WEEKLY REPORT

WEEK 36 – September 7, 2024

This week, the focus was back on the Chinese data, which was not impressive. China's economic slowdown deepened in August, with services activity expanding less than expected, raising concerns over the nation's broader growth outlook. The Caixin China services PMI dropped to 51.6, down from 52.1 in July, missing economists' forecasts of 51.8. A reading above 50 indicates growth, but the marginal decline highlights the challenges facing the sector.

Wang Zhe, the senior economist at Caixin Insight Group, noted that fierce competition forced businesses to prioritise sales through price cuts, contributing to labour market pressures as companies adopted cautious hiring strategies.

The disappointing data adds to concerns of a potential stall in China's economy, which is contending with a prolonged real estate crisis and weak consumer demand. Official data from the weekend pointed to a near contraction in sectors like restaurants and tourism during the final month of summer.

China's services sector, regarded by the IMF as an "underutilised driver" of growth, continues to struggle in comparison to advanced economies. Meanwhile, factory activity contracted for the fourth consecutive month, raising doubts about whether China can meet its 5% growth target for 2024. The yuan and Chinese stocks both weakened, reflecting investor anxiety amid the broader regional market selloff.

On the other side of the Pacific, markets are closely watching the U.S. Federal Reserve's rate decision, with expectations for a modest 25 basis point cut at the Sept. 17-18 meeting. Some economists downplayed the likelihood of a deeper 50 basis point cut, citing the absence of data that would prompt drastic action. While private sector payroll growth has slowed, and there are concerns about a labour market downturn, weekly unemployment claims have decreased. Economists noted that a sharper rate cut would require significant economic deterioration, such as a spike in layoffs and a collapse in hiring.

However, some analysts, including Ben Emons of Fed Watch Advisors, believe a larger cut is still possible, depending on August's jobs report. Some pointed out that weaker job growth could trigger concerns about a recession, influencing the Fed to act more aggressively. Currently, the Fed's benchmark rate stands at 5.25%-5.50%.

Dry Bulk

The Baltic Exchange Dry Bulk Index improved on Thursday, primarily driven by stronger performance in the Capesize sector. The overall index climbed 17 points to 1,919, with the Capesize index adding 61 points to reach 3,285. Average Capesize rates increased by US$500 to US$27,245 per day despite weakness in the steel, iron, and coal markets.

In contrast, the Panamax index declined by 6 points to 1,294, hovering around its lowest level in a year. Average daily earnings for Panamax vessels also saw a slight decrease, dropping to around US$11,650 per day.

Dalian iron ore futures continued their downward trend for the fifth consecutive session, reaching their lowest point in a year. In the smaller vessel segment, the Supramax index also experienced a decline, dropping 5 points to 1,266.

Chinese steelmakers are maintaining strong demand for iron ore to improve profitability and prepare for the peak season, driving prices upward for both low-grade Australian and high-grade Brazilian ores. Iron ore demand is projected to rise further as Chinese holidays approach in September and October, indicating a short-term positive outlook for the market. Looking ahead, while the overall market is expected to remain stable due to the current balance between cargo volume and vessel supply, the demand for thermal coal shipments to Asian countries is likely to decrease as heatwaves subside.

Capesize:

In the Pacific, freight rates are on the rise again. This upturn is primarily driven by major Western Australian iron ore shippers actively securing vessels, which is compensating for the low influx of coal cargo. Pacific r/v saw levels climb to US$29,150's a day. Meanwhile, in Brazil, the market activity remains sluggish as a persistent significant gap between shipowners' and charterers' price expectations has yet to narrow substantially. Brazil's r/v fell to US$ 26,300 a day.

Panamax/Kamsarmax:

In the Atlantic, despite a steady influx of coal cargo in the North, charter rates continue to adjust downward as oversupply is seen across South America. Grain exports, particularly from Brazil, are underperforming due to weather-related challenges. T/A fell to the US$9,300's level. In contrast, the Pacific saw an expanding upward trend in rates primarily driven by a robust inflow of cargoes, especially from NOPAC and Indonesia. Pacific r/v climbed to US$ 12,100 a day.

Supramax/Ultramax:

In the Atlantic, downward pressure on rates is intensifying across. The combination of sluggish cargo inflow and an accumulation of available vessels led to this decline. T/A closes the week at US$19,150's a day. The Pacific, on the other hand, sees increased demand for Indonesian thermal coal, yet an oversupply of vessels keeps the market balanced.

