



# WEEKLY REPORT

## WEEK 40 - October 9, 2022

Concerns regarding the supply side dominated popular sentiment. This resulted in an increase in the price of energy and metals. The central bank's position on inflation helped the dollar, although this was countered by fears about the possible impact of future disruptions.

On October 6, the E.U. executive branch adopted the eighth package of sanctions on Russia. The goal is to keep the government from utilising its resources to fuel its operations in Ukraine. The measures, which were in unison agreement, aim to deprive Moscow of billions of euros in revenue. The new restrictions, which are anticipated to cost Russia roughly 7 billion euros in additional revenue, include a prohibition on the importation of a variety of goods, including steel and wood pulp. They also extend the ban on the importation of certain chemicals and equipment.

The commission stated that Russia should not be able to benefit from the competence and knowledge of E.U. nationals on its state-owned enterprises' boards of directors. This was in response to former European politicians such as Francois Fillon and Gerhard Schroeder being on the boards of Russian corporations.

The E.U. further stated that the additional restraints were imposed on Russia owing to its repeated threats to use weapons of mass devastation. Although the new sanctions were intended to punish Russia, they did not go far enough. For example, they did not include a prohibition on nuclear energy or diamond imports. The new restrictions also include a price cap on Russian crude oil transported by sea to foreign countries. This does not apply to the exceptions that allow some E.U. member states to continue utilising Russian pipelines to import petroleum products and crude oil.

## Dry Bulk

In October, freight rates in the Panamax and Capesize segments began to rise, while rates in the Supramax and Handysize segments began to settle. However, the outlook for the Handysize sector remains bleak as the grain corridor in Ukraine remains largely steady.

The month of September ended with a rebound in monthly grain flows from Ukraine, with China accounting for 18% of overall shipments. Prices for iron ore fell to nearly US\$100 per tonne owing to China's Golden Week, raising concerns that the country's stimulus programme may not be enough to bolster the economy.

Meanwhile, because of Europe's lower natural gas costs, futures for North-West Europe thermal coal have fallen. Contracts for November delivery in the region fell by 4.6%, settling at roughly US\$300 per metric tonne.

At closing, iron ore prices swung between gains and losses. On the Singapore Exchange, the November contract increased by 1.2%. The price increase was mostly due to anticipation that China would relax its Zero-Covid policy, which might stimulate demand for steelmaking raw materials.

### **Capesize:**

The Atlantic continued to rise due to a cargo influx from Brazil in October and a scarcity of tonnage, but the Pacific is showing signs of weakness as demand for iron ore stockpile before China's National Day break ends. However, the weakening of purchasing power as a result of exchange rate depreciation hinders import recovery. Following the government's policy to encourage the completion of unfinished houses, China's steel demand for construction has seen a modest rebound. However, the rebound is constrained by sluggish new housing development and sales. At closing, T/A saw a slight uptick as levels settled in the region of US\$25,875 a day, while Pacific r/v slipped to US\$14,150 a day.

### **Panamax / Kamsarmax:**

The Atlantic basin rises, and the Pacific falls, like that of the cape segment. However, Asian grains and the Atlantic surge are being driven by strong European coal demand, driving the whole market and weekly gains. The steep rise in European coal demand was a result of disruption in the Russian energy supply and further aided the market scenario. Last Monday, EU approved a comprehensive plan for reviving an outdated coal power plant and agreed to put it into action start of October. We could see the market rise in the short term. Both basins saw rises with Pacific r/v in the region of US\$17,250 while F/H closes at US\$28,750 a day.

### **Supramax / Ultramax:**

Despite continuous advances in Latin America and the Black Sea, decreases in the U.S. and the Pacific limit future gains. Reduced activity in the Pacific has shifted the overall downward trend with the arrival of China's National Day. Steel export prices declined due to the rapid depreciation of the Chinese yuan, but key purchasing countries' exchange rates are also dropping, so the actual export increase effect is minimal. This week, the Pacific-centered downturn in demand is projected to persist, as is the overall weakness. Pacific r/v fell this week to US\$ 15,900's, and Inni r/v slipped to US\$16,500 a day.

