

STAR ASIA WEEKLY REPORT

Week 22 – May 29, 2020

Weekly insight:

Here in Singapore, we are heading almost into eight weeks of quarantine that began back on 7th April. The world has been brought to their knees from the Covid-19 pandemic, and we are now starting to see some signs of recovery in most major cities of the world.

Businesses in Singapore that operate in settings with lower transmission will be allowed back on 2nd June after an extended lockdown from 4th May. This includes most manufacturing and production facilities and companies that do not require interactions with a large group of people like finance & insurance, IT & info services, and schools. The rest, which makes up of almost the entire economy will only be allowed to resume in Phase 2, estimated to be about four weeks after (exact date TBA) and would include sectors like F&B, health & wellness etc.

The global trade of the world relies heavily upon sea transportation, and we are the movers and the shakers of the world economy. But none more than the people who command these giant machines, the crew.

For months now, crew change has come to a standstill in all parts of the world, leaving them stuck at sea. The earlier preventive measures in Singapore port includes not allowing the crew to sign off the vessel, if they were coming from China, Japan, Republic of Korea, Italy, Iran, Spain and eventually, halting all crew change, except only on compassionate ground. That was done on a case by case basis.

We update the status this week with the latest from Maritime Port Authority of Singapore. The circular announces that crew change is now allowed to take place if the crew has served maximum time onboard (and no further extension of employment is granted) or is no longer medically fit to work.

Crew change will also be permitted for the reasons below:

- a) crew whose employment contract has expired
- b) additional crew on board whose sign-off would not affect the safe manning of the ship
- c) change of crew due to the Sale and Purchase of the ship.
- d) personnel who are not part of the ship's crew such as superintendents and service engineers

Of course, with proper SOP in place. (read more on circular [here](#))

We are glad to hear that seafarers have now been deemed keyworkers and the UN have issued a plea for urgent action on crew change citing it to be a humanitarian crisis. It is about time we take steps to protect the health of the seafarers and accorded their status to that of essential, especially in this period of crisis where critical supplies must reach in time.

Dry Bulk

Capesize:

Markets have moved slightly but the rates remained unfavourable. We see an increasing iron ore volume coming out of the China routes to West Africa and Brazil, but levels have not stirred far from the bleak rates of USD 3,786/day on Wednesday. Pacific market fares better while Atlantic showed a downward trend. The TCE average has stayed below USD 10,000 since 21st April and overcapacity is also a factor in leading up to the depression of rates.

Panamax / Kamsarmax:

The Chinese have picked up the pace with a few Indonesian and Australian trips reported to be fixed in the USD 6,500 /day range. Indian trips to China were fixed around USD 7,000 ~ 9,000/day range. North Pacific remained the same in the regions of USD 5,000/day. There is, however, a positive indication in this region with reports of younger Kamsarmax being fixed at low USD 9,000/day with an option for wider redelivery range.

Supramax / Ultramax:

Reports of Indonesian trips to South East Asia at levels of USD 9,000/day despite negative pressure and local holidays. South-East Asia and India have seen good gain rates. Atlantic basin saw an overall positive week despite the lack of cargoes from the US Gulf. The Continent and the Mediterranean market were quiet due to the holidays across Europe. Future sentiments are not yet defined at this moment as the usual routes are under immersed pressure.

Handysize :

The market was supported with demands coming out ahead of the monsoon season with limited activity reported from the US Gulf, Continent and Mediterranean. TC route on the Far East to SE Asia was reported to be at levels of USD 4,160/ day up a few points from last week.

