WEEKLY REPORT

WEEK 20 – 22nd May 2022

Indonesia, the world's largest exporter of edible oils, has removed its embargo on palm oil exports, bringing relief to the global markets after the conflict in Ukraine stifled vital supplies. President Joko Widodo stated that palm oil exports could resume from May 23.

Indonesia's restriction, implemented on April 28, was one of the greatest acts of agricultural protectionism since Russia's invasion of Ukraine, which halted sunflower oil supplies and created a global scarcity. The decision by Indonesia threatens to push up costs across several supply chains at a time of high inflation.

Since December, the government has used price caps, export curbs, and cash handouts to manage prices and ensure domestic supply. All that failed to lower oil prices to the government's aim of 14,000 rupiah (97 cents) per litre as inflation hit a three-year high in April due to rising prices. President Jokowi is confident that the local cooking oil prices will correct themselves within weeks.

Dry Bulk

With the index up from last year, one would have anticipated a rather robust Chinese demand to help achieve such a tight market equilibrium. The truth, however, is very different this time. China's dry bulk demand, as indicated by imports, is down about 9% y-o-y so far.

Iron ore imports are notably low, too, with coal imports down 16% and grain imports remaining steady. Likely, a major drop in quantities should have inevitably resulted in a reduction in freight prices. Nonetheless, the substantial disruption in trade patterns, along with a significant change in coal and grain flows as a result of the ongoing conflict in Ukraine, have managed to soften the major blow to a weak Chinese economy. Such a fundamental change will not continue long, but for the foreseeable future, it will give a much-needed cushion to Asia's cyclical weakness.

Although 2021's volatility may ease, the dry bulk sector continues in an upcycle, driven by moderate supply growth, robust demand for bulk commodities, and ongoing infrastructural limitations and supply chain restrictions that influence the whole shipping universe.

There is also an expectation that the government's measures related to energy security, together with geopolitical developments, will drive commodity flows transported by dry bulk and so indirectly dictate the course of freight prices.

Capesize:

This week Capesize saw firm backhaul routes owing to Australian coal demand in Europe and Indonesian coal in India. Following the Indian government's request for 19 million tonnes of coal by June, power plants last week expanded to the Pacific. This will likely continue to drive the dry cargo market in June. However, if coal prices keep rising – it may halt demand in the short term. The market continues to strengthen as the demand for vessels in the Far East persists. Pacific r/v, though saw oversupply in tonnage and rates softened to close at US$ 38,750 a day from the previous US$ 39,000's range. South Africa saw the spillover in effect with some diverting attention despite limited availability – levels for S.Afr F/H were seen at US$26.10 a ton.

Panamax / Kamsarmax:

Another week of minimal activity for the Panamaxes, with the Atlantic displaying more indications of the levels softening caused by the slowing inflow of USG grains. Like the Cape, it rose mainly in the Pacific on the back of strong demand for coal from India and Europe. The Pacific region is expected to remain robust this week on the back of South American grain and Australian/Indonesian coal demand. Pacific r/v levels were in the region of US$ 28,000's while Pacific – India were in the US$29,000 region.

Supramax / Ultramax:

Despite generally strong demand, the severe reduction in USG inhibits market growth, which remains stagnant. South American routes are on the rise as a result of Brazil's massive exports of soybeans, but the reduction in demand from the U.S. government is substantially more apparent. This week, the Pacific will continue to rebound as demand for Southeast Asian coal and backhaul freight remains constant. In the Atlantic, the USG's sluggishness is exerting pressure on nearby routes, and a weaker trend is anticipated. B/H route expectedly seen the firming of rates as levels closed in the US$ 34,400's region. T/A levels also remain around US$41,000 a day.

Handysize:

It was a relatively fluctuating week in the Atlantic, with modest ECSA and Cont activity. The biggest reductions came from US Gulf when a 35,000-dwt from Puerto Rico lowered the voyage to Morocco at around US$30,000. In the Pacific, it was a favourable week, with Southeast Asia tonnage tight and charterers increasing their bids to fix.

Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
MINERAL YARDEN	CAPE	181,218	2016	JAPAN	50.5	VAL HAL
MINERAL HAIKU	CAPE	180,242	2010	JAPAN	34.0	SEANERGY
BTG OLYMPOS / BTG KAILASH	KMAX	81,086 / 81,084	2015	JAPAN	35.6 EACH	TMS
CHAILEASE BLOSSOM	PANAMAX	77,684	2004	TAIWAN	13.5	CHINESE BUYERS
PALAIS	PANAMAX	75,434	2014	CHINA	22.0	CHINESE BUYERS
ROSCO OLIVE	PANAMAX	74,951	2010	JAPAN	24.5	CHINESE BUYERS
BELPAREIL	ULTRAMAX	63,242	2015	CHINA	29.5	NORWEGIAN KS STRUCTURE
PAN CROCUS	SUPRAMAX	57,269	2009	S. KOREA	18.0	GREEK BUYERS
HUA RONG 3	SUPRAMAX	56,467	2013	CHINA	17.8	UNDISCLOSED
HUA RONG 2	SUPRAMAX	56,439	2013	CHINA	17.5	UNDISCLOSED
AQUATA	HANDYMAX	46,685	1999	JAPAN	10.5	UNDISCLOSED
GREAT INTELLIGENCE	HANDYMAX	38,797	2017	CHINA	21.5	HONG KONG BUYERS

Dry Bulk Values

(Weekly)

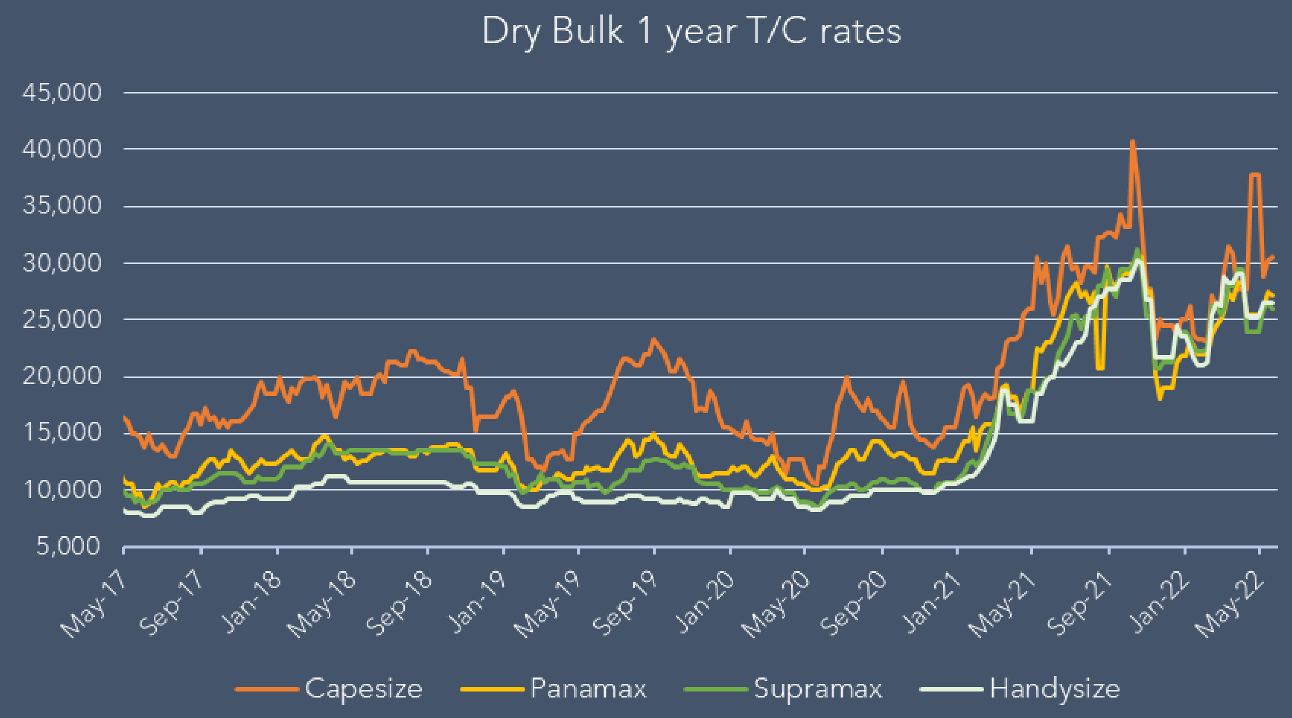
TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
CAPE	180,000	63	62	45	35	16
KAMSARMAX	82,000	36	43	36	28	14
SUPRAMAX	56,000	34	33	27	23	12
HANDY	38,000	30	32	28	19	8

