# STAR ASIA WEEKLY REPORT

## WEEK 32 – August 11, 2024

Global stock markets experienced a week of intense volatility, with a sharp plunge early in the week followed by a rapid recovery that restored a sense of stability.

By mid-week, the positive momentum spread across global markets, with Japan's Nikkei experiencing its best day since October 2008 and U.S. markets joining the upswing. The tech-heavy Nasdaq Composite gained 1.4%, while the S&P 500 and Dow Jones Industrial Average also posted significant increases.

European banks rebounded, trading over 3% higher despite recent challenges. However, Germany's Commerzbank saw a 3.7% decline despite reporting better-than-expected quarterly profits.

In currency markets, the Japanese yen depreciated sharply against the U.S. dollar, falling 2.04% to 147.28 per dollar. This marked its most significant daily decline since June 2022.

Despite recent market volatility and weaker economic data, UBS maintains that the U.S. economy is still on track for a soft landing. The firm cites strong corporate profit margins and normalising consumer spending as positive indicators.

Meanwhile, Maersk CEO Vincent Clerc addressed ongoing shipping challenges, noting that container ship diversions around Africa due to Red Sea tensions are expected to continue until year-end.

This situation is causing capacity shortages and increasing costs, which may be passed on to customers. Maersk reported lower y-o-y revenue and profit in its second-quarter results.

# Dry Bulk

The Baltic Exchange Dry Bulk Index continued its upward trend on Wednesday, marking its fourth straight day of gains. The overall index rose by 13 points to reach 1,698, primarily driven by strong performance in the Capesize segment.

Capesize vessels led the surge, with their index climbing 71 points to 2,473, also marking four consecutive days of growth. Average daily earnings for Capesize ships increased by US$591, reaching US$20,500 per day.

However, the Panamax and Supramax segments experienced declines. The Panamax index dropped 27 points to 1,651, its lowest level in a month. Consequently, average daily earnings for Panamax vessels fell by US$241 to US$14,861.

Meanwhile, the Supramax segment also saw a slight decrease, with its index falling 11 points to 1,309.

## Capesize:

China's manufacturing slowdown led to a decline in steel demand while increasing iron ore inventories, leading to falling rates across all routes. The manufacturing sector continues to contract, as evidenced by the falling PMI, reflecting reduced new orders and sluggish demand. Pacific markets were quiet, with the National holiday in Singapore playing a part. Rates for r/v fell to US$21,650's a day. In the Atlantic, Brazil's iron ore demand, which had been a bright spot, is showing signs of moderation. Brazil r/v fell slightly to US$21,500's a day.

## Panamax/Kamsarmax:

The global bulk market witnessed a downturn due to weak Brazilian corn exports, expanded ship supply, and the slow recovery of Indonesian coal loading demand. The segment is facing oversupply issues, exacerbating downward pressure on freight rates, while India's power sector maintains ample coal stockpiles. In the Atlantic, despite a recovery in new coal shipping demand, the market remains under pressure due to the accumulation of spot vessels in South America. Rates for Brazil r/v fell to US$15,300's a day. A similar was also seen in the Pacific, with an ample supply of vessels being the main factor exerting pressure on freight rates. Pacific r/v fell slightly to US$12,300's a day.

**Supramax/Ultramax:**

The segment is facing a slightly bearish week due to weak US grain exports and a slow recovery of Indonesian coal loading demand. While the Atlantic basin has seen a modest increase in cargo inflow from the Black Sea grain harvest, this is offset by poor US grain export performance. Meanwhile, the Pacific basin is experiencing a slowdown in coal shipments to major Asian importers, compounded by logistical challenges in Indonesian ports. Pacific r/v via NOPAC saw levels fall to US$ 13,400 a day.

**Handysize:**

In the Atlantic, persistent weakness in new cargo demand continues to dominate the market landscape. This ongoing sluggishness is maintaining downward pressure on freight rates as the supply of vessels outpaces the available cargoes. Meanwhile, in the Pacific, a temporary lull is witnessed in chartering activity, exacerbated by the long weekend in Singapore. Inter Pacific saw levels fall slightly to US$ 10,730 a day.

## Baltic Exchange Dry Bulk Indices

| INDICES | CURRENT | LAST WEEK | LAST YEAR | W-O-W CHANGE | Y-O-Y CHANGE |
|---|---|---|---|---|---|
| BDI | 1,670 | 1,675 | 1,137 | -0.30% | +46.88% |
| BCI | 2,437 | 2,327 | 1,592 | +4.73% | +53.08% |
| BPI | 1,599 | 1,705 | 1,292 | -6.22% | +23.76% |
| BSI | 1,301 | 1,342 | 706 | -3.06% | +84.28% |
| BHSI | 755 | 759 | 401 | -0.53% | +88.28% |

## Dry Bulk Values

(*Weekly*)

