

WEEK 9, 5th March 2021

China finished its most important political meeting of the year, setting out plans to drive its economy into possibly the world's biggest this decade. China was the only country to stabilise after the pandemic and ended last year with overall growth. But now, risks of asset bubbles mounting, policymakers must work out an exit from the fiscal stimulus that drove the recovery and thread carefully without undermining growth and alarming investors already cautious of corporate defaults.

China released its annual goals, including a surprisingly conservative growth target, in a report published Friday morning by the National People's Congress. The Government set the target for gross domestic product expansion this year at above 6%, much lower than the 8.4% average forecast of economists. The modest estimation will allow the Government to deal with problems such as the increase in macro leverage.

This analyst suggests growth remains particularly important for the Chinese Government but while, trying to avoid rigid targets that may become an obligation, leading to excessive stimulus and renewed structural imbalances.

On the other side of the world, in the United States, Senate passes US\$1.9 trillion Covid relief bill, House Democrats plan final approval Tuesday.

Dry Bulk

The global market recuperates, clearly impacting dry bulk shipping. With prevalent vaccinations in place worldwide and plenty of economic stimulus in the pipeline, growth is about to accelerate to make up for the lost production during the pandemic. As a result, raw materials demand has soared, which is palpable by the robust rates for smaller bulkers that usually transport a wide assortment of economically sensitive goods.

Dry bulk is considered a levered play on the commodity cycle, and as such, it should benefit disproportionately if the world is entering a new cyclical commodity revival. There has been an underinvestment in global mining and dry bulk shipping capacity in the last few years. (the sector was overbuilt earlier in the previous decade). This year's arrangement would support a robust dry bulk market. It will be an interesting market to watch before it leans onto a deficiency next year from the surpluses.

Capesize:

The Cape markets fell again after the Panamax and FFA adjustment, which was driving the rates. Despite the resumption of industrial activities, several steel mills have stock enough iron ore before the holiday season, thus limiting the traffic volume. The sluggish market could also be due to the upcoming policy meeting, as many adopt a 'wait and see' approach. Prices of major steel products such as rebar and hot-rolled coils continue to recover, improving the steel mill's profitability. This is a positive factor for the Capes recovery.

Panamax / Kamsarmax:

In the aftermath of a strong uptrend triggered by the FFA surge two weeks ago, the smaller segment market is now on a linear decline adjustment. Despite last week's correction, the levels for Panamaxes have remained firm. The delayed harvesting of soybeans in Brazil has resulted in delays at South America from the short supply of tonnage. We expect purchasing demand to strengthen in March.

Supramax / Ultramax:

Another positive week for the Supramax segment! Rates across all routes saw gains at the week's closing. Pacific r/v saw gains and settled at \$20,488 / day. Supra FFA market showed robust strength compared to another segment, which generated periodic demand and supported the market. As of March 1st, Russia's grain export tax increase (from 25 euros per ton to 50 euros), and this is expected to reduce the Black Sea cargo volume. Transatlantic r/v saw gains with end week's closing at \$21,625 / day.

Handysize:

Pacific market rallies this week for the Handy segment after last week's tonnage shortage and drove rates upwards as demand remained fundamentally strong. Sentiments remain positive for this market. Inter-Pacific did well, with levels as of Friday closing at \$16,000 / week. In the Atlantic, rates also held firm on a lack of tonnage, despite the more limited activity. Transatlantic gain \$667 to settle at \$17,167 / week.

Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
SHANGHAI WAIGAOQIAO H1488	CAPE	210,000	2021	CHINA	50.5	MARAN
CAPE SATURN	CAPE	175,775	2003	CHINA	11.5	FAR EASTERN BUYERS
NAVIOS MARCO POLO	KMAX	80,647	2011	JAPAN	16.5	GLOBUS MARITIME
THARKEY	PANAMAX	79,224	2010	CHINA	30.3 EN BLOC	GREEK BUYERS
SHER-E PUNJAB	PANAMAX	79,200	2011	CHINA		
VEENUS	PANAMAX	79,200	2011	CHINA		
ROBIN WIND	PANAMAX	78,228	2013	JAPAN	18.5	UNDISCLOSED
GH SEABIRD	SUPRAMAX	63,997	2016	CHINA	19.5	UNDISCLOSED
KURE HARBOUR	SUPRAMAX	55,832	2011	JAPAN	11.5	S.KOREAN BUYERS
AQUA ATLANTIC	SUPRAMAX	55,499	2010	JAPAN	11.5	MEGHNA MARINE
ZHONGYU 89	SUPRAMAX	55,000	2010	CHINA	6.89	UNDISCLOSED
OCEAN BARI-STAR	HANDY	38,243	2011	JAPAN	11.0	UNDISCLOSED
ALAM SEJAHTERA	HANDY	33,297	2016	JAPAN	14.9	GREEK BUYERS
BOLERO	HANDY	25,008	1997	JAPAN	2.9	MIDDLE EASTERN BUYER

Dry Bulk Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
CAPE	180,000	47	49	36	20	11
KAMSARMAX	82,000	26	30	23	14	9
SUPRAMAX	56,000	26	29	16	12	8
HANDY	38,000	23	22	15	11	7

*(Amount in USD million)

Baltic Exchange Dry Bulk Indices

BAL TIC EXCH ANGE DRY BULK INDICES					
	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
BDI	1,829	1,675	497	+9.19	+268
BCI	1,784	1,439	-226	+23.97	+889.3
BPI	2,241	2,140	787	+4.71	+184.75
BSI	1,917	1,878	524	+2.07	+265.83
BHSI	1,131	1,070	304	+5.7	+272.03

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	20,500	18,000	14,500	+13.88	+41.37
PANAMAX	75,000	16,750	15,500	12,000	+8.06	+39.58
SUPRAMAX	52,000	16,800	15,750	9,750	+6.66	+72.3
HANDYSIZE	32,000	15,250	14,250	9,250	+7.01	+64.86

Dry Bulk 1 year T/C rates



Tankers

Oil prices strengthen again for the second day on Thursday following reports that the OPEC+ group weighing the possibility to not increase output production from April as widely expected. The cartel is considering the increment given the still-fragile global demand recovery. Oil skyrocketed after OPEC+ decided to hold off on easing production cuts for another month, surprising the oil market.

WTI and Brent shot up more than 4%. During early trading on Friday, Brent surpassed \$69 per barrel. OPEC+ extended the cuts through April, aside from a slight increase allowed for Russia and Kazakhstan, due to seasonal consumption patterns. Even Saudi Arabia decided to keep its 1 mb/d of voluntary cuts in place.

Analysts are reviewing their future forecast to reflect the continued supply restraints by the OPEC+.

At Friday closing, WTI Crude closed at US\$66.09 while ICE Brent Crude closes at US\$69.36.

VLCC:

Rates remain under pressure this week especially with the news from OPEC+ extending the cuts till April. Middle East Gulf, a 280,000mt to US Gulf skirted at WS18 levels while a 270,000mt to the East slipped to WS30. In the Atlantic, the North Sea remains busy with a couple of fixtures. A 260,000mt West Africa to China maintain at levels of WS34.5.

Suezmax:

The Suezmax market saw an uptick in activity in the West. Levels moved towards an upward trend. Black Sea to the Med region have remained at around WS75 levels meanwhile Basrah to Mediterranean for a 140,000mt remains around WS18 levels. The rates on WAF to Med and to UKC routes improved w-o-w to WS 65 while Middle East Gulf was quiet with not much to report on this week.

Aframax:

The Med market has seen another positive week, with further improvements witness for a 80,000 mt Ceyhan/Lavera to WS132.5/135 levels. However, resistance from owners in the Baltic-UKC has rates slipping to the WS80 levels. The Atlantic basin is also faring well. A 70,000mt Caribs to USG climb 33 points to WS150 levels while USG to UKC closes at WS125.