Handysize:

Rates in the Handy fell across the regions. The Atlantic region did not fare well, with T/A slipping to US$11,000's a day. Meanwhile, in the Pacific, although supply-demand gaps are widening slightly across different routes, these discrepancies are not significant. As a result, charter rates in the Pacific remain largely similar to the previous levels. Inter-Pacific fell to US$10,000's a day.

Baltic Exchange Dry Bulk Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDI	1,941	1,814	1,141	+7.00%	+70.11%
BCI	3,356	3,099	1,189	+8.29%	+182.25%
BPI	1,294	1,316	1,473	-1.67%	-12.15%
BSI	1,260	1,306	1,056	-3.52%	+19.32%
BHSI	724	744	567	-2.69%	+27.69%

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	38	28	18
SUPRAMAX	56,000	35	41	36	27	16
HANDY	38,000	30	35	28	21	12

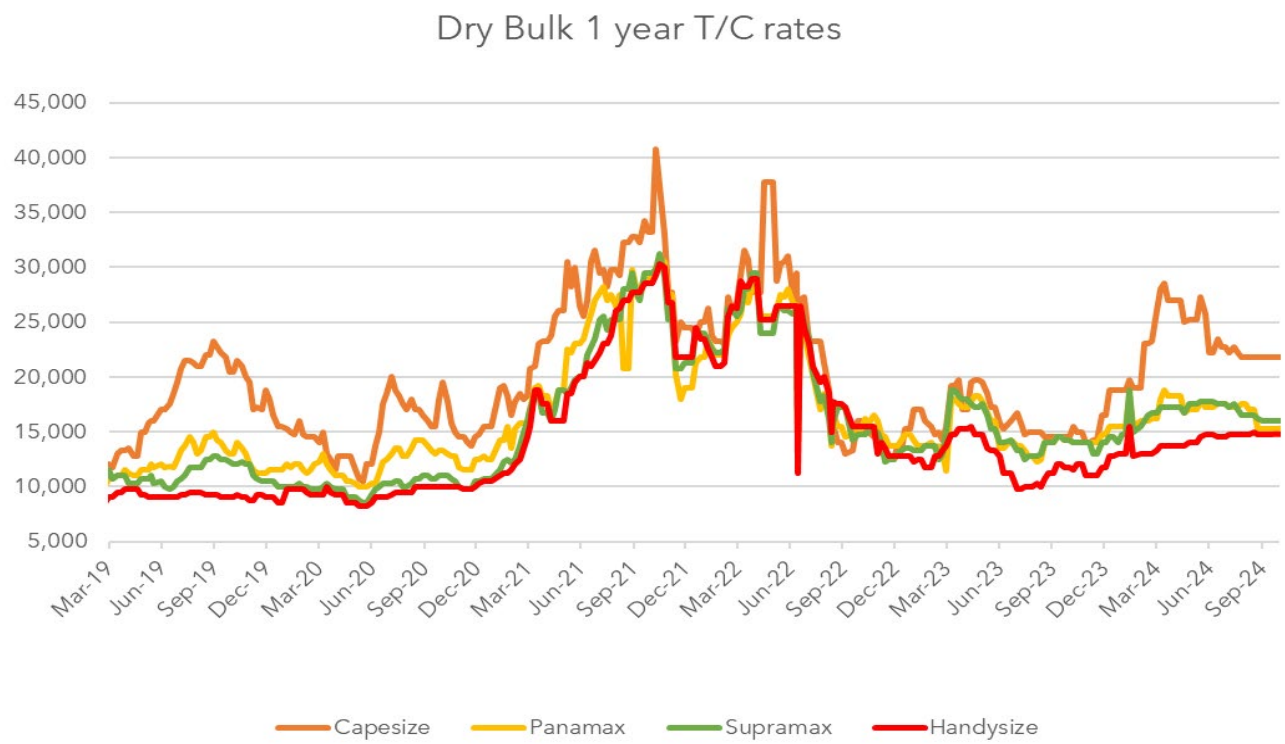
**(amount in USD million)*

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	23,500	23,000	14,750	+2.17%	+59.32%
PANAMAX	75,000	14,000	13,750	13,150	+1.82%	+6.46%
SUPRAMAX	58,000	14,750	14,750	12,750	0	+15.69%
HANDYSIZE	38,000	14,250	14,750	10,150	-3.39%	+40.39%

Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
LILA LISBON	CAPE	176,423	2003	JAPAN	12.5	CHINESE BUYERS
C VISION	CAPE	173,723	2008	CHINA	19.0	CHINESE BUYERS
GLOVIS AMBITION	CAPE	172,559	2002	JAPAN	14.2	UNDISCLOSED
GOLDEN RUBY	PMAX	74,052	2014	INDIA	20.8	INDONESIAN BUYERS
NASCO PEARL / NASCO JADE	SMAX	56,861	2010	CHINA	25.0 EN BLOC	UNDISCLOSED
JAG RANI	SMAX	56,819	2011	CHINA	13.9	UNDISCLOSED
ISOLDA	HANDY	34,941	1999	JAPAN	5.5	UNDISCLOSED
AFRICAN EGRET	HANDY	34,370	2016	JAPAN	21.5	UNDISCLOSED
FLORIANA	HANDY	33,862	2012	S. KOREA	14.0	GREEK BUYERS



Tankers

Crude futures have plummeted to their lowest levels this year as worries about weak global demand, including from top oil importer China, coincide with a potential production increase by OPEC+ in October. November Brent dropped US$5 W-O-W, settling at US$73 per barrel on September 4, after hitting a year-to-date low of US$72. WTI also touched a year-to-date low of US$69.

OPEC+ has reportedly reached an agreement to postpone the unwinding of its production cuts, originally scheduled for October, to December. Despite an initial jump in oil prices following the EIA crude inventory data and OPEC+ news, crude prices quickly retreated.

Analysts observe that OPEC+ faces an unusually challenging situation, as their efforts to support oil pricing are undermined by a prolonged loss of market share to non-OPEC producers. This loss of revenue, coupled with a lower pricing environment, is raising concerns about budgetary requirements among key OPEC producers.

VLCC:

MEG saw rates plummet slightly, falling to WS47. This is primarily due to charterers from China pushing for lower rates as September cargo demand remains sluggish. Despite typhoon-related delays, the impact on freight rates has been minimal due to the seasonal lull in demand. In the Atlantic, 260,000mt from WAFR/China improved slightly to WS51. The market is expected to maintain a slightly bearish trend in the near term.

Suezmax:

The Suezmax market closed on a weaker note, with rates slipping not only in West Africa but also in the Mediterranean and Black Sea regions, driven by falling demand in the US Gulf. 130,000mt Nigeria/UKC fell 3 points to WS79 while CPC/Med route slipped to the WS80 mark. Positive VLCC markets next week could aid with the current pressure.

Aframax:

In the Middle East, despite a consistent flow of cargoes to India and the East, rates closed slightly bearish as the region's larger vessels performed poorly coupled with an influx of discounted tonnage. In the Med, 80,000mt Ceyhan/Lavera saw discounts falling to WS100 mark.

Clean:

LR: LR2 in the MEG hold steady this week with TC1 closing in the region of WS115. There was some shift in demand towards LR1s, which currently offer slightly better rates with TC5 holding steady as well at WS140 mark. Elsewhere, markets remain depressed with LR1 in the UKC route falling to WS119.

MR: The Far East region closed on a slightly bearish note, showing little movement throughout the week as adverse weather conditions kept chartering activity low. The lack of significant demand has also kept rates relatively stable. Similar was also noted in the MEG. As TC17 route shed 10 points falling to WS195 at week's closing.

Baltic Exchange Tanker Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDTI	870	884	715	-1.58%	+21.68%
BCTI	585	625	760	-6.40%	-23.03%

Tankers Values

(Weekly)