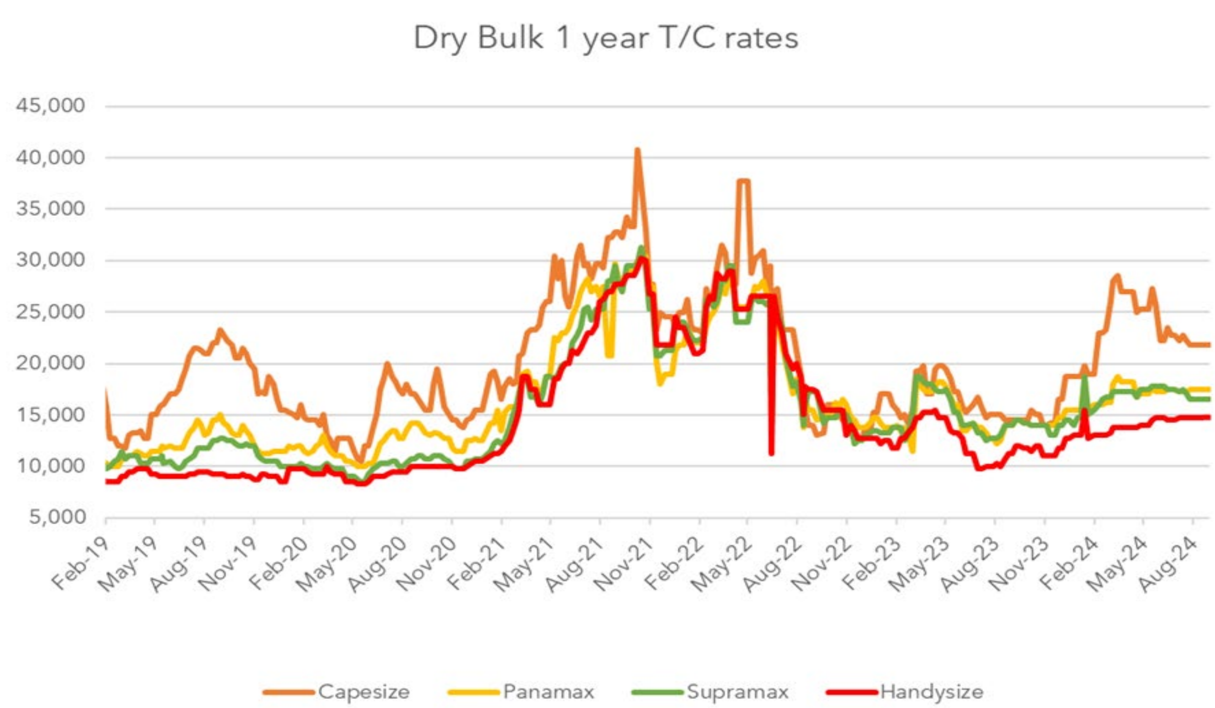
| TYPE | DWT | NB CONTRACT | NB PROMPT DELIVERY | 5 YEARS | 10 YEARS | 15 YEARS |
|---|---|---|---|---|---|---|
| CAPE | 180,000 | 76 | 77 | 64 | 45 | 29 |
| KAMSARMAX | 82,000 | 37 | 44 | 39 | 29 | 19 |
| SUPRAMAX | 56,000 | 35 | 42 | 36 | 28 | 16 |
| HANDY | 38,000 | 30 | 35 | 28 | 21 | 12 |
| **(amount in USD million)* | | | | | | |

## 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 |
|---|---|---|---|---|---|---|
| CAPESIZE | 180,000 | 22,000 | 22,000 | 15,000 | 0 | +46.67% |
| PANAMAX | 75,000 | 15,700 | 15,700 | 11,750 | 0 | +33.62% |
| SUPRAMAX | 58,000 | 15,250 | 15,000 | 11,250 | +1.67% | +35.56% |
| HANDYSIZE | 38,000 | 15,250 | 15,000 | 10,150 | +1.67% | +50.25% |

## Dry Bulk – S&P Report

| VESSEL NAME | TYPE | DWT | YEAR | BUILT | PRICE (MILLION) USD | COMMENTS / BUYERS |
|---|---|---|---|---|---|---|
| THERESA GUANGDONG / THERESA HEBEI / THERESA JILIN | KMAX | 81,905 ~ 81,610 | 2012 | CHINA | 57.5 EN BLOC | FUJIAN HIGHTON |
| CENTURY ZHENGZHOU | UMAX | 63,550 | 2024 | CHINA | 38.3 | SPAR SHIPPING |
| JAL KAMAL | UMAX | 63,319 | 2020 | JAPAN | 38.0 | S. KOREAN BUYERS |
| DOLCE VITA | UMAX | 61,616 | 2012 | JAPAN | 23.5 | CHINESE BUYERS |
| SUZAKU | SMAX | 54,881 | 2006 | JAPAN | 14.0 | UNDISCLOSED |
| HB IMABARI | HANDY | 40,320 | 2024 | JAPAN | 35.4 | UNDISCLOSED |
| SEA WAVE / ROSTRUM DUBAI | HANDY | 40,000 | 2025 | CHINA | 64.0 EN BLOC | CHINESE BUYERS |



# Tankers

Oil prices surged 2% on Thursday, primarily driven by escalating Middle East tensions and growing supply concerns.

The volatile situation in the Middle East has sparked fears of potential supply disruptions. Recent military escalations and political instability have put traders on high alert, prompting them to push prices higher as a risk mitigation strategy.

Supply concerns are further compounded by challenges in other major producing countries like Venezuela and Libya, creating a perfect storm for oil prices. While some analysts view this rally as a market correction following an excessive sell-off, others point to underlying fundamentals, including expectations of robust demand growth as economies recover and pandemic restrictions ease.

However, the implications of rising oil prices are significant. Higher prices can fuel inflation, potentially impacting consumer spending and economic growth. Policymakers worldwide are closely monitoring the situation, ready to intervene if necessary.

## VLCC:

The MEG/China market witnessed a brief surge in rates, despite the typical summer lull. This spike was attributed to temporary supply-demand instabilities. However, the market quickly reverted to its seasonal trend, with rates falling back to WS45 points as the summer demand slump reasserted itself. The Atlantic also mirrored similar lull with WAFR/China route falling to WS51.

## Suezmax:

The Suezmax market, particularly in West Africa, has been significantly impacted by the weakness in the VLCC sector and overall sluggish demand. This has resulted in supply congestion and a w-o-w decline in freight rates. Nigeria/UKC for 130,000mt fell to WS76. In the Black Sea, 135,000mt CPC/Med also slipped to WS88.

## Aframax:

The Middle East market is feeling the ripple effects of the larger vessel under performance. Compounded by an influx of empty ships from Asia, Aframax rates have been on a gradual decline. In the Med region, 80,000mt Ceyhan/Lavera fell 13 points to WS132.

<u>Clean:</u>

LR: After hitting a yearly low, LR2 market has shown signs of improvement. Increased demand for Middle East to Western routes has absorbed a significant portion of available tonnage. In the LR1 segment, rates for TC5 have come off slightly falling to WS138 at closing.

MR: The MR market in the Far East region closed with a slightly bearish tone. This was due to increased vessel supply, resulting from reduced refinery operations and lower export volumes in China. In the MEG, MR has pushed rates higher for this week. TC17 climbed slightly to close at WS205.

