



WEEKLY REPORT

WEEK 26 – July 2, 2023

China's economy, expected to rebound strongly after loosening Covid-19 restrictions, is now facing multiple challenges that could hinder its growth and have global repercussions. These challenges include sluggish consumer spending, a crisis-ridden property market, declining exports, high youth unemployment, and substantial local government debt. The impact of these issues is starting to affect commodity prices and equity markets, while the risk of US Federal Reserve interest rate hikes potentially leading to a recession in both China and the US is a concern.

President Xi Jinping's government has limited options to address these problems, as previous stimulus measures have resulted in oversupply, increased debt, and a discussion about a potential economic stagnation similar to Japan's experience. Additionally, China's assertive approach to US relations has contributed to efforts to restrict China's access to advanced technologies crucial for future economic growth. These dynamics not only threaten China's growth prospects for this year but also delay its expected overtaking of the US as the world's largest economy.

The struggling Chinese economy is evident across various sectors, with manufacturing activity contracting and small businesses experiencing significant declines in sales. Despite an official growth target of around 5%, China's actual growth for 2023 is expected to be closer to 3%, significantly lower than the pre-pandemic average. If the government fails to take effective measures, the situation could worsen, potentially resulting in a 1.2 percentage point reduction in growth. Transitioning from industrialization to innovation-based growth, China may face slower economic expansion in the future.

While policymakers could implement stimulus measures, resolve bad debts, support entrepreneurs, and improve relations with the US, the lack of substantial stimulus and meaningful reforms is frustrating investors. The MSCI China Index has experienced a decline, and the yuan has weakened against other currencies. The anticipation of a strong recovery in consumer spending has been replaced by concerns about unemployment, incomes, and the negative impact of the property market downturn, leading people to save rather than spend. The current economic challenges facing China have raised doubts about its ability to regain momentum and surpass the US as the leading global economic power.

Dry Bulk

Following an armed uprising in Russia, wheat prices surged to a new four-month high, causing uncertainty about grain shipments from the Black Sea region, which is the world's top exporter of wheat. The disruption in Russia's wheat trade is not immediately apparent, but the shipping industry will assess the safety of operations in the area. Wheat futures in Chicago rose by as much as 3.2% as traders evaluated the implications of the recent events. Dry weather affecting US corn and soy crops has also contributed to the significant monthly gain of 29%, the largest since 2015.

Capesize:

Despite concerns about weak steel and iron ore demand in China, there has been an increase in charter rates for ships due to supply and demand imbalances in the Atlantic and higher contracts from Australian iron ore shippers start of the week. There was a slight increase in rates in the Pacific region, particularly for intraregional cargoes, which were reported to be higher than previous contract levels. Pacific r/v rates remain just below US\$15,000 at closing. On the other hand, in the North Atlantic, due to the congestion of spot vessels, ship owners are reducing their bid prices in order to secure cargo. T/A levels fell to US\$ 12,400's. This downward trend is expected to continue next week.

Panamax/Kamsarmax:

Despite an increase in demand for thermal coal in Northeast Asia, China's high coal inventory and reduced activity during the later part of the Dragon Boat Festival holiday have led to a decline. After the holiday week in China, an increase in activity and the towing effect resulting from a widening gap with Cape-size vessels are expected to secure short-term lows. However, the increase in coal shipments to China will be determined by the extent of coal inventory reduction within China. Pacific r/v rates slipped to lows of US\$ 9,000's while the Pacific – India route fell to US\$ 8,600's. On the other side, demand for ships in the Atlantic has risen as the influx of ballast vessels into the region has increased supply pressure. Unfortunately, there is no sign of improvement, and the downward trend persists. Rates for T/A closed lower, around US\$ 7,300's a day.

Supramax/Ultramax:

The market experienced a slight rise at the beginning of the week, driven by increased demand in S. America and S.E. Asia. However, during the second half of the week, the market declined due to the holidays in Asia. Several factors contributed to this decline, was the digestion of Indonesian coal by ships remaining steady, but the inflow of goods slowed compared to the previous week, limiting further market growth. Pacific r/v levels remain similar, settling around US\$ 7,800's a day. Moreover, the volume of weekly grain

exports from the United States decreased in both the PNW and the USG, adding downward pressure to the market. Uncertainty surrounding the extension of the grain export agreement also contributed to the decline. T/A levels fell to US\$ 9,400's regions.

Handysize:

The handy segment saw some mixed rates this week. The Atlantic is relatively calm, with subdued demand in the US Gulf and Mediterranean regions taking control of the market. However, rates in T/A fell due to tightness settling around US\$ 6,800's a day. However, there is a positive market trend in the Pacific as Asian market participants resume their activities after the holiday period to secure vessels. Inter-Pacific saw levels improve to US\$ 5,900's a day while Pacific r/v remains around US\$ 6,500's.

Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
AQUAENNA	CAPE	175,975	2011	CHINA	22.25	COSTAMARE
SANTA CRUZ	KMAX	83,456	2011	JAPAN	18.5	GREEK BUYERS
RIKKE	KMAX	81,895	2016	CHINA	26.0	GREEK BUYERS
AQUAVITA SKY	KMAX	81,600	2019	CHINA	32.0	S. KOREAN BUYERS
JY PACIFIC	KMAX	81,139	2019	CHINA	28.76	UNDISCLOSED
CORAL OPAL	PMAX	78,090	2012	JAPAN	19.0	GREEK BUYERS
RHL JULIA	SMAX	55,701	2009	JAPAN	15.0	UNDISCLOSED
COMITY	HANDY	37,302	2010	CHINA	12.8	UNDISCLOSED
AGIA IRINI	HANDY	28,207	2013	JAPAN	13.9	FLORENCE SHIPPING

Dry Bulk Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
CAPE	180,000	63	62	50	31	14
KAMSARMAX	82,000	34	38	32	22	9
SUPRAMAX	56,000	33	37	30	19	9
HANDY	38,000	30	31	25	17	7

**(amount in USD million)*

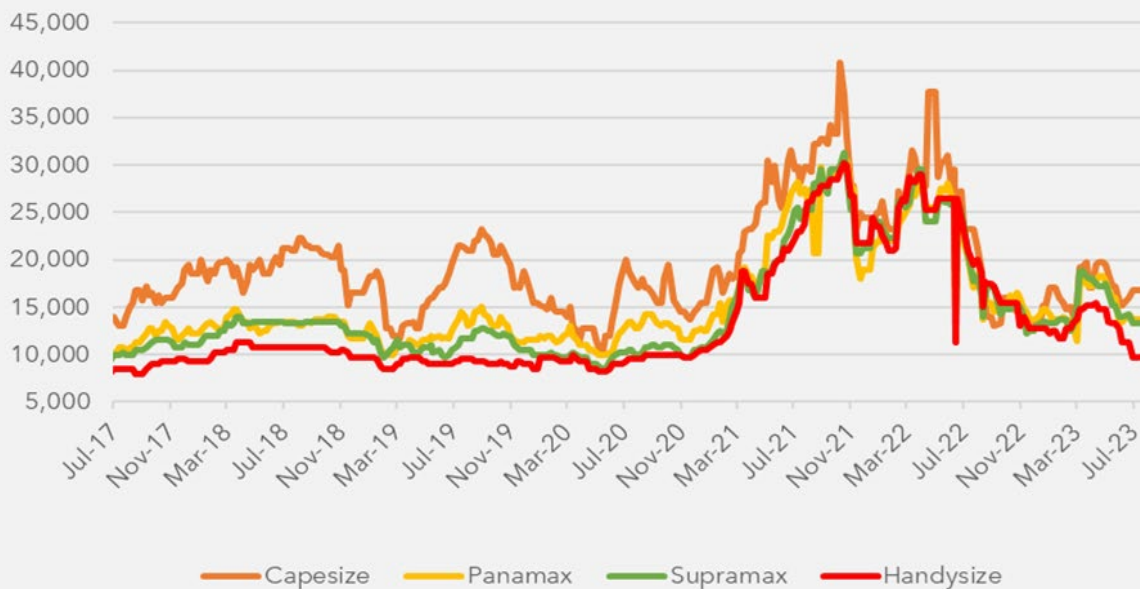
Baltic Exchange Dry Bulk Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
BDI	1,112	1,216	2,214	-8.55%	-49.77%
BCI	1,704	1,991	2,381	-14.41%	-28.43%
BPI	1,041	1,140	2,477	-8.68%	-57.97%
BSI	750	751	2,290	-0.13%	-67.25%
BHSI	448	456	1,276	-1.75%	-64.89%

Bulker 12 months T/C rates average (in USD/day)

TYPE	DWT	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
CAPE SIZE	180,000	15,750	16,750	23,250	-5.97%	-32.26%
PANAMAX	75,000	11,975	12,750	20,250	-6.08%	-40.86%
SUPRAMAX	58,000	11,150	11,250	20,500	-0.89%	-45.61%
HANDYSIZE	38,000	9,750	9,750	19,250	0	-49.35%

Dry Bulk 1 year T/C rates



Tankers

Strong economic data in the US failed to support crude oil prices, with the market remaining concerned that higher interest rates will weigh on global growth. The market took the view that the better-than-expected new home sales and durable goods orders are likely to push the Fed to raise rates further at upcoming FOMC meetings. ECB President Christine Lagarde said the central bank probably would not be able to declare an end to its historical cycle of interest rate increases anytime soon.

Supply-side issues had little impact on sentiment. Due to maintenance work, Russian crude oil exports slumped by almost 1 mb/day last week. However, refined fuel flows remained high. Oil well data in Russia also painted a mixed picture, with increases in larger producers but smaller explorers pulling back activity. The prospect of further weakness in oil prices comes as Saudi Arabia cuts its output by a further 1mb/d. Any lack of tightness in July would see the OPEC+ alliance forced to provide additional output cuts.

