WEEKLY REPORT

WEEK 35 – September 4, 2022

On Friday, the G7 nations concluded to impose a price restriction on Russian oil exports in order to safeguard their consumers from growing energy costs. The G7 finance ministers agreed in a statement that the introduction of the price limit should coincide with the timeframe for the execution of the additional sanctions against Russia. They stated that the first price ceiling should be established at a level determined by a variety of technical factors.

Further, the introduction of the price ceiling should coincide with the execution of the additional sanctions against Russia, stating that the policy's influence on the oil market will be continuously examined. However, energy experts were wary of the concept, saying that if key customers such as India and China were not included, it might backfire.

G7 decision to put a price restriction on Russian oil propelled prices up on Friday. Brent oil rose 2.7% to US$94.89 per barrel, while West Texas Intermediate futures rose 2.8% to US$89.10.

According to IEA, Russian oil shipments fell by 250,000 BPD in June to about 7 million BPD, the lowest level since August of last year. Regardless, the country's export profits still increased by US$700 million M-O-M. Russia's crude export profits have increased by 40% to more than US$20 billion.

Dry Bulk

The deterioration of the situation with Capesize vessels has reached new lows. According to Baltic Exchange, the transatlantic C8 route has plummeted to US$944 per day, making August one of the most dismal months on record.

Furthermore, losses were reported on all routes, with the C14 China-Brazil round trip earning US$2,640 per day and the C10 transpacific round trip earning US$4,842 per day. With earnings of US$2,505, the 5TC came close to covering OPEX.

The analyst said that the rising demand for steel and the capacity of miners in Brazil and Australia to satisfy cargo demands as the primary variables that might influence Capesize vessel freight costs. Two variables that might drive greater shipping demand are China's economic recovery and the capacity of miners in these regions to produce enough iron ore.

Port congestion reduction is another factor that might impact Capesize vessel freight prices. However, the fall in the Capesize vessel market has also impacted smaller vessel types, such as the 5TC, which is at US$10,956 per day.

Capesize:

Factors stifling steel demand still remain as further decreases were noted this week. Baltic Cape T/C Average fell to 3,111pt last week - the lowest ever since May '20, when COVID-19 started. Steel prices rose last week as a result of the Chinese government's mention of yet again to stimulating the economy. However, genuine demand is slowly returning. As the heat wave subsides in September, China's steel demand is expected to recover, as will the freight rate market. However, the current forecast indicates that the pace of recovery will be slower than in a typical year. Pacific r/v closed at US$7,375 a day while T/A was in the US$2,988.

Panamax / Kamsarmax:

The new transatlantic coal traffic has slowed due to the decline in Rhine exports. Europe's coal consumption remains high due to a drop in nuclear power plant operation and hydroelectric power output. There has been little sign of a recovery in the market, especially in the Atlantic, where demand is weak. In Asia, some of the higher-spec units were experiencing a bit of a rest, though the decline was still significant. Pacific r/v settled in the region of US$ 12,650's at the week's closing, while T/A was in the region of US$9,900 a day.

Supramax / Ultramax:

In the Atlantic, rates were under pressure this week due to the lack of demand. However, a clear-out later in the week provided some relief, and owners were hoping that a floor could be found. There has been a steady build-up of spot and prompt tonnage, which is contributing to the pressure. In the Pacific, charterers were hesitant to raise their bids. Pacific r/v closed in the region of US$14,976 a day. Pacific – India was at US$16,300 while T/A closed at US$ 17,250's.

Handysize:

The USG was under pressure this week due to the lack of cargo and an abundance of spot freight. F/H routes slipped slightly at levels in the region of US$16,700 a day. A volatile week across all areas, with a general lack of new inquiries being a big factor. In the Pacific, levels have seen some slight discounts with Inter-Pacific in the region of US$13,600 a day.

Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
NEW ORLEANS / SANTA BARBARA	CAPE	180,960 / 179,492	2015	CHINA	66.4 EN BLOC	JAPANESE BUYERS
CLARKE QUAY	SUPRAMAX	55,618	2010	VIETNAM	17.0	PANGEA LOGISTICS
BEI LUN 6	HANDYMAX	43,665	1989	JAPAN	3.5	CHINESE (AUCTION)
AFRICA PRIDE	HANDY	28,843	1991	JAPAN	N/A	UNDISCLOSED
KINATSI	SMALL	18,901	2007	JAPAB	10.3	SYRIAN BUYERS

Dry Bulk Values

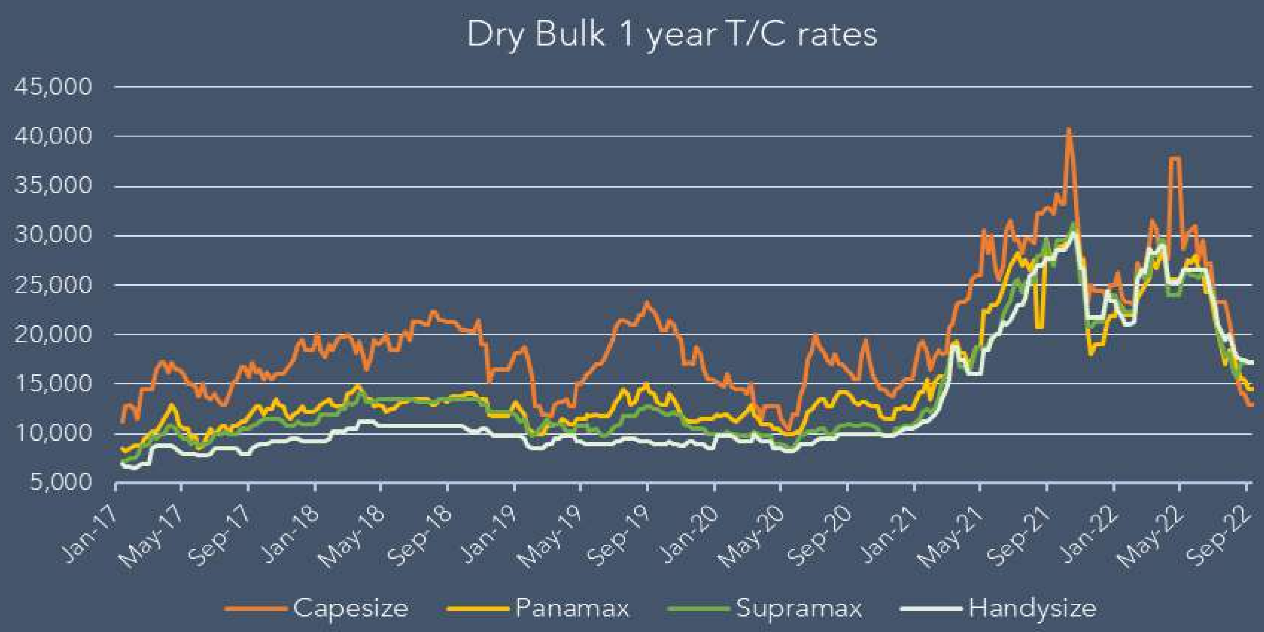
(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
CAPE	180,000	64	59	42	32	13
KAMSARMAX	82,000	37	39	33	24	12
SUPRAMAX	56,000	34	38	31	22	10
HANDY	38,000	30	31	27	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	1,086	1,082	3,944	+0.37	-72.46
BCI	733	411	5,625	+78.35	-86.97
BPI	1,271	1,372	3,605	-7.36	-64.74
BSI	1,514	1,744	3,348	-13.19	-54.78
BHSI	869	933	1,638	-6.86	-46.95

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	14,000	13,000	31,125	+7.69	-55.02
PANAMAX	75,000	13,750	14,500	28,250	-5.17	-51.33
SUPRAMAX	52,000	14,000	17,250	27,750	-18.84	-49.55
HANDYSIZE	32,000	13,250	14,500	27,625	-8.62	-52.04



Tankers

Russia's Gazprom warned that it could not provide natural gas to the EU as scheduled. The rebuilt Russian gas pipeline was expected to reopen on Saturday; however, it was later reported a technical issue prohibited it from working. This is a big blow for the EU, which receives half of its energy from Russia.

The pipeline's closure escalates the issue as the continent struggles without Russian gas. It is another sign of Russia and the EU's contract disagreement. Already, several European enterprises have closed due to increased gas prices. Gazprom further reported that one of the gas turbines was leaking oil and the remedy time is unclear. Similar faults have been found at other turbines and would need professional repair to fix them. Chilly winters in Asia and Europe could lower Europe's gas stockpiles by 4% by the end of the year.