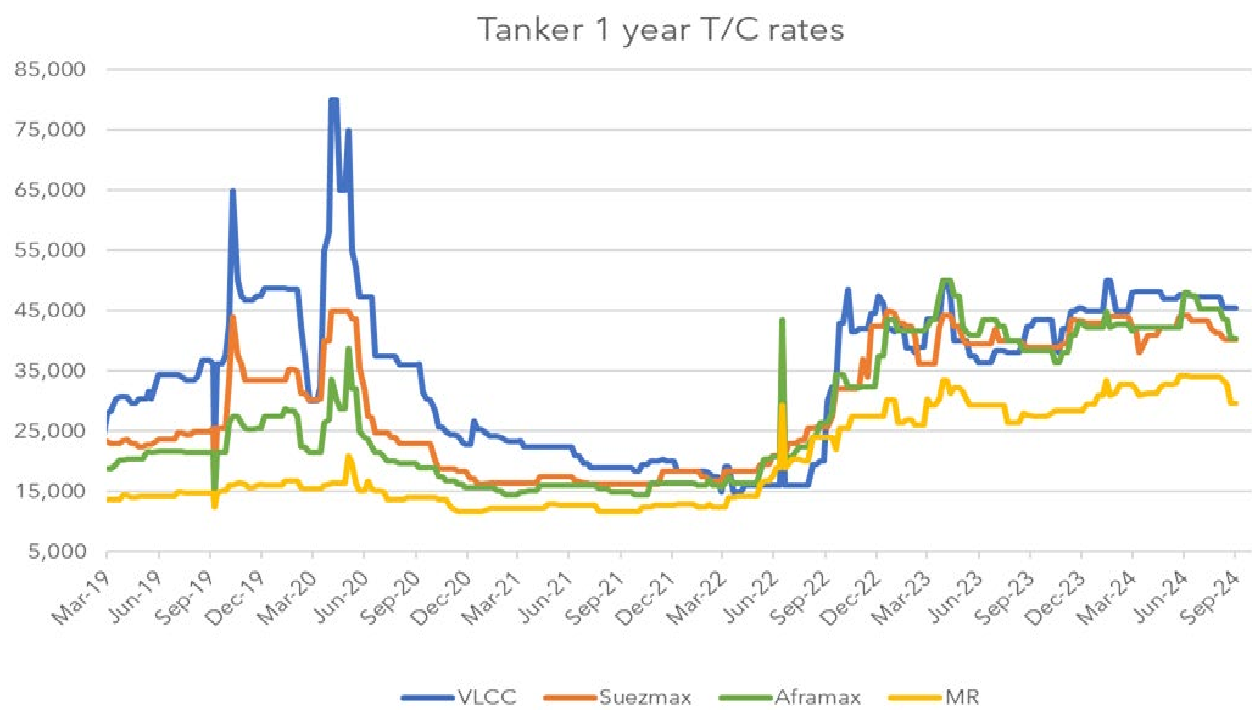
TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
VLCC	310,000	129	146	116	86	58
SUEZMAX	160,000	90	99	83	68	50
AFRAMAX	115,000	75	86	72	62	44
LR1	73,000	62	68	58	48	32
MR	51,000	52	53	50	41	28
*(amount in USD million)						

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	44,000	45,000	43,500	-2.22%	+1.15%
SUEZMAX	150,000	40,250	40,500	38,750	-0.62%	+3.87%
AFRAMAX	110,000	37,500	37,500	38,500	0	-2.60%
LR1	74,000	35,000	36,000	28,250	-2.78%	+23.89%
MR	47,000	26,500	26,500	25,500	0	+3.92%

Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
TWO MILLION WAYS	LR1	73,965	2008	JAPAN	30.0	UNDISCLOSED
CONQUEROR	LR1	70,616	2004	S. KOREA	18.0	CHINESE BUYERS
STI TEXAS CITY / STI SAN ANTONIO	MR	49,990	2014	S. KOREA	85.0 EN BLOC	UNDISCLOSED



Containers

Despite some carriers reducing operations, freight rates continue to decline due to decreased demand and persistent overcapacity. In Southeast Asia, temporary additional capacity on intra-regional routes has led to oversupply. Intra-Asian cargo volumes decreased to 4.14 million TEU, indicating weakening demand and continuing the downward pressure on rates. The SCFI index on the other hand fell 8% w-o-w to 2,727 points. The downturn was driven by rate reductions on major trade lanes. The Shanghai-North Europe route experienced an 11% decrease to US$3,459/TEU, while the Shanghai-US West Coast route fell 9% to US$5,605/FEU.

