

WEEK 47, 21th NOVEMBER 2020

Another positive news has propped up the beginning of the week against the backdrop of hope and vaccines. Moderna Inc., a biotech company from the U.S., mentions that the preliminary phase three trial data show its coronavirus vaccine is more than 94% effective in preventing Covid-19. With the second vaccine proven to be on the line, developers are now working with the U.S. Food & Drug Administration to get the final approval for mass production.

Vaccines are a fragile drug that demands strict temperature control, or else it will deem ineffective. According to the World Health Organization, about half of the vaccines distributed worldwide go to waste, in large part because of a failure to control storage temperatures properly. COVID vaccines require about minus 20 degrees Celsius for storage. This could potentially prove challenging for transportation and mode of distribution.

Fifteen countries, including 13 in Asia plus Australia and New Zealand, have signed the Regional Comprehensive Economic Partnership (RCEP) on 15th Nov via a virtual conference. This agreement would concede as the world's largest free-trade bloc and has been generally welcomed by the commodities market. The partnership, which took about eight years to materialise, would cover various sectors and will make the economies of North and Southeast Asia more efficient, linking their strengths in technology, manufacturing, agriculture, and natural resources.

The full extension of benefits from this agreement has yet to be assessed, but the signing of the RCEP is a landmark achievement for East Asian cooperation. RCEP will connect about 30 percent of the world's people and output and, in the right political context, will generate significant gains. The new free trade bloc will be bigger than both the US-Mexico-Canada Agreement and the European Union. Projected earnings could add US\$209 billion annually to world incomes and US\$500 billion to world trade by 2030.

Dry Bulk

In China, industrial production keeps rising, with the data for October showing better than expected growth and in line with the previous month's healthy growth. The Chinese economic strength is at odds with most other countries, which again grapple with rising COVID19 infection rates and new social restrictions. However, Chinese domestic production of coal fell in October as compared to previous months. Despite the need to build up inventories for the upcoming winter months, output has been slowed due to mining accidents.

With the unofficial ban on Australian imports, Chinese buyers must look towards other places for alternative sources. A likely candidate could be that of South African, with prices for Richards Bay coals risen substantially since mid-October in anticipation of Chinese interest. The ban on coal imports from Australia has also seen trade patterns shifting somewhat, with seaborne export volumes in October only down slightly compared to the preceding month.

Australian wine exporters should be preparing for their peak selling season, the months preceding Christmas and New Year celebrations in China. Instead, they are watching stockpiles of products mount in warehouses as its most giant market clamps down on shipments from the country. People familiar with the situation said this month Beijing had also ordered traders to stop purchasing at least seven Australian commodities categories -- including wine, rock lobsters, barley, and copper ore -- in its most sweeping trade move against Canberra yet.

Capesize:

Not much has improved from last week for this segment. The market rebounded for a short period when major iron ore shippers managed to secure tonnage. Still, demand dampens due to a shortage of coal in East Australia whilst an increase in Chinese iron ore inventory. The pressure has put rates similar to that of June levels. Although demand for Australian coal is still viable in countries like India, Vietnam, and S.Korea, many cargoes are split into Panamaxes tonnage. This has not helped with the rates in the Cape market. Midweek slips were notable across all routes, with Pacific r/v taking a hit, slipping down \$400 to close at \$12,788 / day. ECSA f/h also fell to about levels of low \$25,000.

Panamax / Kamsarmax:

With the demand influx of shipments via USG and NOPAC as the U.S. soybean and corn harvest comes to an end, the market saw an uptick drive for the Panamax market. The inflow of Panamax for Australian coal sold to other countries have also been a pivoting factor in supporting the segment. As China restricts Australian products' imports, including grains, China's grains are mainly procured from Atlantic regions such as the U.S., Ukraine, and Argentina. We expect to see a surge of exports out of the U.S. as China's reset its import quota in the coming January. Panamax rates witness a healthy increase, with the transatlantic route recovering to \$11,170.

Supramax / Ultramax:

Like the Panamax segment, the influx of U.S. Gulf grains has lent support to the Atlantic markets. However, such was momentary as rates slipped for fronthaul routes closing at \$19,625. On the other hand, the Pacific market remained subdued with the Diwali festivals in India last week but slowly picked up as Pacific - India routes closed in the region \$7,505

midweek. Australia is expected to have a prosperous grain crop, and this will be mainly imported by Asian countries. Sentiments remain optimistic for this segment in the coming weeks.