## Baltic Exchange Tanker Indices

| INDICES | CURRENT | LAST WEEK | LAST YEAR | W-O-W CHANGE | Y-O-Y CHANGE |
|---|---|---|---|---|---|
| BDTI | 922 | 952 | 799 | -3.15% | +15.39% |
| BCTI | 622 | 755 | 679 | -17.62% | -8.39% |

## Tankers Values

*(Weekly)*

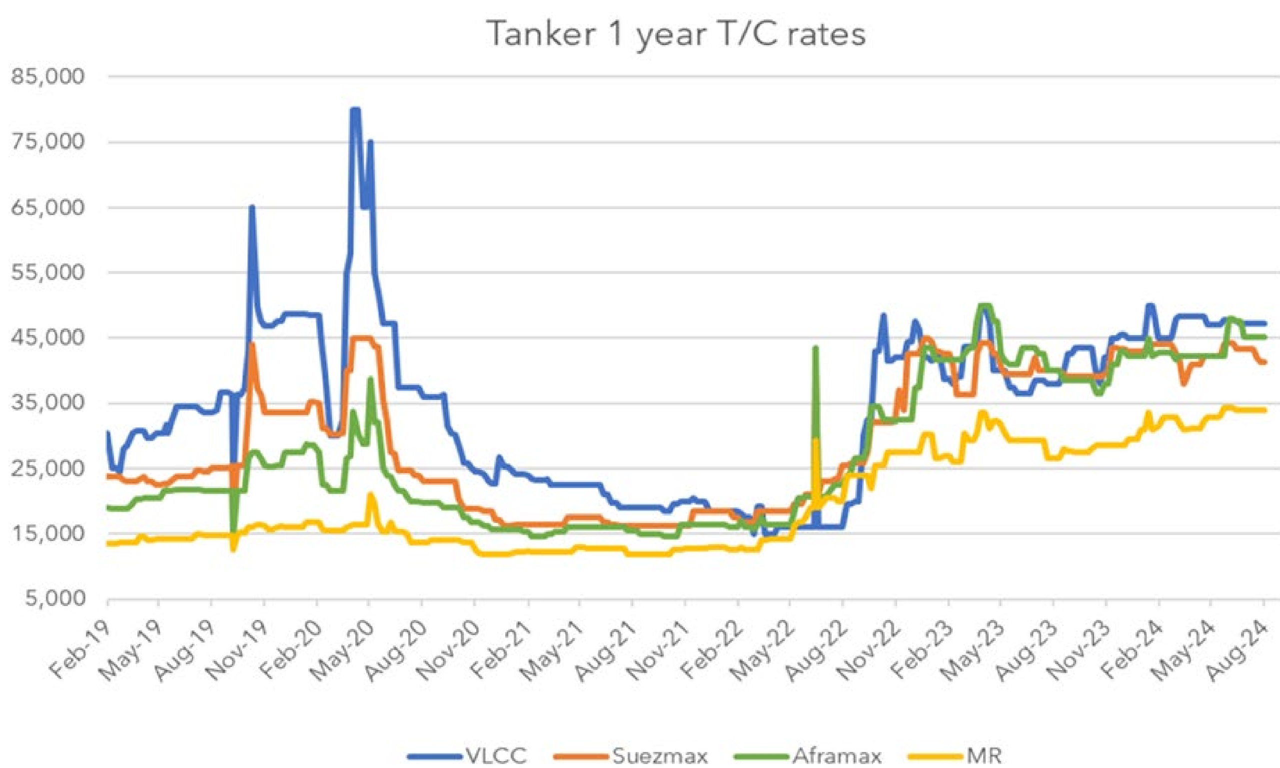
| TYPE | DWT | NB CONTRACT | NB PROMPT DELIVERY | 5 YEARS | 10 YEARS | 15 YEARS |
|---|---|---|---|---|---|---|
| VLCC | 310,000 | 129 | 145 | 115 | 85 | 58 |
| SUEZMAX | 160,000 | 90 | 99 | 83 | 68 | 50 |
| AFRAMAX | 115,000 | 75 | 86 | 72 | 62 | 44 |
| LR1 | 73,000 | 62 | 64 | 54 | 44 | 32 |
| MR | 51,000 | 52 | 54 | 47 | 39 | 28 |
| **(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 | 45,750 | 45,750 | 40,000 | 0 | +14.38% |
| SUEZMAX | 150,000 | 40,500 | 40,000 | 40,000 | +1.25% | +1.25% |
| AFRAMAX | 110,000 | 43,250 | 43,750 | 38,500 | -1.14% | +12.34% |
| LR1 | 74,000 | 37,000 | 37,000 | 28,250 | 0 | +30.97% |
| MR | 47,000 | 29,250 | 29,250 | 28,250 | 0 | +3.54% |

## Tankers S&P Report

| VESSEL NAME | TYPE | DWT | YEAR | BUILT | PRICE (MILLION) USD | COMMENTS / BUYERS |
|---|---|---|---|---|---|---|
| NAVE ORBIT | MR | 49,999 | 2009 | S. KOREA | 25.9 | UNDISCLOSED |



## Containers

Despite strong cargo volumes and carriers' efforts to raise freight rates for the US West Coast in mid-August, spot rates continue to face downward pressure, resulting in the SCFI falling for the fourth consecutive week.

The early peak season for North America and Europe has led carriers to continuously add capacity on major routes, easing supply constraints. Shippers have adapted to increased sailing distances and secured inventory ahead of potential tariff hikes, causing an early moderation in peak season demand.