Oil prices declined on Tuesday morning due to sluggish US demand, despite geopolitical uncertainty in Russia and China's promises of stronger economic stimulus measures. The recent review of OPEC+ production quotas during the Vienna meeting favored Middle Eastern powerhouses, disadvantaging African countries that have struggled to maintain their oil output. The five largest oil producers within OPEC+ (Saudi Arabia, Russia, Iraq, UAE, and Kuwait) have state-owned oil firms, ensuring their ability to invest in new projects. However, Nigeria and Angola rely on Western majors for expertise, and their reduced production targets might decrease their attractiveness for investment.

In terms of capacity, Saudi Arabia, the UAE, and Kuwait are set to add 1.2 million b/d between 2020 and 2025, which is twice the expected loss in capacity for Nigeria and Angola during the same period. Currently, Angola's production capacity has decreased to 1.1 million b/d, while Nigeria's stands at 1.5 million b/d, resulting in African members contributing only 10% of OPEC+ production capacity.

VLCC:

The Middle East/China WS concluded with a decline as a result of decreasing Chinese demand and an increase in ship supply. Chinese crude oil imports are expected to slow down in July due to high inventory levels and an increase in Saudi Arabia's official selling price. 270,000mt MEG to China fell to WS51 on Friday. Meanwhile, Atlantic saw an uptick in activity this week. MEG/USG remains similar to last at around WS35.

Suezmax:

The WAFR/Europe market continues to see a decline due to reduced market uncertainty

and a slowdown in cargo inflow. To address the uncertainty, the Nigerian government has made the decision to suspend the retroactive tax levy imposed on oil tankers for a period of six months. This decision aided in easing the doubt in the market, as discussions were initiated with shipping companies regarding retroactive regulations. However, weak market conditions are still expected despite these measures. 130,000mt Nigeria/Rotterdam fell 17.5 points to WS102.

Aframax:

The MEG/Singapore section of the market saw a 4.2% increase, attributed to a decrease in available ships in the East Suez region despite limited cargo inflow. On the other hand, it was a relatively quiet week in the UKC/Baltic region, although some off-market activity persisted. Rates on the cross-UKC route decreased w-o-w to WS132.

Clean:

MR: In MEG and Asia, the MR market experienced a decrease in activity due to holidays. As a result, there was a lack of activity and an accumulation of available ships. On the other hand, there was an increase in activity in the Atlantic ahead of July 4, leading to a strengthening of MR rates this week. TC14 shot 32 points to WS140 while TC18 up to WS222.

LR: The LR segment, specifically the LR1/2 rates on the UKC-WAF route, remained stable. The availability of ballasters from West Africa and South America is expected to be limited, as the preferred route is the MEG. But with the Eid holidays, levels slipped slightly, with TC1 falling to WS117. Similar to LR2, LR1 also saw discounts, with TC5 slipping to WS149 at closing.

Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
LULU	VLCC	316,507	2003	S. KOREA	42.5	CHINESE BUYERS
ATHENIAN GLORY	VLCC	298,996	2011	S. KOREA	65.0	GREEK BUYERS
SONANGOL KASSANJE	SUEZ	158,706	2005	S. KOREA	34.0	INFINITY SHIPS
ELANDRA OSPREY	SUEZ	157,470	2018	S. KOREA	75.0	EPS
PRO TRIUMPH	AFRA	105,272	2009	S. KOREA	38.0	UAE BASED BUYERS
FALCON SEXTANT	MR	50,994	2009	S. KOREA	25.0	PACIFIC OCEAN
RIDGEBURY GALILEO	MR	47,872	2006	S. KOREA	19.25	UNDISCLOSED
MERMAID	PROD / CHEM	11,262	2006	S. KOREA	8.25	UNDISCLOSED
BOMAR QUEST	SMALL	8,501	2003	JAPAN	4.8	UNDISCLOSED

Baltic Exchange Tanker Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE %	Y-O-Y CHANGE %
BDTI	1,008	1,103	1,224	-8.61%	-17.65%
BCTI	603	602	1,551	+0.17%	-61.12%

