

## **WEEK 30 - 1st August 2021**

International Monetary Fund (IMF) has warned that the world economy risks losing about US\$4.5 trillion from the highly infectious variants of Covid-19 spreading through poor countries (where vaccination rates are lower).

IMF has called upon rich countries to take necessary and urgent actions to share at least 1 billion doses with developing nations. The gap between rich and poor economies had widened during the pandemic, and possible that gap could worsen even further.

For most developed countries, including Singapore, the speedy rollout of vaccines has improved the economic outlook. However, neighboring countries like Indonesia and Malaysia have seen a lack of resources to improve vaccination rates and thus delay the reopening of their economies.

### **Dry Bulk**

Despite global expectations to move away from coal, demand in China is still strong, as rising global temperatures causing heat waves are driving up electricity demand and coal prices. Last week saw iron ore prices slipped to less than \$200 / ton, levels are a first since early July as China tries to manage the rising commodity prices with their various regulations but with minor effects.

As China tries to meet its carbon emission target with big steel production cities like Jiangsu, Fujian, and Yunnan expected to reduce production since early last month. With the spillover effects, softening demand for steel has led to iron ore inventories building up in many Chinese ports. In Jingtang, another major iron ore import, the inventory situation is uncertain, as levels dipped below levels seen during the last few months and are declining.

The world's biggest steel producer and exporter is revamping its industry to curb pollution, cap production and keep more supply at home. China had already scrapped export-tax rebates and raised tariffs on some products from May onwards.

The turn away from export markets comes after growing demand, lifted steel prices to a record earlier this year and tightening global markets that are seeing a surge in consumption as economies rebound. The Government plan to lower exports and

inventories to offset supply shortfalls as it pushes for lower production in the second half.

### **Capesize:**

Typhoon 'crowd' has delayed port operations in some central China and restricted ship supply, and further increased in the Pacific. The supply of coal in Indonesia and South Africa continued to be disrupted, but firm demand from major Northeast Asian countries for Australia's coal supports the Cape's Pacific market. Overall, markets remain on an upward movement. On Friday, levels across routes are positive, with Pacific r/v the biggest jump by \$3,175 to close at US\$41,500 / day with levels at US\$14.43 a ton.

### **Panamax / Kamsarmax:**

The Atlantic Ocean continues to be weak due to sluggish grains in South America and the end of T/A coal demand. But in the Pacific, levels turn upwards due to strong coal demand and supply disruptions caused by typhoons in China. However, overall, on Friday, levels still fell due to the closure of Chinese coal mines from recent flooding in Zhengzhou, causing a further setback in the inland logistics of coal and increased demands. Transatlantic settled lower at US\$30,250 / day while usually active Pacific - India slipped slightly to \$29,250.

### **Supramax / Ultramax:**

Like the bigger counterparts, there is a supply disruption in the Pacific due to the typhoon damage in China. Larger tonnage continues to digest any available shipments between the demand for coal and the rise of the B/H cargoes in the region. Overall, we saw a steady level at the end of the week. Most routes witness a slight uptick, with Pacific r/v settling close to levels of US\$30,000 / day. Transatlantic also did well with levels in the region of US\$31,200.

### **Handysize:**

The handy market remains on a positive trajectory despite the lack of activities in EC South America. Levels all across saw improvements at the end of the week, with Transatlantic clinching levels in the \$26,000 a day. Inter pacific saw a flurry of activities with fixes out of Japan to SEA. The overall index recorded levels in the region at US\$24,500 / day. BHSI saw w-o-w gains of 1.38%.

## Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
ELINDA MARE	PANAMAX	79,648	2010	CHINA	18.0	UNDISCLOSED
KOMI	ULTRAMAX	63,628	2015	CHINA	25.2	GREEK BUYERS
OCEAN PHOENIX TREE	ULTRAMAX	62,623	2017	JAPAN	29.5	UNDISCLOSED
NORD HUDSON	ULTRAMAX	61,617	2014	CHINA	24.0	EUROPEAN BUYERS
NEW ASPIRATION	ULTRAMAX	61,448	2011	JAPAN	21.0	GREEK BUYERS
TS JASMINE	HANDY	38,860	2018	CHINA	19.0	CHINESE BUYERS
ULTRA CALBUCO	HANDY	37,981	2017	JAPAN	23.1	CHELLARAM SHIPPING
DANAI	HANDY	37,976	2019	JAPAN	N/A	UNDISCLOSED
NORDIC INCHEON	HANDY	36,000	2018	CHINA	20.5	UNDISCLOSED
MS CHARM	HANDY	32,449	2010	CHINA	12.5	UNDISCLOSED
GEKI STAR	HANDY	28,352	2008	JAPAN	10.55	TURKISH BUYER