Clean:

Another quiet week for the Clean segment. For the LR2, a 75,000mt from Middle East Gulf to Japan improved slightly to WS73.5 levels despite an influx of stems, tonnage remains tight. In the LR1 - the segment faces a difficult week ahead as the tonnage list in the West differed. The rates on the UKC to West Africa routes softened, falling w-o-w to WS 95. MRs on the Arabian Gulf to the East Africa was more volatile with rates recovering to sit now at WS162 levels.

Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
SEAWAYS TANABE	VLCC	298,561	2002	JAPAN	25.0	THAI BUYERS
SEARACER	SUEZMAX	164,214	2002	S. KOREA	N/A	UNDISCLOSED
SKS SEGURA	SUEZMAX	158,784	2007	S. KOREA	23.9	VIETNAMESE BUYERS
MARVIN STAR	SUEZMAX	157,985	2009	S. KOREA	23.5	FGAS
AEGEAN FREEDOM	AFRAMAX	106,074	2003	S. KOREA	10.75	GREEK BUYERS
OCEAN MOONBEAM	MR	50,359	2005	S. KOREA	N/A	SOL SELENE PANAMA
FSL OSAKA	MR	45,998	2007	JAPAN	11.2	INDONESIAN BUYERS
HAI SHUN	CHEM./OIL	16,322	1997	JAPAN	N/A	SINGAPORE BASED

Tankers Values

(Weekly)

TANKERS	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
VLCC	300,000	89	90	67	46	25
SUEZMAX	160,000	59	58	43	30	14
AFRAMAX	115,000	48	47	35	21	10
PANAMAX-LR1	73,000	43	39	29	19	8
MR TANKER	51,000	35	35	30	19	8

*(amount in USD million)

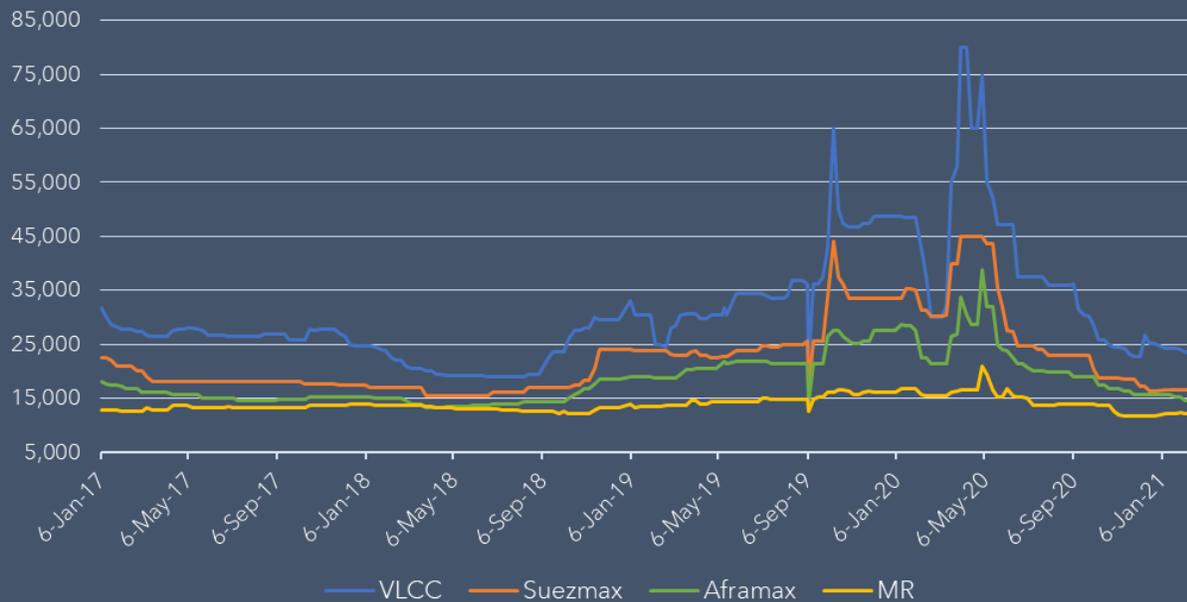
Baltic Exchange Tanker Indices

BALTIC EXCHANGE TANKER INDICES					
	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
BDTI	666	669	865	-0.44	-23
BCTI	488	526	689	-7.22	-29.17