### **Handysize:**

Tight supplies maintained the Atlantic's quick coal prices. The mood in the Atlantic remained upbeat, but sentiment in Asia remained short-term. T/A levels saw some slight uptick with levels in the region of US\$ 15,000's. In the Pacific, the market was mostly covered before the

holidays, while most coal rounds were also sold. Inter-Pacific closed with a slight discount with levels in the region of US\$14,350.

## Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
SHINYO GUARDIAN	CAPE	177,216	2005	JAPAN	17.3	TURKISH BUYER
CYMONA GEMINI	KMAX	82,992	2006	JAPAN	15.9	MINOA MARINE
ALEXANDRA	KMAX	82,329	2006	JAPAN	16.35	TURKISH BUYERS
DARYA JYOTI / DARYA MOTI	KMAX	80,545	2010	S. KOREA	N/A	TURKISH BUYERS
AGRI KINSALE / AGRI QUEEN	PANAMAX	77,171	2009	JAPAN	32.0 EN BLOC	CHINESE BUYERS
GOLDEN HARVEST	PANAMAX	76,623	2001	JAPAN	10.0	CHINESE BUYERS
ANACAPA LIGHT	HANDY	31,603	2005	JAPAN	12.4	TURKISH BUYERS

## Dry Bulk Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
CAPE	180,000	64	56	39	30	14
KAMSARMAX	82,000	36	37	31	22	12
SUPRAMAX	56,000	33	37	30	21	9
HANDY	38,000	30	31	26	18	6

\*(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	1,961	1,760	5,526	+11.42	-64.51
BCI	2,396	1,955	10,112	+22.56	-76.31
BPI	2,235	2,082	3,866	+7.35	-42.19
BSI	1,706	1,663	3,417	+2.59	-50.07
BHSI	1,033	1,009	2,015	+2.38	-48.73

### 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	15,000	12,250	37,855	+22.45	-60.38
PANAMAX	75,000	15,825	14,950	29,250	+5.85	-45.90
SUPRAMAX	52,000	15,250	14,750	29,000	+3.39	-47.41
HANDYSIZE	32,000	13,500	13,500	29,000	0	-53.45

Dry Bulk 1 year T/C rates



## Tankers

OPEC+ resolved this week to cut production by 2 million barrels per day (BPD). The group made an unprecedented decision at a time when the world's leading nations were experiencing strong economic expansion and demand for oil was still rising. Despite several attempts by Washington to influence the decision, the cartel's leaders, such as Saudi Arabia and the U.A.E., were able to make it.

The White House has activated all of its human resources just one day before the OPEC+ conference. According to one official, the administration was having a "spasm and a panic attack." Several high-ranking officials, including Janet Yellen and Amos Hochstein, were charged with discussing the potential implications of a production decrease with the Saudis and the U.A.E. as part of the negotiations. They were also warned about the potential consequences of a cut on their reputations and relations with the U.S. and the West. Despite the warnings, the two countries chose to move forward.

The decision to curtail output was swiftly denounced by the media as a slap in the face to the United States and the West. At the time, the West requires the cheapest oil because the European Union has restricted the flow of Russian crude. The Democratic administration in the United States is likewise banking on cheap gasoline to maintain its majority in Congress, as it is unlikely to win the November elections.

In a significant geopolitical change, Saudi Energy Minister Prince Abdulaziz bin Salman chastised the media for its unfavourable coverage of the Organization of Petroleum Exporting Countries summit. During a press conference, he refused to answer any questions from reporters. He also denied that the organisation was helping Russia's efforts to weaponize oil at a time when the international economy desperately needed it.

### **VLCC:**

Despite the recent decline, daily earnings are still at a healthy level. This week's holiday in the Far East has seen overall segment took a dipped. Short-term market conditions are projected to stay flat as trade volume slows down. 270,000mt Middle East Gulf/China route saw rates fall to WS81. In the Atlantic, active enquiries are expected to return.

