DRY BULK WEEKLY BRIEF

WEEK 14 | Monday, 11 April 2022

LATEST COMMODITY NEWS

Iron Ore

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BRAZIL LOWERS HARVEST TOTAL BUT STILL SEES INCREASE FROM LAST YEAR

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
14	16	1	20
13	13		
12	11		
	35	**1**	**20**

Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
14	MARAN PROGRESS	114,407	2014	
14	MARAN DAWN	114,091	2011	
14	MARAN SKY	114,078	2011	
14	MARAN SUN	114,078	2011	En bloc $200.0 M
14	MARAN WISDOM	114,046	2014	
14	MARAN ZENITH	114,038	2013	
14	MARAN ASPIRATION	114,013	2012	
14	MARAN OCEAN	114,007	2011	
14	CMB PAUILLAC	95,707	2012	$24.5M
14	ROSCO LITCHI	82,153	2011	$25.0M
14	YANGTZE XING HUA	81,677	2012	$21.5M
14	SEA NEPTUNE	81,631	2013	$22.5M
14	CORAL CRYSTAL	78,103	2012	$25.0M
14	ULTRA INITIATOR	62,647	2019	$36.8M
14	ENY	53,525	2006	$17.0M
14	STRATEGIC ENCOUNTER	33,000	2010	$14.0M

Demolition Prices for Bulkcarriers ($/LDT)

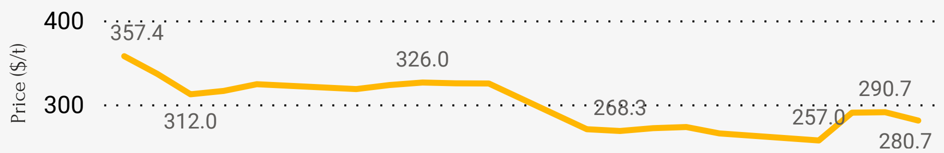
BREAKER COUNTRY	Week 14	WoW%
PAKISTAN	670	17.5%
INDIA	645	22.9%
BANGLADESH	650	13.0%

Average bunker Prices ($/t)

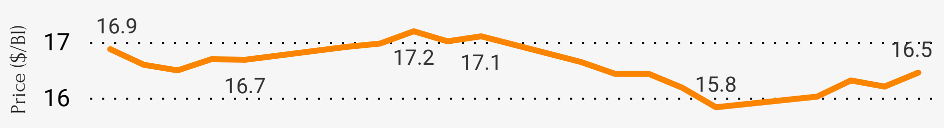
WEEK	VLSFO	MGO	IFO380
14	920	1,150	743
13	930	1,168	820
12	947	1,160	716

Iron Ore Price Last 30 days ($/t)

Coal Price This Month ($/t)



Soybeans Price ($/bl)



CHINA IRON ORE FUTURES JUMP TO OVER 8-MONTH HIGH ON IMPROVING CONSUMPTION

Benchmark iron ore futures in China jumped 4% on Wednesday, hitting their highest level in more than eight months, as trading resumed after the Tomb Sweeping Festival holidays. The most-active iron ore futures on the Dalian Commodity Exchange, for September delivery, rose as much as 4.1% to 945 yuan ($148.49) per tonne, as demand at steel producers recovered from pandemic disruptions. They ended up 2.2% at 927 yuan a tonne. Spot prices of iron ore with 62% iron content for delivery to China, compiled by SteelHome consultancy, stood at $159.5 a tonne on April 2. "Currently, the sluggish property market in China has dented steel and iron ore consumption… but iron ore destocking has started," analysts with Huatai Futures wrote in a note.

Portside iron ore inventories in China were at 155.6 million tonnes in the week ended April 1, down by 4 million tonnes from a week earlier and 3.3% from the peak in mid-February, according to SteelHome. With expectations that China will stabilize its economy and stimulate the real estate sector, iron ore demand is seen to be rising, the Huatai analysts said. Other steelmaking ingredients on the Dalian bourse also gained. Coking coal, for May delivery, inched up 0.7% to 3,241 yuan a tonne and coke prices leaped 2.8% to 4,075 yuan per tonne at close.

