DRY BULK WEEKLY BRIEF

WEEK 37 | Monday, 20 September 2021

LATEST COMMODITY NEWS

Iron Ore

IRON ORE FUTURE HIT 9 MONTH LOW AS CHINA STEEL CURBS CONTINUE

WORLDWIDE IRON ORE PRODUCTION TO INCREASE TILL 2025 - FITCH

Iron Ore Inventories

DECLINING INVENTORIES IN MAJOR IRON ORE EXPORTING PORTS

Coal

COAL EXPORTS TO PLUNGE 80% IF WORLD STAYS BELOW 1.5 DEGREES-RBA

Grains

US WHEAT FUTURES GAIN 4% ON GLOBAL SUPPLY CONCERNS

CHINA LOWERS 2021/2022 CORN CONSUMPTION ESTIMATES

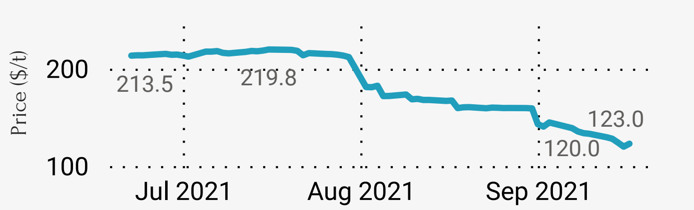
CHINA BRAZIL SOYBEAN IMPORT UP 10.9%

Week	S&P Transactions	Demolition Sales	Newbuilding Orders
37	18		3
36	19		14
35	16	1	15
Total	**53**	**1**	**32**

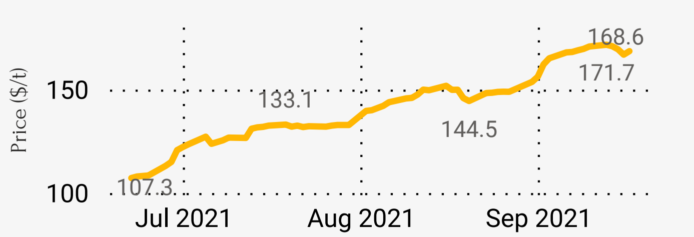
Latest Secondhand Transactions

Week	Vessel Name	DWT	Built	Reported Price
37	GREAT AMITY	56,050	2004	£14.0M
37	GREAT TALENT	76,773	2005	£17.0M
37	INGENIOUS	55,648	2011	£17.8M
37	LDN FORTUNA	93,251	2011	£19.7M
37	LOWLANDS NELLO	82,014	2015	£32.0M
37	MAHAVIR	74,005	2000	£11.8M
37	MARITIME FAITH	33,166	2011	£16.0M
37	PEAK LIBERTY	81,837	2015	£28.0M
37	PEAK PEGASUS	82,000	2013	£27.0M
37	PROSPEROUS	179,100	2011	£31.0M
37	SFL DEE	31,716	2013	£14.2M
37	SFL KENT	34,061	2012	£15.2M
37	SFL MEDWAY	33,800	2011	£14.8M
37	SFL SPEY	33,985	2011	£14.6M
37	SFL TRENT	34,025	2012	£15.0M
37	SFL TYNE	31,905	2012	£13.5M
37	SHAO SHAN 5	75,700	2012	£20.8M
37	TRANS OCEANIC	58,168	2012	£23.0M

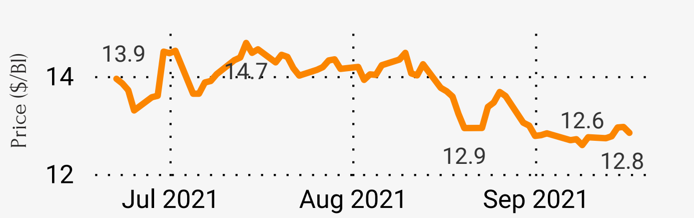
Iron Ore Price This Month ($/t)



Coal Price This Month ($/t)



Soybeans Price ($/bl)



Changes in Iron Ore Port Inventory Index

Port	W/W%
Dampier	-2.68%
Qingdao-Dongjiakou	0.74%
Qingdao-Qianwan	-1.40%
Saldanha	-8.74%
Tubarao	-26.67%

Source: Tathya.Earth

Demolition Prices for Bulkcarriers ($/LDT)

BREAKER COUNTRY	Week 35	WoW%
BANGLADESH	580	4.6%
INDIA	555	-1.2%
PAKISTAN	580	-0.3%
TURKEY	270	-1.2%

Average bunker Prices ($/t)

WEEK	VLSFO	MGO	IFO380
34	534	623	435
35	543	638	442
36	548	650	452

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

IRON ORE FUTURE HIT 9 MONTH LOW AS CHINA STEEL CURBS CONTINUE

Iron ore futures in China hit a nine-month low on Wednesday as steel output in the top producer continued to slide, compounding concerns around demand for the raw material. China's monthly crude steel production slipped for the third straight month to 83.24 million tonnes in August, data from the National Bureau of Statistics showed, sending average daily output to the lowest since March 2020. The most-traded iron ore futures on the Dalian Commodity Exchange, for January delivery, fell as much as 4.3% to 683 yuan ($106.02) per tonne, the lowest since Dec. 9, 2020. The contract was down 2.9% to 693 yuan at the close. Spot prices of iron ore with 62% iron content for delivery to China fell $2 to $125 a tonne on Tuesday, according to SteelHome consultancy.