**(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	3,344	3,104	2,869	+7.73	+16.56
BCI	4,526	3,947	3,930	+14.67	+15.17
BPI	3,382	3,283	2,855	+3.02	+18.46
BSI	2,816	2,752	2,408	+2.33	+16.94
BHSI	1,662	1,673	1,317	-0.66	+26.20

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	31,000	30,500	29,750	+1.64	+4.20
PANAMAX	75,000	28,000	27,125	22,850	+3.23	+22.54
SUPRAMAX	52,000	26,000	26,000	19,500	0	+33.33
HANDYSIZE	32,000	23,250	23,250	19,250	0	+20.78



Tankers

VLCC rates have fallen about 25% on the most actively traded route, Middle East-to-East Asia, after a brief rise in April. There are a few factors influencing this gap.

Firstly, May will be the third straight month of declining OPEC crude shipments. Since the start of the year, Middle Eastern crude shipments have fallen. Secondly, Chinese buying has slowed since the start of 2022. This is mostly to low demand, Covid-induced lockdowns, and slowed refining operations. Next, Europe has currently sought to figure out substitutes for Russian barrels since the start of war. Therefore, several VLCCs have repositioned to the Atlantic Basin, where flows are better. This has led to the divergence of VLCC employment in the east and west of Suez.

Given this, it is evident that the present trade developments bolstering VLCC demand in the West are insufficient to balance losses caused by weak Chinese activity.

Meanwhile, the shifting of geopolitical relations adds further tightness. This week, China expressed its intention to purchase more cheap Russian oil, exerting some downward pressure on oil prices. Russia is contending with China and India to pivot onto Asia as the EU strives to abandon energy. Up until recently, India's imports of discounted Russian crude oil have left the markets wondering whether Moscow could execute a thorough pivot to Asia. This week, though, it was China that made headlines, as Beijing initiated direct government-to-government discussions on purchasing cheap crude oil to "replenish strategic supplies".

VLCC:

The volume of MEG inquiries has increased significantly this week, but charterers have managed them effectively, preventing any strain from building. This week, VLCC rates remained unchanged. 280,000mt MEG to USG closed at WS24, whilst 270,000mt MEG to China remains unchanged at WS40.

Suezmax:

This week saw Suezmax market conditions improve as West African and European freight flows grow. 130,000mt Nigeria to UKC route fell to WS85. Overall it remains mostly flat, with the possible exception of the US Gulf, as rates begin to climb. The EU has not reached a uniform decision on Russian crude oil exports, which will, for the time being, keep some traditional owners away.

Aframax:

The North Sea suffered another blow last week, with the market led by local relets and Suezmaxes. The current supply of vessels is adequate, but as Baltic cargoes become more intricate, shipowners are seeking alternatives. 100,000 mt Primorsk to UKC fell further this week by 39 points closing at WS162. Meanwhile, in the Med from Ceyhan, levels fell by about 14 points this week to WS127.5.

Clean:

Despite a slow conclusion to the week for MRs, w-o-w rates have increased as T/A vessels opening in the USG have been absorbed, allowing owners to keep upward pressure on prices. The end of the week on the LR1 market ex-USG was hectic due to the robust MR sector.

Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
LEONIDAS	VLCC	318,325	2009	S. KOREA	42.0	UNDISCLOSED
DHT FALCON / DHT HAWK	VLCC	298,971 / 298,923	2006 / 2007	CHINA	38.0 / 40.0	UNDISCLOSED
NEW SPIRIT	VLCC	298,972	2005	JAPAN	33.85	UNDISCLOSED
NEW TALISMAN	VLCC	296,068	2009	CHINA	38.2	UAE BASED
ALMI STAR	AFRA	114,880	2005	S. KOREA	18.25	TURKISH BUYERS
WONDER ARCTURUS	AFRA	106,149	2002	S. KOREA	13.15	MIDDLE EASTERN BUYERS
TORM GUDRUN	AFRA	101,155	2000	S. KOREA	10.0	UNDISCLOSED
GWN 2 / GWN 3	MR	50,192	2020	S. KOREA	78.5 ENBLOC	UNDISCLOSED
ORIENTAL ROSE	PROD / CHEM	14,351	2006	JAPAN	10.8	S. KOREAN BUYERS