Dry Bulk – S&P Report

Vessel Name	Type	DWT	Year	Built	Price (Million) USD	Comments / Buyers
LM SELENE	POST PANAMAX	93,258	2009	CHINA	9.15	FAR EASTERN INTEREST
DIAMOND WIND	PANAMAX	76,536	2010	JAPAN	12.5	JAPANESE INTERESTS
LUCKY STAR	PANAMAX	76,662	2002	JAPAN	6.5	CHINESE INTERESTS
BW FLAX	SUPRAMAX	58,096	2010	JAPAN	10.5	GREEK INTERESTS
MIKA MANX	SUPRAMAX	57,893	2013	CEBU	11	UNDISCLOSED
SWAKOP	HANDY	34,274	2013	CHINA	8.5	EUROPEAN INTERESTS
WAVE FRIEND	HANDY	28,368	2010	JAPAN	6.5	GREEK INTERESTS
INABA	MPP	20,145	2008	JAPAN	4	UNDISCLOSED

Dry Bulk Values Report

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
CAPE	180,000	49	49	35	20	9
KAMSARMAX	82,000	28	28	21	14	7
SUPRAMAX	56,000	25	26	15	10	5
HANDY	38,000	23	22	15	7	3

(all numbers in USD \$)

Baltic Exchange Dry Bulk Indices			
	Current	Last week	Last year
BDI	506	498	1040
BCI	147	162	1463
BPI	656	635	1255
BSI	495	486	780

Bulk 12 months T/C Rates (In USD)			
	DWT	Current	Last week
CAPE	180,000	13,500	12,500
PANAMAX	75,000	8,000	8,000
SUPRAMAX	52,000	8,500	8,000

1 Year T/C Dry Bulk



Dry Bulk Time Charter Average

	Code	Type	Description	Rate	+ / -	
C A P E	MC1	S.AFR F/H	Saldanha Bay - Qingdao (Voyage)	6.54	▲	0.05
	MC2	Pac R/V	Port Hedland - Qingdao (Voyage)	4.44	▼	0.09
	MC3	S.AFR F/H	Richards Bay - Qingdao (Voyage)	5.88	▲	0.10
	MC4	Pac R/V	Newcastle - Zhoushan (Voyage)	6.19	▲	0.09
	MC5	ECSA F/H	Tubarao - Qingdao (Voyage)	8.36	▲	0.14
	MC6	Brz R/V	Far East - Brazil - Far East	4,175	▲	100
	MC7	Pac R/V	Far East - Australia - Far East	6,162	▼	213
	MC8	T/A	Europe - E.C America - Europe	1,956	▼	49
	MC9	ECSA F/H	Europe - E.C America - Far East	14,950	▲	450
	Capesize Time Charter Average (U\$/Day)			6,811	▲	72
P M A X	MP1	Inni R/V	S.China - Indonesia - S.China	5,867	▲	159
	MP2	Pac-India	Far East - Australia - East India	5,870	▲	180
	MP3	Pac R/V	Far East - NOPAC or Australia - Far East	6,256	▲	158
	MP4	Brz R/V	Spore - ECSA - Far East	7,240	▲	150
	MP5	CIS R/V	Busan - CIS Russia - N.China	6,010	▲	140
	MP6	F/H	Gibraltar - US Gulf - Far East	11,030	▲	140
	MP7	T/A	Gibraltar - US Gulf - Europe	2,600	▲	50
	Panamax Time Charter Average (U\$/Day)			6,411	▲	140
S M A X	MS1	Pac R/V	Far East - NOPAC or Australia - Far East	6,993	▲	148
	MS2	F/H	US Gulf - Asia	14,512	▲	137
	MS3	S.E Asia R/V	China - S.E Asia - China	6,350	▲	128
	MS4	B/H	Asia - US Gulf	1,688	▲	188
	MS5	Pac-India	S.China - Indonesia - East India	6,090	▲	121
	MS6	Inni R/V	S.China - Indonesia - China	6,196	▲	122
	MS7	T/A	US Gulf - Europe	8,075	▲	137
	Supramax Time Charter Average (U\$/Day)			6,648	▲	140
H A N D Y	MH1	Inter Pac	Far East - S.E Asia	4,160	▲	137
	MH2	F/H	Middle East - West India - Far East	6,150	▲	150
	MH3	Pac R/V	S.China - S.E Asia - Far East	4,942	▲	147
	MH4	CIS R/V	Busan - CIS Russia - Far East	4,650	▲	150
	MH5	T/A	Europe - US Gulf - Europe	6,400	▲	150
	Handysize Time Charter Average (U\$/Day)			5,260	▲	147

Tankers

VLCC:

VLCCs experienced a quiet market this week due to the holidays around the world. The MEG-China routes are dropping to levels of WS 50 and most likely to drag the average for the month to levels of WS 100 by the end of May. China is sourcing out to Atlantic for supply to replace Middle East cargoes. There is an increased pressure, particularly in USG, keeping the Atlantic market busy while they help to absorb some of the lengthen tonnages off. Such spillover has owners hoping for a more active week to follow.

