

# DRY BULK WEEKLY BRIEF

WEEK 18 | Monday, 09 May 2022



## LATEST COMMODITY NEWS

### Iron Ore

IRON ORE PRICE DROPS AS INVESTORS MONITOR DEMAND IN CHINA

INDIA'S NMDC'S APRIL IRON ORE OUTPUT, SALES INCH UP

### Coal

CHINA APRIL COAL IMPORTS SOAR, DRIVEN BY PANIC ORDERS IN EARLY MARCH

CHINA VOWS STRONGER SUPERVISION TO STABILISE COAL PRICES

### Grains

UKRAINE UNABLE TO MOVE GRAIN TO MARKETS

DRY WEATHER WEIGHS ON BRAZIL CORN OUTPUT

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
18	11		
17	4	1	3
16	8		
	<b>23</b>	<b>1</b>	<b>3</b>

### Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
18	AZUL LEGENDA	206,331	2008	\$26.5M
18	AQUAMARINE	182,060	2009	\$26.5M
18	MOUNT SINAI	177,656	2006	\$22.0M
18	GREAT ASPIRATION	93,412	2010	\$17.5M
18	GREAT CHEER	93,297	2009	\$17.1M
18	SEA HERMES	81,708	2013	\$23.5M
18	SIANA	73,127	1999	\$9.2M
18	AMOY DREAM	56,874	2010	\$17.0M
18	EREDINE	39,855	2014	\$24.6M
18	IONIC HUNTRESS	34,062	2015	\$19.5M
18	IRONGATE	28,000	2015	\$18.0M

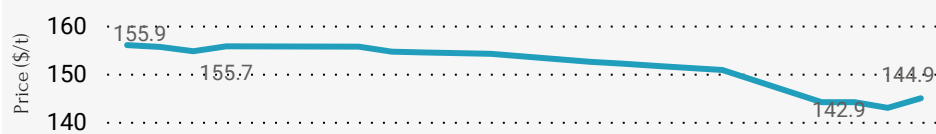
### Demolition Prices for Bulkcarriers (\$/LDT)

BREAKER COUNTRY	Week 18	WoW%
PAKISTAN	663	16.2%
INDIA	658	25.2%
BANGLADESH	643	11.7%

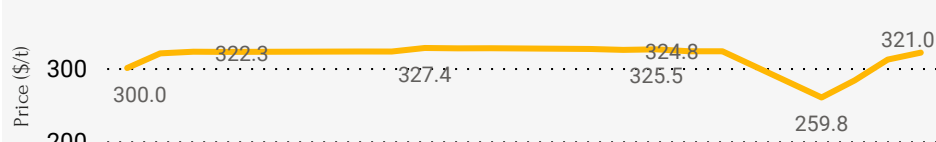
### Average bunker Prices (\$/t)

WEEK	VLSFO	MGO	IFO380
18	903	1,330	759
17	897	1,266	739
16	926	1,244	727

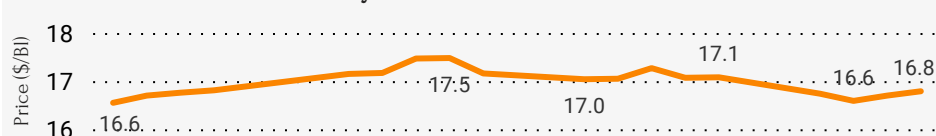
### Iron Ore Price Last 30 days (\$/t)



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



### Soybeans Price (\$/bl)



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## IRON ORE PRICE DROPS AS INVESTORS MONITOR DEMAND IN CHINA

The iron ore price fell over 4% on Friday as risk aversion across financial markets escalated and investors assessed the demand prospects in top consumer China. Benchmark 62% Fe fines imported into Northern China fell 4.2%, to \$138.48 per tonne, the lowest since mid-March. Futures in Dalian slipped 1.6% while steel rebar and hot-rolled coil declined in Shanghai.

At a meeting held Thursday, the Politburo reiterated its support for a lockdown-dependent approach to contain the virus. That follows President Xi Jinping's commitment last week to boost infrastructure construction to rescue economic growth, which has come under pressure from the nation's covid strategy. "The meeting held yesterday revolved mainly around epidemic control," said Wei Ying, a ferrous analyst at China Industrial Futures. "This indicates that restrictions will hold in the near future, which has sparked some concerns" about the impact on the economy."

Meanwhile, post-holiday demand for the steelmaking ingredient has picked up only slightly, according to a note by Holly Futures. Virus-related lockdowns have slowed down the movement of iron ore shipments, while overall market demand faces great uncertainty from the spread of covid in China, it said

*Source: Mining*

## INDIA'S NMDC'S APRIL IRON ORE OUTPUT, SALES INCH UP

India's largest iron ore producer, state-controlled NMDC posted a marginal increase in iron ore production and sales in April. Output in April inched up by 0.6pc on the year to 3.15mn t, while sales rose by about 1pc on the year to 3.12mn t. The producer registered all-time high output of 42.15mnt and sales of 40.7mn t in the April 2021-March 2022 fiscal year. "Having achieved the target of 42mn t iron ore production, we are confident that NMDC will grow to become a 50mn t mining company in the near future," NMDC chairman and managing director Sumit Deb said. NMDC aims to achieve 100mn t of production by 2030.

The firm kept its monthly domestic prices in May unchanged from the previous month at 6,100 rupees/t (\$79.50/t) for lump with 65.5pc Fe content and at Rs5,160/t for 10mm fines with 64pc Fe, amid weaker steel demand in domestic and international markets.