Meanwhile, after two years of resuming oil production, members of OPEC are now confronted with a new market. This is due to the narrative change influencing the global economy. The US is under growing pressure to control inflation, and other significant consumers, such as Japan, are projected to slow as well. Saudi Arabia has warned that due to recent volatility in the oil market, the kingdom may need to reduce supply.

The oil market is now experiencing a supply shortage because of the different variables influencing the global economy.

VLCC:

There is currently a bit of downward pressure in the market but compared to the end of May, and these levels are comparably a step up. The market is affected by the lack of activities. However, with position lists starting to contract, rates could start to improve in the coming weeks. MEG to China fell to WS75 while 270,000mt to Singapore was at WS77.

Suezmax:

The USG/TA market has started to slow down after providing most of the momentum in the Atlantic last week. Owners in the Med are also waiting for the release of the end-September loading schedule, which could help them reduce the number of vessels going to the Black Sea. Following the previous week's increase, the 135,000 mt Black Sea/Augusta market was forecast higher, but this week's levels fell slightly to WS192.

Aframax:

Due to the reduction in the number of vessels in the Middle East, the freight rates have increased. This week, the UKC was also relatively quiet, which resulted in a slight decrease in rates. The Baltic saw some increase in the supply of cargo. Some activities may return to the region soon. 100,000mt Baltic/UK-Continent market stayed steady this week, losing slightly over half a point to conclude at WS206.

Clean:

Despite the efforts by charterers to exert downward pressure on rates, the markets in the MEG were generally firm this week. The LR1 rate on the Japan-MEG route increased w-o-w to WS300. Meanwhile, the MR market was affected by the lack of supply. 30,000mt Primorsk to Le Havre fell a few points to WS384.

Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
DHT EDELWEISS	VLCC	301,021	2008	S. KOREA	37.0	UNDISCLOSED
G.DREAM	VLCC	299,288	2022	S. KOREA	108.0	HYUNDAI MERCHANT MARINE
RIDGEBURY CAPTAIN DROGIN	SUEZ	166,468	2007	S. KOREA	28.8	GREEK BUYERS
AKSTA	SUEZ	159,460	2003	S. KOREA	18.0	UNDISCLOSED
IMPERIA	AFRA	114,849	2006	S. KOREA	31.5	MIDDLE EASTERN BUYERS
LIONHEART / MAERSK PENGUIN	AFRA	109,672	2008 / 2007	CHINA	N/A	UNDISCLOSED
ARGO	AFRA	105,188	2009	S. KOREA	33.8	DUBAI BUYERS
GOTLAND CAROLINA	MR	53,160	2006	CHINA	18.5	NORWEGIAN BUYERS
ALKAIOS / ARCHON	MR	50,100	2016	CHINA	73.0 EN BLOC	TUFTON OCEANIC
GLENDA MERYL / GLENDA MELODY / GLENDA MELISSA / GLENDA MELANIE	MR	47,251 ~ 47,162	2011	S. KOREA	109.6 EN BLOC	D'AMICO TANKERS
AGNES VICTORY	MR	47,122	2004	CROATIA	17.0	CHINESE BUYERS

Tankers Values

(Weekly)