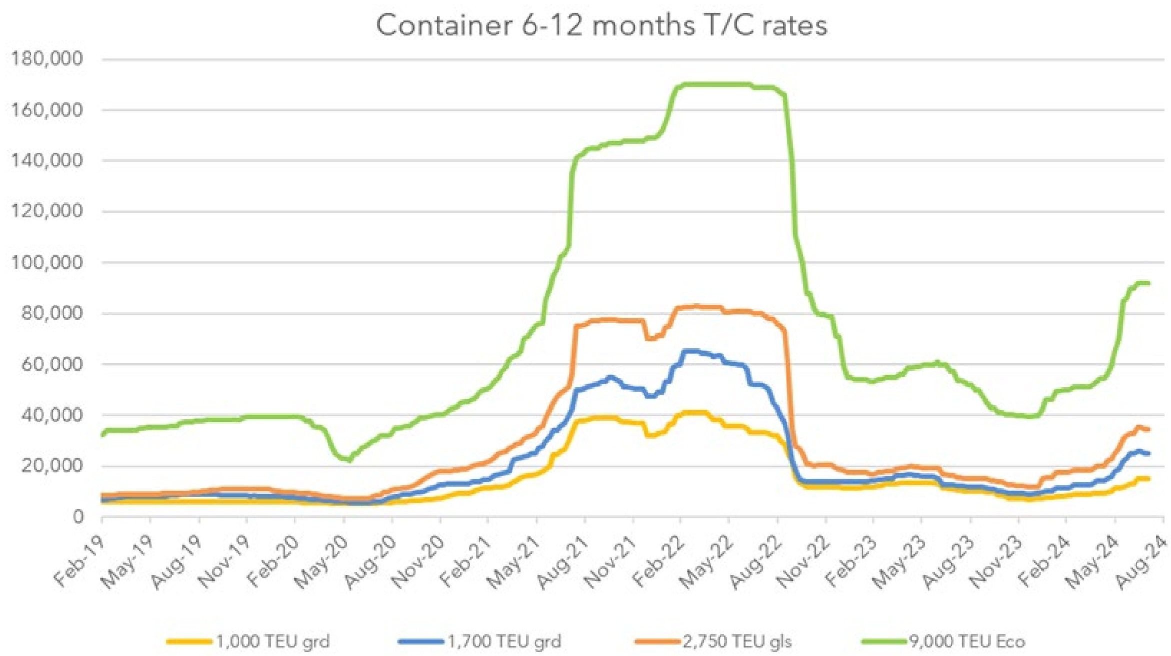
SCFI fell 2% to 3,254 points this week. This marks a 13% decline from mid-July's peak. Major routes reflected this softening trend, with Shanghai to US East Coast rates dropping 3% to US$6,068 per FEU, and Shanghai to Northern Europe rates also decreasing 3% to US$4,786 per TEU.

### Containers S&P Report

| VESSEL NAME | TYPE | TEU | YEAR | BUILT | PRICE (MILLION) USD | COMMENTS / BUYERS |
|---|---|---|---|---|---|---|
| KMARIN AZUR / KMARIN ATLANTICA | PMAX | 4,532 | 2013 | S. KOREA | 53.0 EN BLOC | UNDISCLOSED |

### Containers Values

| CONTAINERS (BY TEU) | GEARED / GEARLESS | NB CONTRACT | NB PROMPT DELIVERY | 5 YEARS | 10 YEARS | 15 YEARS |
|---|---|---|---|---|---|---|
| 900 – 1,200 | Geared | 24 | 24 | 17 | 14 | 8 |
| 1,600 – 1,850 | Geared | 30 | 33 | 25 | 18 | 15 |
| 2,700 – 2,900 | Gearless | 41 | 43 | 34 | 27 | 22 |
| 5,100 | Gearless | 81 | 77 | 66 | 35 | 32 |
| **(amount in USD million)* | | | | | | |



Container 6-12 months T/C rates
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Feb-19
May-19
Aug-19
Nov-19
Feb-20
May-20
Aug-20
Nov-20
Feb-21
May-21
Aug-21
Nov-21
Feb-22
May-22
Aug-22
Nov-22
Feb-23
May-23
Aug-23
Nov-23
Feb-24
May-24
Aug-24
1,000 TEU grd
1,700 TEU grd
2,750 TEU gls
9,000 TEU Eco

## Ship Recycling Market Snapshot

| DESTINATION | TANKERS | BULKERS | MPP/ GENERAL CARGO | CONTAINERS | SENTIMENTS / WEEKLY FUTURE TREND |
|---|---|---|---|---|---|
| ALANG (WC INDIA) | 500 ~ 510 | 480 ~ 490 | 480 ~ 490 | 520 ~ 530 | WEAK / |
| CHATTOGRAM, BANGLADESH | 520 ~530 | 510 ~ 520 | 490~ 500 | 530 ~ 540 | WEAK / |
| GADDANI, PAKISTAN | 510 ~ 520 | 490 ~ 500 | 480 ~ 490 | 520 ~ 530 | WEAK / |
| TURKEY<br>**For Non-EU ships. For E.U. Ship, the prices are about USD 20-30/ton less* | 360 ~ 370 | 330 ~ 340 | 340 ~ 350 | 380 ~ 390 | 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.

## 5-Year Ship Recycling Average Historical Prices

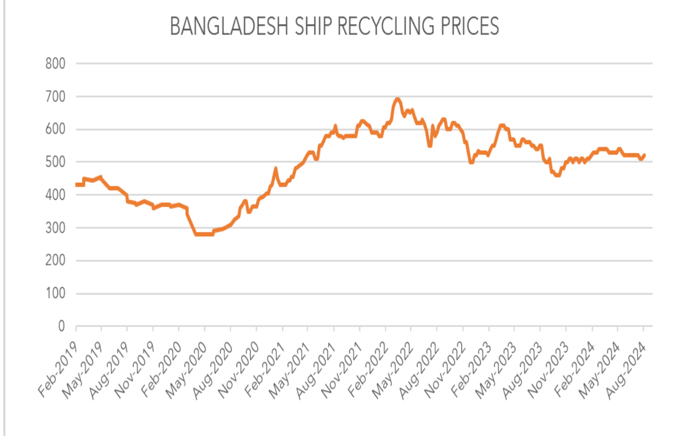
(Week 32)