Handysize:

Handysize keeping up with the last week momentum with an uptick across all routes this week. Both US Gulf and ECSA market has improved. Transatlantic routes recorded levels in the \$6,550. Fronthaul routes from Persian Gulf are also faring well with rates similar to last at around \$9,000. Far East remained relatively stable with a steady drive throughout the week. Interpacific rates was in the levels of \$5,945. Overall, a positive climb for this segment.

Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
SBI REGGAE	KMAX	81,214	2016	CHINA	19.5	UNDISCLOSED
SBI PARAPARA / SBI MAZURKA / SBI SWING / SBI JIVE	KMAX	81,227	2017	CHINA	20.5 EACH	GREEK BUYERS
KASTRO	SUPRAMAX	58,780	2008	CHINA	8.8	CHINESE BUYERS
PORT HAINAN	SUPRAMAX	56,777	2012	CHINA	9.5	CHINESE BUYERS
PORT CANTON	SUPRAMAX	56,745	2012	CHINA	9.5	CHINESE BUYERS
PORT DALIAN	SUPRAMAX	56,737	2012	CHINA	9.5	CHINESE BUYERS
BALTIC PANTHER	SUPRAMAX	53,100	2009	CHINA	7.5	UNDISCLOSED
TRITON SEAHAWK	SUPRAMAX	51,201	2011	JAPAN	N/A	AIMS SHIPPING
NORD SINCERE	HANDY	28,355	2010	JAPAN	6.65	GREEK BUYERS

Dry Bulk Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
CAPE	180,000	46	49	26	19	9
KAMSARMAX	82,000	26	29	22	14	7
SUPRAMAX	56,000	25	28	15	11	6
HANDY	38,000	23	21	15	10	5

*(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	1,148	1,115	1,284	+2.91%	-11.18%
BCI	1,435	1,507	2,493	-4.89%	-53%
BPI	1,353	1,198	1,129	+12.15%	+18.05%
BSI	930	884	747	+5.07%	+21.82%
BHSI	602	586	494	+2.69%	+19.70%

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	13,500	14,400	17,000	-6.45%	-22.95%
PANAMAX	75,000	10,200	10,200	11,250	0%	-9.79%
SUPRAMAX	52,000	9,600	9,500	10,500	+1.05%	-8.95%
HANDYSIZE	32,000	9,600	9,500	9,250	1.05%	+3.71%

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1 Year T/C Dry Bulk



Tankers

OPEC+ has overproduced as much as 2.346 million barrels per day (bpd) over their combined quota since the start of the record production cuts between May and October. In the technical meeting on Monday, the group has announced widespread support for a three-month extension of the current level of oil production cuts.

The ministers of the OPEC+ Joint Ministerial Monitoring Committee found that the overall compliance of the OPEC+ group in October stood at 101 percent, excluding compensation schedules. Countries compensated a total of 768,000 bpd to make up for previously overproduced volumes, leading to 99.5 percent of the production adjustment commitments since May.

Meanwhile, Libya has hinted that it demands to continue to be exempt from the production cuts until its production stabilizes around 1.7 million bpd, and to keep adding production to the mix now that the barrier that has plagued the country for months has ended. This reality has added nearly a million barrels per day into the mix at a time when OPEC+ is desperately trying to remove barrels from the market.

Despite OPEC's best efforts to rebalance the oil markets, the cartel has been under pressure, with oil demand falling substantially since the pandemic lockdowns. The next meeting will decide and recommend on the next outcome for the cartel. A full decision is expected to be concluded by the end of the month.

Midweek, Brent crude rose 59 cents, to settle at \$44.34 a barrel, while U.S. West Texas Intermediate crude gained 39 cents, to \$41.82.

VLCC:

Despite the increase of shipments as we head into the end of November, the oversupply situation in the VLCC remains persistent and unresolved. The market remains soft, with daily rates between the Middle East and China recorded in the levels of \$5,956. This was about a 30% decline from October rates of \$8,598. The situation is worsened by rising fuel oil prices. In West Africa, rates remain flat despite an influx of fresh cargoes in the area. 260,000mt from WAFR to China was fixed around WS29.5.