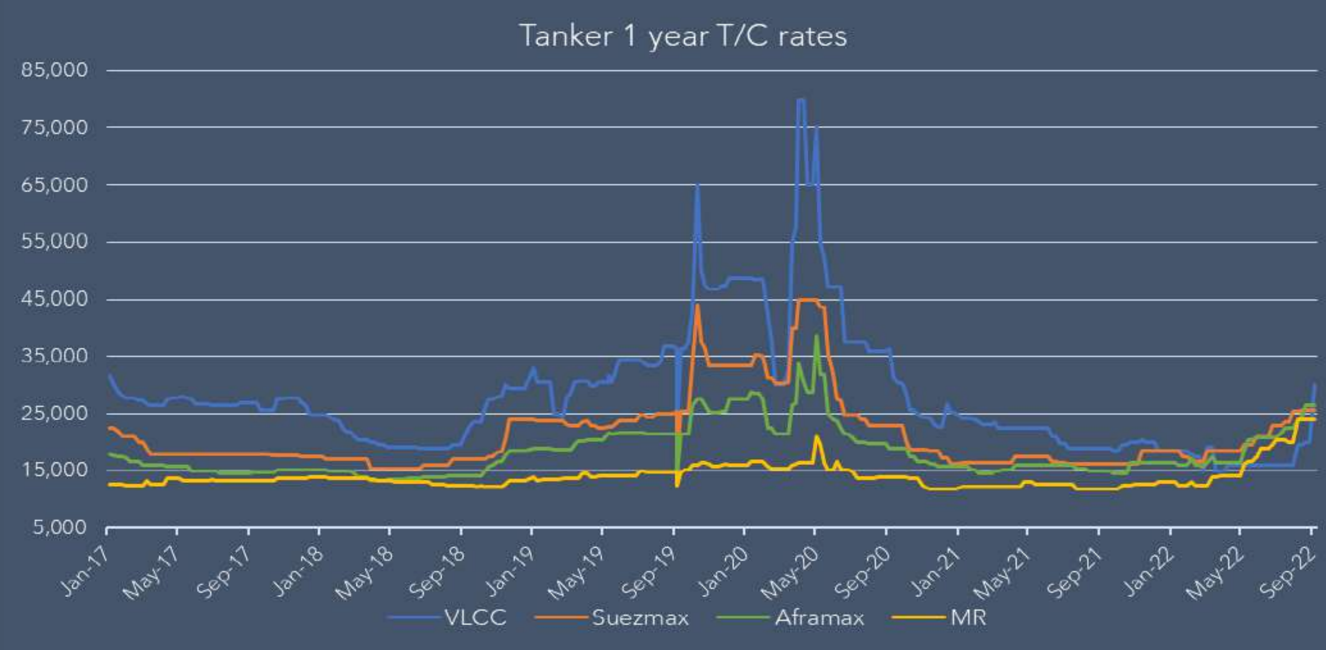
TANKERS	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
VLCC	310,000	120	109	84	58	33
SUEZMAX	160,000	80	79	59	42	22
AFRAMAX	115,000	61	71	56	41	22
PANAMAX-LR1	73,000	53	55	42	28	14
MR TANKER	51,000	43	46	40	29	13

**(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	1,489	1,554	616	-4.18	+141.72
BCTI	1,171	1,284	517	-8.80	+126.50

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	32,500	30,000	19,000	+8.33	+71.05
SUEZMAX	150,000	27,500	25,750	16,250	+6.80	+69.23
AFRAMAX	110,000	28,250	26,500	15,000	+6.60	+88.33
LR1	74,000	26,750	26,750	14,750	0	+81.36
MR	47,000	24,000	24,000	11,750	0	+104.26



Containers

The containership charter market is growing more pessimistic as rates continue to fall week on week. In the feeder sector, most operators are similarly hesitant to commit to long-term contracts. In the Middle East, CMA CGM took two 1100 TEU feeders for employment of around 9 months at a rate of US$28,000, which is significantly lower compared to the previous year.