Suezmax:

Rates in this sector fell each week, adding to the stillness and struggle observed in the Suezmax market. West Africa - UKCM remains the same with a slight improvement to WS 72.5, and with no further inquiry, it looks to continue unchanged. The similar general sentiment was also reflected in the Med and the Black Sea, as we come close to the end of May. With owners preferring only to fix short voyages, June volumes are also expected to be low and coupled with the lack of inquiry and plenty of tonnages, rates will only remain stagnant.

Aframax:

The spike that was observed in the UKC-Baltic was short-lived, and it came from the lack of suitable tonnage. Like Suezmax markets, as the week heads into June, we will see similar sentiment to be prolonged and thus, will push the rates down with an undetermined recovery end sight in the next few weeks. The Med - Black Sea mirrors similar, with minimal buzz from charterers, has made it challenging for owners to revive an upward rate.

The week has been rather dull for the crude carriers due to the poor rates and the lack of inquiry.

Clean:

In the west, weak sentiments in the markets have pushed LR rates down. Rates of WS 107.5 was seen in the LR1 coming out of West Africa. For LR2s, five Saudis stems went on subs 48 hours this week, showing that there are firm orders. MEG rates westbound may be stabilized with some of these barrels looking to head most likely to the Indian Ocean

Tankers S&P Report

Vessel Name	Type	DWT	Year	Built	Price (Million) USD	Comments / Buyers
HUNTER ALTA	VLCC	300,300	2019	KOREA	UNDISCLOSED	SOLD TO NORWEGIANS
HUNTER SAGA	VLCC	299,995	2019	KOREA	UNDISCLOSED	SOLD TO NORWEGIANS
HUNTER LAGA	VLCC	299,995	2019	KOREA	UNDISCLOSED	SOLD TO NORWEGIANS
KALAMOS	VLCC	281,037	2000	KOREA	23	UNDISCLOSED
SKS SINNI	SUEZMAX	159,385	2003	KOREA	21	SOLD TO GREEK
TORM KRISTINA	AFRAMAX	105,000	1999	KOREA	UNDISCLOSED	UNDISCLOSED
BAI LU ZHOU	AFRAMAX	110,503	2007	CHINA	18.5	SOLD TO STATE OWNED CHINESE CO.
WEMBLEY	LR1	74,999	2000	KOREA	7.6	SOLD TO MIDDLE EASTERNs
HERMITAGE BRIDGE	MR2	47,880	2003	KOREA	9.5	UNDISCLOSED
ANICHKOV BRIDGE	MR2	47,880	2003	KOREA	9.5	UNDISCLOSED
RIDGEBURY JULIA M	MR	45,980	2007	JAPAN	13.5	UNDISCLOSED