Baltic Exchange Tanker Indices

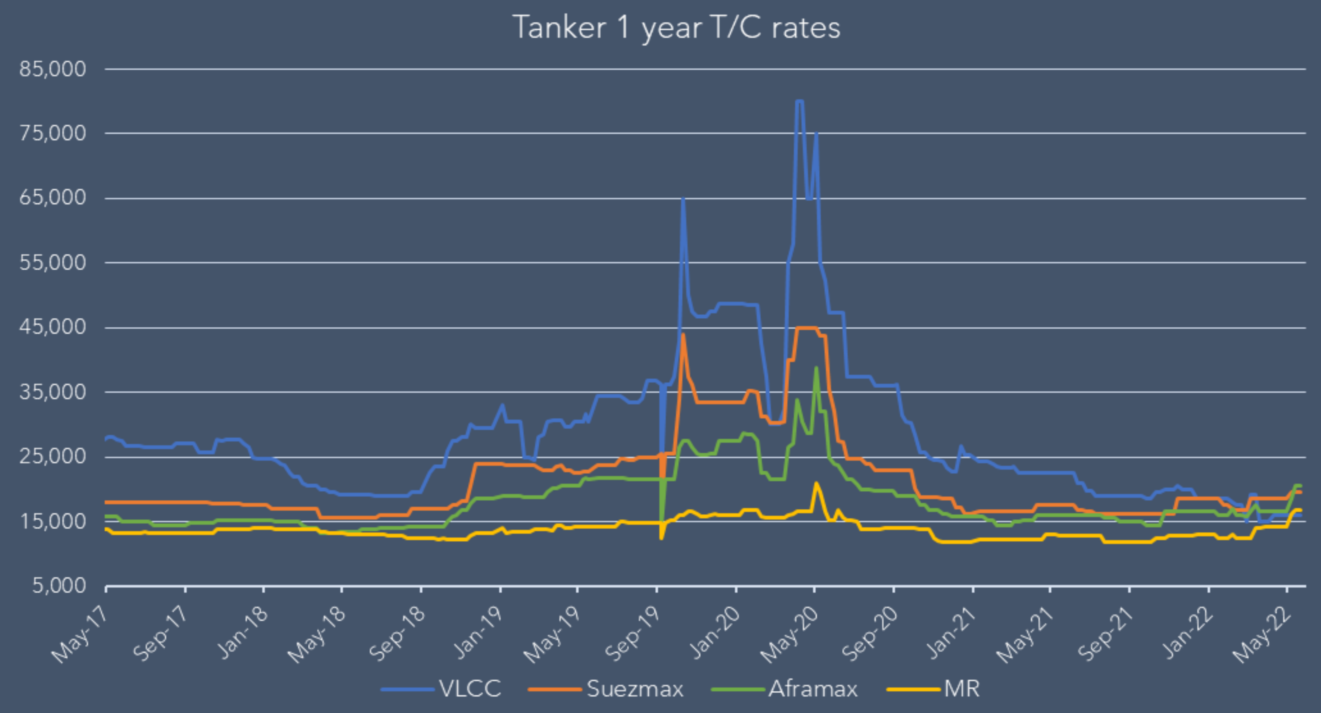
BALTIC EXCHANGE TANKER INDICES					
	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
BDTI	1,111	1,133	615	-1.94	+80.65
BCTI	1,465	1,448	538	+1.17	+172.30

Tankers Values

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	16,000	16,000	22,500	0	-28.89
SUEZMAX	150,000	21,000	19,500	17,500	+7.69	+20
AFRAMAX	110,000	20,750	20,500	16,000	+1.22	+29.69
LR1	74,000	17,500	17,500	14,500	0	+20.69
MR	47,000	17,500	16,750	12,750	+4.48	+37.25

(Weekly)