## Dry Bulk Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
CAPE	180,000	59	53	37	30	13
KAMSARMAX	82,000	32	34	29	21	11
SUPRAMAX	56,000	30	32	24	18	9
HANDY	38,000	27	27	21	13	7

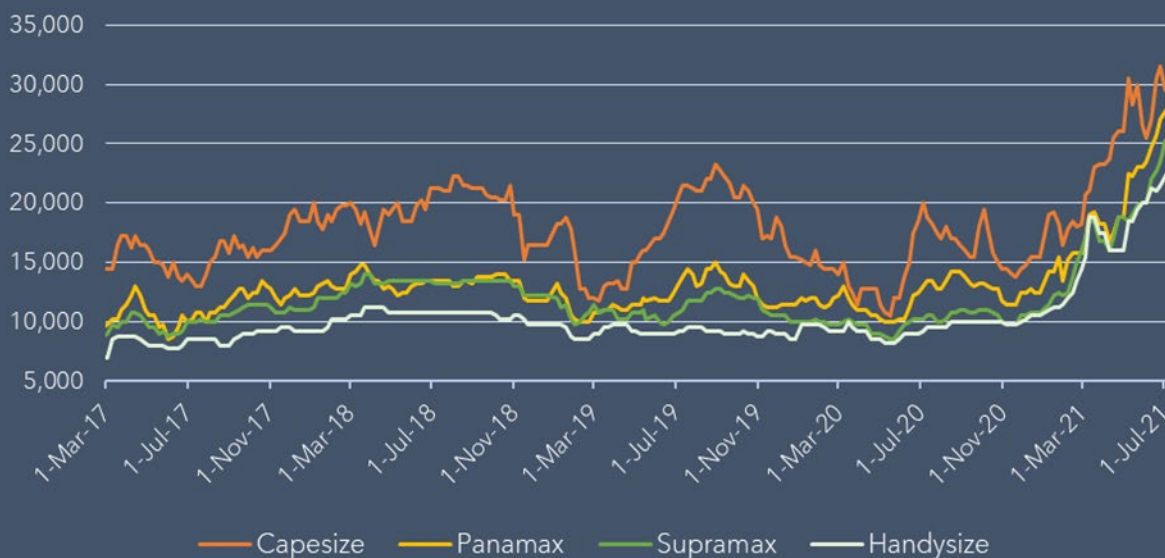
\*(Amount in USD million)

# Baltic Exchange Dry Bulk Indices

BALTIC EXCHANGE DRY BULK INDICES					
	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
BDI	3,292	3,199	1,317	+2.91	+149.96
BCI	4,306	3,915	2,084	+9.99	+106.62
BPI	3,304	3,528	1,198	-6.35	+175.79
BSI	2,945	2,871	915	+2.58	+221.86
BHSI	1,760	1,736	471	+1.38	+273.67

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	29,750	29,750	17,500	0	+70
PANAMAX	75,000	25,350	25,350	12,750	0	+98.82
SUPRAMAX	52,000	25,150	25,000	10,000	+0.60	+151.5
HANDYSIZE	32,000	23,750	23,750	9,500	0	+150

## Dry Bulk 1 year T/C rates



## **Tankers**

The ongoing anxiety about oil demand sparked by the resurgence of Covid-19 in some parts of the world coupled with fund selloff in oil futures has overturned the recent price rally. Analysts and economists believe that \$70 BPD is a more realistic outlook for Brent Crude prices for the rest of the year rather than earlier predicted levels of \$80 BPD, as COVID variants and the geopolitics of oil continues to be a source of volatility on the market

New Covid-19 infections are on the rise across all 50 states in the U.S., and there have been rises in new cases in some European countries as well, notably the UK and France. In the UK, the latest wave is ebbing, but optimism is in short supply as it is still unclear the reason.