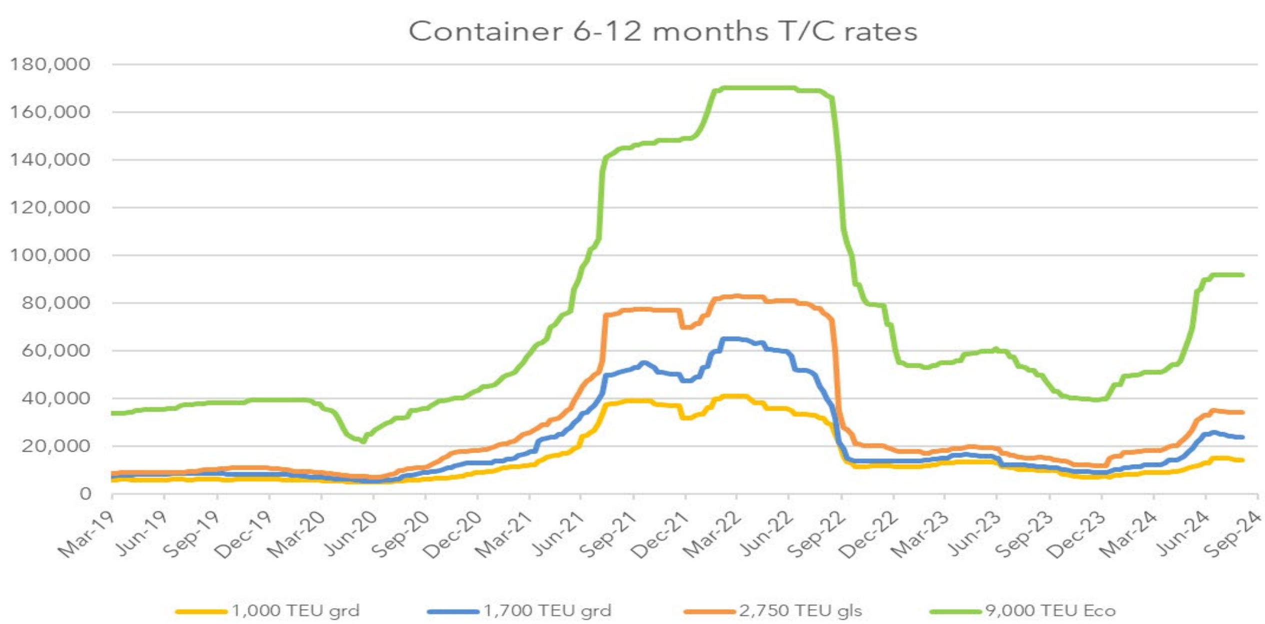
Containers S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
AS FATIMA	FEEDER	1,284	2008	CHINA	N/A	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	19	15
2,700 – 2,900	Gearless	41	43	34	27	23
5,100	Gearless	81	77	66	35	32

(amount in USD million)



Ship Recycling Market Snapshot

DESTINATION	TANKERS	BULKERS	MPP/ GENERAL CARGO	CONTAINERS	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (WC INDIA)	490 ~ 500	480 ~ 490	480 ~ 490	510 ~ 520	STABLE /
CHATTOGRAM, BANGLADESH	500 ~510	480 ~ 490	470~ 480	510 ~ 520	WEAK /
GADDANI, PAKISTAN	500 ~ 510	480 ~ 490	470 ~ 480	510 ~ 520	WEAK /
TURKEY **For Non-EU ships. For E.U. Ship, the prices are about USD 20-30/ton less*	330 ~ 340	320 ~ 330	310 ~ 320	330 ~ 340	WEAK /

- All prices are USD per light displacement tonnage in the long ton.
- The prices reported are net prices offered by the recycling yards.
- Prices quoted are basis simple Japanese / Korean-built tonnages trading units. Premiums are paid on top of the above-quoted prices based on quality & quality of Spares, Non-Fe., bunkers, cargo history, and maintenance.

5-Year Ship Recycling Average Historical Prices

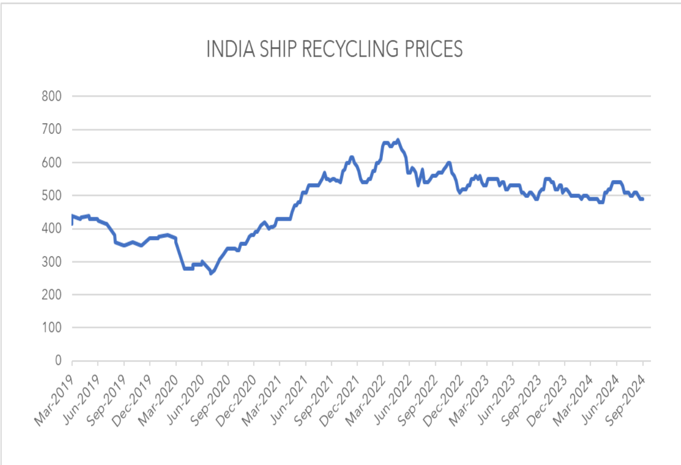
(Week 36)