Containers S&P Report

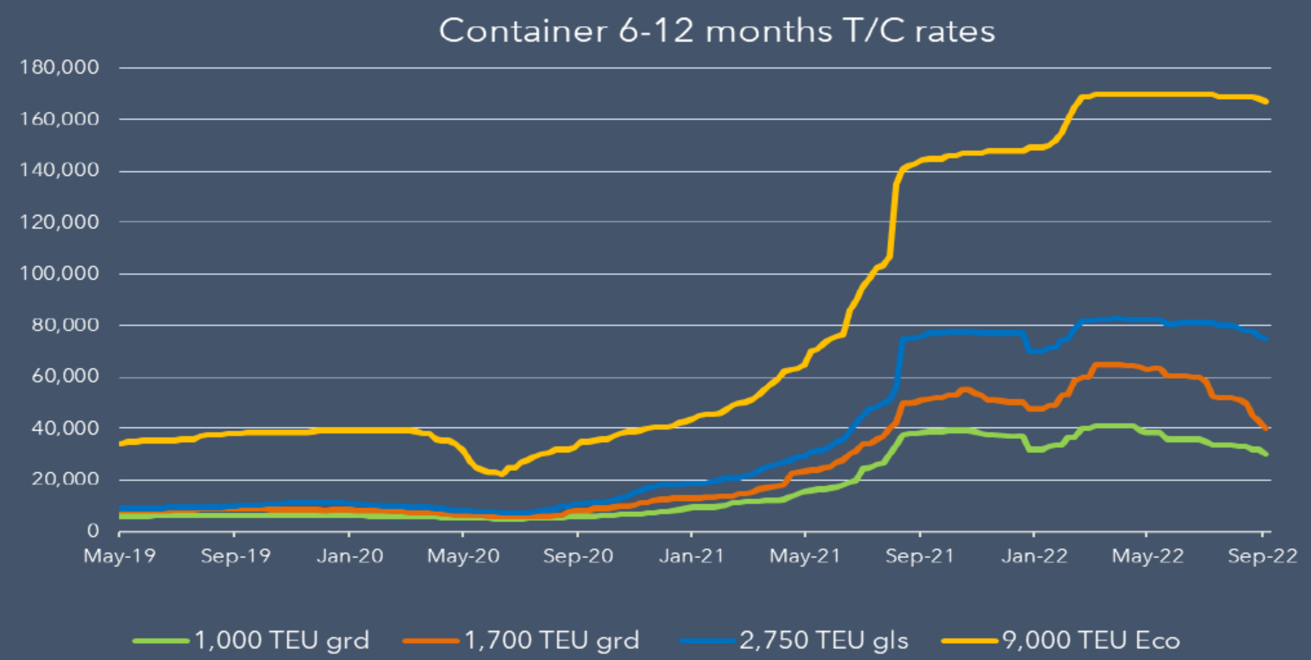
VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
RIO CADIZ / RIO CHARLESTON	PMAX	4,300	2008	S. KOREA	N/A	MSC
CSBC KAOHSIUNG 1185 / CSBC KAOHSIUNG 1186 / CSBC KAOHSIUNG 1187 / CSBC KAOHSIUNG 1188	SUB PMAX	2,940	2023	TAIWAN	222.0 EN BLOC	WAN HAI LINES
PINARA	FEEDER	1,740	2004	CHINA	20.2	AKAR DENIZ TASIMAC

Containers Values

(Weekly)

CONTAINERS (by TEU)	GEARED / GEARLESS	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
900 – 1,200	Geared	24	32	27	23	18
1,600 – 1,800	Geared	29	45	42	35	28
2,700 – 2,900	Gearless	43	55	53	51	47
5,500 – 7,000	Gearless	85	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 (WC INDIA)	560 ~ 570	550 ~ 560	570 ~ 580	600 ~ 610	STABLE /
CHATTOGRAM, BANGLADESH	600 ~ 610	590 ~ 600	570 ~ 580	620 ~ 630	WEAK /
GADDANI, PAKISTAN	590 ~ 600	580 ~ 590	550 ~ 560	600 ~ 610	WEAK /
TURKEY *For Non-EU ships. For EU Ship, the prices are about USUS$30-40/ton less	320 ~ 330	310 ~ 320	300 ~ 310	350 ~ 360	STABLE /

- 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.

5-Year Ship Recycling Average Historical Prices

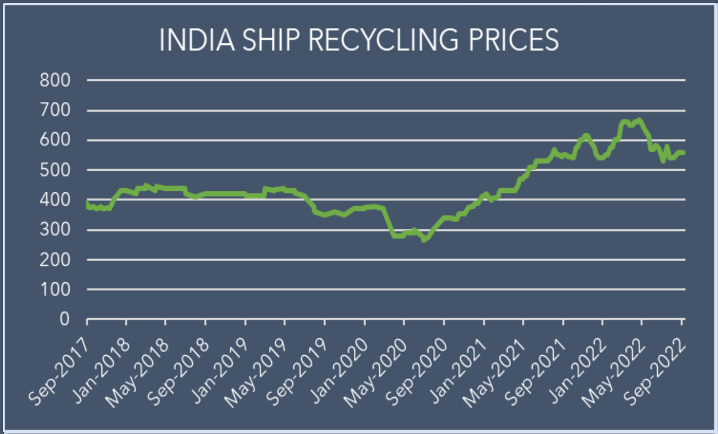
(Week 30)