Construction material steel rebar on the Shanghai Futures Exchange, for October delivery, increased 0.2% to 5,121 yuan a tonne. "Downstream demand (of steel rebar) has been postponed due to the pandemic," SinoSteel Futures said in a note, adding that consumption would recover amid relatively easy credit. Hot-rolled coils futures, used in the manufacturing sector, dipped 0.1% to 5,268 yuan a tonne.

Source: Reuters

IRON ORE PRICE SLUMPS ON COVID-19 RESTRICTIONS IN CHINA

The iron ore price fell on Monday, tracking lower raw material prices as still stringent covid-19 related measures in China dented market sentiment and fuelled worries that the recovery in the world's second-largest economy might lose steam. According to Fastmarkets MB, benchmark 62% Fe fines imported into Northern China were changing hands for $150.65 a tonne during morning trading, down 2.23% compared to Friday's closing.

"Previous market expectation was that the (steel) demand would be postponed but not absent," analysts with GF Futures wrote in a note. "But as the current pandemic is continuously spilling over, there's a relatively big uncertainty in its disruptions to the economy," said the note, adding that the consumption in April and May could be pressured.

China's financial hub, Shanghai, which had started lockdown at the end of March, has reported around 180,000 locally transmitted infections between March 1 and April 9, of which 96% were asymptomatic. "China's covid outbreaks, associated lockdowns, and the government's handling of them will likely continue to dominate sentiment and direction for iron ore futures in the near term," said Atilla Widnell, managing director at Navigate Commodities in Singapore.

Source: Mining weekly

SHIFTING COAL TRADE BOOSTS PANAMAX TONNE MILES

Panamax coal freight rates in the first quarter of 2022 were higher year on year as tight coal supply and concern about sanctions against Russian volumes led to changes in trade routes and an increase in tonne-mile demand. In the Pacific, coal trade from eastern Russia to buyers such as Japan and China were disrupted in the aftermath of the start of the conflict in Ukraine, including by moves by various governments to exclude some Russian banks from global financial messenger service Swift. This led to increased demand from further afield, including Indonesia, which entails coal travelling about twice as far to northeast Asia as it would if coming from the Russian far east ports.

European buyers also sought to diversify away from Russia amid railing constraints and perceived sanctions-related risks, leading to an increase in very long haul shipments from east Australia to Europe (albeit with most spot fixtures on Capesize ships), as well as more interest in Colombia to Europe trade. Colombian imports into ARA ports rose by 178pc on the year to 656,000t in March. European utilities even enquired about Indonesian coal, although the extent of this continuing depends on whether Indonesia's mining companies have product that fits the specifications needed by European buyers. Indonesian coal sales to Europe accounted for less than 1pc of the country's total exports in 2021.

This shift in trade flows helped to support rates in the global Panamax market during the first quarter. Over the quarter as a whole, the Indonesia to south China rate was up by nearly 30pc year on year, despite a lack of trade in January when Indonesia briefly banned coal exports to support supply to local utilities, and continued output constraints linked to heavy rainfall in the key producing region of Kalimantan. This also does not take into account rates having risen to multi-year highs in the first quarter of last year because of strong demand and Chinese port delays. Compared with the first quarters of 2018-20, rates on the route in 2022 were over twice as high. Other freight rates followed suit, with the east Australia to Japan Panamax rate up by over 30pc on the year in the first quarter, and the Puerto Bolivar to Rotterdam Panamax rate up by 24pc. It should be noted that higher bunker fuel costs were also a factor in these increases.

Global economies are scurrying to find alternative suppliers owing to the uncertainty around Russian supplies, Hellaschart dry bulk shipbroker Marios Tepenkiozis told Argus. Trade flows in the Panamax and Capesize markets are likely to change further in the near future, which could further support freight rates in the second quarter, Tepenkiozis said. Specific changes in trade flows are difficult to anticipate, he said, but Atlantic Russian coal shipments to Asian markets, as well as Europe paying for longer-haul imports of South African and Australian coal are now more likely in the medium term, which would boost tonne-mile demand for dry bulk ships.