Suezmax:

The week started off well for this segment. Suezmax had an uptick of crude exports to Libya, the Far East and Taiwan. But the second half of the week, demand slowed a little. With Libya continued to increase their productions to 1.7 million bpd, the sentiments for the market

seems to be optimistic. The strong support out from West Africa gains almost by 6 points. 140,000mt to UKC was fixed in the levels of WS23 while another to MED in the region of WS20. Outlook in the MED was positive, despite average earnings remained sub-zero for another week. Not much activity for the Middle East Gulf as rates remain flat.

Aframax:

In Northern Europe rates for a 80,000mt on a cross-North Sea improved by five points to WS75 and rates improved in the Baltic and UKC for a 100,000mt jumped to settle at levels of WS43.5. Med market had some improvements the start of week, rates on the TD19 recorded levels in the WS60 while Black Sea saw levels in the WS62.5. US Gulf to UKC for a 80,000mt also firm up. Across the Atlantic, markets continued to firm up and pushed rates for a 70,000mt Carib to the US Gulf to levels of WS85.

Clean :

There was a bustle of activity for the clean market this week. In the LR2 segment, a 75,000mt for Middle East Gulf to Japan improved by few points to sit at WS80. It was also optimistic in the LR1, with rates for a 55,000mt to Japan improving to the WS80 region. The MR market also hold up the ongoing sentiments with rates for a 35,000mt Arabian Gulf to East Africa gaining 20 points to close at levels in the low WS130s.

Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
POSEIDON I	VLCC	305,796	2002	S.KOREA	26.00	UNDISCLOSED
SRI VISHNU	SUEZMAX	152,923	2000	S,KOREA	11.5	UNDISCLOSED
SEAWAYS FRAN	AFRAMAX	112,118	2001	S.KOREA	N/A	UNDISCLOSED
ATLANTIC QUEEN	MR	46,838	2010	S.KOREA	16.3	TORM A/S (EN BLOC)
ATLANTIC PEGASUS	MR	46,838	2010	S.KOREA	16.3	

Tankers Values

(Weekly)

TANKERS	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
VLCC	300,000	85	88	63	43	21
SUEZMAX	160,000	56	58	43	29	13
AFRAMAX	115,000	46	47	35	21	10
PANAMAX-LR1	73,000	43	39	29	18	8
MR TANKER	51,000	34	36	26	20	8

*(amount in USD million)

Baltic Exchange Tanker Indices

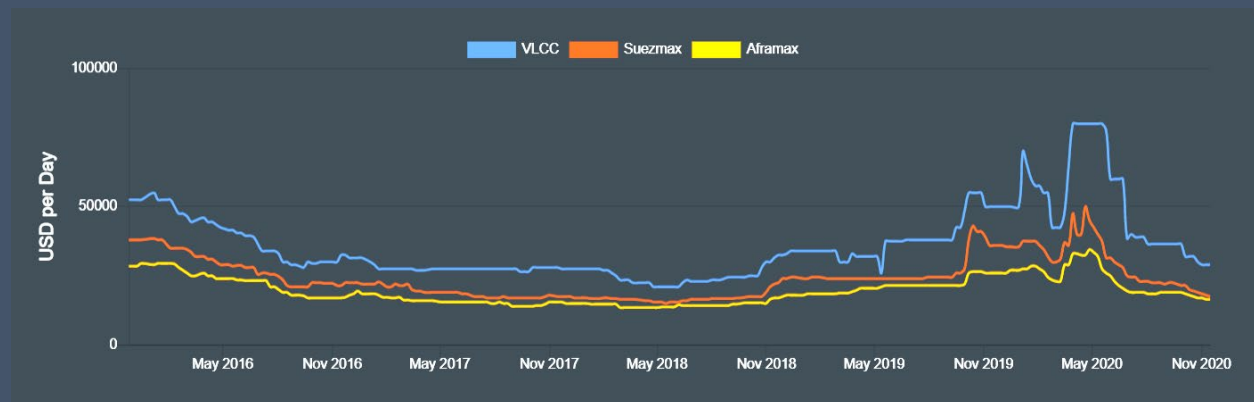
BALTIC EXCHANGE TANKER INDICES

	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDTI	438	425	1,296	+3.01%	-98.96%
BCTI	368	337	880	+8.79%	-82.05%