"Global commodity prices are still at high levels, and there's still uncertainty in future trends despite recent drops," a spokesperson from the statistics bureau said at a briefing on Wednesday. Construction used steel rebar on the Shanghai Futures Exchange fell 1.4% to 5,518 yuan a tonne. Hot rolled coils ended down 1.2% at 5,694 yuan per tonne. Stainless steel futures on the bourse, however, jumped 4.5% to 19,815 yuan a tonne. The country's property investment in August rose 0.3% from a year ago, the slowest pace in 18 months, while fixed-asset investment grew 8.9% on an annual basis in the first eight months of the year, according to the statistics bureau.

Source: CNBC

WORLDWIDE IRON ORE PRODUCTION TO INCREASING TILL 2025 - FITCH

The latest industry report by Fitch Solutions forecasts that the worldwide production of iron ore will grow in the coming years. The research firm forecasts that from 2021 to 2025, the worldwide iron ore mine output growth will average almost 4%. This is in comparison with the 2.3% forecast of the last five years. According to the market analyst, this will increase the annual production of iron ore by more than 570 million tons by the year 2025, with the main countries driving this growth being Australia and Brazil. In its report, Fitch states that mining companies in Australia, such as Fortescue, Rio Tinto and BHP, plan to re-invest their booming profits into additional production. Furthermore, Vale, which has its headquarters in Brazil and is the second-largest mining company in the world, is working towards expansion.

Fitch notes that these moves will bring an end to the inactivity that has continued since the price of iron ore hit its lowest average of $55 per ton in 2015. The firm's forecasts shows that the production of iron ore in Australia in the period between 2021 and 2025 will grow at an average rate of 1.8% annually. The market analyst also expects the production of iron ore in China to increase during the same period, as the country works to decrease imports from Australia and grow its self-sufficiency. The forecast notes that by 2025, iron ore production will reach almost 1.1 billion tons, before declining once again. In Brazil, the research company expects the production of iron ore to grow at an average rate of 10.6% annually. This will facilitate an increase from last year's production of 397 million tons of iron ore to over 540 million tons of iron ore in 2025. Production growth in the country is set to decrease over the long term, with forecasts showing an average annual growth of less than 2% in the period between 2026 and 2030. This will bring yearly output to slightly above 590 million tons by 2030.

Source: InvestorBrandNetwork

COAL EXPORTS TO PLUNGE 80% IF WORLD STAYS BELOW 1.5 DEGREES-RBA

The Reserve Bank of Australia says the coming collapse in coal shipments as Australia's biggest customers pivot to net zero would impose only a relatively modest hit on economic growth, even as they warn of an "uncertain outlook" for the renewable energy exports that are meant to soften the blow. Officials at the bank said in a research paper published on Thursday coal exports and, to some extent, gas shipments could plunge by as much as 80 per cent if China, Japan and South Korea take an aggressive approach to decarbonising their economies by mid-century. That figure would be consistent with keeping the planet's temperatures from heating by more than 1.5 degrees, the level at which scientists say the effects of climate change become irreversible and catastrophic.

RBA economists estimate the collapse in fossil fuel exports would take about 0.1 percentage points from annual gross domestic product after accounting for positive "opportunities in other sectors" they anticipate will emerge. These include exports such as green hydrogen and green steel, as well as rising global demand for Australian critical and rare earth minerals at the heart of electrification. "One example is the renewable energy market, where investment has begun to support activity and employment, particularly in regional areas where large-scale renewable generators tend to be located," the Reserve Bank economists wrote. The report highlights both the costs and opportunities to Australia of the pledged shift away from fossil fuels by the world's biggest emitters, as well as huge question marks about the different potential trajectories.

Using climate scenarios that have been developed by a consortium of central banks trying to improve climate risk management, the Reserve Bank's analysis maps out four possible worlds. They are: net zero where global warming is limited to 1.5 degrees; a world in which warming is allowed to reach 2 degrees; a scenario in which all the pledges to cut emissions by countries as of December become reality; and the current set of policies of countries around the globe. Australian coal exports would rise by 17 per cent by 2050 under the last scenario, or business as usual. They would fall under the other three options. The most dramatic collapse would be if the world managed to keep the rise in the average temperate of the planet below 1.5 per cent. Under that scenario, coal exports collapse by 80 per cent by mid-century. Two-thirds of that fall would be due to China, Japan and South Korea. LNG exports would fall by 50 per cent in a net zero world, they said. "The renewables export market is still at an early stage and the outlook is uncertain," they wrote. "More broadly, it is difficult to estimate the extent to which activity in other sectors could eventually offset a decline in activity related to fossil fuel production." "Whatever happens, the impact of a decline in fossil fuel exports would be significant for certain communities and regions, especially those in which mining accounts for a large share of employment."

