



# WEEKLY REPORT

## WEEK 47 - November 27 2022

In an effort to assist the country's economy, the People's Bank of China reduced the reserve requirement for banks for the second time this year. The central bank said in a statement that the reserve requirement ratio would be reduced by 25 basis points on December 5. The measure will add around 500 billion yuan to the banking system.

The PBOC stated that the lowering in the reserve requirement ratio is intended to sustain liquidity and promote the real economy. It further stated that the measure would aid in the recovery of the financial sectors harmed by the Covid epidemic. China's cabinet urged this week that the country's central bank increase its efforts to bolster the economy. It also reduced its main interest rates for the second time this year in August.

The People's Bank of China's policy easing is in contrast to the U.S. Federal Reserve's efforts to combat inflation. Officials signalled that they would slow down their rate hikes, which provided the yuan with some respite.

### Dry Bulk

Iron ore prices are rising as optimism about China's steel demand outweighs possible winter output limitations and India's reduced export taxes. The price of spot 62% iron ore for delivery to north China climbed to US\$99.50 a tonne on November 18, according to Argus. The price has climbed 26% after hitting a three-year low of US\$79 a tonne on October 31, taking encouragement from China's efforts to revive the world's second-biggest economy and lift draconian COVID-19 control policies.

Other optimistic considerations for iron ore and steel include an anticipation that steel-intensive sectors will grow next year. China, which buys 70% of global seaborne iron ore, might increase imports in future months due to current low inventories. November might also see a robust month for iron ore imports.

The biggest issue weighing on iron ore prices is the poor profitability of China's steel mills, which may lead to decreased output, particularly during the early part of winter. As part of efforts to regulate pollution, authorities may also put limits on steel manufacturing, which might temporarily reduce iron ore demand.

The price of iron ore is now being driven by positive factors in China. The issue is that these characteristics are still mostly dependent on perception and will not materialise until early 2023.

### **Capesize:**

Despite the Chinese government's zero-corona policy and real estate market assistance initiatives, basic steel demand did not improve and continued to fall. Since November, China's steel prices have been rebounding as a result of the government's announcement of real estate support measures and steel factories. Steel demand and supply will fall at the same time until the beginning of next year. Thus, despite rising steel prices, iron ore trade volume is projected to follow a pattern that will not be reversed. Levels saw an uptick for both basins. Pacific r/v settled at US\$10,625 a day, while T/A levels were in the region of US\$17,750.

### **Panamax / Kamsarmax:**

Panamax segment saw a reduction this week owing to slow coal traffic volume as a result of the Northern Hemisphere's milder-than-normal climate and contraction in Atlantic grain traffic volume. Due to substantial self-supply and weak demand, China-bound coal traffic remains stagnant. India and other major Southeast Asian coal importers have adequate coal inventories to last till the end of the year. With the early secured, the volume of the coal trade in the Pacific has seen a dropped. Due to significant coal stocks in the ARA area, Europe is anticipated to also have slow demand till the end of this year. These factors are likely to play a significant role in determining market direction. Pacific r/v levels fell to US\$ 11,450's while T/A saw a slight uptick to US\$13,150 a day.

### **Supramax / Ultramax:**

The general excess of vessels has not been rectified and the segment remains weak, although the Black Sea has seen a minor improvement in supply and demand in the Pacific, narrowing reduction since mid-week. USG is also somewhat short, given that grain exports are near their height. Nonetheless, a rebound centred on the Black Sea and Pacific Ocean is anticipated this week, but a definite rising momentum appears to be absent. Pacific r/v saw levels climb to US\$9,215 a day, with T/A witnessing similar gains with levels in the region of US\$18,950 a day.

### **Handysize:**

In the Pacific, handy sentiment remained subdued. However, levels remain similar to last in the region of US\$8,290 a day. As the Thanksgiving holiday approaches, USG rates are anticipated to tighten in the Atlantic. At the week's closing, levels slipped slightly, closing at US\$12,275 region.

## Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
CHINA STEEL ENTREPRENEUR / CHINA STEEL TEAM	VLOC	203,512	TAIWA N	2007	EN BLOC 35.5	ALBERTA SHIPMANAGEMENT
NAVIOS ALDEBARAN	PANAMAX	76,529	JAPAN	2008	14.0	UNDISCLOSED
LT OCEAN STAR	PANAMAX	75,395	JAPAN	2005	14.0	UNDISCLOSED
ZILOS	HANDYMAX	46,541	JAPAN	2000	N/A	TURKISH BUYERS
SEASTAR HARRIER	HANDY	39,804	JAPAN	2022	30.0	UNDISCLOSED
INTERLINK ACTIVITY	HANDY	38,710	CHINA	2015	21.0	SCANDINAVIAN BUYERS
SUPER CAROLINE	HANDY	33,427	JAPAN	2007	13.7	TURKISH BUYERS
MARIA GS	HANDY	28,378	JAPAN	2011	N/A	UNDISCLOSED

## Dry Bulk Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
CAPE	180,000	61	52	35	28	14
KAMSARMAX	82,000	34	37	31	23	11
SUPRAMAX	56,000	32	36	28	19	8
HANDY	38,000	28	28	24	16	6
*(Amount in USD million)						

# Baltic Exchange Dry Bulk Indices

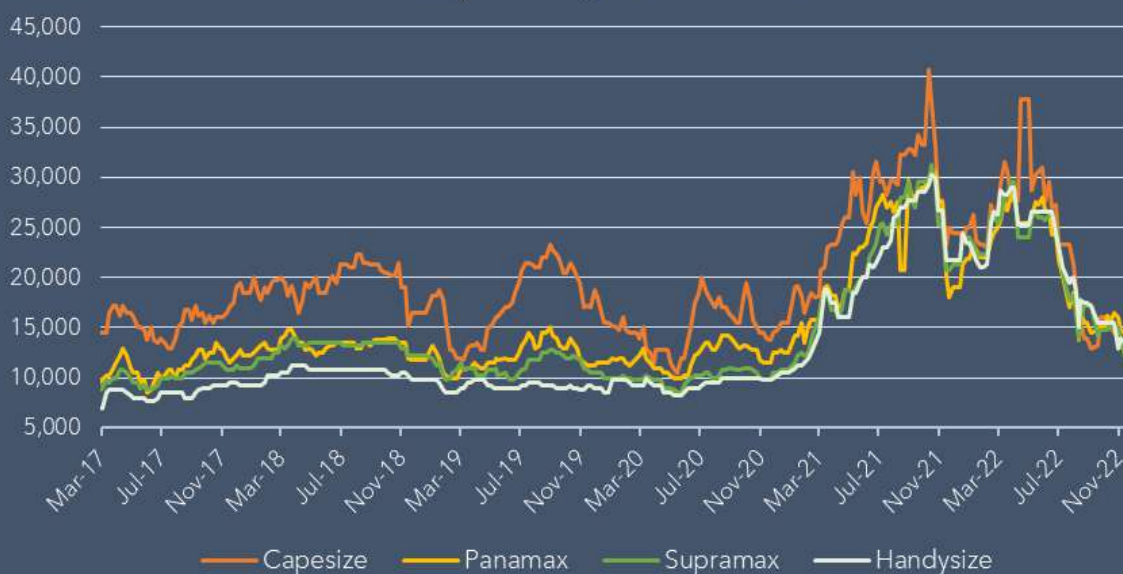
## BALTIC EXCHANGE DRY BULK INDICES

	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
BDI	1,242	1,189	2,767	+4.46	-55.11
BCI	1,384	1,122	3,906	+23.35	-64.57
BPI	1,466	1,594	2,621	-8.03	-44.07
BSI	1,174	1,170	2,316	+0.34	-49.31
BHSI	747	763	1,539	-2.10	-51.46

## BULKER 12 MONTHS T/C RATES AVERAGE (IN USD/DAY)

	DWT	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
CAPE	180,000	13,750	12,500	24,500	+10	-43.88
PANAMAX	75,000	13,850	13,850	19,000	0	-27.11
SUPRAMAX	52,000	13,000	12,500	21,125	+4	-38.46
HANDYSIZE	32,000	10,500	10,500	21,875	0	-52.00

Dry Bulk 1 year T/C rates



# Tankers

With the Republicans winning the mid-term votes last week, one of the issues that Republicans could potentially affect when they take over the House is energy policy. One of the most important factors that the industry needs to consider is the implementation of the Inflation Reduction Act of 2022.

One of the most common issues that fossil fuel companies face when it comes to developing projects is political risk. The constant change in control between Republicans and Democrats over the past decade has significantly increased the risks involved in the project.

Another of the main issues that Republicans will focus on during the next Congress is ensuring that the US becomes energy independent. According to Kevin McCarthy, the incoming Majority Leader, reducing energy prices and ensuring that the country becomes energy independent would be the first acts of the new Congress.

However, even if the House of Representatives were to pass legislation with a Republican majority, it would still require the approval of the Senate, which is controlled by Democrats. There are still chances for compromise, but the House would not be able to pass any legislation that does not support the policies of Biden.