Tankers Values

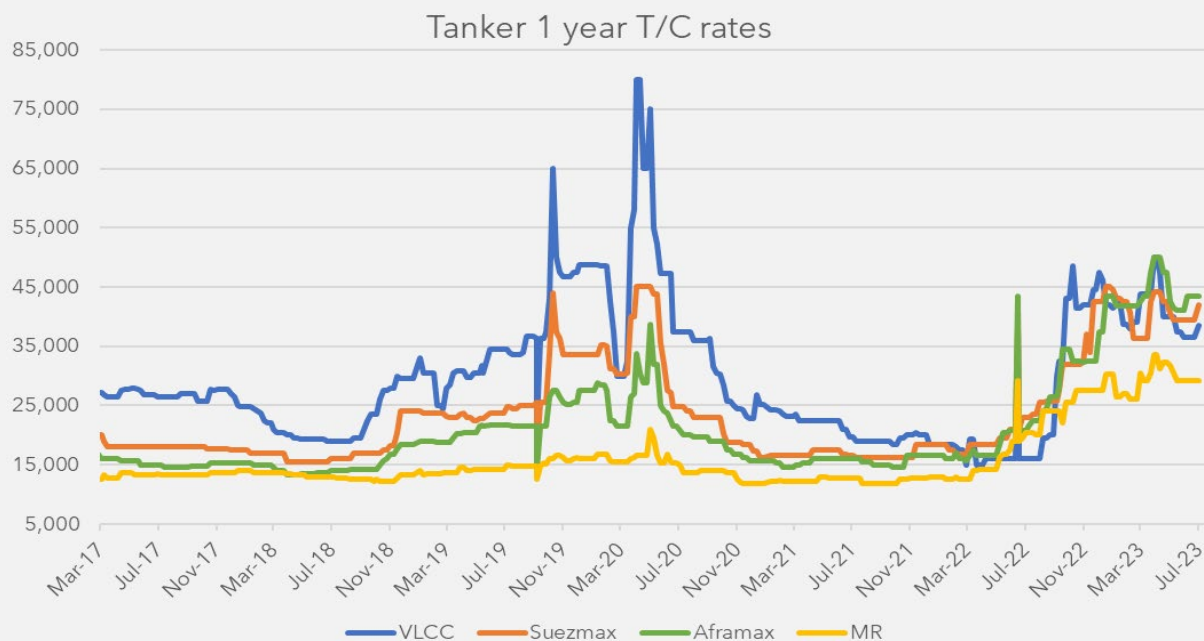
(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
VLCC	310,000	126	125	100	75	50
OSUEZMAX	160,000	85	89	73	58	31
AFRAMAX	115,000	67	78	63	52	30
PANAMAX-LRI	73,000	57	60	49	39	20
MR TANKER	51,000	46	50	41	33	19

*(amount in USD million)

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	310,000	38,500	38,500	16,000	0	+140.63%
SUEZMAX	150,000	40,000	42,000	23,000	-4.76%	+73.91%
AFRAMAX	110,000	42,500	43,500	21,750	-2.30%	+95.40%
LRI	74,000	29,250	29,250	23,500	0	+24.47%
MR	47,000	26,000	26,000	20,500	0	+26.83%



Containers

Spot box freight rates had a mixed performance during the week. Volatility was observed in Transpacific routes, as rates on the Shanghai-USWC route increased by 20% w-o-w to US\$1,408 per FEU. On the other hand, rates on the Shanghai-N.Europe route fell by 4% week-on-week to US\$763 per TEU. The SCFI spot freight rate index rose by 3.2% week-on-week, reaching 954 points.

Meanwhile, June experienced its worst performance since 2015, with container shipping rates declining significantly. The Drewry World Container Index dropped by over 13%, marking a departure from the relatively stronger quarterly performance observed in the past year. Europe-US rates were particularly affected, plummeting by 17% to reach US\$2,670. This decline in rates contributed to the composite index falling to US\$1,494. However, the price movements across other trade lanes remained relatively subdued, except for the Europe-Asia route, which saw a slight increase in rates.

Containers S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
MELLUM	FEEDER	1,810	2010	CHINA	12.0	MILAHA
SC PARMA	FEEDER	1,209	2003	CHINA	N/A	MIDDLE EASTERN BUYERS
HOLANDIA	FEEDER	907	2000	POLAND	5.7	SALAMIS LINES
BAL BRIGHT	FEEDER	907	2008	JAPAN	N/A	UNDISCLOSED