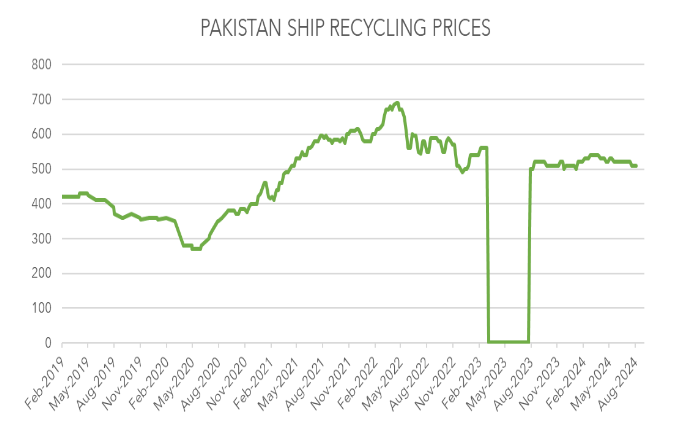
| DESTINATION | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| ALANG, INDIA | 425 | 270 | 620 | 570 | 530 |
| CHATTOGRAM, BANGLADESH | 420 | 300 | 620 | 590 | 565 |
| GADDANI, PAKISTAN | 410 | 305 | 680 | 580 | 530 |
| ALIAGA, TURKEY | 270 | 210 | 190 | 300 | 325 |

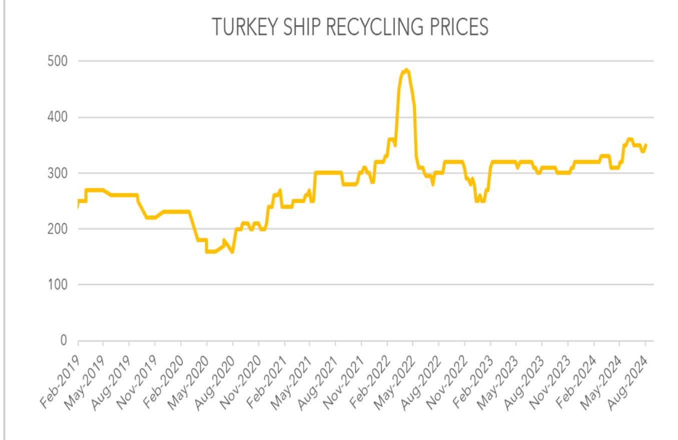
## Ships Sold for Recycling

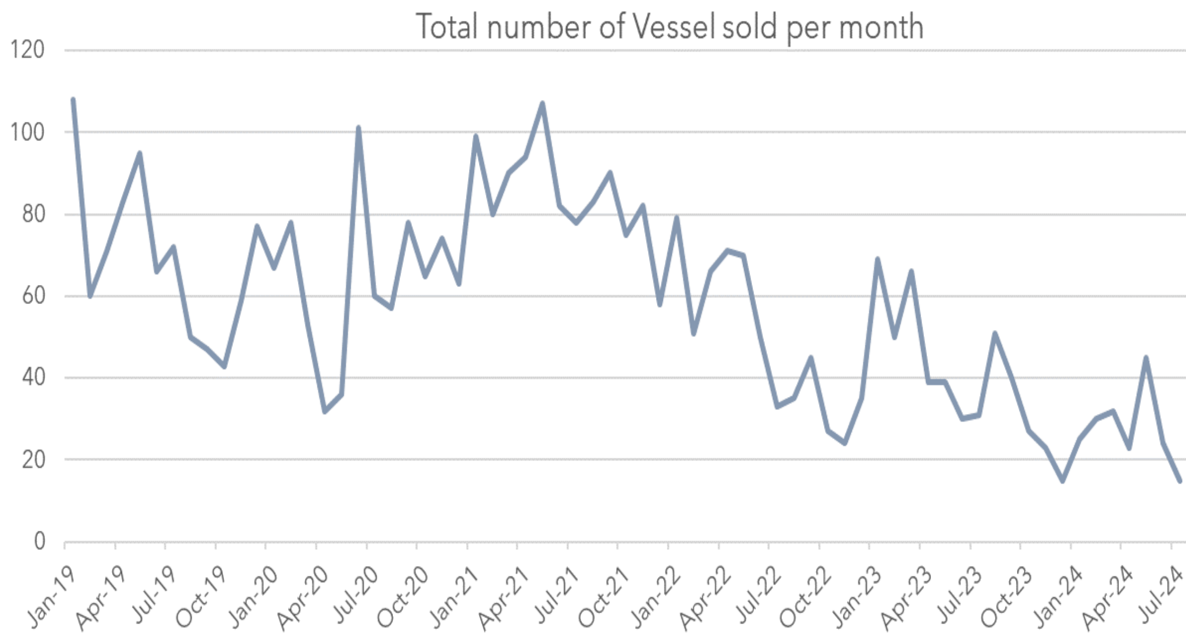
| VESSEL NAME | LDT | YEAR / BUILT | TYPE | PRICE (USD/LDT LT) | COMMENTS |
|---|---|---|---|---|---|
| - | - | - | - | - | - |