## **VLCC:**

Reduced availability of vessels in the Middle East to China route saw 270,000mt fall to WS109. Cargo influx between the U.S. and Europe also saw some pressure with E.U.'s crude oil embargo on Russia. 280,000mt MEG to U.S. Gulf fell to WS71.

## **Suezmax:**

This week Suezmax saw an inflow of higher linear conversion demand owing to stronger Aframax levels in the Atlantic basin. Weekly W.S. jumps 9.1% as cargo inflows from West Africa and Europe surge. 130,000mt Nigeria to Rotterdam market, saw an improvement to WS225.

## **Aframax:**

Correlation shift to the Atlantic continues to rise as more tonnage becomes available in the Middle East/Singapore sector. Meanwhile, activity remains bustling in the Med region, 80,000mt Ceyhan/Lavera saw levels climb to WS430.

## Clean:

This week saw better rates in the segment. The MR market was buoyed by robust activity in the UKC and USG. TC2 improved to WS378. The LR1 was also busy this week, the TC16 index saw gains of 98.57 points to WS332.

## Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
MARIA GRACE	SUEZ	160,289	2002	S. KOREA	22.5	TURKISH BUYERS
SIFIS	AFRA	105,827	2007	JAPAN	32.2	UNDISCLOSED
PGC IKAROS	LR1	72,829	2004	CHINA	12.7	TURKISH BUYERS
ATHLOS	MR	50,034	2016	CHINA	41.0	UNDISCLOSED
VALLERMOSA	MR	40,218	2003	S. KOREA	12.0	CHINESE BUYERS
CAPE GUINEA	MR	37,554	2008	S. KOREA	16.4	GREEK BUYERS
PERSEUS N	MR	36,264	2009	S. KOREA	N/A	TURKISH BUYERS
MTM TOKYO / MTM FAIRFIELD	PROD / CHEM	20,857	2003 / 2002	JAPAN	22.0 EN BLOC	UNDISCLOSED
YU RU	PROD / CHEM	16,718	2011	CHINA	12.5	INDIAN BUYERS
STO CAMELLIA	PROD / CHEM	11,679	2000	JAPAN	5.6	INDONESIAN BUYERS

## Tankers Values

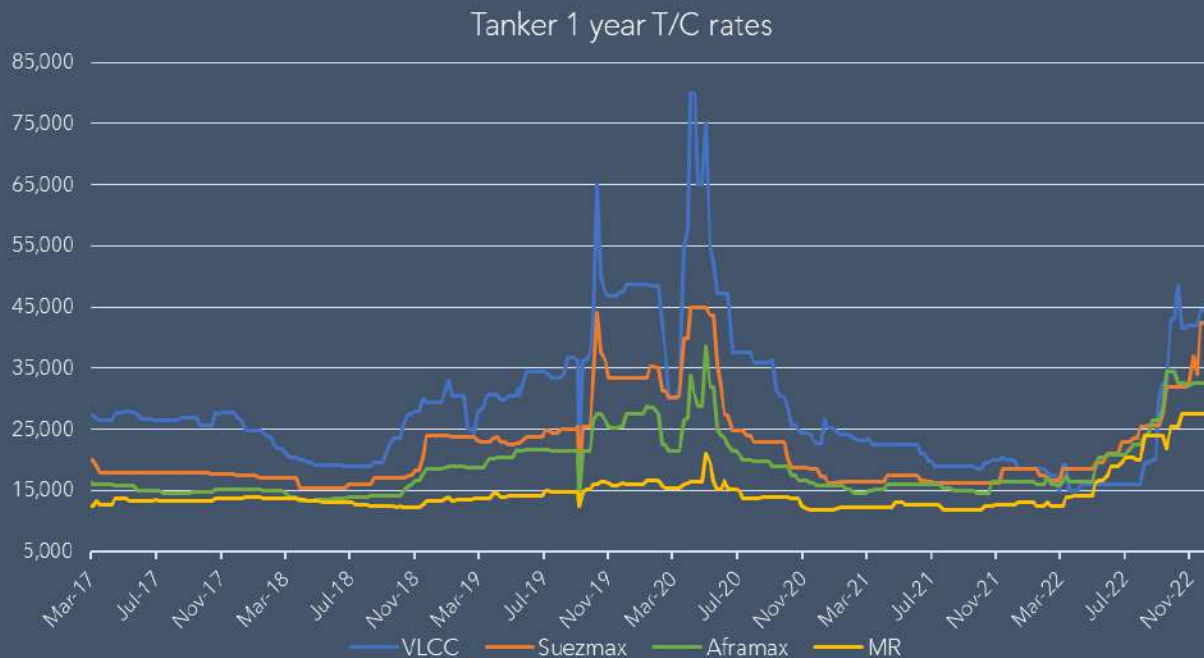
(Weekly)