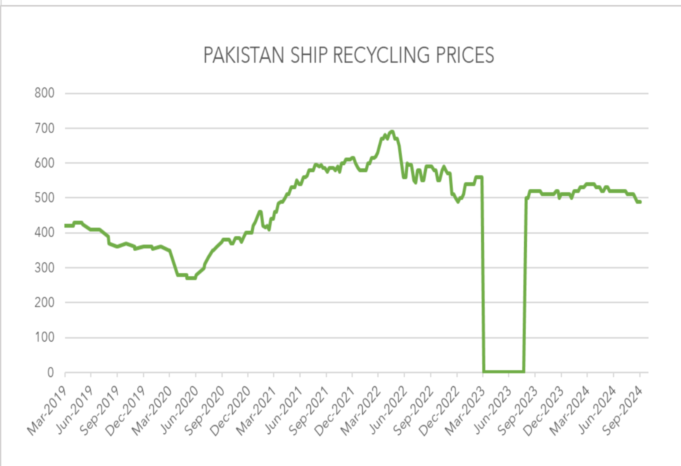
DESTINATION	2019	2020	2021	2022	2023
ALANG, INDIA	425	270	690	570	530
CHATTOGRAM, BANGLADESH	420	300	670	590	565
GADDANI, PAKISTAN	410	305	740	580	530
ALIAGA, TURKEY	270	210	200	300	325