TANKERS	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
VLCC	310,000	116	99	74	51	30
SUEZMAX	160,000	78	71	51	36	18
AFRAMAX	115,000	60	64	49	35	14
PANAMAX-LR1	73,000	51	47	35	22	9
MR TANKER	51,000	41	40	32	21	8
*(amount in USD million)						



Containers

Shippers and liner firms have been optimistic this week, bolstered by the news that China may relax recent restrictions on Covid-19 and the anticipated pent-up demand. On the chartering front, the demand for smaller feeders continues to be robust, with a number of 12-month charters being fixed. The 6-12 month TC assessment for a geared 1,700 TEU containership fell in comparison y-o-y by 2.4% to US$61,500 a day.

Containers S&P Report

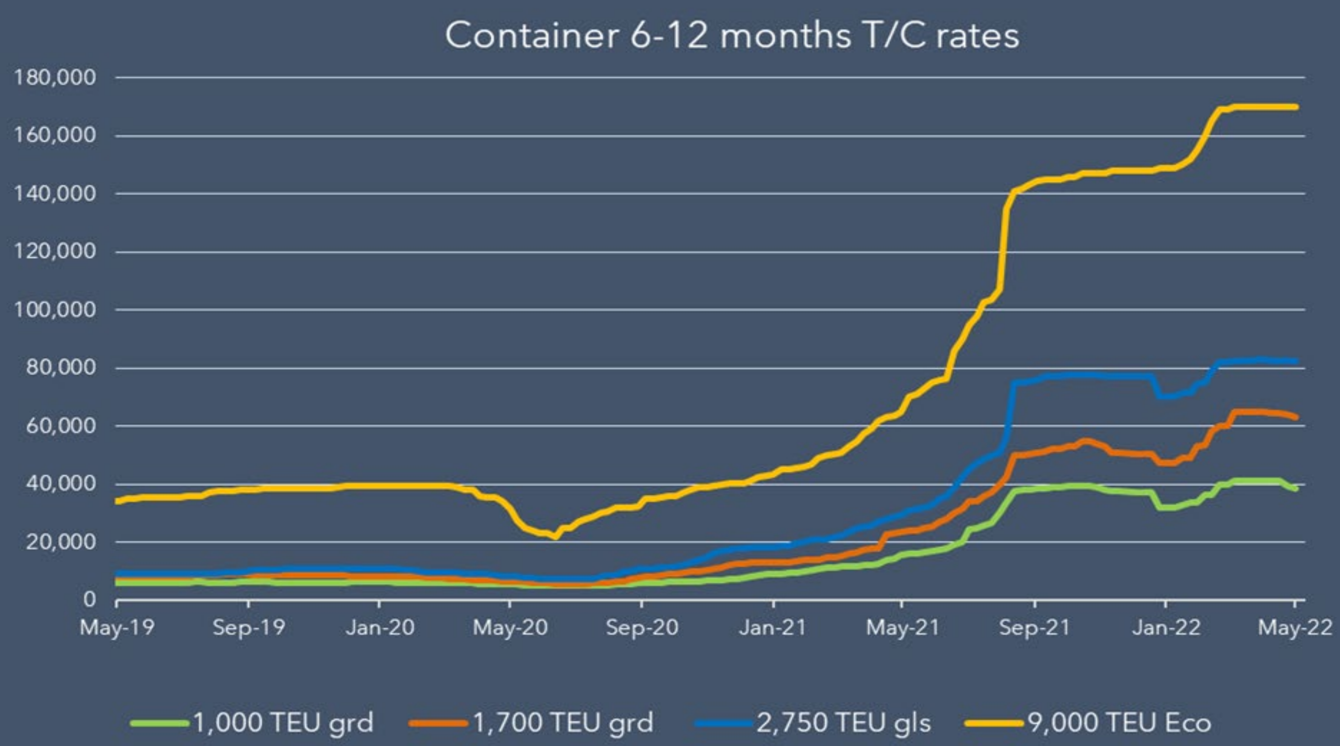
VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
SMILEY LADY	FEEDER	1,730	1999	POLAND	20.0	MOUNT STREET
MUSIC	FEEDER	803	2007	NETHERLANDS	N/A	UNDISCLOSED

Containers Values

(Weekly)