### **Suezmax:**

Lower linear weakness in the Africa/Europe region, as well as a drop in cargo inflows, saw this week's rates for the 135,000mt Black Sea/Augusta and the 130,000mt Nigeria/U.K.C. trip went down by five points each to WS175 and WS125, respectively.

### **Aframax:**

Trade volume between the Middle East and Southeast Asia has been declining since September. However, rates in the Mediterranean market continued to improve, with 80,000mt Ceyhan/West Med gaining nine points to WS222.

### **Clean:**

L.R.: Increased facility maintenance in Europe, as well as continued strikes in France and the U.K., have resulted in supply interruption and price hikes. However, arbitrage trading will restrict the extent of further declines.

MR: Freight rates fell due to a drop in cargo inflows due to the Chinese national holiday. Meanwhile, after weeks of decline, the U.K.C. M.R.s have managed to maintain their position this week as TC2 hovers around mid-WS250s.

## Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
MARAN AQUARIUS	VLCC	320,821	2005	S. KOREA	52.5	UNDISCLOSED
PRINCESS MARY	VLCC	206,206	2004	JAPAN	48.0	UNDISCLOSED
PRIDE	VLCC	299,986	1998	JAPAN	24.5	UNDISCLOSED
VINGA	SUEZ	158,982	2012	S. KOREA	42.0	THENAMARIS
SEA LEGEND	AFRA	112,511	2008	S. KOREA	N/A	UNDISCLOSED
PHOENIX BEACON	AFRA	105,525	2011	S. KOREA	35.0	PERFORMANCE SHIPPING
RIDGEBURY BIRCH / RIDGEBURY ACACIA	MR	53,712	2006	JAPAN	35.0 EN BLOC	UNDISCLOSED
HIGH MARS	MR	51,543	2008	S. KOREA	20.5	UNDISCLOSED
JO ASK	MR	47,128	2007	S. KOREA	20.5	MIDDLE EASTERN BUYERS
SYNERGY	MR	34,819	2020	CHINA	31.0	CHINESE BUYERS
WEALTHY LOYAL	PROD / CHEM	19,098	2012	CHINA	15.0	UNDISCLOSED

## Tankers Values

(Weekly)

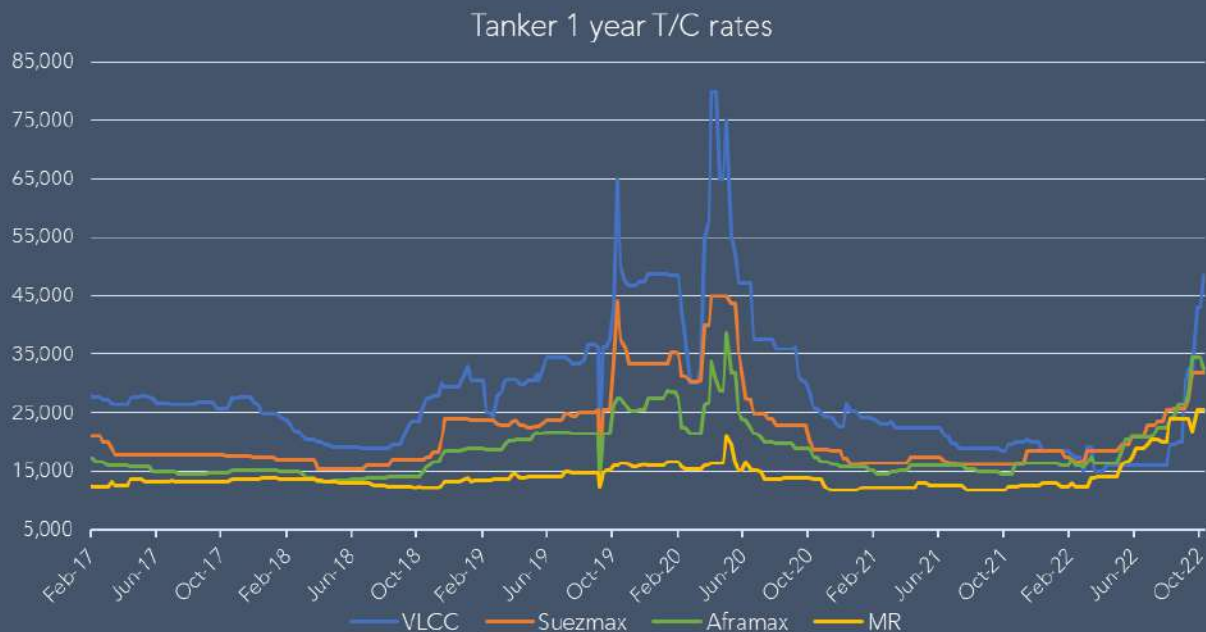
TANKERS	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
VLCC	310,000	120	116	88	65	43
SUEZMAX	160,000	80	82	62	45	24
AFRAMAX	115,000	61	72	57	42	23
PANAMAX-LR1	73,000	53	56	44	30	15
MR TANKER	51,000	43	46	40	29	14