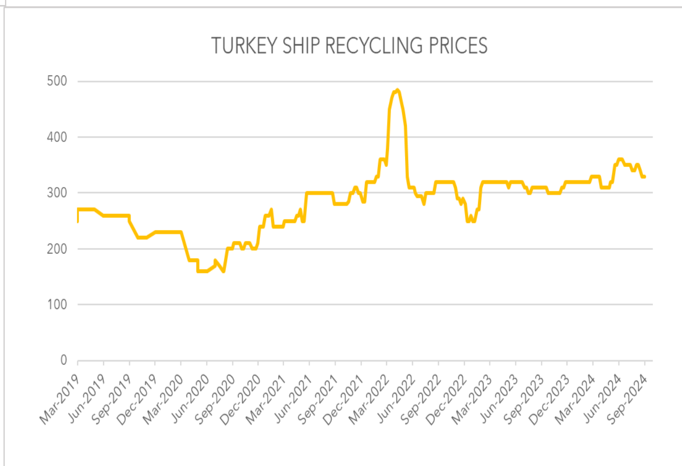
Ships Sold for Recycling

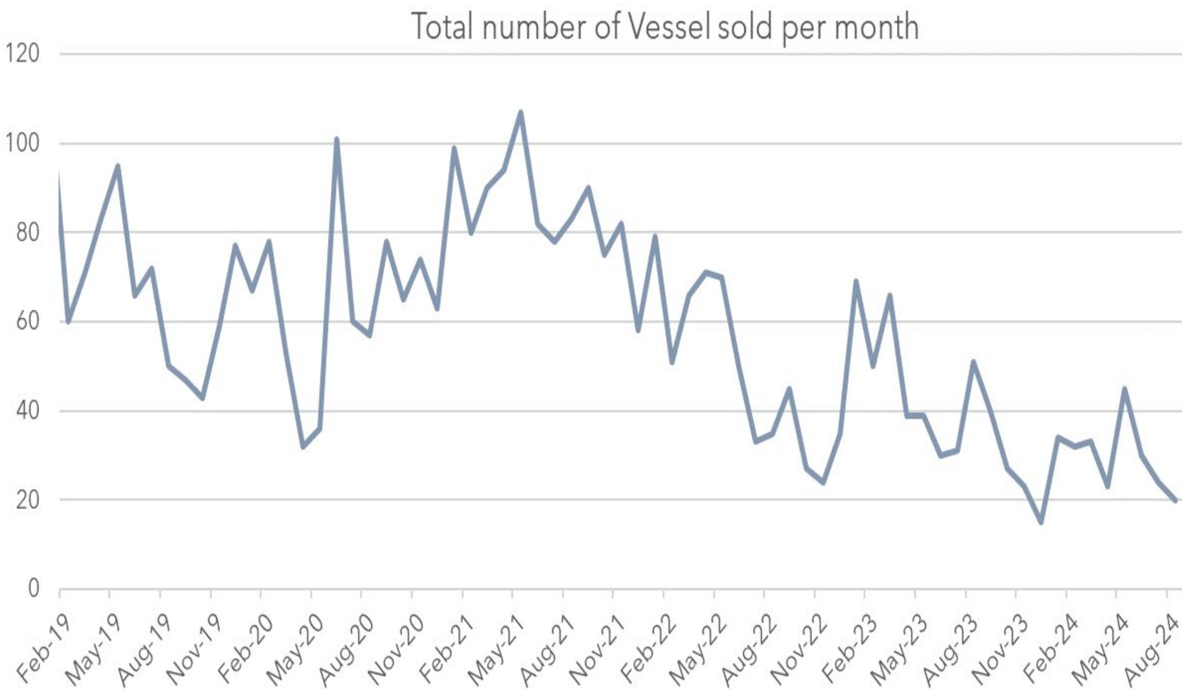
VESSEL NAME	LDT	YEAR / BUILT	TYPE	PRICE (USD/LDT LT)	COMMENTS
PRADA	18,860	2001 / KOREA	TANKER	480	AS IS OMAN FOR REDELIVERY GADDANI

Recycling Ships Price Trend








Total number of Vessel sold per month
120
100
80
60
40
20
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
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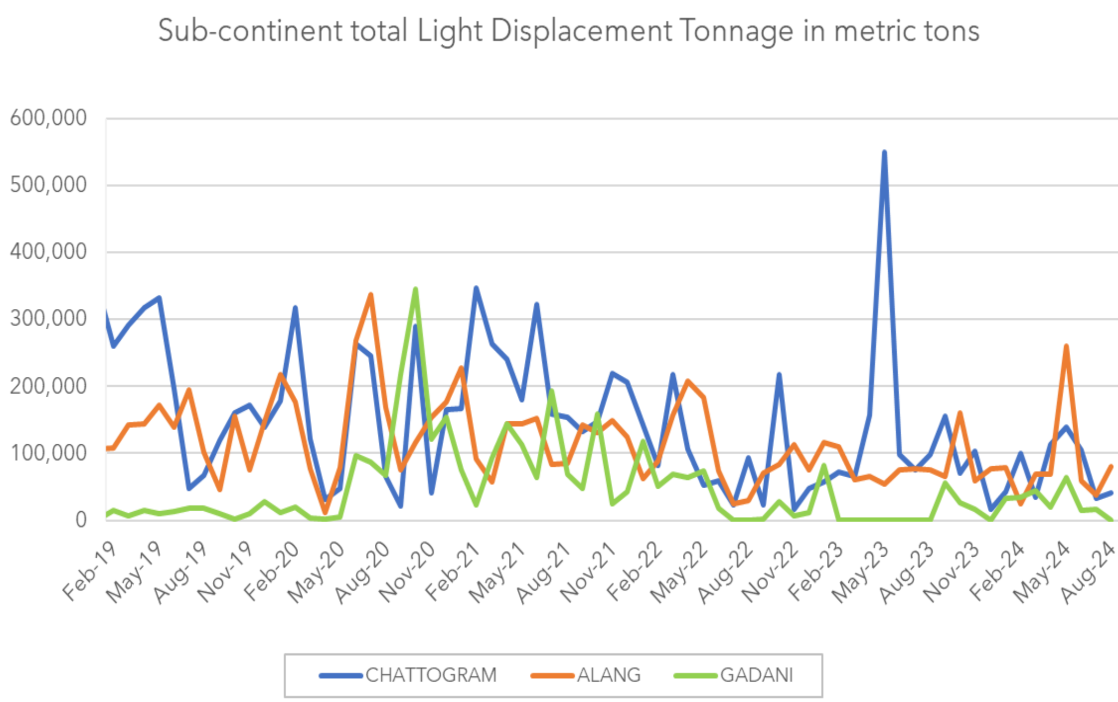
Feb-24
May-24
Aug-24