TANKERS	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
VLCC	310,000	120	120	90	66	44
SUEZMAX	160,000	80	80	62	46	23
AFRAMAX	115,000	61	73	58	43	23
PANAMAX-LR1	73,000	54	56	44	33	15
MR TANKER	51,000	43	46	39	28	15
*(amount in USD million)						

# Baltic Exchange Tanker Indices

BALTIC EXCHANGE TANKER INDICES					
	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
BDTI	2,487	2,365	738	+5.16	+236.99
BCTI	1,738	1,461	632	+18.96	+175.00

TANKER 12 MONTHS T/C RATES AVERAGE (IN USD/DAY)						
TYPE	DWT	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
VLCC	300,000	47,500	44,500	20,000	+6.74	+137.50
SUEZMAX	150,000	42,500	42,500	18,500	0	+129.73
AFRAMAX	110,000	37,500	32,500	16,500	+15.38	+127.27
LR1	74,000	38,750	37,500	13,500	+3.33	+187.04
MR	47,000	27,500	27,500	12,750	0	+115.69



## Containers

The container market appears to be moving downward this week. Despite the multiple uncertainties that the sector is facing, many remain optimistic about the container market's prospects in the next months. However, due to the macroeconomic forces that are now impacting the business, it is impossible to anticipate how the scenario will play out in 2023.



As we advance, a significant number of older container ships are lined up for either layups or recycling in the first quarter of 2023, as this will start to ease some pressure off the freight rates.

## Containers S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
ATLANTIC BRIDGE	FEEDER	724	2007	GERMANY	19.8	UNDISCLOSED

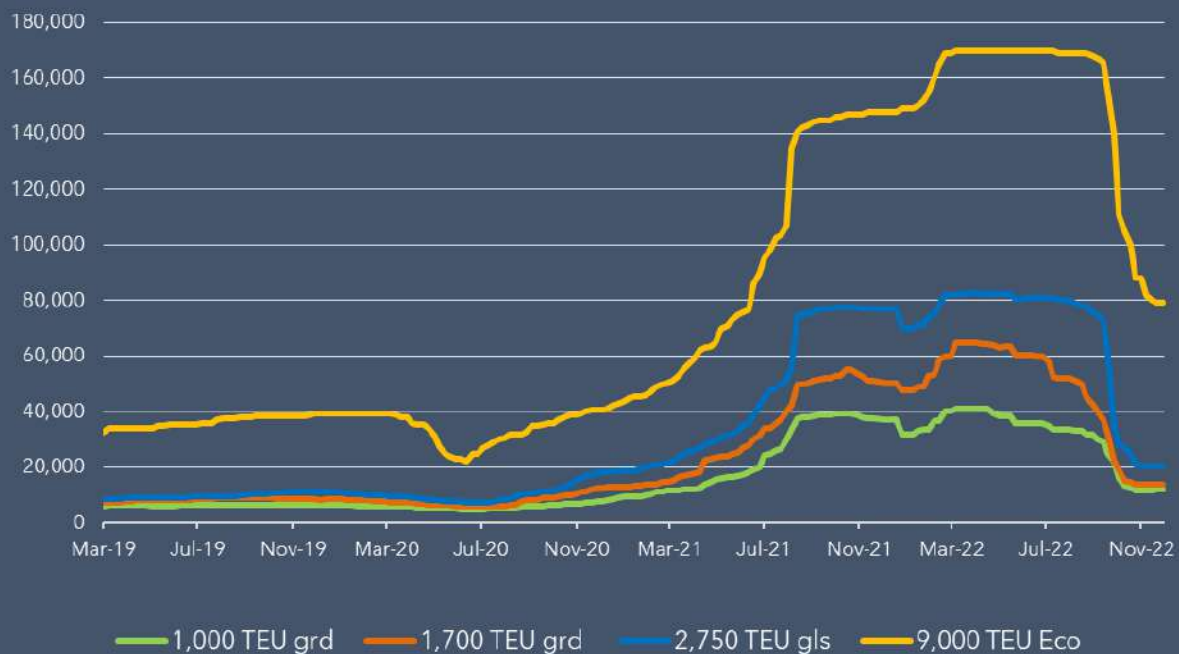
## Containers Values

(Weekly)

CONTAINERS (by TEU)	GEARED / GEARLESS	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
900 - 1,200	Geared	24	24	19	16	13
1,600 - 1,800	Geared	29	29	24	19	15
2,700 - 2,900	Gearless	42	38	33	25	20
5,500 - 7,000	Gearless	85	105	92	75	N/A