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	23,500	24,500	47,500	-4.16%	-67.60%
SUEZMAX	150,000	18,500	18,500	33,500	0%	-57.69%
AFRAMAX	110,000	16,500	16,750	25,500	-1.50%	-42.85%
LR2	80,000	13,600	13,500	16,000	+0.74%	-16.21%
MR	47,00	11,500	12,000	16,000	-4.25%	-32.72%







One year T/C Crude



Miscellaneous Ships - S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
GRANVILLE BRIDGE	POST PMAX	5,642	2006	S.KOREA	N/A	MSC
NEWARK	PMAX	3,398	2006	S.KOREA	8.6	GREEK BUYERS
AMANDA D	FEEDER	1,730	2000	POLAND	N/A	MSC

Ship Recycling Market Snapshot

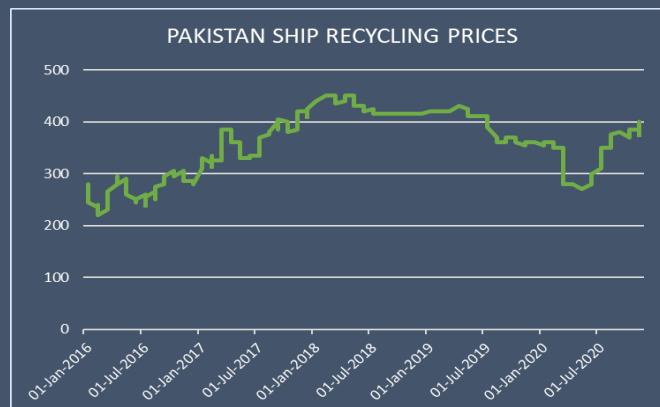
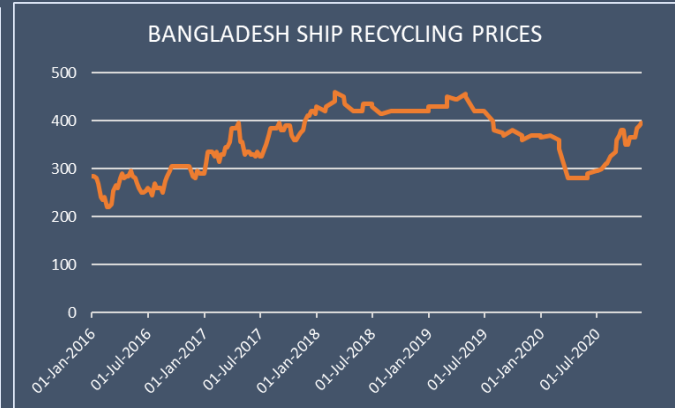
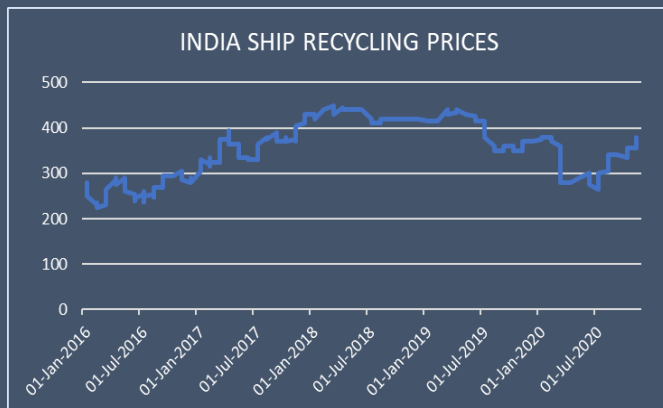
ESTIMATED SHIP RECYCLING PRICES (SARA)						
DESTINATION	TANKERS (SUEZMAX ~ VLCC Size)	BULKERS (Handymax To Panamax)	BULKERS (Cape)	MPP/GCS	CONTAINERS (12,000 TO 22,000 TONS LDT)	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (W.C.INDIA)	380 ~ 385	375 ~ 380	370 ~ 375	365 ~ 370	400 ~ 405	STRONG / 
CHATTOGRAM, BANGLADESH	410 ~ 415	385 ~ 390	390 ~ 395	370 ~ 375	410 ~ 415	STRONG / 
GADDANI, PAKISTAN	405 ~ 415	385 ~ 390	380 ~ 385	370 ~ 375	395 ~ 400	STRONG / 
TURKEY	200	200	210	210	215	STABLE / 
CHINA <i>*only Chinese flagged vessels</i>	360	350	360	340	360	STABLE / 
INDONESIA <i>*only Indonesia flagged vessels</i>	250	240	250	250	260	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's 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 depends on the type of machinery / non-ferrous content.

Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (US\$/LDT LT)	COMMENTS
GDYNIA	12,960	1981 / JAPAN	SELF DISCHARGING BULKER	357	DELIVERED AS IS SINGAPORE FOR HKC RECYCLING
GAS INDONESIA	2,049	1990 / JAPAN	LPG TANKER	375	DELIVERED CHATTOGRAM
JISAN GAS	2,078	1992 / JAPAN	LPG TANKER	270	DELIVERED AS IS BUSAN
CALAMITY JANE	5,439	1978 / FINLAND	PIPELAYING	190	DELIVERED TURKEY FOR EU SRR CERTIFIED YARD
NARLICA	2,180	1992 / ITALY	CHEM TANKER	671	DELIVERED ALANG/VESSEL HAS 367 MT SOILD 316 L SUS TANKS
AYANA	3,357	1980 / SPAIN	OIL TANKER	384	DELIVERED GADDANI
AL FAHED	1,801	1969 / GERMANY	LIVE STOCK	305	DELIVERED GADDANI

Recycling Ships Price Trend



Global strength in the steel, steel and steel...

This week, Sub-continent markets have gained momentum and hovering at the years peak as the overall demand and global steel prices finished and raw material has been robust despite of slowing down of consumption in China with the winters enveloping in North China while it is a seasonal demand from India and Bangladesh, from November to March.

Prices of imported ferrous scrap in containers (*shredded*) have improved by approximately 3 ~ 4% W-O-W, leading to the highest Y-O-Y. There are several factors for the cause of such an increase, but the interesting fact is how long can these prices remain firm is a challenge. Market experts believe these levels should remain firm until the first quarter of 2021.

Several speculative ship sales done a couple of weeks back, looking expensive and non-profitable, are now looking profitable.

In general, the ship recycling prices have improved by USD15 ~ 20/ ton across the board, and such can be reflected in the recent sales/offers for the recycling ships. It is indeed a distinct V-shape recovery.

Against a backdrop of ever-increasing industrial production, infrastructure project in China and the Indian Sub-Continent, the local markets took a nosedive earlier this year due to the COVID situation, but as time passed by, the prices are gradually aligning to get back to where they were paused and resuming the journey to the growth path. With less than two months till year-end, the prospects for 2021 start to look promising.

Over 1,000 delegates gather in Haikou between 11-13 November for the National Steel Scrap Conference. It was an elastic feeling as many gather enthusiastically discussing the newest shredding machinery and the future of Beijing's import of steel scrap. Some of the topics that were raised during the conference were about the future of China's steel mills and the launch of scrap futures. The futures contract will help in the aspects of market price discovery, stability, and transparency.

Earlier, three to four months back, the steel recovery was purely China-driven for the finished and raw material despite the solid performance by China this year, some of the large traders in China are getting concerns and they feel a sharp fall, especially in the rebar prices as most of part in China will be hit with a sharp temperature drops and demand may fall. It is a different story now in the Sub-Continent and several ASEAN countries as the demand has just started to pick up, and soon the low demand brewing in China may be shrugged off.

Alang, India

A perfect bull run! Prices of ships, sentiments, and demand have improved with recyclers back in action

Interestingly, some ships which were traditionally sold for Pakistan were diverted to India in light of better pricing, which is unusual as it has usually been the other way round.

The major force behind driving the prices up and sentiments is the local ferrous ship scrap prices, together with the improvement in non-ferrous scrap prices, and this looks like to remain for some time in Indian markets.

Chattogram, Bangladesh:

The big news this week was the association-based buying and selling of the so-called cartel was dissolved on 21st Nov, exactly after 2 months in existence. When the first time when this cartel was formed on 21st Sept, several market players had anticipated that this is short-lived and won't last long.

Several Recyclers have been frustrated, and the purpose of having such a controlled buying was counterproductive and did not work in favor of anyone.

The irony is that the recyclers who were waiting for their chance to buy at the levels set by the association, which if they had purchased in a free market one month back, by now, they would have made significantly high profits as the domestic ferrous scrap prices moved up and taken advantage of such. Unfortunately, now, if and when the association-based buying is dissolved, they will have to buy at the market price, which is on the positive move.