\*(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	1,461	1,477	680	-1.08	+114.85
BCTI	1,150	1,162	473	-1.03	+143.13

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	41,500	41,500	18,500	0	+124.32
SUEZMAX	150,000	32,000	32,000	16,250	0	+96.92
AFRAMAX	110,000	32,500	32,500	14,500	0	+124.14
LR1	74,000	37,500	37,500	14,750	0	+154.24
MR	47,000	27,500	25,500	11,750	+7.84	+134.04



## Containers

As the global economy weakens, the cost of exporting goods from China has fallen to its lowest level in more than two years. This is a significant setback for container carriers, who have enjoyed record earnings during the pandemic. Last week, a 40-foot shipping container from Shanghai to Los Angeles cost approximately \$3,779, the lowest price since September 2020, according to Drewry. It predicted that the cost of delivering goods from China would continue to plummet. Despite the global economic slowdown, the value of Chinese exports increased in August.

# Containers S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
NO NEW SALES REPORTED						

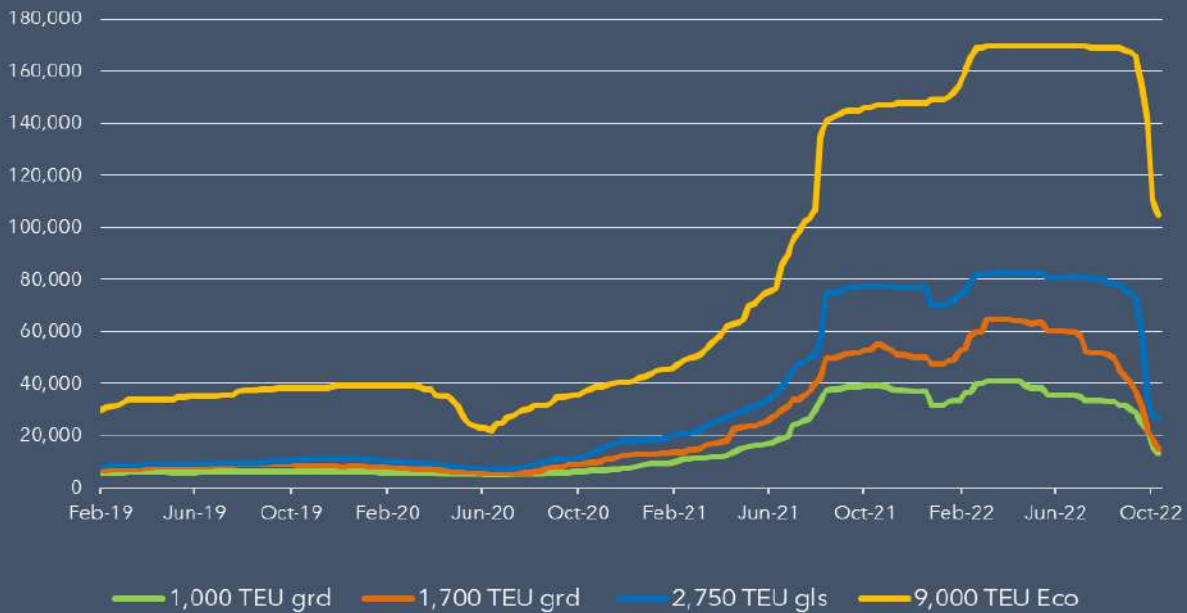
## Containers Values

(Weekly)





CONTAINERS (by TEU)	GEARED / GEARLESS	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
900 - 1,200	Gearless	24	32	27	23	18
1,600 - 1,800	Gearless	29	38	35	30	25
2,700 - 2,900	Gearless	43	50	45	42	37
5,500 - 7,000	Gearless	85	157	146	121	N/A

*\*(amount in USD million)*

### Container 6-12 months T/C rates



# Ship Recycling Market Snapshot

DESTINATION	TANKERS	BULKERS	MPP/ GENERAL CARGO	CONTAINERS	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (WC INDIA)	600 ~ 610	590 ~ 600	600 ~ 610	630 ~ 640	IMPROVING / 
CHATTOGRAM, BANGLADESH	620 ~ 630	600 ~ 610	620 ~ 630	620 ~ 630	STABLE / 
GADDANI, PAKISTAN	590 ~ 600	580 ~ 590	560 ~ 570	600 ~ 610	IMPROVING / 
TURKEY *For Non-EU ships. For E.U. Ship, the prices are about US\$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

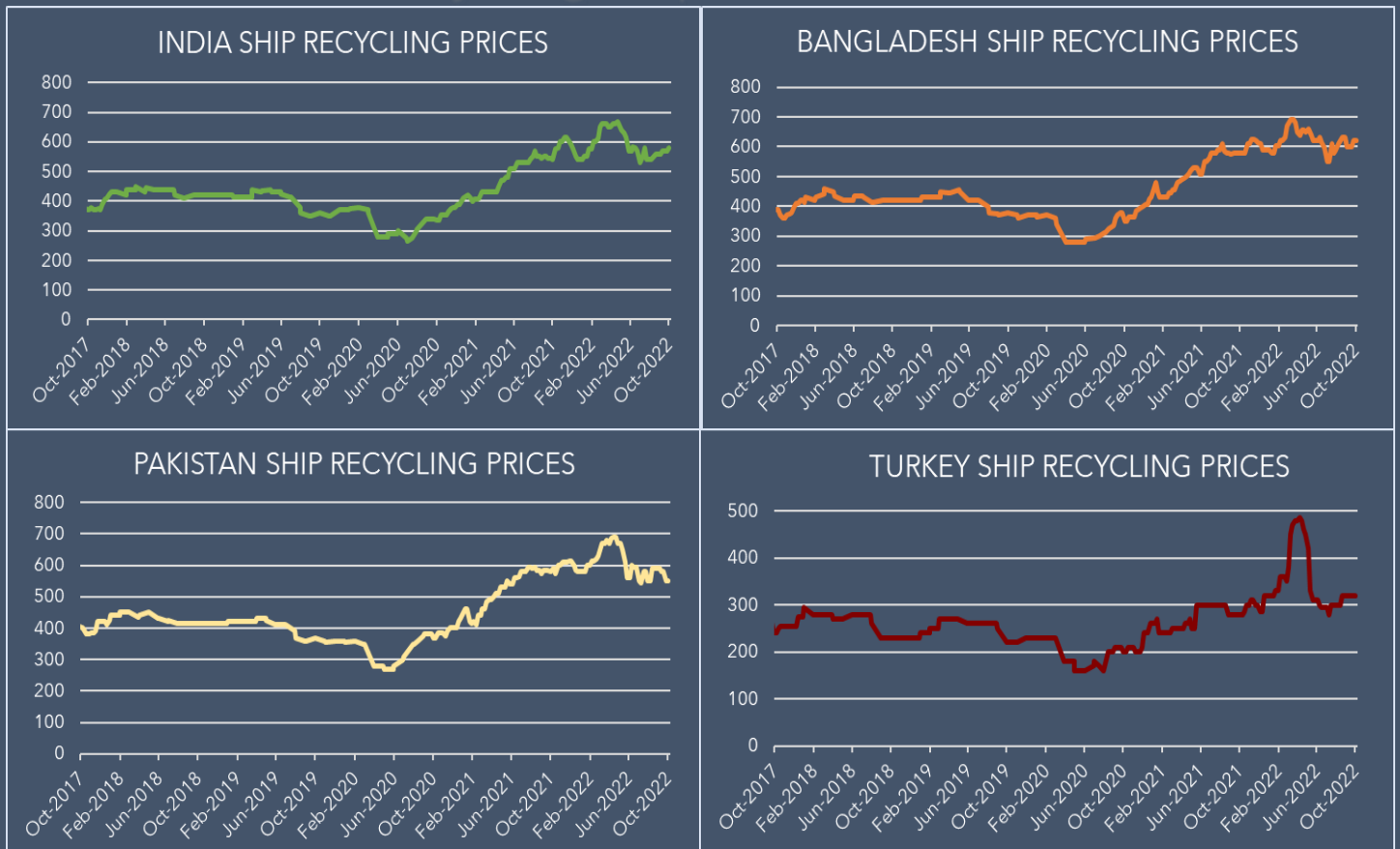
(Week 40)