*\*(amount in USD million)*

## Container 6-12 months T/C rates





# Ship Recycling Market Snapshot

DESTINATION	TANKERS	BULKERS	MPP/ GENERAL CARGO	CONTAINERS	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (WC INDIA)	520 ~ 530	500 ~ 510	490 ~ 500	540 ~ 550	WEAK / 
CHATTOGRAM, BANGLADESH	* N/A	* N/A	* N/A	* N/A	WEAK / 
GADDANI, PAKISTAN	500 ~ 510	490 ~ 500	460 ~ 470	510 ~ 520	STABLE / 
TURKEY *For Non-EU ships. For E.U. Ship, the prices are about US\$30-40/ton less	290 ~ 300	280 ~ 290	270 ~ 280	310 ~ 320	STABLE / 

- All prices are USD per light displacement tonnage in the long ton.
- The prices reported are net prices offered by the recycling yards.
- Prices quoted are basis simple Japanese / Korean-built tonnages trading units. Premiums are paid on top of the above-quoted prices based on quality & quality of Spares, Non-Fe., bunkers, cargo history, and maintenance.
- \* This week no prices from Chattogram markets due to domestic banking issues.

## 5-Year Ship Recycling Average Historical Prices

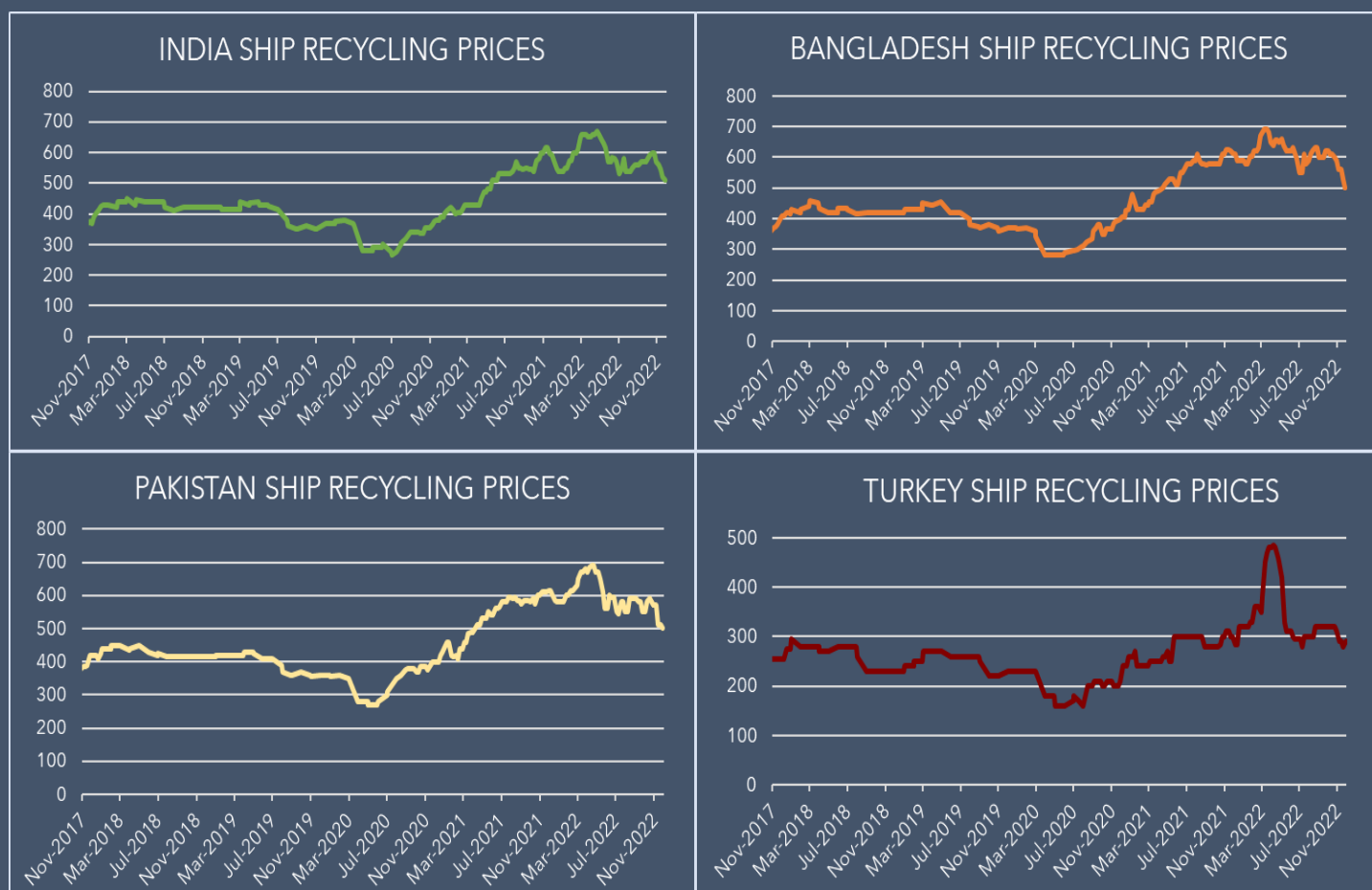
(Week 47)