Local ferrous scrap prices, ship plates, and melting have increased by 2% and 2.75% followed by imported ferrous scrap (*shredded in containers*) have increased by 5.63% W-O-W and 20.54% Y-O-Y which is a significant increase justifying the reason behind the present bullishness.

Very soon, the majority of yards will be open free, and with the present supply glut, it will be very interesting to see the directions and prices offered by the market.

Its been more than a couple of months now since the recyclers were holding back, now the time has come to take the driving seat for the Bangladeshi recyclers.

Gaddani, Pakistan:

The markets, which went quiet last week and recyclers, were entering into hibernation but took a pause and resumed their further purchasing due to classic upward momentum. The cause of this was purely due to a spike in rebar prices by USD25/ton and the strengthening of local currency. Optimism is back but cautiously as yards are full.

A number of repeat buying recyclers who slowed down to cherry-pick are now of the opinion to go full steam ahead and procure ships as the fear of losing out to their neighbors in the competition would leave them empty-handed, this is another positive step to keep the demand intact.

This week has been a game-changer due to sudden changes in domestic prices, which has given some directions for the upcoming months.

Aliaga, Turkey:

Turkish ferrous scrap prices have increased further this week by whooping 14.5% in light of the shortage of imported scrap from the U.S. and some parts of Europe as the COVID-related lockdowns have made the collection difficult, and local mills are back restocking. The current prices are highest since Feb 2019 when the prices were in the range of US\$328-333/ton level, making it highest since Feb. 2019. Further domestic rebar and billet prices have also increased as the Turkish steel mill has declared the new price range for rebar for local buyers.

It has come to light the sale of Allsea's pipe layer 'Calamity Jane' at USD190/lit in October 2020 was a classic example of Turkey enjoying the E.U. approved recycling facility matching the corporate social responsibility. Understand from sources that the pipelayer was located in Singapore and had to go all the way to Turkey. The same vessel would have fetched about USD450/ton in Alang.

Overall sentiments are positive, and demand for steel remains at its best for the year. However, resistance is seen due to Turkish lira volatility keeping the ship prices in control

BEACHING DATES 2020

Chattogram, Bangladesh : 29th Nov. ~ 02nd Dec. | 13th Dec ~ 16th Dec.

Alang, India : 29th Nov. ~ 06th Dec. | 12th Dec. ~ 16th Dec.

Exchange Rates

EXCHANGE RATES			
	20 th NOVEMBER	13 th NOVEMBER	W-O-W CHANGE
USD / CNY (CHINA)	6.56	6.62	+0.9%
USD / BDT (BANGLADESH)	84.71	84.78	+0.08
USD / INR (INDIA)	74.16	74.67	+0.63%
USD / PKR (PAKISTAN)	160.89	158.3	-1.63%
USD / TRY (TURKEY)	7.64	7.7	+0.77%
USD / IDR (INDONESIA)	14,178	14,200	+0.15%

Bunker Prices

BUNKER PRICES (USD/TON)				
PORTS	VLSFO	MGO	IFO380 CST	IFO180 CST
SINGAPORE	362	377	300	305
HONG KONG	354	365	307	312
SHANGHAI	353	410	323	328
BUSAN	370	400	330	335
COLOMBO	380	435	280	294
MUMBAI	380	470	290	304
FUJAIRAH	358	440	305	310
ROTTERDAM	327	360	271	285
HOUSTON	335	412	295	333

Commodities Market Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	42.15	+0.41	+0.98%	JAN 2021
Brent Crude (ICE)	USD / bbl	44.96	+0.76	+1.72%	JAN 2020
Crude Oil (Tokyo)	JPY / kl	28,860.00	+220.00	+0.77%	APR 2021
Natural Gas (Nymex)	USD / MMBtu	2.65	+0.06	+2.24%	DEC 2020

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\$127	-3.2%	+39.62%	US\$123	US\$85

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb	331.00	+9.00	+2.80%	MAR 2021
3Mo Copper (LME)	USD / MT	7,277.50	+184.50	+2.60%	N/A
3Mo Aluminum (LME)	USD / MT	1,993.00	+0.50	+0.03%	N/A
3Mo Zinc (LME)	USD / MT	2,793.50	+34.50	+1.25%	N/A
3Mo Tin (LME)	USD / MT	18,795.00	+65.00	+0.35%	NA

Note: all rates as at COB London time 20TH November 2020

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