Analysts do not rule out Brent prices exceeding \$80 BPD and higher in the coming months. But at such prices, demand recovery from price-sensitive oil importers would be slow as the levels would not be sustainable. This would also provoke a reaction from the OPEC+, which would not want oil prices so high that it would discourage buyers.

### **VLCC:**

Most of the cargo destined for China is absorbed by COA, as TCE in the Middle East/China section remains negative. MEG to USG for 280,000mt remains stagnant at levels of WS18. Tonnage remains oversupplied, and sentiment has been devastated as a result. Meanwhile, the refining utilization cost of private Chinese refineries continued to decline due to worsening margins and exhaustion of import quotas.

### **Suezmax:**

At the beginning of the week, freight rates saw a slight increase due to an upturn in cargo between West Africa/Europe as the Spot TCE recovers in the positive section, but the ample supply of tonnage limits the upside and continues to weaken. In Nigeria to UKC, a 130,000mt trade is currently at WS55.

### **Aframax:**

The Mediterranean region saw a flurry of activities this week. However, mid-week, the market has eased a little with rates for 80,000mt Ceyhan to Lavera, losing recent gains and settled back to WS87 levels. Caribs to USG slipped few points to WS75 levels.

## Clean:

LR2: Despite an increase in Naphtha demand in Northeast Asia, levels turn down due to a decrease in supply in Europe and the Middle East. Asia-bound trading volume in July decreased by about 12% from the previous month due to increased European demand for Naphtha.

MR: End-July, freight rates have increased due to more cargo contracts. However, the export of petroleum products to China and declining demand in Southeast Asia continues. MR Atlantic basket TCE rose from \$5,034/day to \$7,165/day.

## Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
SCF URAL	SUEZMAX	159,314	2002	S. KOREA	16.4	FAR EASTERN BUYERS
SCF CAUCASUS	SUEZMAX	159,173	2002	S, KOREA	16.4	FAR EASTERN BUYERS
SUPER LOTUS	LR 1	70,426	2004	JAPAN	7.8	FAR EASTERN BUYERS
PRIME SOUTH	PROD / CHEM	12,886	2009	S. KOREA	4.3 (AUCTION)	TAIWANESE BUYERS

## Tankers Values

(Weekly)

TANKERS	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
VLCC	300,000	93	94	69	46	28
SUEZMAX	160,000	58	58	43	30	14
AFRAMAX	115,000	45	45	33	21	10
PANAMAX-LR1	73,000	45	42	32	21	8
MR TANKER	51,000	36	37	28	17	7

\*(amount in USD million)