In a separate research paper, the Reserve Bank warned of "significant uncertainty" for Australian banks about the risks to balance sheets from climate change. "This is because of the uncertainty about how climate change will alter future weather patterns, how policies will change globally and how economies adapt. "A small share of housing in regions most exposed to extreme weather could experience price falls that might subsequently result in credit losses, but the overall losses for the financial system are likely manageable. "Banks are also exposed to transition risks from their lending to emissions-intensive industries, but their portfolios appear to be less emissions-intensive than the economy as a whole."

Source: Australian FInancial Review

US WHEAT FUTURES GAIN 4% ON GLOBAL SUPPLY CONCERNS

U.S. wheat futures edged higher to linger near a more than one-week high on Friday, as concerns about global supplies set the grain on track for a weekly gain of nearly 4%. The most-active wheat futures on the Chicago Board of Trade were up 0.1% at $7.13-1/4 a bushel, as of 0400 GMT, having closed 0.1% higher on Thursday when prices hit a Sept. 8 high of $7.16-3/4 a bushel. Wheat was set for its biggest weekly gain in five, with analysts and traders attributing the rise to concerns about global supplies. "Production in several regions is not looking as good as did earlier this year and that has the market concerned," said a Melbourne-based grains trader who declined to be named as he is not authorised to talk to the media.

Strategie Grains on Thursday sharply lowered its projection for world output, partly due to a reduced estimate for the European Union. Statistics Canada earlier this week issued lower-than-expected estimates for Canadian wheat production, while France reduced its soft wheat crop estimate. In Russia, analysts said farmers are expected to sow less winter wheat for next year's harvest. gain in three.

Source: Reuters

CHINA LOWERS 2021/20222 CORN CONSUMPTION ESTIMATES

China has lowered its 2021/2022 estimates for consumption of corn used to make animal feed as hog prices stay low, the agriculture ministry said on Friday. The official figure is closely watched as plunging prices of pigs in China, the world's top producer and consumer, continued to weigh on demand for animal feed and also impacted global trade. China's 2021/22 feed consumption for corn was seen at 187 million tonnes, down 3 million tonnes from previous month's forecast, according to a monthly crop report on the website of the Ministry of Agriculture and Rural Affairs. Expansion of hog production was expected to slow down as pig prices continued to stay at low levels, curbing feed consumption, the ministry said. China's hog prices have tumbled this year on increased supplies and over fears from fresh African swine fever outbreaks.

While the government has moved to take measures to support prices, they stayed at relatively low levels. China also lowered its estimates for both feed and industrial consumption for corn in the 2020/21 marketing year, respectively by 2 million tonnes from the previous year, on elevated prices of the grain, according to the monthly China Agriculture Supply and Demand Estimates (CASDE) report.

Feed consumption for corn in 2020/21 was seen at 180 million tonnes, while industrial demand for corn in the year was estimated at 80 million tonnes, according to the report. Feed producers reduced the use of corn as alternative grains such as wheat and rice had obvious price advantage to replace corn. Corn processor also lowered operation rate at plants on falling margins, the ministry said. The ministry raised its estimates China's 2020/21 corn imports by 4 million tonnes, to 26 million tonnes, on significant rise in U.S. shipments.

Source: Reuters

CHINA BRAZIL SOYBEAN IMPORT UP 10.9%

China's August soybean imports from Brazil rose 10.9% from the same month last year, customs data showed on Monday, while shipments from the United States fell sharply. China, the world's top importer of soybeans, brought in 9.04 million tonnes of the oilseed from Brazil in August, up from 8.15 million tonnes a year earlier, data from the General Administration of Customs showed. Soybeans are crushed for soybean meal to feed China's livestock and for soyoil for cooking. Chinese crushers stepped up soybean purchases last year to meet strong demand as the country rebuilt its pig herd after it was decimated by deadly African swine fever.

In contrast, imports from the United States last month fell to 17,575 tonnes, down 89.4% from 166,370 tonnes in August 2020. Chinese buyers bought four to six bulk cargoes of Brazilian soybeans early last week, amid concerns among global importers that U.S. shipping delays in the wake of Hurricane Ida could last well into the peak season for U.S. exports. Ida made landfall in Louisiana in late August before dissipating in early September. Overall, China imported 9.49 million tonnes of soybeans in August, slightly down from 9.6 million tonnes a month earlier.

Source: Reuters