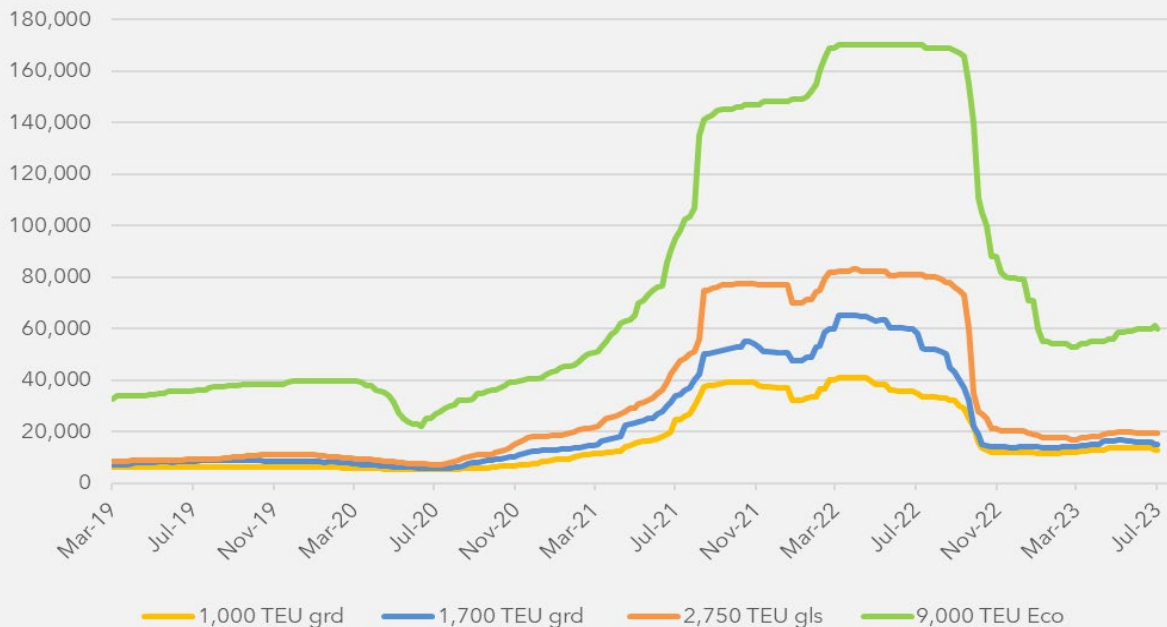
Containers Values

(Weekly)

CONTAINERS (BY TEU)	GEARED / GEARLESS	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
900 – 1,200	Geared	24	24	16	10	8
1,600 – 1,800	Geared	30	28	23	16	12
2,700 – 2,900	Gearless	42	38	30	20	16
5,500 – 7,000	Gearless	92	82	70	45	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) <i>*For green ship recycling, the prices are about US\$10-15/ton lower.</i>	510 ~ 520	490 ~ 500	510 ~ 520	520 ~ 530	WEAK / 
*CHATTOGRAM, BANGLADESH	560~570	550~560	530~540	580 ~ 590	WEAK / 
GADDANI, PAKISTAN	NA	NA	NA	NA	NA
TURKEY <i>*For Non-EU ships. For EU Ship, the prices are about US\$20-30/ton less</i>	320 ~ 330	310 ~ 320	300 ~ 310	330 ~ 340	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.
- * Prices are subject to the availability of the Letters of Credit. Preference for smaller-sized ships.

5-Year Ship Recycling Average Historical Prices

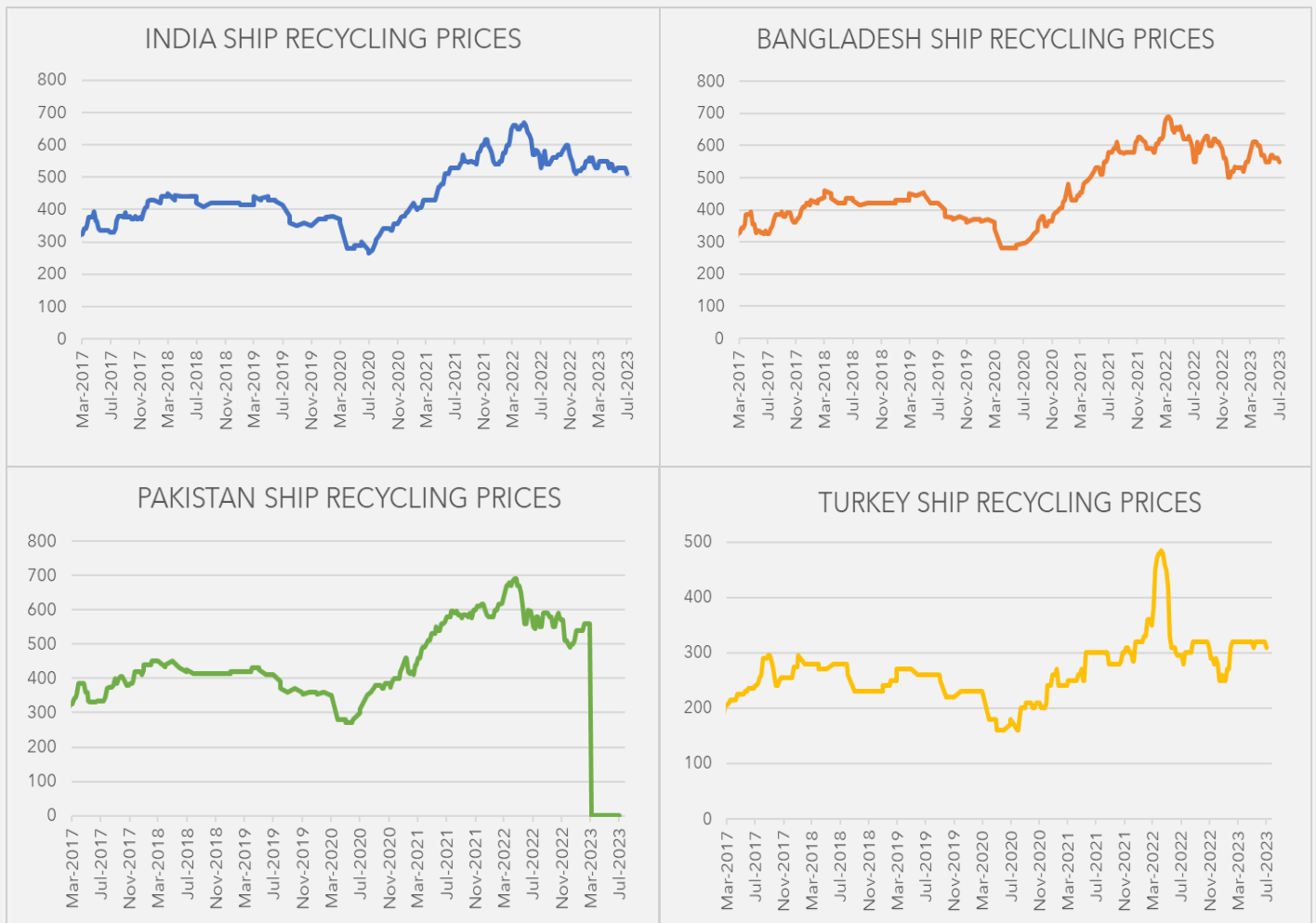
(Week 25)