DESTINATION	2017	2018	2019	2020	2021
ALANG, INDIA	410	445	375	370	580
CHATTOGRAM, BANGLADESH	420	440	370	370	610
GADDANI, PAKISTAN	420	430	360	380	600
ALIAGA, TURKEY	210	280	240	210	340

# Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (US\$/LDT)	COMMENTS
BERGE AGO	20,668	2000 / JAPAN	CAPE	523	DELIVERED ALANG / HKC GREEN RECYCLING

## Recycling Ships Price Trend



## Insights

The closer we approach the end of the year, the more unpredictable ship recycling markets get. Every week brings a glimmer of optimism, but as the week passes, that hope is lost.

Another dismal and inactive week for recyclers on the Indian Subcontinent. Recently, Indian and Pakistani recyclers have emerged as purchasers at varying price levels, offering carefully

on ships that are being offered for sale at reduced prices. The vast majority of recyclers preferred to wait for further pricing stability.

The only respite in the continuous saga is the limited ship supply, which keeps prices in check.

The current scenario has dismayed the whole industry. The volatility of the recycling markets has altered the willingness of cash buyers and recyclers to take risks.

Predicting the general situation on the Indian Subcontinent is becoming increasingly difficult. Several external variables influencing steel prices have a significant impact on the industry's dismal state.

One such fundamental reality is that Russia is currently dumping inexpensive steel goods, both semi-finished and finished, for cash. Due to Western sanctions that have restricted legitimate avenues for the supply of foreign currency banknotes, the economic activity of the 1990s, in which items were sold abroad in exchange for bags of cash, is returning to Russia.

The Ministry of Finance and the Central Bank have agreed on a mechanism that will allow resident companies to receive "cash" in payment for the export of any goods, including raw materials, follows from a draft government decree published on Wednesday on the portal of regulations. Such transactions can be carried out without a limit on the amount, and the received banknotes will be allowed not to be deposited into accounts in Russian banks, using them, for example, for mutual settlements - for the purchase of goods and services abroad.

It will also be possible to bring cash into Russia and then sell it to an authorised bank no later than 30 days from the date of import or deposit it into an account at the cash desk.

How things shape up surrounding such developments will be a challenge for the industry in the coming months.

## **ALANG, INDIA**

Last week's favourable development on lifting export tariffs resurrected the steel sector, and the recent comeback overcame the growing negative sentiments of W-O-W. Still, as the week proceeded, it all appeared to be a "dead cat bounce."

Domestic ship scrap prices, which had risen by US\$48/ton, reversed course, giving up all gains and falling back to much lower levels.

As markets progress, it will be a long ride ahead for Indian steel mills since encouraging news has provided relief, but industry players are not overly hopeful as global steel dynamics are shifting owing to low demand amid recessionary worries.

However, the steel markets cannot rule out the likelihood that they have reached a plateau and are taking a break, since exports from India must obtain a significant pace in order to construct a new bull market.

Berge Ago, which had been cruising for the past few weeks as owners' thoughts and proposals were received, was sold this week for a gross price of US\$523/L.T. Given the current state of the local markets, it is too early to say if this will be the standard for future ships sold into Alang but for the time being it is a classic reflection of the prices paid.

Demand remains moderate, but the sentiments amongst the recyclers are dampening as the domestic ship scrap prices are not settled. On the other hand, some signs of ship supply easing, especially in the container ships segment, are adding more distortion to the ongoing speculations.

Recyclers are holding on to the prior paradigm until they see a clear trend generated by domestic ship scrap pricing, which is still volatile.