CONTAINERS (by TEU)	GEARED / GEARLESS	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
900 – 1,200	Geared	24	33	29	25	20
1,600 – 1,800	Geared	28	47	40	35	31
2,700 – 2,900	Gearless	42	58	57	56	50
5,500 – 7,000	Gearless	84	175	163	135	N/A

**(amount in USD million)*



Ship Recycling Market Snapshot

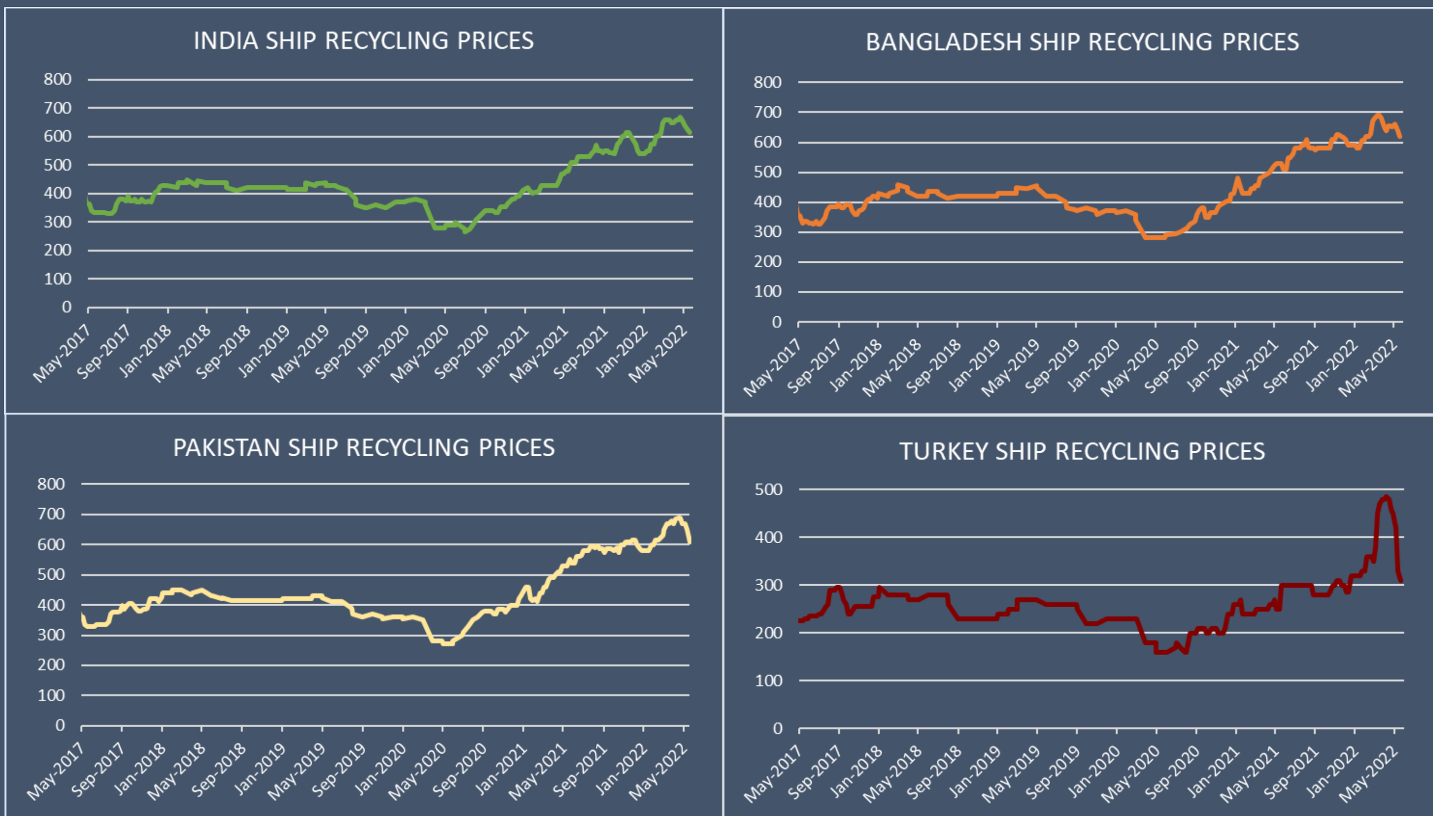
DESTINATION	TANKERS	BULKERS	MPP/ GENERAL CARGO	CONTAINERS	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (W.C. INDIA)	605 ~ 610	600 ~ 605	610 ~ 615	660 ~ 665	WEAK /
CHATTOGRAM, BANGLADESH	635 ~ 640	625 ~ 630	610 ~ 615	670 ~ 675	WEAK /
GADDANI, PAKISTAN	610 ~ 615	605 ~ 610	570 ~ 575	650 ~ 655	WEAK /
TURKEY *For Non-EU ships. For E.U. Ship, the prices are about USUS$30-40/ton less	310	300	300	340	WEAK /

