitutional, Reuters reported. Argentine Rural Society said it filed a case alleging that grain export taxes have been illegally charged since Jan. 1 of this year. It said the deadline to regulate grain export tax rates expired on Dec. 31, 2021, and the 2022 budget bill that would have allowed an extension of the fees, was not signed in time.

Argentina charges taxes of 33% on soybean exports, 31% on soymeal and soy oil and 12% on wheat and corn. The request still needs to go through multiple judicial steps, but Reuters said a rule in favour of the farmers would be a huge hit to the government. Agriculture exports are a key source of foreign currency for the country.

Source: World Grain

ARGENTINA SOY HARVEST IN CENTRAL ZONE COULD BE LOWEST IN 14 YEARS -EXCHANGE

Argentina's 2021/22 soybean harvest in the country's important core farming region is set to fall to its lowest level in 14 years, the Rosario grains exchange said in a report on Friday, a reflection of how drought is hitting grains in the country. Argentina is the world's leading exporter of soybean oil and meal, the no. 2 exporter of corn and an important wheat grower. However, the country has been hit by drought in different farming regions since December, forcing the Rosario exchange to cut sharply its estimate for nationwide soy production to 40.5 million tonnes, from an initial 45 million tonnes.

The exchange said that in the important core farming zone the harvest of the oilseed would be 12.4 million tonnes, due to the impact of the dry weather, which it said was the lowest in the last 14 years. In that core region where 4.45 million hectares were planted with soy, the exchange said that there are 2 million hectares in regular condition and 670,000 in a bad condition, of which 185,000 are already considered lost. "That amounts to around 30% of expected production lost," it said, citing its cut to 12.4 million tonnes for the soy harvest forecast from the 17.7 million tonnes it estimated in October.

The Rosario exchange said that while moderate to heavy rains are expected in the core belt over between Saturday and Monday, with over half of plants in fair-poor condition "it is very likely that negative adjustments will continue". The exchange previously also sharply adjusted its forecast for corn production due to lack of rain, to 48 million tonnes from its initial 56 million tonne forecast. The exchange said that a higher than usual number of farmers are harvesting corn crops early in Argentina's key agricultural zone and "yields obtained up to now are not at all promising."

Source: Reuters