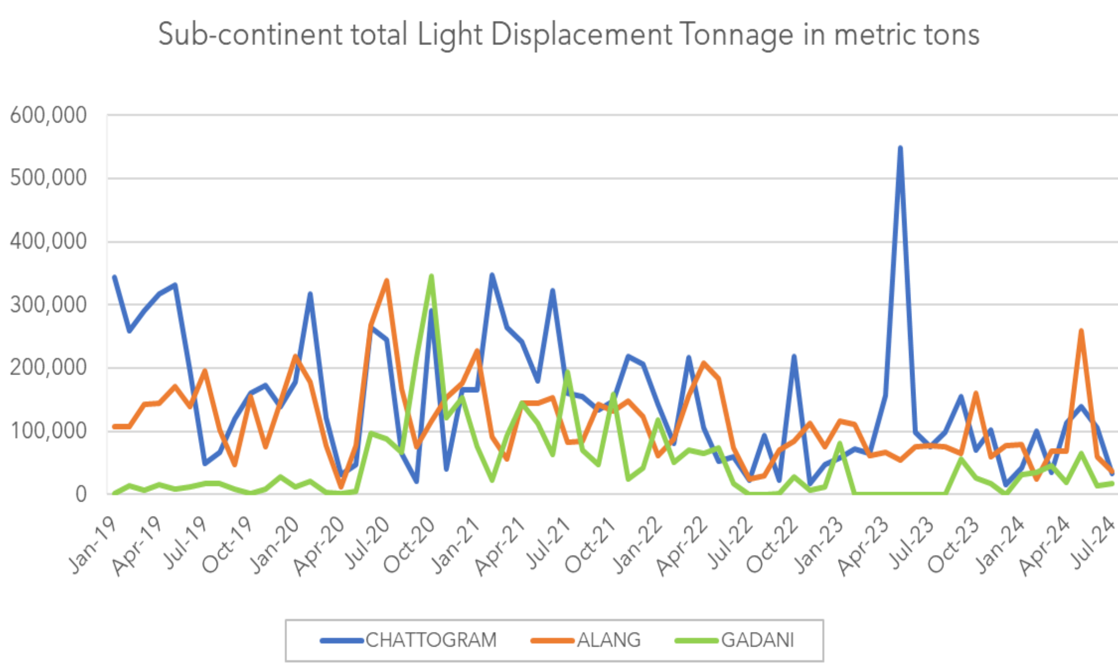
## Recycling Ships Price Trend

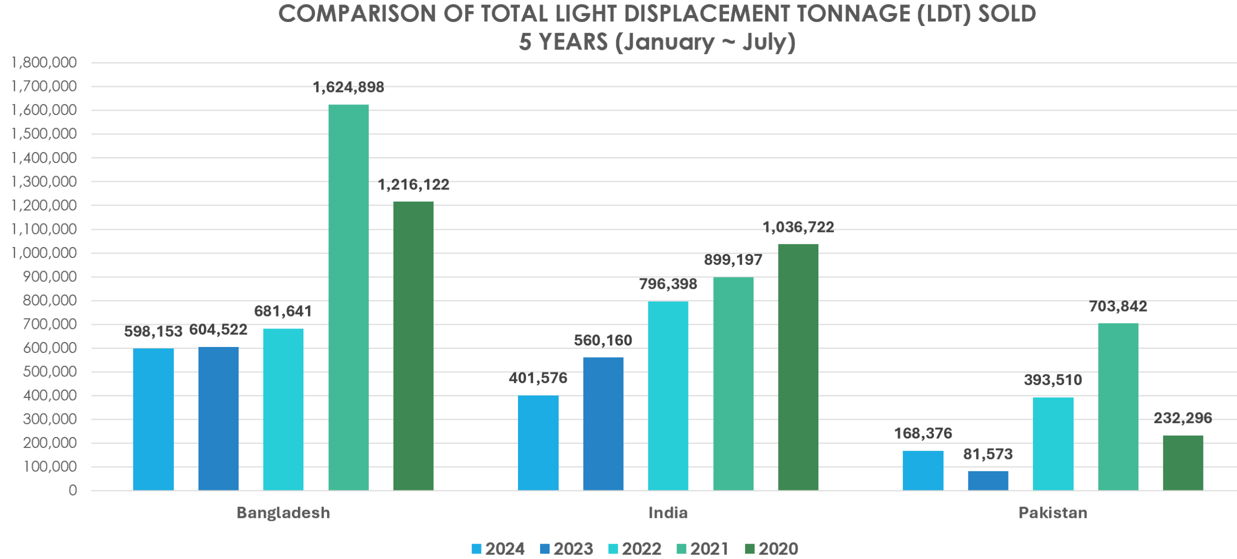




Total number of Vessel sold per month
120
100
80
60
40
20
0
Jan-19
Apr-19
Jul-19
Oct-19
Jan-20
Apr-20
Jul-20
Oct-20
Jan-21
Apr-21
Jul-21
Oct-21
Jan-22
Apr-22
Jul-22
Oct-22
Jan-23
Apr-23
Jul-23
Oct-23
Jan-24
Apr-24
Jul-24


Sub-continent total Light Displacement Tonnage in metric tons
600,000
500,000
400,000
300,000
200,000
100,000
0
Jan-19
Apr-19
Jul-19
Oct-19
Jan-20
Apr-20
Jul-20
Oct-20
Jan-21
Apr-21
Jul-21
Oct-21
Jan-22
Apr-22
Jul-22
Oct-22
Jan-23
Apr-23
Jul-23
Oct-23
Jan-24
Apr-24
Jul-24
CHATTOGRAM
ALANG
GADANI




## Insight

It was another lackluster week for the ship recycling industry, with activities across the region seeing little to no activity.

Many market players are feeling the pressure of the downturn as the summer lull hits its full peak. There were some expectations that the autumnal months would bring about some positive changes, but with geopolitical tensions heightened, some vessels will continue to trade, taking full advantage of the current high rates. However, in recent weeks, rates have come off a bit, seeing a few thousand discounts, especially in the tanker segment.

Meanwhile, China has implemented a policy to encourage the scrapping of vintage vessels in Chinese yards, aiming to modernise its transportation network and foster high-quality industry development. This initiative, running until December 31 2028, offers financial subsidies for scrapping and renewing old Chinese-flagged ships operating within the country's borders.

Eligible vessels include cargo and passenger ships, typically between 21 and 30 years old, with valid inspection and registration documents. The policy also supports the replacement of old ships with new fuel-powered or clean energy vessels. To qualify, new ships must have their keels laid and construction completed within the policy period, along with obtaining necessary certifications.

Ship owners must apply for subsidies through local transportation authorities, with applications reviewed within 10 working days by municipal authorities and development departments. These bodies will compile and submit approved project lists for funding. The policy aims to adjust ship capacity structure, promote investment and consumption, and contribute to China's broader economic development strategy.

## Alang, India

Steel prices in India have fallen to their lowest level in over three years, primarily due to a global supply glut caused by China's weakened economy flooding international markets with excess production. Local prices of hot rolled coils used in manufacturing averaged Rs 52,267 (US$622.62) per ton in July.

India, the world's second-largest crude steel producer, has become a net importer, with finished steel imports reaching a five-year high in April-May. Increased imports from China and Vietnam, along with Chinese supply in overseas markets, have made Indian exports less competitive, putting downward pressure on domestic prices.

The situation has prompted the Indian government to consider investigating cheaper steel imports from China and Vietnam. Despite these challenges, India remains an attractive market for both domestic and global steel makers due to its rapid economic growth and higher infrastructure spending.

On the ship recycling front, markets remain quiet this week, and no new activity has been recorded. Overall sentiments were down, with many participants feeling the effects of the quieter season.