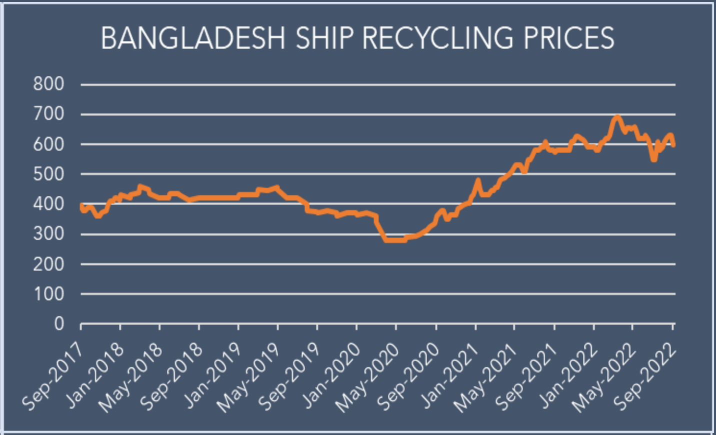
DESTINATION	2017	2018	2019	2020	2021
ALANG, INDIA	385	440	360	350	580
CHATTOGRAM, BANGLADESH	415	435	375	350	600
GADDANI, PAKISTAN	405	425	360	360	590
ALIAGA, TURKEY	210	240	260	205	280

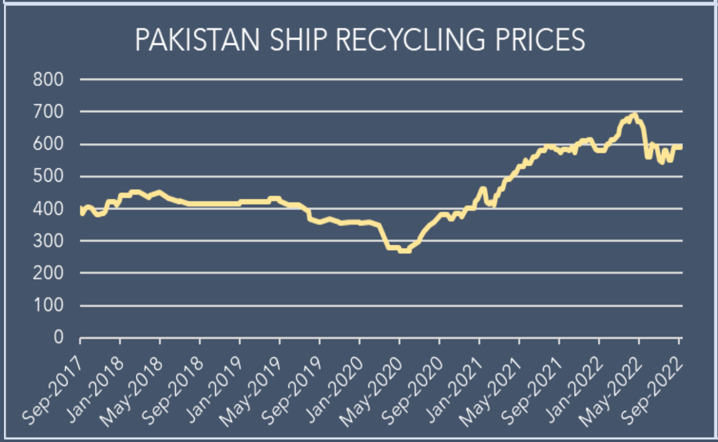
Ships Sold for Recycling

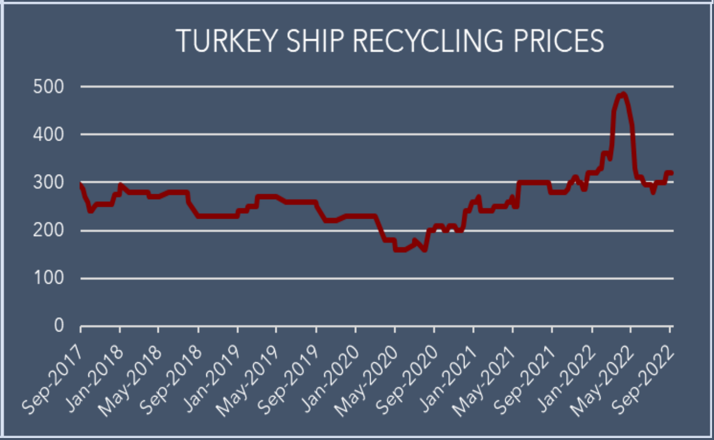
VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (USUS$/LDT LT)	COMMENTS
CIC PRIDE	23,118	2002 / S. KOREA	CAPE	UNDISCLOSED	DELIVERED CHATTOGRAM
STAR TIANJIN	23,684	2004 / CHINA	CAPE	600	DELIVERED AS IS SINGAPORE
URANUS	39,825	2002 / JAPAN	VLCC	610	DELIVERED FULL-SUBCONTINENT

Recycling Ships Price Trend









Insights

A new month started on a slow footing in the Sub-Continent with uncertainties due to the rising cost of making steel and weak demand in general. Overall, a fragile market that could see price swings in the coming weeks across the board.

On the recycling ship's availability, the tightness was seen easing with a number of capes being discussed for sale, followed by older Handymax. Coming weeks may see a large number of ships put up for sale, especially in the dry segment.

On the other hand, in base metals, Stainless steel prices continue to suffer as the end of the year approaches. Nickel prices, on the other hand, concluded at the end of August at US$21,320 a metric tonne, which is higher than the 2021 average, indicating that the market is still in an observational state.

The devastating consequences of the Russia-Ukraine war are now being felt throughout the steel sector, with a number of steel factories shutting down production and others reducing output in the face of rising energy prices.