DESTINATION	2018	2019	2020	2021	2022
ALANG, INDIA	450	425	295	550	630
CHATTOGRAM, BANGLADESH	435	420	300	550	615
GADDANI, PAKISTAN	420	410	305	560	600
ALIAGA, TURKEY	290	270	175	290	290

Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (US\$/LDT)	COMMENTS
DONG FANG HE SHENG	11,000	1995 / YUGOSLAVIA	BULKER	490	AS IS ZHOUSHAN, CHINA / RE-DELIVERY CHATTOGRAM
LAUREN OCEAN	8,400	1996 / CROATIA	BULKER	565	DELIVERED CHATTOGRAM / FORWARD DELIVERY AUGUST
MSC FEDERICA	23,740	1990 / DENMARK	CONTAINER	515	DELIVERED ALANG / HKC AND MSC-APPROVED YARDS
JI YOU	7,548	1994 / JAPAN	BULKER	500	AS IS ZHOUSHAN, CHINA
SHUN FENG 9	10,356	1994 / JAPAN	BULKER	510	AS IS ZHOUSHAN, CHINA

Recycling Ships Price Trend



Insight

This week, after a 14-year wait, the Hong Kong Convention for Safe Ship Recycling has finally become effective, thanks to the recent participation of Bangladesh and Liberia as Contracting States. This achievement marks a significant milestone in the global effort to ensure safe and environmentally sound practices in ship recycling. The convention establishes rigorous measures to eliminate risks to human health, safety, and the environment during the disposal of ships that have reached the end of their operational lives.

The Hong Kong Convention adopts a comprehensive approach that covers all stages of a ship's life cycle, including shipbuilding, repair, and recycling. To come into effect by July 2025, it requires the involvement of at least 15 states, representing 40% of global merchant shipping tonnage, and a ship recycling capacity of at least 3% of the combined gross tonnage of those states. Bangladesh, known for its significant ship recycling capacity, and Liberia, a major flag state, have played crucial roles in meeting these requirements.

With the accession of these two countries, the convention now has 22 Contracting Parties, including Belgium, France, Germany, India, Japan, the Netherlands, and Spain, representing approximately 45.81% of the world's merchant shipping tonnage. Once the convention is enforced, ships destined for recycling will be required to carry an Inventory of Hazardous Materials (IHM), and recycling facilities will need to provide tailored Ship Recycling Plans.

Governments will have the responsibility of ensuring compliance with the convention's guidelines and regulations within their jurisdictions. This development reflects the unwavering commitment of stakeholders to promote safe and sustainable ship recycling practices globally.

In the ship recycling market, the availability of ships is currently stable, influenced by fluctuating freight rates. Recently, a significant number of Chinese ship owners have been engaged in discussions regarding the disposal of end-of-life dry bulk vessels, particularly those used for domestic coal shipments locally. This trend is driven by the sharp decline in local coal freight rates.

Since the Chinese government removed ship recycling subsidies in 2017, these domestically traded ships are now finding the viability of being sent to shipbreaking yards in Bangladesh compared to domestic recycling, which stands at US\$400~420/ton levels.

Overall the markets remained closed due to the EID celebrations in the Sub-Continent.

Alang, India

It has been another uneventful week for the recyclers at Alang, as only a few units were reported as sold. The prevailing sentiment is subdued due to the onset of the monsoon season, leading to a slowdown in activities.

Amidst this quiet period, the notable sale of the MSC container vessel weighing 23,740 tons, 'MSC Federica' stands out. It was reportedly sold for US\$515/mt levels. This sale is a classic reflection of the present strength of the Alang markets. The vessel, built in Denmark, which usually commands a premium, did not fetch any better pricing, highlighting the lackluster state of the market.

In general, the recyclers are not inclined to aggressively pursue outbidding aggressively despite the shortage in supply. As a result, pricing remains stable at current rates.