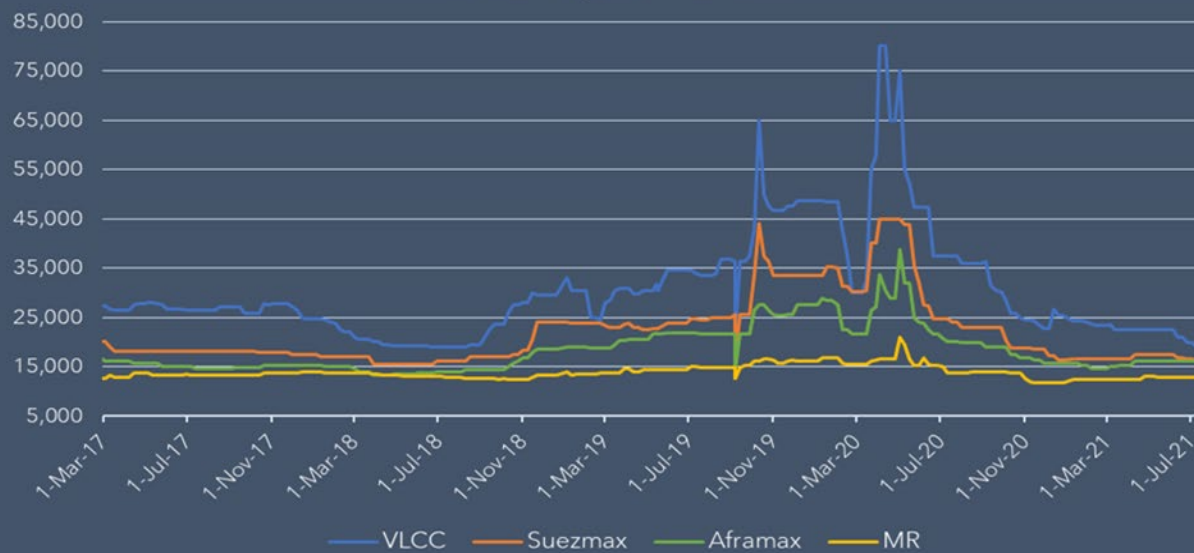
## Baltic Exchange Tanker Indices

BALTIC EXCHANGE TANKER INDICES					
	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
BDTI	604	593	520	+1.85	+16.15
BCTI	477	457	355	+4.38	+34.37

**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	19,000	19,000	37,500	0	-49.33
SUEZMAX	150,000	16,250	16,250	24,000	0	-32.29
AFRAMAX	110,000	15,500	15,500	20,000	0	-22.5
LR1	74,000	14,750	14,750	16,500	0	-10.61
MR	47,000	11,750	11,750	13,750	0	-14.55

Tanker 1 year T/C rates









## Miscellaneous Ships – S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
NORTHERN JULIE	POST PMAX	8,814	2005	S. KOREA	85.0 EACH	MSC
NORTHERN JADE	POST PMAX	8,814	2005	S. KOREA		

# Ship Recycling Market Snapshot

## ESTIMATED SHIP RECYCLING PRICES (SARA)

DESTINATION	TANKERS (MR ~ SUEZMAX Size)	BULKERS (Handymax To Panamax)	BULKERS (Cape)	MPP/GCS	CONTAINERS (12,000 TO 22,000 TONS LDT)	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (W.C.INDIA)	550 ~ 555	545 ~ 550	540 ~ 545	570 ~ 575	600 ~ 610	BULLISH / 
CHATTOGRAM, BANGLADESH	615 ~ 620	590 ~ 595	600 ~ 605	580 ~ 585	625 ~ 630	STABLE / 
GADDANI, PAKISTAN	600 ~ 605	595 ~ 600	595 ~ 600	580 ~ 585	610 ~ 615	STABLE / 
TURKEY *For Non-EU ships. For E.U. Ship, the prices are about US\$40-50/ton less	300	300	290	280	310	STABLE / 
CHINA *only Chinese flagged vessels	450 ~ 460	450 ~ 455	450 ~ 460	440 ~ 445	460 ~ 465	STABLE / 
INDONESIA *only Indonesia flagged vessels	380	380	380	380	380	STABLE / 