The daily Argus ICX 62pc iron ore index was at \$146.50/dry metric tonne on 29 April, lower by 23pc on the year.

*Source: Argus media*



## CHINA APRIL COAL IMPORTS SOAR, DRIVEN BY PANIC ORDERS IN EARLY MARCH

China's coal imports surged 43% in April from March, driven by panic buying over concerns of supply disruption in the wake of Russia's invasion of Ukraine that has dropped off as traders turn to cheap domestic supply. China shipped in 23.55 million tonnes of coal last month, data from the General Administration of Customs showed on Monday. That compares with 16.42 million tonnes in March and 21.73 million tonnes in April 2021. For the period of January-April, China brought in a total of 75.41 million tonnes of coal, down 16% on the same period a year earlier.

Benchmark Newcastle thermal coal NCFMc1 hit a record high of \$440 a tonne in early March, fuelled by fears of tight supply as Western countries vowed to impose sanctions on Russia's financial system and energy products after Russia invaded Ukraine. Moscow calls its actions in Ukraine a "special operation".

As global coal prices stayed high while Chinese central government ordered miners to boost domestic output and capped local prices, Chinese traders then shunned expensive seaborne cargos in favour of domestic sources. China aims to churn out a record 12.6 million tonnes of coal each day and maintain coal prices under term-contracts at 570-770 yuan (\$84.99-114.81).

Meanwhile, the country's state planner in April urged 14 regions, including Guangdong, Guangxi and Zhejiang, which largely rely on imported coal, to sign more term-contracts with the top mining hubs of Shanxi, Shaanxi and Inner Mongolia for domestic supply.

*Source: Reuters*

## CHINA VOWS STRONGER SUPERVISION TO STABILISE COAL PRICES

China's state planner vowed to deploy stronger forces to stabilise coal prices and punish price gouging as new coal price caps come into effect. The National Development and Reform Commission (NDRC) in February set price caps for the benchmark 5,500 kcal thermal coal at Qinghuangdao Port at 770 yuan (US\$115.46) a tonne for term contracts and at 1,155 yuan a tonne for spot cargoes, effective from May 1. China's central government aim to balance the profits of coal miners and power generators after the country was gripped by widespread power shortages over record high coal prices last year.

Despite efforts to optimise its energy mix, coal still contributes about 60 per cent of China's total power generation. "China must take practical measures to stabilise coal prices ... which therefore will stabilise power prices and energy costs at enterprises, and will provide strong support for China to reach stable economic growth," the NDRC said in a statement on Friday.

The NDRC has also set out price guidance for ex-pit coal in the major mining regions of Inner Mongolia, Shanxi and Shaanxi. Once coal prices exceed the reference ranges, the NDRC will immediately step in and call for a legal investigation into suspected price gouging. China's thermal coal futures contract for May delivery was up 3 per cent to 859.6 yuan a tonne on Friday.

*Source: Reuters*



## UKRAINE UNABLE TO MOVE GRAIN TO MARKETS

About 4.5 million tonnes of grain is stuck in Ukraine as the ongoing war with Russia prevents safe shipping to the country's ports, adding to a "global food crisis," according to a UN World Food Programme (WFP) official, Business Insider reported, citing German news agency DPA. Ukraine is an important exporter of grains such as wheat and corn, accounting for 12% and 17% of global supply, respectively. Prices of the commodities have surged in the wake of Russia's invasion on Feb. 24, as the war curtails production and export of the grains, with blocked shipping routes proving a major obstacle.

According to NATO, floating mines have been found and deactivated in the western Black Sea by authorities of countries that border the waterway. NATO also said that "threat of collateral damage or direct hits on civilian shipping" in parts of the Black Sea remains high. "Food needs to get to the trapped and suffering people in Ukraine, but equally it needs to get out of the region and into the world to alleviate a global food crisis," Martin Frick, Germany director of the UN World Food Programme, told DPA.

Plans are underway to develop a "grain bridge" for blocked supplies of grain to be exported out the country through trains instead of the sea, which would involve the cooperation of Ukrainian Railways and its neighboring countries, Germany, Poland, the Czech Republic, Slovakia, and Romania.

*Source: World Grain*

## DRY WEATHER WEIGHS ON BRAZIL CORN OUTPUT

The lack of rain in several of Brazil's corn-producing areas has already prompted lower production estimates for the 2021-22 second corn crop. The next 30 days will be crucial for determining crop yields. In Mato Grosso, the largest corn producing state in the country, the forecast for the second corn crop was revised downward to 39.34mn tonnes (t) from the 40.4mn t projected last month, according to the Mato Grosso Institute of Agricultural Economics (Imea). Another cut is expected next month, and the estimate may fall to 39mn t, Marcos da Rosa, the vice president of the Federation of Agriculture for Mato Grosso state, told Argus.

The second corn crop, Brazil's largest, is planted on the same land as the soy crop. Mato Grosso's farmers say that a portion of the second corn crop, also known as the winter crop, was planted outside of the ideal timeframe because heavy rains earlier in the year delayed the soybean harvest. Some of the crops planted later have been without rain for more than 20 days and so have already lost 50pc of their productivity, leading Imea to reduce expected output in the state. Damage by the leafhopper pest has led to further losses.

In 2020-21, winter corn production totalled 60.7mn t because most of the Brazilian crop was planted outside of the ideal timeframe. Moreover, many regions suffered drought and frost during the season.

For this cycle, market participants have ruled out a similarly large loss, but they agreed that the lack of rain in the central-west region is likely to result in a harvest below initial forecast of 90mn t.

*Source: Argus media*