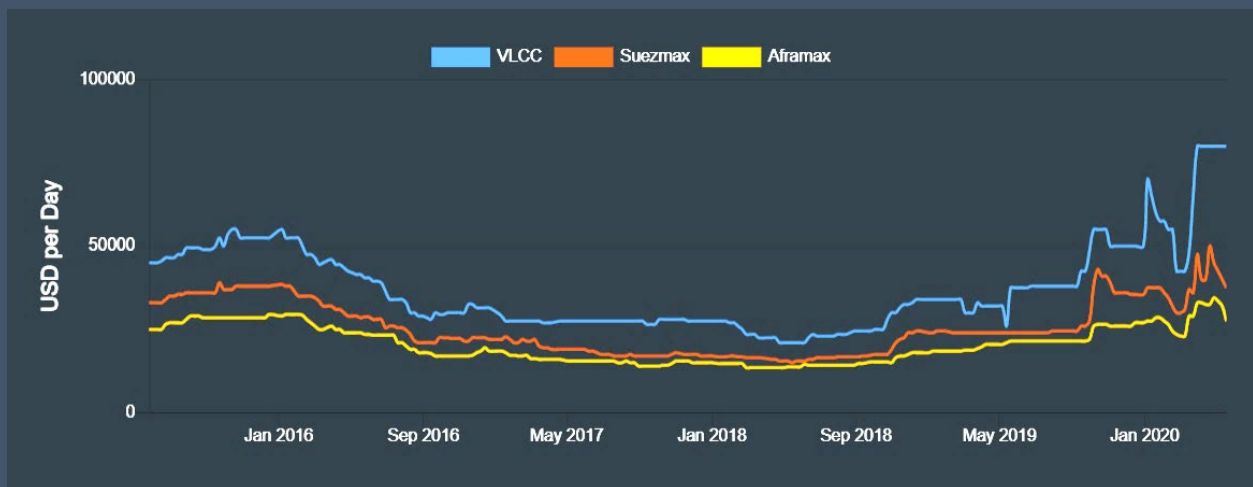
Tankers Values Report

TANKERS	DWT	NB Contract	NB Prompt Delivery	5 Years	10 Years	20 Years
VLCC	300,000	90	98	71	50	25
SUEZMAX	160,000	60	69	50	35	13
AFRAMAX	115,000	49	55	40	28	11
PANAMAX-LR1	70,000	42	43	30	18	9
MR TANKER	51,000	36	39	30	18	7

Tanker 12 Months T/C Rates (In USD)			
Type	DWT	Current	Last Week
VLCC	300,000	58,000	40,000
Suezmax	150,000	37,000	35,000
Aframax	110,000	28,000	25,500
LR1	80,000	15,000	16,500
MR	47,000	16,000	14,000

Baltic Exchange Tanker Indices			
	Current	Last Week	Last Year
BDTI	498	852	678
BCTI	704	704	512

1 Year T/C Crude



Ship Recycling Market Snapshot

ESTIMATED SHIP RECYCLING PRICES						
DESTINATION	TANKERS	BULKERS (Handy to Panamax)	BULKERS (Cape)	MPP/GCS	CONTAINERS (12,000 to 22,000)	CHEM.TANKERS/SUS APPROX 9 ~ 10% Solid Stainless Steel
ALANG (W.C.INDIA)	280	275	275	290	300	450
CHATTOGRAM, BANGLADESH	310	300	310	295	315	N/A
GADDANI, PAKISTAN	320	310 ~ 315	315 ~ 320	310	320	N/A
TURKEY	170	170	170	160	180	TBA
CHINA <i>*only Chinese flagged vessels</i>	320	310	310	290	320	N/A
INDONESIA <i>*only Indonesia flagged vessels</i>	230	220	220	210	230	N/A

All prices are in terms of USD per light displacement tonnage in long per cent Buyers address commissions' (usually it's about three per cent) basis delivery to several yards except for China.

- Prices quoted are basis simple Japanese / Korean built tonnages. Premiums are tons less three 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 are differently priced and depend on the type of machinery / non-ferrous she has.

Ships Sold for Recycling

Vessel name	LDT	Year / Built	Type	Price (US\$/LDT)	Comments
ZEAL TOKYO	12,408	2002 / CHINA	CONTAINER	300	DELIVERY ALANG
ADAMASTOS	4,717	2001 / CHINA	GENERAL CARGO	295	DELIVERY GADDANI
NEW CASTLE	21,115	1999 / JAPAN	BULKER	315	DELIVERY GADDANI
PAC ALTAIR	10,354	2003 / CHINA	GENERAL CARGO	300	DELIVERY CHITTAGONG
NU SHI NALINI	5,373	2012 / CHINA	CHEM TANKER	315	DELIVERY UNDERTOW GADDANI / VESSEL HAS DECENT QTY OF SS, FIRE DAMAGED (OLD SALE AT GOA, WC INDIA)