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	23,150	30,000	+1.51	-21.66
SUEZMAX	150,000	16,500	16,500	30,250	0	-45.45
AFRAMAX	110,000	15,000	14,500	21,500	+3.44	-30.23
LR2	80,000	12,750	12,750	16,500	0	-22.72
MR	47,000	12,375	12,375	15,500	0	-20.16

Tanker 1 year T/C rates



Miscellaneous Ships - S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
CRETE I	POST PMAX	6,966	2009	S. KOREA	46.0	FAR EASTERN
POLO	FEEDER	1,730	2002	POLAND	6.0	MSC
BRIGHT LAEM CHABANG	FEEDER	1,032	2007	JAPAN	7.0	NEW HARVEST SHIPPING

Ship Recycling Market Snapshot

ESTIMATED SHIP RECYCLING PRICES (SARA)

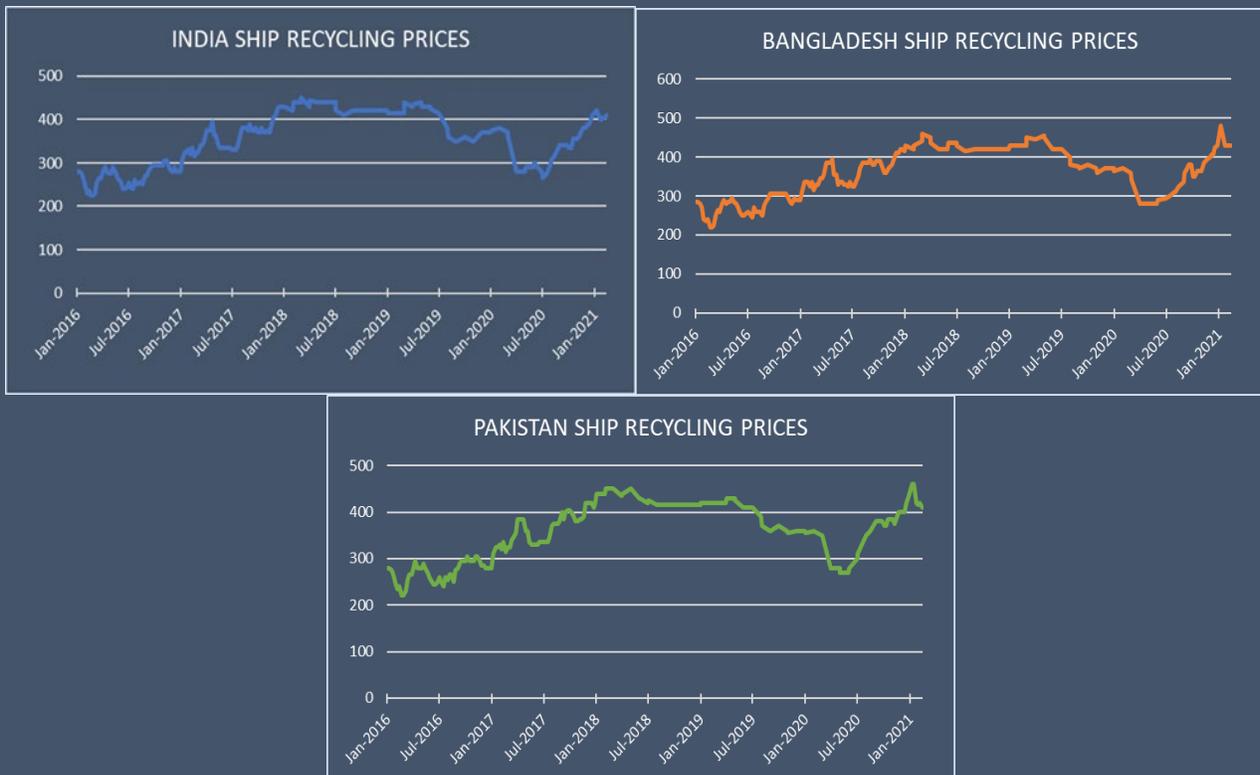
DESTINATION	TANKERS (SUEZMAX ~ VLCC Size)	BULKERS (Handymax To Panamax)	BULKERS (Cape)	MPP/GCS	CONTAINERS (12,000 TO 22,000 TONS LDT)	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (W.C.INDIA)	410 ~ 415	425 ~ 430	425 ~ 430	425 ~ 430	455 ~ 460	STABLE / 
CHATTOGRAM, BANGLADESH	455 ~ 460	450 ~ 455	455 ~ 460	440 ~ 445	465 ~ 470	STABLE / 
GADDANI, PAKISTAN	460 ~ 465	455 ~ 460	455 ~ 460	435 ~ 440	460 ~ 465	STABLE / 
TURKEY *For Non-EU ships. For EU Ship, the prices are about US\$40-50/ton less	260	250	250	250	270	STABLE / 
CHINA *only Chinese flagged vessels	380	370	380	360	380	STABLE / 
INDONESIA *only Indonesia flagged vessels	300	300	310	285	320	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 / non-ferrous content.

Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (US\$/LDT LT)	COMMENTS
MYRTOS	5,670	2000 / SPAIN	SS TANKER	555	DELIVERED AS IS SHARJAH U.A.E
FORTUNE GLORY XLI	10,222	1997 / RUSSIA	TANKER	475	DELIVERED CHATTOGRAM
SUN 1	19,853	2001 / CHINA	TANKERS	449	DELIVERED CHATTOGRAM
SINOMERCHANT	37,537	1997 / KOREA	VLOC	472	DELIVERED CHATTOGRAM WITH ESTIMATED 500 MT ROB AT THE TIME OF DELIVERY
SINOCARRIER	39,124	1992 / JAPAN	VLOC	478.50	DELIVERED GADDANI
THE MERCIFUL	9,796	1997 / JAPAN	BULKER	480	DELIVERED GADDANI
GRAND MIDAS	2,070	1992 / KOREA	CONTIANER	UNDISCLOSED	DELIVERED CHATTOGRAM

Recycling Ships Price Trend



This week saw a quick turnaround in the ship recycling prices, spiking to very high levels and later stabilizing by the close of the week, all in tandem with the global increase in melting scrap prices and finished products. Once again, ship recycling prices are shy of another US\$20~25/ton to cross the US\$500/ton physiological mark.

This week, several shipowners took advantage of the bullish markets and sold their end-of-life ships. The sale of fresh, 2 VLCC's made the headlines this week, together with some interesting sales of Aframax privately.

Overall, markets in the Sub-Continent have settled down at the prevailing prices and recyclers are eager to buy ships for their yards, but strong freight rates in dry bulk and container segment are keeping their desires exasperated.

Volatility in steel is expected to increase in 2021 as there is an imbalance between scrap steel and finished products. The utilization is still well below the record-high levels. It is anticipated that such volatility will increase this year, and price fluctuations in such a turbulent environment might seem scary at times. Recycling is a process that takes time, and in that period, the steel scrap prices can fluctuate by 15 ~ 20% in one month at times, example a 10,000 tonner light displacement ship in Bangladesh takes 2 to 3 months to recycle, Alang takes 4 to 5 months, while 2 months in Pakistan.

On the other hand, in China, the steel futures market increased significantly as the demand showed further signs of recovery, and production restrictions in North China's Hebei province were tightened further. The prices of most traded rebar contracts on Shanghai Futures Exchanges (SHFE) for May delivery increased by US\$28/ton or 3.9% this week on Wednesday. Tangshan billet price also spiked to nine and a half years high in light of market expectation on the fast revival of demand from the Chinese steel end-users.

On the ship supply side, the dynamics have not changed, short supply despite tankers taking a nose dive has yet not fully come for sale. This week OPEC' group and Russia-led allied have given tanker owners shock by only planning to increase small output in coming months. S&P in tankers are not fully priced in as there are several buyers emerging from non-traditional markets keeping the tanker S&P active alive.

Alang, India

A shaky week as domestic prices took off early this week while closed correcting.