### **Anchorage & Beaching Position (November 2022)**

<b>VESSEL NAME</b>	<b>TYPE</b>	<b>LDT</b>	<b>ARRIVAL</b>	<b>BEACHING</b>
GEM	PASSENGER	22,372	22.11.2022	26.11.2022
ARIUS	PASSENGER	22,727	23.11.2022	26.11.2022
VENTURER	SUPPLY TUG	476	16.11.2022	24.11.2022
TAMPEN	OFFSHORE TUG	2,882	15.11.2022	25.11.2022
LS 2	CRANE SHIP	18,597	15.11.2022	22.11.2022
IZHORA	DREDGER	1,625	11.11.2022	22.11.2022
SERENITY	OFFSHORE	2,828	08.11.2022	13.11.2022
ORIENT 1	BULKER	18,138	07.11.2022	11.11.2022
RIVIERA	TOTO	4,833	03.11.2022	10.11.2022
KRONSHTADISKIY	FISHING	1,854	01.11.2022	09.11.2022
BARGE 27	PIPE LAYING BARGE	16,325	07.11.2022	09.11.2022

### **CHATTOGRAM, BANGLADESH**

Another drab week in Bangladesh's recycling sector. Ships continue to arrive in the anchorage with no destination. Recyclers and sellers are collaborating to develop solutions with no conclusion in sight.

Many recyclers have refused to bid on any new ships until the currency crisis improves and banks begin to relax Letters of Credits opening.

Last week's increase in domestic ship scrap prices took a brief break early this week before resuming its upward trend in the face of stiff pushback. The domestic ships scrap plate prices increased by 1.35% to US\$721/ton and melting by 4.27% to US\$587/ton W-O-W.

The current atmosphere in which Bangladesh must seek IMF assistance comes with a condition: floating the domestic currency, which is restricted at BDT105 to the U.S. dollar. If and when banks begin opening L.C.s, importers will have to consider the L.C. against the U.S. dollar, which is hefty in itself. This is assuming that the Bangladeshi Taka will fall to 120 to the U.S. dollar in the coming months.

In summary, the recycler will have to factor in substantial F.X. hedging costs for the recycling ships for future survival.

### **Anchorage & Beaching Position (November 2022)**

<b>VESSEL NAME</b>	<b>TYPE</b>	<b>LDT</b>	<b>ARRIVAL</b>	<b>BEACHING</b>
FULL ALWAYS 168	FISHING	505	01.11.2022	11.11.2022
FARQUHAR 1	FISHING	495	01.11.2022	11.11.2022
FU YI	GEN. CARGO	8,317	28.10.2022	08.11.2022
REDPEARL	RORO	3,474	01.11.2022	06.11.2022
JINA	TANKER	1,710	31.10.2022	06.11.2022
ARIANA	TANKER	15,672	22.06.2022	AWAITING
GALA	TANKER	16,884	01.03.2022	AWAITING

### **GADDANI, PAKISTAN**

It was a quiet week for Pakistani recyclers looking for encouragement in the absence of Bangladesh, but a lack of ship supply poured cold water on their hopes.

However, the prices in Gaddani have been subdued for a very long period and have not been able to take off in light of cheaply available alternative imported scrap. But this week has given hope as the prices slide in Alang, making way for the Gaddani recyclers to bid in competition.

### **Anchorage & Beaching Position (November 2022)**

<b>VESSEL NAME</b>	<b>TYPE</b>	<b>LDT</b>	<b>ARRIVAL</b>	<b>BEACHING</b>
-	-	-	-	-

## **ALIAGA, TURKEY**

Due to the recent increase in scrap prices, Turkish mills have raised their long steel bids. On Thursday, mills' export proposals were from US\$640 / ton FOB Turkey's actual weight, up from US\$615-630/t the previous week.

Despite the increase in activity, Turkish mills are concerned about the long-term viability of present sales, as Turkey's already high prices have risen much more in comparison to rivals.

Scrap prices, on the other hand, are rising, making Turkish mills less inclined to lower their pricing. Midweek, a UK-origin HMS 1&2 80:20 cargo was settled at US\$344/t CFR Turkey.

However, the overall mood in the Turkey sector remains slightly cautious as there is still a lack of end-user demand.

### **BEACHING TIDE DATES 2022**

Chattogram, Bangladesh : 6<sup>th</sup> Dec. ~ 9<sup>th</sup> Dec. | 23<sup>rd</sup> Dec. ~ 26<sup>th</sup> Dec.

Alang, India : 22<sup>nd</sup> Nov. ~ 29<sup>th</sup> Nov. | 05<sup>th</sup> Dec. ~ 13<sup>th</sup> Dec.