Meanwhile, following the story of the toxic aircraft from Brazil, after weeks of public outrage, Turkey has barred the SO PAULO aircraft carrier from entering its own seas. When the ship landed in Aliaa in September 2022, it was transporting dangerous chemicals. Environmental and labour rights groups had demanded that the vessel follow the Basel and Barcelona Conventions.

The people of Turkey banded together to demand that the aircraft carrier be removed from the nation by demonstrating their support for the vessel's departure, from a public march in Zmir to theatre protests in the port of Aliaa.

Turkey ordered a re-audit after the two parties failed to conduct a second examination. According to Asli Odman, a member of the Istanbul Health and Safety Labor Watch, the protests against the export of the vessel were caused by the government's open-door policy. This approach permitted the country's social and environmental dumping. As a result, the people's fight against social and environmental degradation is no longer only a national concern.

ALANG, INDIA

Following ArcelorMittal's announcement of a price hike in Europe, Indian mills are reportedly considering increasing their offers. According to sources, the mills have already withdrawn their offers to various markets, including the Gulf Cooperation Council and Vietnam.

Indian mills are reportedly planning to increase their offers for September. Despite the sudden increase in demand, sources noted that the prices are not going up due to rising production costs from the energy hike.

Overall sentiments amongst the recycling community were stable as not many ships sold, and demand was intact.

Anchorage & Beaching Position (September 2022)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
MALAVIYA TEN	OFFSHORE	1,969	25.08.2022	AWAITING
BONGO	TANKER	3,189	24.08.2022	AWAITING
ABA 1	DRILLSHIP	11,148	30.08.2022	AWAITING

CHATTOGRAM, BANGLADESH

In the last two weeks, cement and rod sales in Dhaka have decreased 50%. Due to the sharp rise in the cost of building materials prices.

The decline in sales has left stores unable to pay rent and other bills, say shopkeepers. Top-brand rods cost Tk 98,000 per metric ton, while a 50-kg sack of cement costs Tk 650. Other problems, such as supply chain disruption and load-shedding, have damaged the cement and rod industry.

Kamal Mahmud, the vice president of the Bangladesh Real Estate and Housing Association, said that the government should strengthen its monitoring of the market to prevent the prices from going up. Due to the continuous increase in the prices of construction materials, many of the association's member firms have been forced to suspend their projects.

The government will regulate the pricing of nine key staples, including rice, starting next week in an effort to lower market costs. Commerce Minister Tipu Munshi made the statement following a meeting with officials from the relevant authorities. Munshi stated that the government would also launch a lawsuit against the people in business that disregard the goods' pricing. He stated that the costs of these things had risen owing to global uncertainty and the rising of the currency.

In the coming weeks, this news could send shock waves to ship prices, and if the government caps the wire rod prices, there will be a significant drop in ship recycling prices.

Lately, the domestic ship scrap prices have come off significantly, fueled by ongoing banking issues for larger ships, dampening the sentiments, and such an effect was now being seen in the prices offered which is off by US$20~30/ton from its recent highs.

Anchorage & Beaching Position (September 2022)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
WINTON T128	BULKER	975	23.06.2022	AWAITING
ARIANA	TANKER	15,672	22.06.2022	AWAITING
GALA	TANKER	16,884	01.03.2022	AWAITING

GADDANI, PAKISTAN

Absolute silence as the recycling industry is paused due to heavy floods.

Overall, an inactive market with no physical sales locally, as the connectivity by roads has been destroyed by heavy rains, and restoring may take a long time.

Economic conditions were again back in question with the IMF loan package yet not finalized. The local currency was back to PKR 224 levels after showing signs of stabilising in the month of August. These factors have once again put a question mark on the ability of recyclers to place a price tag, and a vast majority have decided to wait and watch.

Anchorage & Beaching Position (September 2022)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
-	-	-	-	-

ALIAGA, TURKEY

The weak steel sales in Turkey are also contributing to the decline in the country's finished steel prices. Despite the continuous rise in the prices of rebar, the producers are still struggling to maintain their margins.

The Turkish scrap market remained inactive this week as both the producers and suppliers stayed away from the market. Due to the lack of demand and the tight margins, both the mills and the suppliers are reluctant to buy at current levels.

BEACHING TIDE DATES 2022

Chattogram, Bangladesh : 7th Sept. ~ 15th Sept.| 25th Sept ~ 28th September

Alang, India : 9th Sept. ~ 12th Sept. | 24th Sept. ~ 02nd Oct.