DESTINATION	2017	2018	2019	2020	2021
ALANG, INDIA	370	455	370	350	580
CHATTOGRAM, BANGLADESH	410	450	380	350	600
GADDANI, PAKISTAN	420	445	370	360	590
ALIAGA, TURKEY	210	270	220	205	290

# Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (USUS\$/LDT LT)	COMMENTS
FU YI	8,000	1989 / JAPAN	BULKER	620	DELIVERED CHATTOGRAM
SAMC INTEGRITY	24,181	2002 / TAIWAN	BULKER	579	DELIVERED AS IS SINGAPORE
THEODOROS I. V.	12,626	1999 / UKRAINE	TANKER	605	DELIVERED AS IS U.A.E PORTS

## Recycling Ships Price Trend



## Insights

After a couple of dull months, it has been a positive week for the Sub-Continent ship recycling and imported ferrous scrap markets, with both prices and demand improving. Yet it is too early to determine if this is a dead cat bounce or forming a positive trend. Considering

the given facts, the short supply caused due to energy crisis saw metals prices supported and rising.

This week, the E.U. Commission's 8th round of sanctions on Russia has widened the E.U. ban on Russian finished steel products and Russian semi-finished products. However, temporary exemptions have been granted, with steel slab imports permitted up to a quota exceeding 3.7 million tonnes/year until 2024 & also to billet.

Across the Pacific, China's PMI for the domestic manufacturing industry resumed expanding in September after contracting during the prior two months, with the PMI reading edging up by 0.7 percentage points from August. Analysts predict that the Iron Ore prices may strengthen along with the steel products price trend, with increasing downstream demand from the construction sector.

## **ALANG, INDIA**

A positive week for Alang, with demand increasing and, likewise, domestic ship plate and melting prices improving. Ship prices took a leap surpassing US\$600/ton levels for decent ships bringing Alang back onboard to compete with their neighbours.

Overall, India has witnessed a rapid economic recovery post-COVID outbreak, keeping inflation in control at 6 ~ 7% compared to other developed economies. The only hurdle for the importers was the sharp devaluation of domestic currency stoked by F.E.D. moves but lately shrugged off on festive demand and improving sentiments.

Demand for semi-finished and finished products was seen rising. Market experts predict that such demand surge shall continue as they feel government and private investment in the construction industry and manufacturing will remain high for the rest of the year. Still, for the Alang recyclers, it has been a frustrating time as the ship shortage is keeping them on the sidelines as the ship trading markets, in all the segments, continue to fire all cylinders.