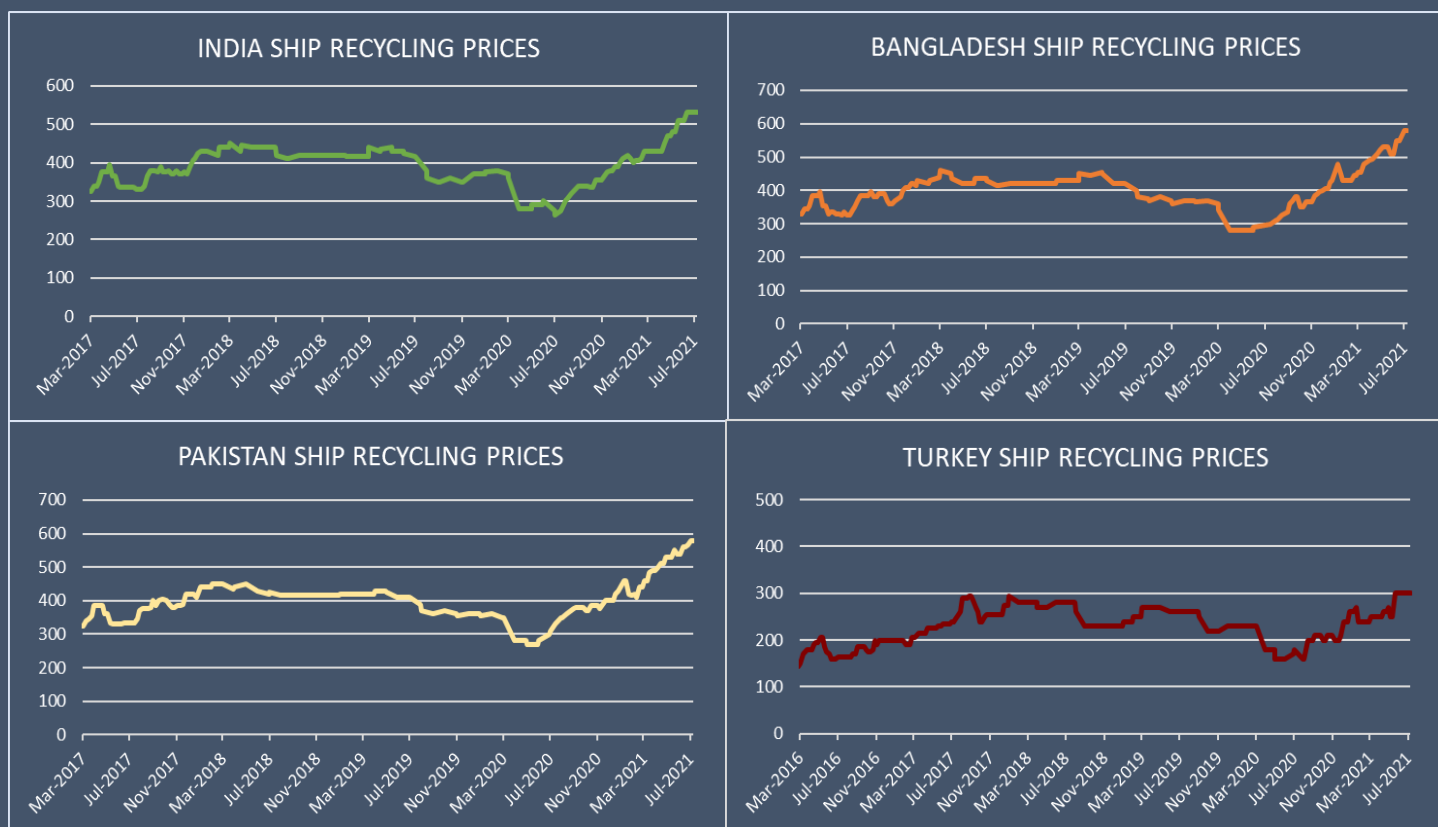
- All prices are in terms of USD per light displacement tonnage in the long ton.
- Prices reported are less Buyers address commissions' (*usually it is about three percent*)
- Prices quoted are basis simple Japanese / Korean built tonnages, trading units. Premiums are paid on top of the above-quoted prices based on quality & quality of Spares, Non-Fe., bunkers, cargo history, and maintenance.
- If recycling is to be done as per HKC Compliant—then the prices are usually USD20 ~ 25 per light displacement tonnage less than typical recycling ships
- Offshore units / Chem. Oil Tankers with STST content are differently priced and depend on the type of machinery / nonferrous content.



## Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (USUS\$/LDT LT)	COMMENTS
SAGA TIDE	10,670 MT	1991 / JAPAN	BULKER	596	DELIVERED ALANG, INDIA
MAIDEN TARGET	4,252	1991 / JAPAN	CHEM/OIL TANKER	UNDISCLOSED	DELIVERED AS IS BELWAN, INDONESIA / STAINLESS STEEL TANKS
CHIRON	9,041	1996 / GERMANY	TANKER	608	DELIVERED GADDANI
ATLANTIC 1	23,318	1996 / U.K.	FSO	UNDISCLOSED	DELIVERED FULL SUB-CONTINENT
GENKAI	1,179	1983 / JAPAN	ROPAX	500	DELVIERED CHATTOGRAM

## Recycling Ships Price Trend



### **Alang, India**

The transport association in the Indian shipbreaking port of Alang has gone on a port-wide truck strike due to the rising fuel prices and low freight rates from 27 July, causing woes to the Indian steel mills.

Industrial areas around Alang were instructed to postpone their domestic and foreign shipments as both inward and outward road logistics are on suspension.