Anchorage & Beaching Position (July 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
MSC NICOLE	CONTAINER	14,305	23.06.2023	AWAITING
MSC FEDERICA	CONTAINER	23,740	01.07.2023	AWAITING

Chattogram, Bangladesh

It has been a quiet week amid Eid celebrations this week. The markets shall resume Monday onwards.

Several ships, previously sold to cash buyers, have resurfaced and were sold locally at significantly lower prices. However, these ships have to wait outside, awaiting the opening of Letters of Credit, causing delays and further cost.

In recent times, the prolonged waiting period has become the new normal for ships intended for delivery to Bangladesh. Looking ahead, the situation within the country has shown no signs of improvement, with the government's primary focus remaining on conserving foreign exchange.

Once the post-Eid holidays conclude, it is expected that the markets will resume their activities, and the directions on the pricing will be determined as business activities resume.

Anchorage & Beaching Position (July 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
SCO QINGDAO	CONTAINER	3,771	30.06.2023	AWAITING
DPL AYUR	GC	1,020	29.06.2023	AWAITING
CHIAN JIN	REEFER	1,416	27.06.2023	AWAITING
JASMINE II	BULK CARRIER	9,563	27.06.2023	AWAITING
HONG HAO	BULKER	11,856	20.06.2023	AWAITING

Gaddani, Pakistan

Some good news came this way amid the Eid celebrations in the country.

The International Monetary Fund (IMF) has reached an agreement with Pakistan on a \$3 billion stand-by arrangement, providing some relief to the country, which has been facing a severe balance of payments crisis. The deal, which is subject to approval by the IMF board in July, comes after an eight-month delay and exceeds Pakistan's expectations. Pakistan had been awaiting the release of the remaining \$2.5 billion from a previous \$6.5 billion bailout package agreed upon in 2019.

Under the new agreement, Pakistan will receive an upfront amount of \$1.1 billion shortly after the IMF board's meeting in July. The country's Finance Minister, Ishaq Dar, expressed his intention to raise the central bank's foreign exchange reserves to \$14 billion by the end of July. The new arrangement acknowledges the challenges faced by Pakistan's economy, including recent floods and the impact of commodity price hikes following the conflict in Ukraine. It also recognizes the need for policy adjustments to address inflation, declining reserves, and liquidity issues in the power sector.

Without these funds, Pakistan's foreign exchange reserves were at risk of depletion, increasing the likelihood of default.

Anchorage & Beaching Position (July 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
-	-	-	-	-

Aliaga, Turkey

Scrap prices in Turkey are currently stable, but activity is almost non-existent due to the extended Eid holiday. Turkish mills had been waiting for the central bank's decision on

interest rates, and after the announcement, some purchases were made. Mills are hesitant to buy scrap amid the depreciating lira and prefer to wait for a clearer market picture.

The recent rate hike by Turkey's Central Bank fell below market expectations, leading to a faster depreciation of the lira. While Turkish steelmakers expected energy prices to decrease, the lira's depreciation may result in higher energy costs. With multiple uncertainties surrounding the post-holiday steel market, the scrap market in Turkey is expected to remain quiet this week.

BEACHING TIDE DATES 2023

Chattogram, Bangladesh : 03rd ~ 06th July | 18th ~ 21st July

Alang, India : 01st ~ 09th July | 13th ~ 22nd July

BUNKER PRICES (USD/TON)			
PORTS	VLSFO (0.5%)	IFO380 CST	MGO (0.1%)
SINGAPORE	587	445	712
HONG KONG	597	462	697
FUJAIRAH	576	417	801
ROTTERDAM	537	478	702
HOUSTON	522	448	716

EXCHANGE RATES			
CURRENCY	30 th JUNE	23 rd JUNE	W-O-W % CHANGE
USD / CNY (CHINA)	7.26	7.17	-1.26%
USD / BDT (BANGLADESH)	108.39	108.41	+0.02%
USD / INR (INDIA)	82.07	82.01	-0.07%
USD / PKR (PAKISTAN)	287.62	286.49	-0.39%
USD / TRY (TURKEY)	26.06	25.60	-1.80%

Commodities

Insight

Industrial commodities experienced downward pressure due to weak economic data and the strengthening of the US dollar, which negatively affected investor demand. However, the impact of these factors on the overall market was somewhat mitigated by low inventory levels.

In China, the leading steelmakers have issued a warning, suggesting that the industry will face significant challenges in the coming months. Representatives from China Baowu Steel Group Co., Ansteel Group Co., Hesteel Co., and Hunan Iron & Steel Group Co. expressed their lack of optimism about the second half of the year during a meeting organized by the China Iron & Steel Association (CISA).

The CISA stated that the peak demand for steel has already passed, and issues such as insufficient end-user consumption and low-profit margins are becoming more prominent. This news comes as China's steel mills, which account for over half of global steel production, have struggled due to a stalled economic recovery and a property crisis. Manufacturing contraction in June, along with other poor economic figures, has led to calls for stimulus measures.