## **Anchorage & Beaching Position (October 2022)**

<b>VESSEL NAME</b>	<b>TYPE</b>	<b>LDT</b>	<b>ARRIVAL</b>	<b>BEACHING</b>
FALCON SPIRIT	TANKER	22,793	06.10.2022	AWAITING
DEED 1	GENERAL CARGO	1,985	29.02.2022	AWAITING

## **CHATTOGRAM, BANGLADESH**

This week the data collected by the authorities reflected astonishing figures for ferrous scrap imports, which is a prominent alternative to ship recycling melting scrap generated - the

ferrous scrap import shipments in Bangladesh, a major buyer in South Asia, reported 4.13 million tons in the first 9 months of 2022 vis-a-vis 3.15 million tons in the same period of 2021, the total ferrous scrap rose by 31% on a yearly basis. Demand for steel was primarily supported by the government's initiative to develop infrastructure. The local steel industry expects this to continue to rise.

Ships sold in the past are making their way to the shores of Chattogram with no negative reports linked to ongoing Letter of Credit issues.

Overall a stable market with demand intact.

### **Anchorage & Beaching Position (October 2022)**

<b>VESSEL NAME</b>	<b>TYPE</b>	<b>LDT</b>	<b>ARRIVAL</b>	<b>BEACHING</b>
ORAS	GENERAL CARGO	1,878	27.09.2022	AWAITING
ARIANA	TANKER	15,672	22.06.2022	AWAITING
GALA	TANKER	16,884	01.03.2022	AWAITING

### **GADDANI, PAKISTAN**

A promising week for the Pakistani recyclers as the domestic currency strengthens after intervention from the Central Bank. The P.K.R. closed at 221~222 levels after reaching its peak just a couple of weeks back at PKR241~242 to a U.S. dollar. A significant 9% drop brings the lost sentiments back.

On the other hand, the demand for ship scrap was seen improving against the backdrop of limited stock at the yards and emerging demand. The classic example was seen in the fresh prices being offered and recent end sale at US\$590/ton levels to the recyclers of the Cheval Bleu, 21,822 tonner tanker.

Exciting times lie ahead for the Pakistani recycling industry as it's been a very long period since they have been in action, and now with the domestic currency appreciating together with emerging demand, markets should catch up with India and Bangladesh in competition.

### **Anchorage & Beaching Position (October 2022)**

<b>VESSEL NAME</b>	<b>TYPE</b>	<b>LDT</b>	<b>ARRIVAL</b>	<b>BEACHING</b>
CHEVAL BLEU	TANKER	21,822	04.10.2022	08.10.2022

## ALIAGA, TURKEY

Despite the sharp rise in imported scrap prices last week, most domestic steelmakers have not changed their scrap buying prices.

Both domestic and foreign importers are reluctant to increase their prices due to the expected rise in energy costs from October. Although some mills kept their offers at around US\$675-700 per metric ton ex-works, seeing some buyers returned to the market.

The prices of shipbreaking scrap in Turkey remain stable this week at around US\$345 per metric ton. Meanwhile, the Lira continues to depreciate against the dollar on Wednesday.

### **BEACHING TIDE DATES 2022**

Chattogram, Bangladesh : 8<sup>th</sup> Oct. ~ 11<sup>th</sup> Oct. | 24<sup>th</sup> Oct. ~ 27<sup>th</sup> Oct.

Alang, India : 7<sup>th</sup> Oct. ~ 15<sup>th</sup> Oct. | 25<sup>th</sup> Oct. ~ 31<sup>st</sup> Oct.