### Anchorage & Beaching Position (August 2024)

| VESSEL NAME | TYPE | LDT | ARRIVAL | BEACHING |
| --- | --- | --- | --- | --- |
| TROPICAL SKY | REEFER | 5,358 | 05.08.2024 | AWAITING |
| MERSIN 15 | RORO | 5,280 | 23.07.2024 | 09.08.2024 |
| MSC ANNAMARIA | CONTAINER | 8,807 | 06.08.2024 | 08.08.2024 |
| SOVEREIGIN | LNG | 30,120 | 01.08.2024 | 04.08.2024 |
| MSC IRIS | CONTAINER | 10,655 | 03.08.2024 | 03.04.2024 |

## Chattogram, Bangladesh

Another slow week in Bangladesh markets led by the current instability ongoing in the country. Markets remain muted with no new sales recorded. Recyclers have taken a back seat and wait to see the dust settle down.

However, with the interim government in place, market participants reported feeling optimistic for the new change but err on the side of caution as some are unsure how the current leader stance on ship recycling will swing.

On the political front, Nobel Peace laureate Muhammad Yunus has returned to Bangladesh to lead an interim government following PM Sheikh Hasina's resignation amid weeks of student protests. Yunus, 84, arrived in Dhaka on Aug 8 after medical treatment in Paris, greeted by military officers and student leaders.

Yunus, known as the "banker to the poor," is set to be sworn in as chief of a team of advisers. PM Hasina's departure, triggered by violent protests that killed about 300 people, led to jubilation and further unrest.

The country faces significant challenges, including high inflation, unemployment, and shrinking reserves, which led to a US$4.7 billion IMF loan request. Yunus's interim government now faces the task of stabilising the country and preparing for free and fair elections.

### Anchorage & Beaching Position (August 2024)

| VESSEL NAME | TYPE | LDT | ARRIVAL | BEACHING |
|---|---|---|---|---|
| MING JIN 1 | BULKER | 3,277 | 07.08.2024 | AWATIING |
| AN 11 | GEN.CARGO | 1,632 | 30.07.2024 | 07.08.2024 |
| AN TON | REEFER | 4,842 | 30.07.2024 | 06.08.2024 |
| APJ MAHAKALI | BULKER | 9,126 | 25.07.2024 | 04.08.2024 |
| SIA 20 | CONTAINER | 1,747 | 20.07.2024 | 03.08.2024 |

## Gadani, Pakistan

The Pakistani ship recycling market has come to a standstill, entering a period of hibernation amid a scarcity of ships and waning demand. With no new vessels sold, the market remains stagnant, leaving conditions and pricing uncertain.

### Anchorage & Beaching Position (August 2024)

| VESSEL NAME | TYPE | LDT | ARRIVAL | BEACHING |
|---|---|---|---|---|
| - | - | - | - | - |

## Aliaga, Turkey

Turkish steel mills have maintained their domestic scrap buying prices, but the imported scrap market has experienced a significant downturn. This unexpected drop, occurring despite a stronger euro, has led to mixed reactions in the market.

The situation is further complicated by sluggish demand in both export and domestic markets.

In the ship recycling front, market has once again remained quiet with not much to report on. Shipbreaking scrap prices have held steady at US$375-390/ton delivered.

| BEACHING TIDE DATES 2024 | | |
|---|---|---|
| Chattogram, Bangladesh | : | 19 ~ 22 August \| 2 ~ 5 September |
| Alang, India | : | 17 ~ 26 August \| 31 August ~ 6 September |

| BUNKER PRICES (USD/TON) | | | |
|---|---|---|---|
| PORTS | VLSFO (0.5%) | HSFO (3.5%) | MGO (0.1%) |
| SINGAPORE | 589 | 476 | 688 |
| HONG KONG | 593 | 491 | 702 |
| FUJAIRAH | 591 | 480 | 802 |
| ROTTERDAM | 537 | 446 | 683 |
| HOUSTON | 561 | 472 | 708 |

| EXCHANGE RATES | | | |
|---|---|---|---|
| CURRENCY | August 9 | August 2 | W-O-W % CHANGE |
| USD / CNY (CHINA) | 7.16 | 7.16 | 0 |
| USD / BDT (BANGLADESH) | 117.61 | 117.46 | -0.13% |
| USD / INR (INDIA) | 83.95 | 83.78 | -0.20% |
| USD / PKR (PAKISTAN) | 278.66 | 278.87 | +0.08% |
| USD / TRY (TURKEY) | 33.53 | 33.19 | -1.02% |

## Sub-Continent and Turkey ferrous scrap markets insight

The Sub-Continent and Turkey ferrous scrap markets experienced significant challenges in the week ending August 9, 2024, marked by subdued demand, falling prices, and cautious buyer behavior across multiple regions.

**India's** imported scrap market remained lethargic throughout the week, plagued by limited buyer interest and a substantial gap between offers and bids. Shredded scrap from the UK/Europe and the US was offered at US$410-415/t CFR Nhava Sheva, while buyers sought lower prices of US$400-405/t CFR. HMS (80:20) offers were quoted at US$380-390/t CFR, with buyers looking to negotiate further. Despite a few distressed container sales for shredded scrap in northern regions, overall demand was weak. Market participants are hopeful for a demand rebound post-monsoon, but ongoing rains and sluggish steel demand kept pressure on the market, with production levels reduced to around 50-60%. Even when inquiries arose, they were not at workable levels, reflecting the bearish sentiment in India's imported scrap market.