Source: Argus media

CHINA MAKES HUGE CORN PURCHASE FROM US

The US government announced on April 4 that China recently purchased 1.084 million tonnes of US corn, its largest purchase since May 2021. The US Department of Agriculture (USDA) said the deal was for 676,000 tonnes of corn to be delivered in the 2021-22 marketing year that ends Aug. 31 and for 408,000 tonnes to be delivered in 2022-23.

The deal comes on the heels of a USDA report that US farmers intend to reduce corn plantings this spring because of the high price of inputs such as fertilizer and fuel. Corn requires more fertilizer than soybeans. Also impacting global corn supplies is the war in Ukraine, the world's fourth biggest corn exporter. Since the Russian invasion in late February, Ukrainian ports have been shut down, severely limiting the country's ability to export grain.

China recently approved new regulations to allow the planting of genetically modified (GM) seeds, which will boost domestic production of corn and soybeans. The Chinese government has stated that it wants to become less dependent on grain imports, particularly corn and soybeans.

Source: World Grain

SOUTH KOREA'S CORN CONSUMPTION, IMPORTS EDGE UP

Driven by feed production, South Korea's overall corn consumption is expected to reach 12 million tonnes in 2022-23, up 6% from the current marketing year, according to the April 6 Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA). Corn use reflects 9.6 million tonnes for feed and 2.4 million tonnes for food, seed and industrial uses. Imports are headed toward 11.9 million tonnes in 2022-23, up 5% from 2021-22 to cover demand, the USDA said.

Meanwhile, the USDA has revised 2021-22 overall corn consumption in South Korea down 4% from its previous forecast to 11.3 million tonnes, and feed corn imports are expected to drop 500,000 tonnes, to 9 million tonnes, following Russia's invasion of Ukraine.

"Some of the contracts will likely be replaced with alternative origins (including the United States and South America), but overall supply of feed corn in Korea is still expected to decline during the remaining months of the year," the USDA said. "Greater demand for feed grains during this year from the anticipated recovery of animal inventories is expected to be met by increased consumption of feed wheat."

Source: World Grain

BRAZIL LOWERS HARVEST TOTAL BUT STILL SEES INCREASE FROM LAST YEAR

Brazil's 2021-22 grain harvest could reach 269.3 million tonnes, a 5.4% increase from 2020-21, according to new estimates from the National Supply Company (Conab). However, the estimate, which is Conab's seventh, is 6.7% lower than its first production estimate for the harvest. This is due to adverse weather conditions causing greater losses in soybeans and corn.

"Rainfall was more regular throughout the producing region including in the south of the country, which allowed for planting in good humidity conditions," said Guilherme Ribeiro, president of Conab. "The producer did his part. Now let's wait for the weather."

Total planted area in the country is estimated at 72.9 million hectares, an increase of 4.4% compared with last harvest. The largest increases were seen in soybean area with a 4.1% increase and corn with a 6.5% increase. Soybean production is forecast at 122.4 million tonnes, a drop of 11.4% compared with the previous crop. Good rainfall helped in the recovery of a small portion of crops sown late in the south region and Mato Grosso do Sul but did not reverse the decline in productivity, Conab said.

"Rio Grande do Sul remains the state most affected by the water deficit, followed by Paraná and Mato Grosso do Sul," said Sergio De Zen, director of Agricultural Information and Agricultural Policies. "In the opposite scenario, most other states achieved higher yields than those obtained in the last harvest, especially Piauí, with a positive yield of 12.7%."

Corn production is estimated at 115.6 million tonnes, a 33% increase from the previous cycle. Conab said despite the increase, the sharp 20% drop in productivity in the south region during the first harvest is important to note."This is explained by a severe water deficit caused by the lack of rain in the south of the country at the end of 2021 and beginning of 2022," said Candice Santos, superintendent of Agricultural Information. "On the other hand, it is worth noting that Conab projects a 36.3% increase in corn productivity over the second harvest."

Source: World Grain