However, the government in Beijing has not yet implemented significant interventions. The steel market reflects these challenges, with the spot price of steel rebar and iron ore futures in Singapore experiencing declines this year.

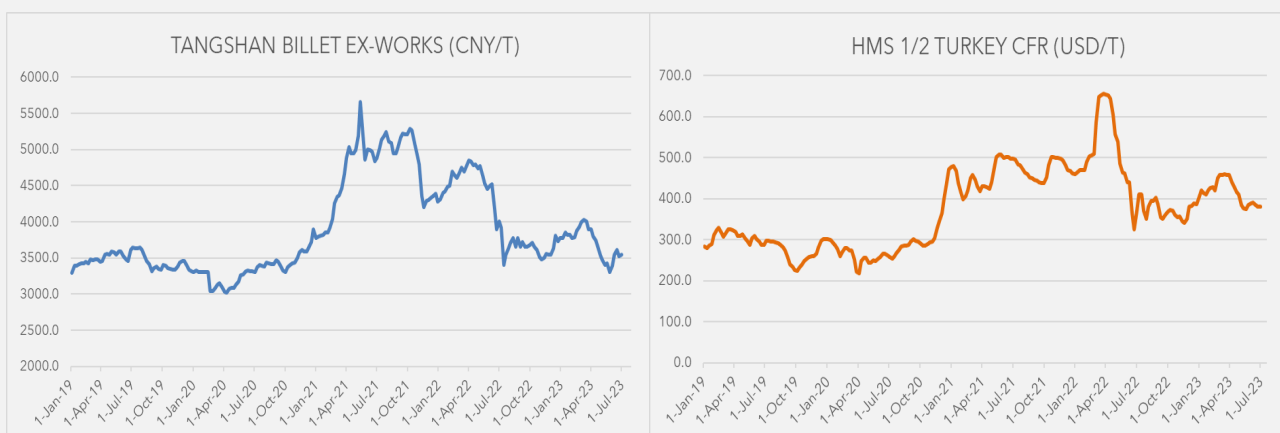
The **base metals** sector was particularly affected by discouraging factory data from China. In May, profits of industrial firms in China declined by 13% compared to the same period last year, indicating a lack of robust domestic demand. This comes after earlier reports of weak consumer spending, which further exacerbated concerns. In response, Chinese officials are considering additional stimulus measures to stimulate domestic demand. Premier Li Qiang has expressed the intention to implement practical and effective measures for this purpose. Despite these challenges, China's substantial increase in renewable energy capacity is expected to drive demand for key metals. The country is on track to almost double its wind and solar capacity by 2025, reaching 1,371 GW.

Copper spearheaded a decline in the base metals sector following cautious remarks from Powell that dampened investors' appetite for risk. The prevailing sentiment has been further undermined this week by discouraging economic data. Notably, industrial profits in China experienced a significant 13% year-on-year decrease in May, highlighting the

persistently feeble domestic demand. Consequently, there has been a growing chorus of voices urging Beijing to provide additional support. However, specific details regarding any potential stimulus measures are not expected to be disclosed until July.

Iron ore futures in Singapore declined as hopes for a recovery in 2023 diminished. Data from the National Bureau of Statistics (NBS) indicates that ferrous metal smelters experienced losses during the first five months of the year, even during China's peak construction season. However, there is some optimism stemming from increased steel output. The average daily output of 34 steel mills reached 74,300 tons, a rise of 1,700 tons compared to the previous month, as reported by Shanghai Metals Market.

MS 1/2 & Tangshan Billet



Iron Ore

COMMODITY	SIZE / GRADE	PRICE/MT	W-O-W	Y-O-Y	LAST WEEK	LAST YEAR
Iron Ore Fines, CNF. Rizhao, China	Fines, Fe 62% (Australia Origin)	US\$114	0%	-5%	US\$114	US\$120
Iron Ore Fines, CNF Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	US\$113	+0.89%	-11.02%	US\$112	US\$127

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	375.95	+6.05	+1.64%	Sep 2023
3Mo Copper (L.M.E.)	USD / MT	8,315.50	+138.00	+1.69%	N/A
3Mo Aluminum (L.M.E.)	USD / MT	2,151.50	-8.50	-0.39%	N/A
3Mo Zinc (L.M.E.)	USD / MT	2,388.00	+46.50	+1.99%	N/A
3Mo Tin (L.M.E.)	USD / MT	26,787.00	+689.00	+2.64%	N/A

Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	70.64	+0.78	+1.12%	Aug 2023
Brent Crude (ICE.)	USD / bbl.	74.90	+0.56	+0.75%	Sep 2023
Crude Oil (Tokyo)	J.P.Y. / kl	68,680.00	+830.00	+1.22%	Jul 2023
Natural Gas (Nymex)	USD / MMBtu	2.80	+0.10	+3.59%	Aug 2023

Note: all rates as at C.O.B. London time June 30, 2023.



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