It has been a very slow start for the Alang recycling markets as the total vessel beached from 1st January to 28th February 2021 was only 38 ships totaling to 305,292 metric tons as compared to last year for a similar period it was 53 ships totaling to about 395,000 metric tons, despite the present situation is more promising as compared to last year.

Overall sentiments were bullish and business as usual.

Chattogram, Bangladesh

A very interesting week, with the domestic ferrous ship plate and melting prices reaching the highest levels at the start of the week and by the end of the week, dropped back to settle at about US\$552/ton (plates) and US\$515/ton (melting). Volatility remains at peak, with prices fluctuating almost 3 ~ 4% on a weekly basis. However, the underlying steel strength is bullish, which is keeping the faith in the scrap steel markets.

Several ships were sold since the markets move up, especially smaller tankers and general cargoes on private terms. Demand at peak with recycling yards hungry to buy ships as they come, with Ramadan around the corner they wish to have enough inventories before that.

Gaddani, Pakistan:

Ship recycling prices hit the highest levels this week, marking it a decade high – sale of the VLCC "Sinocarrier" and VLCC, which was purchased a few months back, made it to Gaddani recyclers at US\$462/ton levels, was a clear reflection of the price.

Markets are moving too fast in Gaddani as the demand surges for raw material. However, the negative impact is the demand for finished products not moving in tandem with the raw material. Imbalances in Pakistan may align soon, either the prices of raw materials drop to match the demand or demand for finished products increase.

Domestic ship scrap prices, after spiking out last week on the news of customs imposing taxes on the imported scrap, have finally come back to normalization. Given such volatility, recyclers in Pakistan are not yet fully ready to go all out buying ships. The majority of them are holding inventories for the next few months, keeping them on the sidelines.

Aliaga, Turkey:

Markets are stable and ship prices are well settled in Turkey.

Imported scrap prices continue to rise this week and now stands at US\$461/ton keeping the sentiments stable

Several EU ships were making sales in Turkey sold at the prevailing prices.

BEACHING DATES 2021

Chattogram, Bangladesh : 14TH March ~ 17th March | 29th March ~ 1st April

Alang, India : 11th March ~ 16th March | 27th March ~ 3rd April

Exchange Rates

EXCHANGE RATES			
	5 th MARCH	26 th FEBRUARY	W-O-W % CHANGE
USD / CNY (CHINA)	6.49	6.47	-0.3
USD / BDT (BANGLADESH)	84.78	84.72	-0.07
USD / INR (INDIA)	73.16	73.59	+0.58
USD / PKR (PAKISTAN)	157.09	158.86	+1.11
USD / TRY (TURKEY)	7.53	7.42	-1.48
USD / IDR (INDONESIA)	14,404	14,330	-0.51

Bunker Prices

BUNKER PRICES (USD/TON)			
PORTS	VLSFO	MGO	IFO380 CST
SINGAPORE	503	532	385
HONG KONG	510	530	393
SHANGHAI	516	566	412
BUSAN	535	558	400
COLOMBO	555	565	370
MUMBAI	545	603	380
FUJAIRAH	500	592	375
ROTTERDAM	492	529	388
HOUSTON	507	605	400

Commodities Markets

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\$178	+2.27%	+65.67%	US\$174	US\$90

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	407.55	+9.70	+2.44%	MAY 2021
3Mo Copper (LME)	USD / MT	8,895.50	-12.00	-0.13%	N/A
3Mo Aluminum (LME)	USD / MT	2,176.00	+22.50	+1.04%	N/A
3Mo Zinc (LME)	USD / MT	2,773.50	+25.00	+0.91%	N/A
3Mo Tin (LME)	USD / MT	24,444.00	+869.00	+3.69%	N/A

Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	66.09	+2.26	+3.54%	APR 2021
Brent Crude (ICE)	USD / bbl	69.36	+2.62	+3.93%	MAY 2021
Crude Oil (Tokyo)	JPY / kl	43,750.00	+1,130.00	+2.65%	AUG 2021
Natural Gas (Nymex)	USD / MMBtu	2.70	-0.04	-1.64%	APR 2021

Note: all rates as at COB London time March 5th, 2021

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