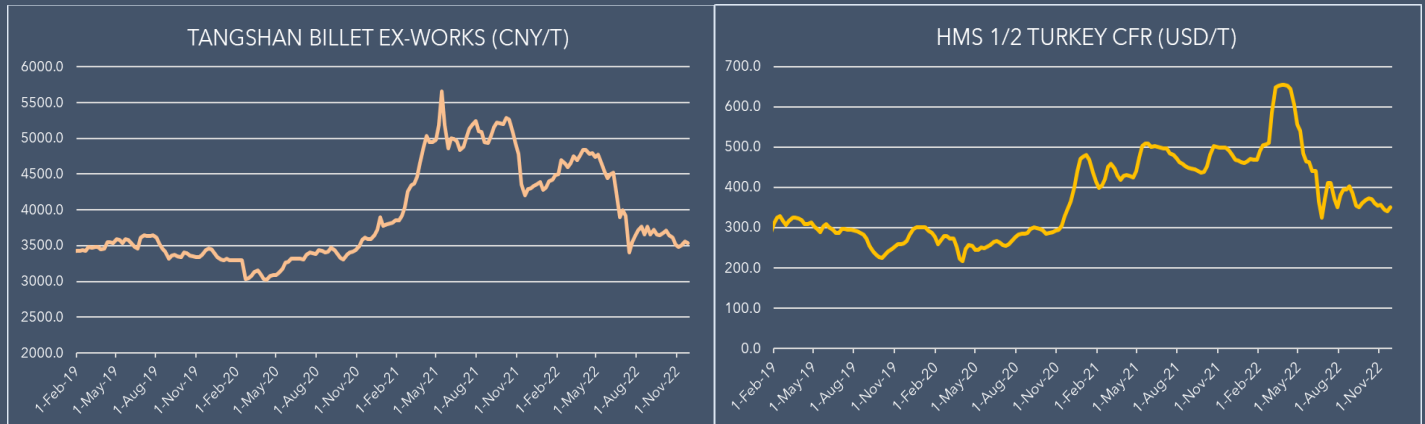
## Bunker Prices

<b>BUNKER PRICES (USD/TON)</b>			
<b>PORTS</b>	<b>VLSFO (0.5%)</b>	<b>IFO380 CST</b>	<b>MGO (0.1%)</b>
SINGAPORE	671	417	1000
HONG KONG	675	467	948
FUJAIRAH	642	376	1103
ROTTERDAM	578	379	887
HOUSTON	580	410	947

## Exchange Rates

<b>EXCHANGE RATES</b>			
	25th NOVEMBER	18th NOVEMBER	W-O-W % CHANGE
USD / CNY (CHINA)	7.16	7.11	-0.70%
USD / BDT (BANGLADESH)	102.00	103.03	+1.00%
USD / INR (INDIA)	81.62	81.54	-0.10%
USD / PKR (PAKISTAN)	224.36	223.12	-0.56%
USD / TRY (TURKEY)	18.63	18.60	-0.16%

## Commodity Price HMS 1/2 & Tangshan Billet



## Iron Ore

COMMODITY	SIZE / GRADE	PRICE/ MT	CHANGE W-O-W	CHANGE Y-O-Y	LAST WEEK	LAST YEAR
Iron Ore Fines, CNF Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	US\$98	0%	+10.11%	US\$98	US\$89
Iron Ore Fines, CNF Rizhao, China	Fines, Fe 62% (Australia Origin)	US\$96	-3.03%	-4%	US\$99	US\$100

## Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	363.00	+1.15	+0.32%	Mar 2023
3Mo Copper (L.M.E.)	USD / MT	8,041.00	+36.00	+0.45%	N/A
3Mo Aluminum (LME.)	USD / MT	2,367.50	-29.50	-1.23%	N/A
3Mo Zinc (LME.)	USD / MT	2,918.00	+11.50	+0.40%	N/A
3Mo Tin (LME.)	USD / MT	22,238.00	+210.00	+0.95%	N/A

## Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	78.10	+0.16	+0.21%	Jan 2023
Brent Crude (ICE.)	USD / bbl.	85.25	-0.09	-0.11%	Jan 2023
Crude Oil (Tokyo)	JPY / kl	67,320.00	+70.00	+0.10%	Apr 2023
Natural Gas (Nymex)	USD / MMBtu	7.22	-0.09	-1.27%	Dec 2022

Note: all rates as at C.O.B. London time November 25, 2022

This report is performed to the best of our knowledge based on the market conditions prevailing at the time mentioned. The report relates solely to the date/place referred to, and we emphasise that it is a statement of information collected from various market sources. All details above are from information given to us and such information as we have obtained from relevant references in our possession. Still, we can accept no responsibility, and we bear no liability for any loss or damage incurred to any persons acting upon this report. STAR ASIA believes the information to be accurate and given in good faith but without guarantee. STAR ASIA will not be held responsible in any way for any action or failure to act based on the information given in this report. The use of report cannot be reproduced or used without authorisation from STAR ASIA.