Local Steel Plate Prices

Date	India Steel Prices USD/Ton	India Steel Prices INR/ Ton	Pakistan steel prices USD/T	Pakistan Steel Prices	Bangladesh Steel Prices USD/Ton	Bangladesh Steel Prices BDT/Ton
22 MAY	320.50	24,200.00	581	93,000	401.17	34,300.00
23 MAY	320.50	24,200.00	NA	NO SALES	NA	NO SALES
24 MAY	323.17	24,400.00	NA	NO SALES	NA	NO SALES
25 MAY	322.28	24,300.00	NA	NO SALES	NA	NO SALES
26 MAY	323.31	24,400.00	NA	NO SALES	NA	NO SALES
27 MAY	342.10	26,000.00	NA	NO SALES	NA	NO SALES
28 MAY	330.99	26,000.00	559	90,000	NA	NO SALES
29 MAY	330.99	26,000.00	559	90,000	NA	NO SALES

Looking for the ray of light at the end of the tunnel....

Alang, India: There has been no new development in Alang, except that more labour has left the recycling yards, leaving the workforce to a bare minimum. It seems these labour will only return to work in 2 months.

There are few Vessels at the outer anchorage with foreign nationals awaiting Govt. directions on reopening scheduled International flights so that crew can be repatriated. Only those vessels arriving with Indian nationals can sign off although some foreign crew has signed on on agent guarantee and are in a hotel awaiting their flight. Looking at the present scenario, Govt. may consider opening scheduled international flights sometime end June / Early July.

Local steel prices remain stable at INR26,000 and melting at INR22,000 these are the same rates which were in Aug/Sept 2019 however USD to INR was 71 and now it is 76.

Meantime, some exciting information on how Alang is moving towards responsible recycling hub!

NK class	34 Yards
Rina Class	44 Yards
Only ISO	39 Yards
Total active yards are	117 Yards

Few yards are going class NK certifications, and few are upgrading to Class Rina.

There are about 19 recycling yards who have applied for EU for inclusion in the European List of ship recycling facilities

Since India has approved the implementation of Recycling Bill, all ship recycling yards are required to adopt recycling practices as per HKC (Hong Kong Convention) in the coming months.

Expect by 2020 all active yards will be a certified HKC yard.

Chattogram, Bangladesh: Breakers are coming back after Eid celebrations, and the good news is that Govt. has announced the reopening of the economy, except schools/colleges/universities on 31st May. The first week of June will be extremely crucial.

The majority of the vessels which arrived in March have now been beached with only Chinese nationality crew repatriated, rest remain onboard and some in the hotel waiting for the flights to resume. However, charter flight services are open for the Indian nationals to bring them back from Bangladesh.

Prices remain low for the time being as there are a lot of recyclers who are very keen to acquire larger tonnages to either average out their previous high-value purchases and some want to capitalise on present low prices.

Budget 11th June

Gaddani, Pakistan: local markets remain partially closed due to Eid and expected to resume 1st June onwards. There is some positive news that recyclers have started offering little more aggressive, although they are trying to lowball, and early birds may be able to take advantage!

Steel prices in Pakistan are extremely high – at PKR 90,000! Which was not even during the peak in the last two years and melting scrap, which is a significant component in determining the ship recycling price is also high. So steel fundamentals and demand both remain resilient, and it will be exciting to watch every new vessel sold will be more than the last one!

To add, Pakistan Budget is on 10th / 11th (exact dates to be advised) wherein this time Govt. will either maintain similar tax structure or high chances of reducing duties and taxes to support the economy for the time being.

Vessels have started to arrive at outer anchorage, and one vessel with the foreign crew has got permission to beach and crew can sign off and stay in the hotel.

Pakistan's Government has announced to resume international flight operations from Friday night. The development came a week after Islamabad lifted its ban on domestic flights. However, inbound flights with foreign nationals' matter is not clear yet and same goes for the foreign crew onboard the vessel – so far it is not clear whether they are allowed to disembark and leave the country. Clarity is expected on 1st / 2nd June.

