DRY BULK WEEKLY BRIEF

WEEK 17 | Monday, 02 May 2022

LATEST COMMODITY NEWS

Iron Ore

CHINA IRON ORE, STEEL FUTURES REBOUND AS COVID-LED CONCERNS EASE

IRON ORE PRICE RETREATS AS CHINA VOWS TO CUT STEEL OUTPUT IN 2022

Coal

CHINA LOCKS DOWN PART OF ITS NORTHERN HUB FOR COAL SHIPPING

CHINA TO CUT COAL IMPORT TARIFFS TO ZERO FROM MAY 1

Grains

ARGENTINA WHEAT OUTPUT, EXPORTS TO DECLINE

WAR DISRUPTING GRAIN TRADE FLOWS IN THE EU

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
17	4	1	3
16	8		
15	8		2
	17	**1**	**5**

Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
17	CORAL TOPAZ	76,598	2007	$18.4M
17	ELIM PEACE	51,187	2003	$12.5M
17	CORONA	46,693	2000	$10.2M
17	DOLCE VITA	38,690	2015	$25.0M

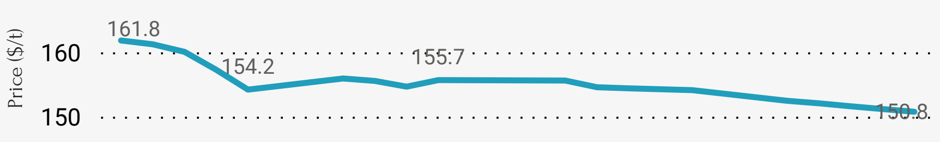
Demolition Prices for Bulkcarriers ($/LDT)

BREAKER COUNTRY	Week 17	WoW%
PAKISTAN	670	17.5%
INDIA	665	26.7%
BANGLADESH	650	13.0%

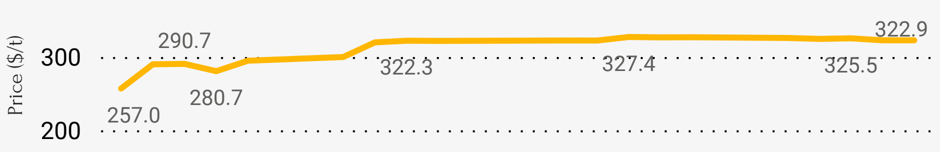
Average bunker Prices ($/t)

WEEK	VLSFO	MGO	IFO380
17	897	1,266	739
16	926	1,244	727
15	920	1,150	704

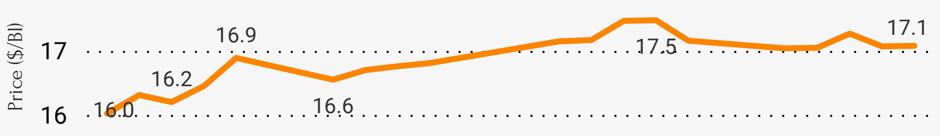
Iron Ore Price Last 30 days ($/t)



Coal Price This Month ($/t)



Soybeans Price ($/bl)



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

CHINA IRON ORE, STEEL FUTURES REBOUND AS COVID-LED CONCERNS EASE

Chinese iron ore and steel futures rose on Wednesday after falling for two consecutive days, as concerns stoked by the COVID-19 outbreak eased. Benchmark iron ore futures on the Dalian Commodity Exchange had plunged more than 8% this week until Tuesday, while construction-used rebar on the Shanghai Futures Exchange lost some 3% on fears over sluggish demand outlook due to recurring COVID outbreaks in China. "The panic sentiment had been released and the ferrous sector is returning to fundamentals," Galaxy Futures wrote in a note, adding that spot market transactions for iron ore were recovering and there's was still restocking downstream demand.

The most-active iron ore contract for September delivery jumped as much as 3.5% to 834 yuan ($127.19) a tonne in the morning session. They ended up 2.6% at 827 yuan. Spot prices of iron ore with 62% iron content for delivery to China rose 50 cents to $139.5 a tonne on Tuesday, according to SteelHome consultancy. Steel prices also regained footing after Chinese President Xi Jinping vowed to step up infrastructure construction to boost domestic demand and drive economic growth. Steel rebar for October delivery gained 1% to 4,864 yuan per tonne. Hot-rolled coils, used in the manufacturing sector, advanced 0.8% to 4,948 yuan a tonne. Shanghai stainless steel futures for June delivery dipped 0.2% to 816 yuan per tonne.