## Bunker Prices

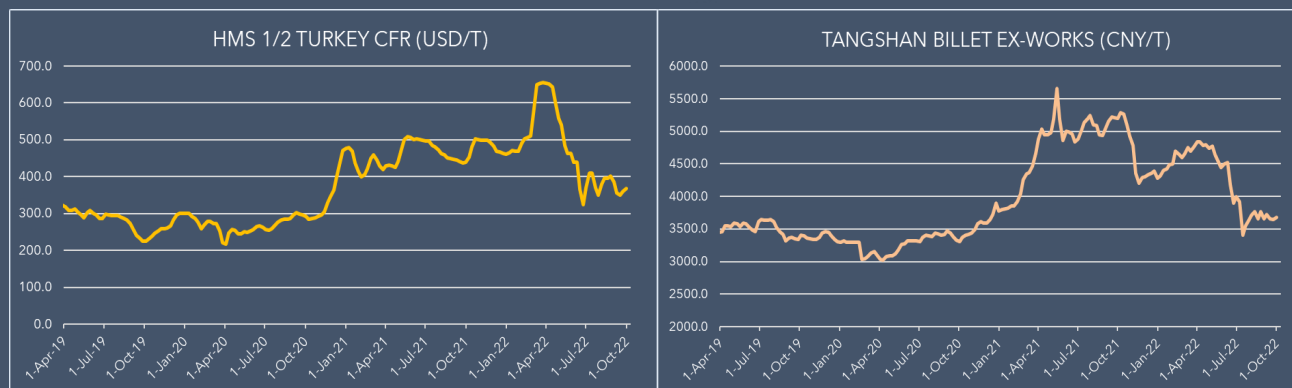
<b>BUNKER PRICES (USD/TON)</b>			
<b>PORTS</b>	<b>VLSFO (0.5%)</b>	<b>IFO380 CST</b>	<b>MGO (0.1%)</b>
SINGAPORE	738	410	1045
HONG KONG	737	434	1011
FUJAIRAH	734	413	1308
ROTTERDAM	659	424	1051
HOUSTON	662	439	1094

## Exchange Rates

<b>EXCHANGE RATES</b>			
	7th OCTOBER	30th SEPTEMBER	W-O-W % CHANGE
USD / CNY (CHINA)	7.11	7.11	0
USD / BDT (BANGLADESH)	102.54	101.23	-1.29%
USD / INR (INDIA)	82.31	81.63	-0.83%
USD / PKR (PAKISTAN)	219.84	228.09	3.62%
USD / TRY (TURKEY)	18.58	18.52	-0.32%

# 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, C.N.F. Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	US\$98	0	-4.85%	US\$98	US\$103
Iron Ore Fines, C.N.F. Rizhao, China	Fines, Fe 62% (Australia Origin)	US\$96	0	-18.64%	US\$96	US\$118

## Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	337.45	-7.15	-2.07%	Dec 2022
3Mo Copper (L.M.E.)	USD / MT	7,607.50	-72.00	-0.94%	N/A
3Mo Aluminum (L.M.E.)	USD / MT	2,347.00	-5.00	-0.21%	N/A
3Mo Zinc (L.M.E.)	USD / MT	3,120.50	+76.50	+2.51%	N/A
3Mo Tin (L.M.E.)	USD / MT	20,161.00	-129.00	-0.64%	N/A

## Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	92.61	+4.16	+4.70%	Nov 2022
Brent Crude (I.C.E.)	USD / bbl.	97.89	+3.47	+3.68%	Dec 2022
Crude Oil (Tokyo)	J.P.Y. / kl	77,760.00	+2,770.00	+3.69%	Mar 2023
Natural Gas (Nymex)	USD / MMBtu	6.68	-0.29	-4.19%	Nov 2022

Note: all rates as at C.O.B. London time October 7, 2022

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 details above are from information given to us and such information as we have obtained from relevant references in our possession. Still, we can accept no responsibility, and we bear no liability for any loss or damage incurred to any persons acting upon this report. STAR ASIA believes the information to be accurate and given in good faith but without guarantee. STAR ASIA will not be held responsible in any way for any action or failure to act based on the information given in this report. The use of report cannot be reproduced or used without authorisation from STAR ASIA.