Bunker Prices

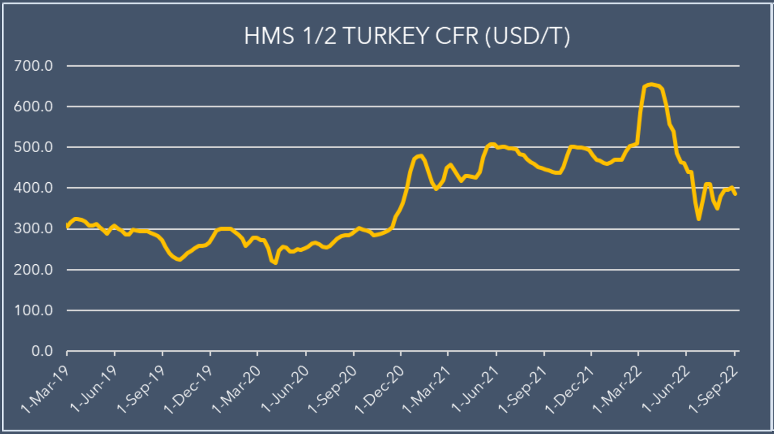
BUNKER PRICES (USD/TON)			
PORTS	**VLSFO (0.5%)**	**IFO380 CST**	**MGO (0.1%)**
SINGAPORE	699	451	1049
HONG KONG	743	514	1051
FUJAIRAH	723	469	1307
ROTTERDAM	679	455	1098
HOUSTON	713	515	1119

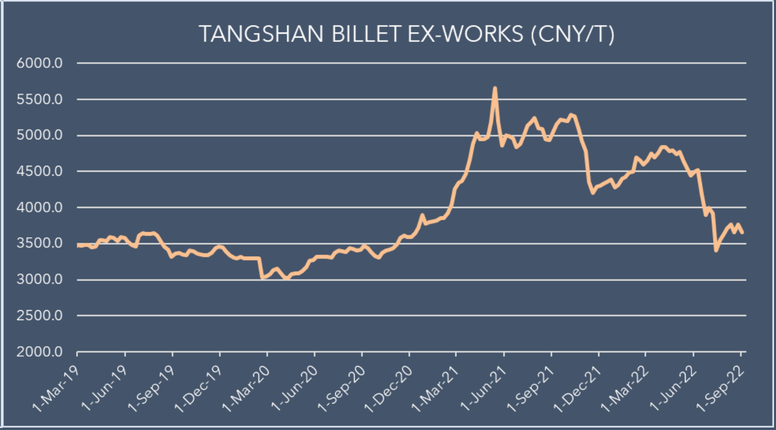
Exchange Rates

EXCHANGE RATES			
	2nd SEPTEMBER	26th AUGUST	W-O-W % CHANGE
USD / CNY (CHINA)	6.89	6.86	-0.44
USD / BDT (BANGLADESH)	95.03	95.07	+0.04
USD / INR (INDIA)	79.76	79.83	+0.09
USD / PKR (PAKISTAN)	218.85	220.31	+0.66
USD / TRY (TURKEY)	18.18	18.18	0

Commodity Price

HMS 1/2 & Tangshan Billet





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$98	-6.66%	-25.19%	US$105	US$131
Iron Ore Fines, CNF. Rizhao, China	Fines, Fe 62% (Australia Origin)	US$96	-5.88%	-31.42%	US$102	US$140

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	341.35	+0.70	+0.21%	Dec 2022
3Mo Copper (L.M.E.)	USD / MT	7,633.00	+36.00	+0.47%	N/A
3Mo Aluminum (LME.)	USD / MT	2,295.50	+0.50	+0.02%	N/A
3Mo Zinc (LME.)	USD / MT	3,135.50	-124.00	-3.80%	N/A
3Mo Tin (LME.)	USD / MT	21,155.00	+95.00	+0.45%	N/A

Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	86.87	+0.26	+0.30%	Oct 2022
Brent Crude (ICE.)	USD / bbl.	93.02	+0.66	+0.71%	Nov 2022
Crude Oil (Tokyo)	JPY / kl	72,640.00	-400.00	-0.55%	Feb 2023
Natural Gas (Nymex)	USD / MMBtu	8.79	-0.48	-5.14%	Oct 2022

Note: all rates as at C.O.B. London time September 2, 2022