This strike will prove worrying as Alang is the nation's only shipbreaking yard supplying ferrous scrap from shipbreaking to steel plants in Gujarat, Rajasthan, and Punjab.

In the first half of 2021 alone, Alang has produced about 7.95 million LDT.

Traders feel that the strike will affect steel production for the plants, as they depend heavily on shipbreaking scrap. The market has gone quiet this week with no ongoing negotiations. Likely, we will see a small price hike after the end of the strike.

Overall, market sentiments were bullish as the economy reopens after struggling with COVID-related lockdowns. Recyclers were in full buying mode with prices offered in competition with their neighbours, Pakistan and Bangladesh.

### **Chattogram, Bangladesh**

The markets are slowing down in Bangladesh due to ongoing strict lockdowns and rising COVID cases. The appetite of the recyclers also started to take a breather as too many ships were sold since the beginning of this year, there are sufficient inventories for the next few months.

This week was a muted week with recycling activities at the yard closed. Very little interest was generated from the recyclers to buy forward deliveries.

### **Gaddani, Pakistan**

This week continues to be a quiet one for Pakistan Markets.

Complete lockdown is currently imposed in Karachi until 8th August. Most markets, businesses, educational institutions, public transport will remain shut due to the rising COVID cases.

Only essential businesses will be allowed to operate with restrictions & SOPs.

Overall, ship recycling markets were stable this week.

## **Aliaga, Turkey**

Imported scrap prices made a nosedive this week by almost US\$15/ton, W-O-W while the Lira against USD this week remains stable with little volatility against the USD.

No fresh sales were reported, and overall sentiments were stable.

### **BEACHING DATES 2021**

Chattogram, Bangladesh : 8<sup>th</sup> ~ 11<sup>th</sup> August | 21<sup>st</sup> ~ 24<sup>th</sup> August

Alang, India : 6<sup>th</sup> ~ 15<sup>th</sup> August | 19<sup>th</sup> ~ 25<sup>th</sup> August

## Exchange Rates

EXCHANGE RATES			
	30 <sup>th</sup> JULY	23 <sup>rd</sup> JULY	W-O-W % CHANGE
USD / CNY (CHINA)	6.46	6.48	+0.31%
USD / BDT (BANGLADESH)	84.81	84.83	+0.02%
USD / INR (INDIA)	74.37	74.43	+0.08%
USD / PKR (PAKISTAN)	162.38	160.82	-0.97%
USD / TRY (TURKEY)	8.42	8.55	+1.52%
USD / IDR (INDONESIA)	14,460	14,501	+0.28%

## Bunker Prices

BUNKER PRICES (USD/TON)			
PORTS	VLSFO (0.5%)	IFO380 CST	MGO (0.1%)
SINGAPORE	554	434	597
HONG KONG	555	447	596
FUJAIRAH	551	438	648
ROTTERDAM	537	423	592
HOUSTON	541	431	624

## Commodity Prices

### Iron Ore

COMMODITY	SIZE / GRADE	PRICE	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\$195	-3.52%	+54.90%	US\$202	US\$111

## Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	448.25	-4.10	-0.91%	Sep 2021
3Mo Copper (LME)	USD / MT	9,728.00	-95.50	-0.97%	NA
3Mo Aluminum (LME)	USD / MT	2,590.00	-1.50	-0.06%	NA
3Mo Zinc (LME)	USD / MT	3,027.00	+29.00	+0.97%	NA
3Mo Tin (LME)	USD / MT	34,649.00	-249.00	-0.71%	NA

## Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	73.91	+0.29	+0.39%	Sep 2021
Brent Crude (ICE)	USD / bbl	76.35	+0.30	+0.39%	Sep 2021
Crude Oil (Tokyo)	JPY / kl	48,130.00	+480.00	+1.01%	Dec 2021
Natural Gas (Nymex)	USD / MMBtu	3.89	-0.17	-4.26%	Sep 2021

*Note: all rates as at COB London time July 30<sup>th</sup> 2021*

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, but we can accept no responsibility, and we bear no liability for any loss or damage incurred to any persons acting upon this report. We have obtained the information given in this report from various market sources. 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 the report cannot be reproduced or used without authorisation from STAR ASIA.