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Ship recyclers in the Indian Sub-Continent, especially Pakistan and Bangladesh, are aggressively trying to secure tonnages basis forward delivery as they see good value in the present low prices. Some recyclers having old expensive inventories purchased at USD380 ~ 400 levels pre-COVID19 lockdown have to average out by buying as low as possible.

Overall fundamentals in steel are stable due to China's strong demand – prices have not dropped that significantly in the tune of what the ship prices have dropped. Iron Ore also remains much more robust than pre-COVID19.

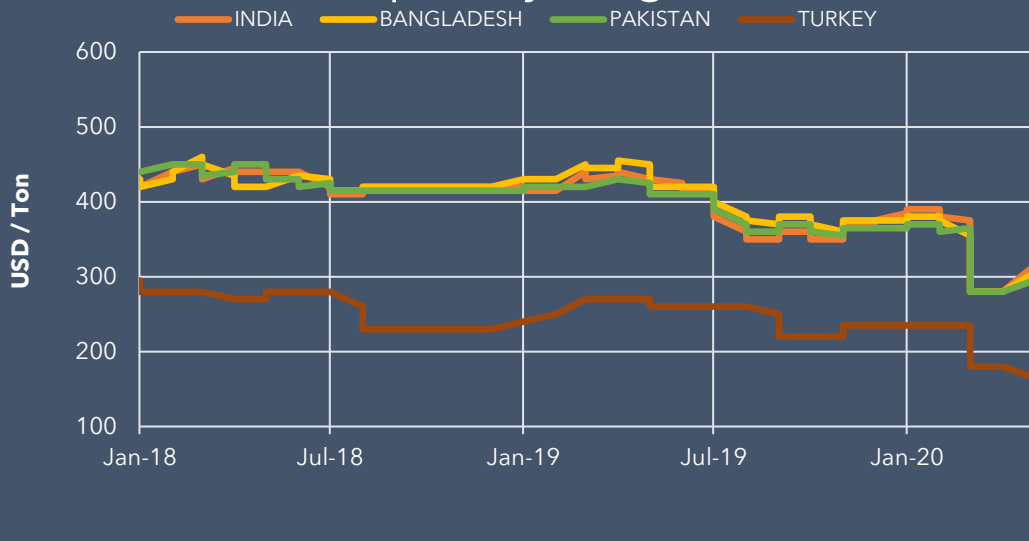
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Beaching Dates

Chattogram, Bangladesh : 05th June - 08th June | 22nd - 25th June

Alang, India : 2nd -10th June | 19th - 27th June

Ship Recycling Prices



EXCHANGE RATES

	27th May	22 May	% WEEKLY
USD / CNY (China)	7.15	7.11	0.559
USD / BDT (Bangladesh)	86.41	85.04	1.580
USD / INR (India)	75.61	75.97	0.476
USD / PKR (Pakistan)	160.68	160.47	0.130

Bunker Prices

BUNKER PRICES (USD/TON)

	VLSFO	MGO	IFO180 CST	IFO380 CST
Singapore	264	300	430	205
Hong Kong	2278.50	295.50	423	224
Fujairah	275	366.50	350	175.50
Rotterdam	2234	267.50	320	192.50
Houston	256	311	375	176

Commodities Market Snapshot

Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	35.49	+1.78	+5.28%	July 2020
Brent Crude (ICE)	USD / bbl	37.84	+1.81	+5.02%	Aug 2020
Crude Oil (Tokyo)	JPY / kl	26,360.00	+1,130.00	+4.48	Oct 2020
Natural Gas (Nymex)	USD / MMBtu	1.85	+0.02	+1.20	July 2020

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb	242.55	+1.20	+0.50%	July 2020
3Mo Copper (LME)	USD / MT	5,376.50	+44.00	+0.83%	NA
3Mo Aluminum (LME)	USD / MT	1,548.00	+11.00	+0.72%	NA
3Mo Zinc (LME)	USD / MT	1,988.00	+53.50	+2.77%	NA
3Mo Tin (LME)	USD / MT	15,405.00	-110.00	-0.71%	NA

Note: all rates as at COB US time 29th May 2020

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 particulars above are from information given to us and such information as we have been able to obtain 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.

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