- 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.

Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (USUS$/LDT LT)	COMMENTS
ION	16,640	1998 / S.KOREA	TANKER	651	RESOLD TO CHATTOGRAM AFTER SOLD EARLY APRIL AT USD707 FOR GADDANI
MASCOT 8	16,616	1998 / JAPAN	TANKER	640	DELIVERED AS IS SINGAPORE WITH 250 MT BUNKERS INCLUDED IN SALE

Recycling Ships Price Trend



This week continues to be a dismal one, with levels across recycling markets seeing chaotic reductions leading to limited interest even for the available tonnage as the pressure intensifies on the global steel correction and strengthening of US dollar. Given the prevalent sentiments, it is more likely that this summer will be far weaker, even when prices possibly resume to around US$630s/LT mark.

Most of the transactions done previously above US$700/LT (or more) are precariously positioned, and the ships which arrived at their destinations faced significant losses from the resales to recycling yards.

Major corrections in the ship recycling prices were noted this week, with no signs of bottoming out. The primary catalyst behind such a quick turnaround was Russian steel billet and steel ingots dumped in international markets at much lower prices and to add the strengthening of the US dollar across the board. A double whammy!

The rest of the month is going to be extremely crucial for the ship recycling prices as the global factors affecting the prices need to settle down first, together with US dollar stability.

On the ship supply front, the pressure was seen easing as many shipowners realised the seriousness of the present price correction and wanted to be the early birds before the prices took another leg down, wiping out end-of-life asset value.

Alang, India

Ship recycling markets remained stable this week after a bumpy ride, but the underlying sentiments were weak due to falling imported ferrous scrap and semi-finished products. Overall demand for finished steel products in the domestic, as well as export markets, remained sluggish, with the drop in the finished steel products prices and freight rates now getting unviable for exports, while the domestic demand is not vital to absorb the export gap. Once again, markets are at a juncture looking for a catalyst to drive the ailing sentiments.

Meanwhile, this week the Indian government has taken several steps to reduce the cost of steel industry raw materials, including coking coal and ferronickel, by waiving customs duties to aid in lowering costs and prices. The global economy is struggling owing to mounting debt and inflation. In response to weak emerging economies collapsing as a result of rising inflation, the government have also boosted domestic supply, as export duties on iron ore and a few steel intermediates have been raised to 50% and 15%, respectively. The duty changes will be effective from Sunday.

This move will significantly impact the domestic steel price and a steep correction is expected, which is positive in the long run for healthy pricing and demand.

Chattogram, Bangladesh

After a turbulent week, the markets settled to more realistic levels for the time being, with demand showing mixed reactions. Pre-monsoon bookings were seen surfacing, but the prices offered by recycler to recycler based on requirement observed a wide gap of US$40~50/ton differential.

The main cause of concern in Bangladesh was the import-related domestic currency devaluation. To import ships, the spread between the official rate and import devalued by 10%, which is considered to be a significant effect on the ship prices.

Opening of Letter of credit was becoming a key concern for the recyclers as the fundamental dynamics have changed, making it complicated, with wider foreign exchange gaps and extremely high bank margins. If the present scenario continues for a more extended period of time, it will impact recycler buying prospects in the long run.

For the time being, the domestic ship scrap prices remained unchanged, giving relief to the recyclers. Demand for smaller ships was stable at the prevailing prices as a vast majority wanted to keep the ball rolling until the dust settled down.