Other steelmaking ingredients retreated from gains in morning session, with coking coal falling 1.4% to 2,839 yuan a tonne at close and coke prices slipped 1.9% to 3,551 yuan per tonne.

Source: Reuters

IRON ORE PRICE RETREATS AS CHINA VOWS TO CUT STEEL OUTPUT IN 2022

The iron ore price fell on Tuesday after a spokesperson for China's state planner said the country would keep reducing steel output this year. Adding to concerns over demand prospects for the key steelmaking raw material, China's steel production hub Tangshan implemented another round of covid-19 lockdowns in four districts for at least three days from Tuesday, the local government said in a statement.

According to Fastmarkets MB, benchmark 62% Fe fines imported into Northern China were changing hands for $149.55 a tonne during morning trading, down 2.27% compared to Monday's closing. The most-traded September iron ore contract on China's the Dalian Commodity Exchange ended daytime trade 3.3% lower at 887 yuan ($139.18) a tonne, after touching a two-week high of 942 yuan earlier in the session. On the Singapore Exchange, the most-active May contract was down 2.3% at $151.35 a tonne.

China will reduce crude steel output this year, after slashing production in 2021 in line with its goal to control carbon emissions, said a spokeswoman for China's state planner, the National Development and Reform Commission. Expectations for additional policy support for the world's second-largest economy, which faces risks of a sharp slowdown due to the lockdowns and headwinds brought on by the Ukraine war, have pushed Dalian iron ore prices up by more than 30% this year.

However, the timing and extent of the anticipated additional stimulus measures remain uncertain. Chinese authorities are walking a tight rope as they try to stimulate growth without endangering price stability. "It remains to be seen how extensive the Chinese policy response will be," J.P. Morgan economists wrote in a note. "Slower Chinese growth is expected to linger into 3Q before rebounding, raising the risk of near-term spillovers to regional trading partners and commodity exporters," they said.

Source: Mining

CHINA LOCKS DOWN PART OF ITS NORTHERN HUB FOR COAL SHIPPING

The northern port of Qinhuangdao is the latest Chinese commodities hub to get hit by virus-related lockdowns. The city in Hebei province has locked down its Haigang district, which includes the port, after infections were found in the area, although a spokesperson said the port is operating normally. In the first quarter, Qinhuangdao handled nearly 50 million tons of goods, mostly coal from the interior and metal ore imports. Hebei is China's biggest steel province, and its mills rely on seaborne supplies of iron ore.

The city is chiefly known as a transition point for sending coal from the mining regions of the north to the coastal industrial centers in the south. The price set at the port is an important benchmark for China's coal market, which is the largest in the world. While port administrators are working remotely, workers are on site and coal is being transported normally, the spokesperson said. Still, coal flows have drawn particular scrutiny in recent weeks as markets in the south stress over dwindling imports and a resurgent virus that has clogged up transportation of the nation's mainstay fuel.

Much of the Chinese economy was crippled by an unprecedented power crunch in the fall. Earlier this month, an executive at the China Coal Transportation and Distribution Association said eight coastal provinces, including economic powerhouse Guangdong, are threatened once again by a growing shortfall of the fuel for industry and cooling needs. Miners in the top producing province of Shanxi have since been told to guarantee supplies to the at-risk areas, according to a report. Earlier this week, Baotou, the biggest city in Inner Mongolia, China's No. 2 coal region, was locked down. Baotou is also a crucial hub for the production of rare earths.

Source: Bloomberg news

CHINA TO CUT COAL IMPORT TARIFFS TO ZERO FROM MAY 1

China will cut import tariffs for all types of coal to zero from May 1, 2022, until March 31, 2023, the finance ministry said on Thursday, as Beijing strives to ensure energy security amid soaring global prices and supply disruption concerns. Top Chinese officials, including President Xi Jinping, have repeatedly addressed the vital role of coal in China's energy mix despite climate pledges to gradually reduce coal use and to bring the country's carbon emissions to a peak by 2030.