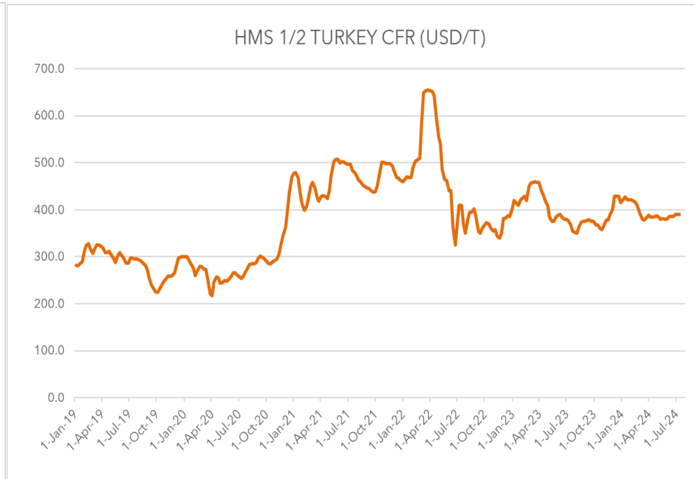
The imported scrap market in **Pakistan** remained subdued, hindered by financial constraints, weak domestic steel demand, and expectations of further price declines. Shredded scrap offers from the UK/Europe were consistently assessed at US$418-422/t CFR Qasim, with US-origin scrap slightly lower at US$415/t CFR. Buyers were reluctant, anticipating better pricing ahead. The domestic steel market faced challenges, including payment delays, reduced margins, and a seasonal slowdown exacerbated by recent heavy rains. Steel mills, grappling with cash flow issues, reduced production levels to around 60%. The absence of new government projects and rising operational costs further pressured the industry, prompting mills to focus on distress sales rather than booking new scrap.

Caution prevailed among **Bangladeshi** buyers due to political instability, though recent developments indicate improving stability with the formation of an interim government. Mid-week saw a resumption of bookings, with inquiries from Australia, the US, Chile, and New Zealand. Market activity is expected to pick up as the interim government stabilises.

**Turkish** ferrous scrap prices plummeted mid-week as mills resumed activity after a prolonged hiatus. Turkish buyers secured a European bulk vessel at US$376/t CFR, while US-origin HMS (80:20) offers at US$390/t CFR were deemed unworkable. Two US bulk cargoes were reported: HMS (90:10) at US$381/t CFR and shredded/PNS scraps at US$396/t CFR. Market sentiment remained weak, with Turkish mills anticipating further price declines due to high recycler inventories. EU-origin HMS (80:20) offers ranged around US$375-378/t CFR, with aggressive Baltic offers at US$380-382/t CFR. Mills remained hesitant to pay above US$380/t CFR, considering production cuts amid sluggish rebar demand.

Overall, the ferrous scrap markets continue to navigate through a challenging period, with buyers and sellers alike bracing for further developments in the coming weeks.

## HMS 1/2 & Tangshan Billet


## Commodities

**Iron ore** futures reached a two-week high on Monday, buoyed by positive economic indicators from China, the world's largest consumer. The surge was driven by strong services data and ongoing expectations of stimulus measures from the Chinese government. The most-traded September iron ore contract on China's Dalian Commodity Exchange rose 1.97% to 776.5 yuan (US$108.69) per metric ton, while the benchmark September contract on the Singapore Exchange increased by 0.76% to US$104.6 per ton. These price levels marked the highest since July 22 for both exchanges.

China's economic outlook improved as services activity growth accelerated in July, marking the 19th consecutive month of expansion. The Caixin/S&P's composite PMI index remained in expansionary territory, with employment rising at its fastest pace in 11 months. This positive data was complemented by the Chinese government's announcement of measures to boost service consumption and overall economic vitality, including improvements in product and service quality and financial support through tax deductions and credit incentives.

Analysts expect the steel market to rebound in the coming week, citing increased stimulus efforts and anticipated recovery in demand for building materials. This optimism was reflected in the gains seen across various steel products on the Shanghai Futures Exchange. Despite these encouraging developments, some market observers suggest that larger-scale demand-side policies, such as consumption vouchers, may still be necessary to further stimulate the Chinese economy. Nonetheless, the current trends have significantly boosted market confidence, contributing to the positive momentum in iron ore futures and related markets.

**Copper** prices have steadied near their four-month low as a deteriorating economic outlook continues to weigh on market sentiment. Fears of a potential recession in the United States have compounded concerns over sluggish industrial activity in China, keeping investors cautious.

Earlier this week, copper and the broader base metals market were significantly impacted by a selloff across risk assets. While copper reached a record high earlier this year, this month's sharp decline in the JPY, coupled with mounting fears of a hard economic landing in the US, could pressure copper prices further in the short term. Market participants are bracing for potential volatility as these economic uncertainties unfold.

## Iron Ore

| COMMODITY | SIZE / GRADE | THIS WEEK USD / MT | W-O-W | Y-O-Y | LAST WEEK USD / MT | LAST YEAR USD / MT |
|---|---|---|---|---|---|---|
| Iron Ore Fines, CNF Rizhao, China | Fines, Fe 62% (Aust. Origin) | 99 | -1.98% | -3.88% | 101 | 103 |
| Iron Ore Fines, CNF Qingdao, China | Fines, Fe 62.5% (Brazil Origin) | 102 | -1.92% | -1.92% | 104 | 104 |

## Industrial Metal Rates

| INDEX | UNITS | PRICE | CHANGE | %CHANGE | CONTRACT |
|---|---|---|---|---|---|
| Copper (Comex) | USD / lb. | 400.00 | +4.10 | +1.04% | Sep 2024 |
| 3Mo Copper (L.M.E.) | USD / MT | 8,794.50 | +25.00 | +0.29% | N/A |
| 3Mo Aluminum (L.M.E.) | USD / MT | 2,274.00 | -14.00 | -0.61% | N/A |
| 3Mo Zinc (L.M.E.) | USD / MT | 2,646.00 | +64.50 | +2.50% | N/A |
| 3Mo Tin (L.M.E.) | USD / MT | 30,494.00 | +503.00 | +1.68% | N/A |

## Crude Oil & Natural Gas Rates

| INDEX | UNITS | PRICE | CHANGE | %CHANGE | CONTRACT |
|---|---|---|---|---|---|
| WTI Crude Oil (Nymex) | USD / bbl. | 76.76 | +0.57 | +0.75% | Sep 2024 |
| Brent Crude (ICE.) | USD / bbl. | 79.61 | +0.45 | +0.57% | Oct 2024 |
| Crude Oil (Tokyo) | J.P.Y. / kl | 71,800.00 | +1,000.00 | +1.41% | Aug 2024 |
| Natural Gas (Nymex) | USD / MMBtu | 2.13 | +0.01 | +0.24% | Sep 2024 |

*Note: all rates as at C.O.B. London time August 8, 2024*

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