Gaddani, Pakistan

Ship prices took a nosedive, falling in tunes of almost US$50~60/ton from the peaks and yet not bottomed out. Several factors like political instability, currency crisis, halt in infrastructure projects, ailing demand, and cheaper international ferrous scrap affecting the ship recycling prices turned highly damaging.

The Pakistani rupee surpassed the Rs.200 threshold in the interbank market on Thursday for the first time in the country's history. The local currency fell 0.8% against the dollar from Wednesday's closure of Rs198.39 to Thursday's close of Rs200.

Despite a possible State Bank of Pakistan intervention, it remained under pressure all day owing to political and economic instability. Rupee depreciation persisted amid IMF negotiations in Doha to relaunch and extend a multi-billion dollar (US$6 billion) initiative to stabilise Pakistan's economy but the same look very uncertain unless key conditions are met, i.e. removing fuel subsidies. The nation's foreign-exchange reserve understood stands to cover only two months of imports.

Ships sold in the past faced severe headwinds, and renegotiations surfaced at the waterfront, leading to heavy losses to the cash buyers who were caught in the sudden downfall. For the past few weeks, the majority of recyclers abstained this week from offering as they wanted to see the stability as they were not in a rush due to decent holding inventories for another 4 to 5 months, approximately 400,000 ~ 450,000 tons, but soon these inventories will need to average out in pricing and demand seems to be emerging from such recyclers.

Overall activities in the Gaddani ship recycling market continue to remain lacklustre, as mills are gradually decreasing their purchases due to poor demand for finished steel products.

Coming weeks will be very crucial for price stability, and a few fresh ship sales will set a tone for the coming months but looking at the ongoing dollar crisis, the hopes of price stability look difficult in the short term.

Aliaga, Turkey

Turkish mills continue to lower local scrap pricing amid an adverse global steel market and falling imported scrap prices. Although Turkish mills' demand for imported scrap improved somewhat on Wednesday, it is too soon to claim they are back in earnest.

Declining Lira is also causing a dent in the shipbreaking prices, with a report saying levels fell to around US$400/t, with Lira closing at 15.95 per dollar mid-week.

BEACHING DATES 2022

Chattogram, Bangladesh : 29th May ~ 1st June | 13th June ~ 16th June

Alang, India : 27th May ~ 4th June | 11th June ~ 20th June

Bunker Prices

BUNKER PRICES (USD/TON)			
PORTS	**VLSFO (0.5%)**	**IFO380 CST**	**MGO (0.1%)**
SINGAPORE	919	644	1036
HONG KONG	947	747	1172
FUJAIRAH	918	654	1329
ROTTERDAM	829	636	1091
HOUSTON	880	702	1233

Exchange Rates

EXCHANGE RATES			
	20th MAY	13th MAY	W-O-W % CHANGE
USD / CNY (CHINA)	6.68	6.79	+1.62
USD / BDT (BANGLADESH)	87.26	86.62	-0.74
USD / INR (INDIA)	77.64	77.54	-0.13
USD / PKR (PAKISTAN)	199.88	193.28	-3.41
USD / TRY (TURKEY)	15.89	15.48	-2.65
USD / IDR (INDONESIA)	14,658	14,642	-0.11

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$107	-16.4%	-49.52%	US$128	US$212
Iron Ore Fines, CNF Rizhao, China	Fines, Fe 62% (Australia Origin)	US$129	+0.78%	- 40%	US$128	US$215

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	429.20	+0.90	+0.21%	Jul 2022
3Mo Copper (LME)	USD / MT	9,415.50	+180.50	+1.95%	N/A
3Mo Aluminum (LME)	USD / MT	2,906.50	+49.00	+1.71%	N/A
3Mo Zinc (LME)	USD / MT	3,714.50	+94.50	+2.61%	N/A
3Mo Tin (LME)	USD / MT	34,230.00	+1,211.00	+3.67%	N/A

Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	112.72	+0.51	+0.45%	Jun 2022
Brent Crude (ICE)	USD / bbl	112.56	+0.52	+0.46%	Jul 2022
Crude Oil (Tokyo)	JPY / kl	77,500.00	+580.00	+0.75%	Oct 2022
Natural Gas (Nymex)	USD / MMBtu	8.07	-0.24	-2.85%	Jun 2022

Note: all rates as at COB London time May 20th, 2022