Import tariffs for anthracite and coking coal, mainly used in steelmaking, will be cut to zero from the current 3per cent, and rates for other kinds of coal will be down from 3-6per cent. China imported 323.33 million tonnes of coal in 2021, about 8per cent of its total coal consumption. However, the removal of coal import tariffs is seen having little impact on China's coal purchases in 2022, as domestic output holds at record levels while sea-borne prices have surged to historically highs. Some traders said the move could benefit its imports from Russia.

Australian thermal coal futures linked to benchmark Newcastle prices are hovering around US$326 a tonne after touching as high as US$440 a tonne in early March. China's spot coal prices are around 1,200 yuan (US$181.61) a tonne, with term-contract prices capped by the government at 770 yuan. "The tariff cuts will make no difference to Indonesian coal imports, as the tariff rates have been at zero, and no impacts on Australian coal due to imports ban," said a Beijing-based coal trader. "Then we can only make a guess that it will benefit coal imports from Russia, which is at 6per cent for thermal coal."

China's imports of Russian coal fell 30per cent in March from a year earlier but some Chinese traders in recent weeks have begun asking for cheap Russian cargoes following a planned embargo from the European Union. "The problem for China at this moment is not about supply, but the weak demand," said another coal trader in China.

Source: Todayonline

ARGENTINA WHEAT OUTPUT, EXPORTS TO DECLINE

Lower wheat production and exports are forecast for Argentina in the 2022-23 marketing year, according to a Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA). The USDA projects production to decline 15% to 18.6 million tonnes due to smaller acreage and yields. As a result, exports in 2022-23 are forecast to decline slightly to 12.6 million tonnes. "At this time, farmers have not made irrevocable decisions about winter planting intentions," the report said. "With current high prices for both wheat and crop inputs, especially fertilizer, wheat planting intentions are highly uncertain. Post projects acreage will drop to 6.2 million hectares, 6% lower than our estimate for the previous year, but some industry contacts believe wheat acreage could fall as much as 25%."

Argentine wheat stocks in the current and next marketing years are estimated at around 2 million tonnes and will be closely monitored by the government to maintain a well-supplied milling industry, which includes 160 flour mills, and reduce retail price volatility, the report said. Meanwhile, the USDA is forecasting record barley output and exports for the upcoming marketing year. Production is expected to reach 5.3 million tonnes, 6% higher than the 2021-22 estimate, while exports are pegged at 3.7 million tonnes, which would include 1.2 million tonnes of malting barley and 2.5 million of feed barley. "China is expected to continue to be the main, and almost exclusive, destination for feed barley," the USDA said. "Malting barley is projected to be exported to Brazil, Colombia and China, as well as smaller volumes to Ecuador, Peru and some EU countries."

Source: World Grain

WAR DISRUPTING GRAIN TRADE FLOWS IN THE EU

Uncertainty stemming from the war in Ukraine clouds the outlook for grain production and trade in the European Union, according to a Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA). Ukraine, which accounts on average for more than 40% of the EU's total grain import needs, has exported very little grain or related inputs since the Russian invasion began on Feb. 24, the report said. The USDA said this development has raised concerns over spring corn plantings in the EU for the 2022-23 marketing year as the hostilities "limit labor force and inputs delivery" for items such as diesel, certified seeds and fertilizers. Because of the conflict, the EU's normal trade flows for grain have been severely disrupted as EU grain importers have been forced to look for alternative suppliers in North America and South America, the report said.

The EU also is helping fill the export void caused by the war, and the USDA said it projects total grain exports from the Member States to reach 45.7 million tonnes in 2022-23, a 5% decrease from this year but an increase compared with 2020-21. The report also showed projected total grain ending stocks to remain tight in 2022-23 at 27.9 million tonnes, which is slightly lower than this year's total. "The final EU grain stocks figure may be a combination of potential yield reduction, new alternative sources for feed grain imports, the amount of EU grain exports, and the pace at which the internal demand contracts in response to soaring feed and food prices," the USDA said.

Source: World Grain