Sub-continent total Light Displacement Tonnage in metric tons
600,000
500,000
400,000
300,000
200,000
100,000
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
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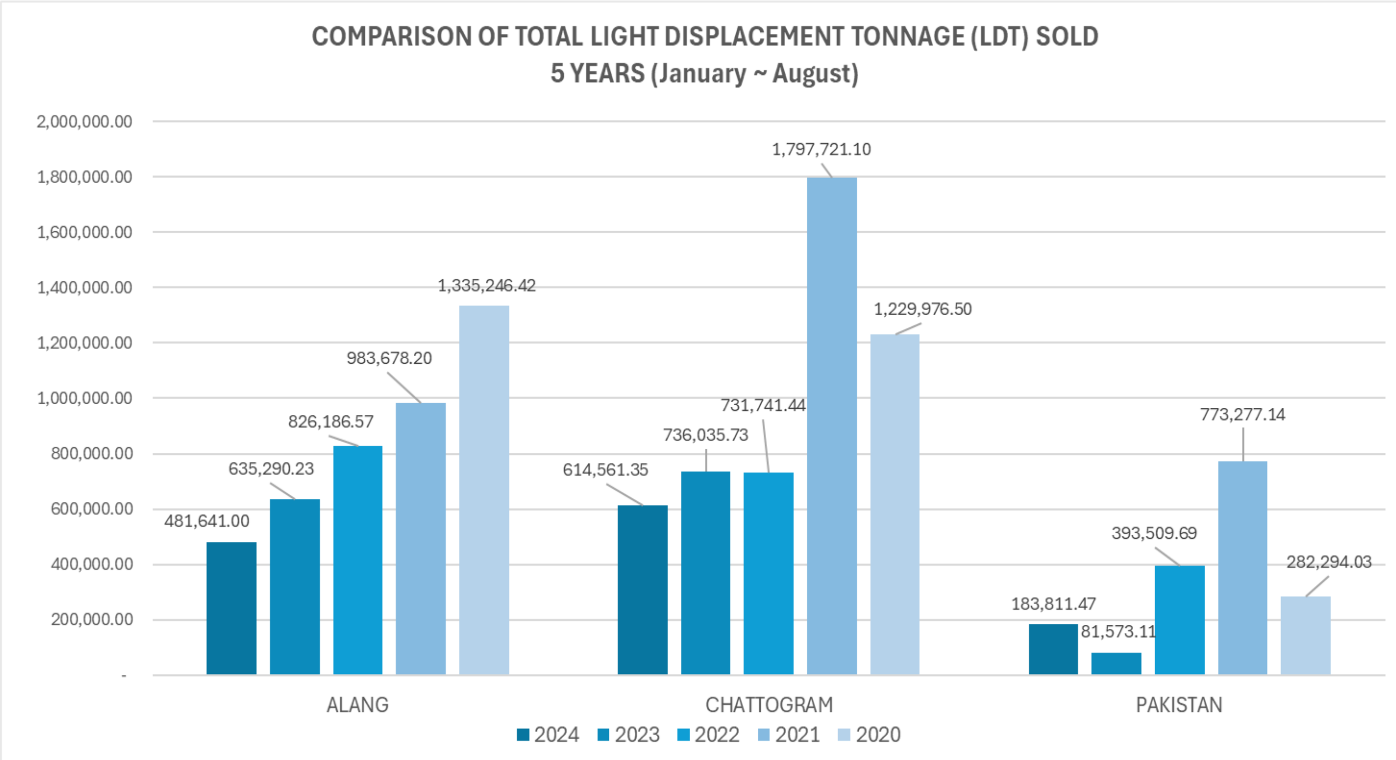
May-24
Aug-24
CHATTOGRAM
ALANG
GADANI



Insight

Week after week, market instability continues, with domestic ship scrap prices plunging due to various unfavourable factors simultaneously influencing ship pricing. Across the Sub-Continent, recycler sentiment has soured, with most taking a cautious stance despite a significant shortage of ships available for sale—a rare situation where market prices decline even amidst a diminished supply.

Determining true market price levels has become increasingly challenging for the industry, as cheap imported raw materials and finished products have turned into a recycler's nightmare.

On the other hand, the faint hope that Chinese shipowners might send their end-of-life vessels from China to the Sub-Continent has faded following a recent shift in the Chinese government’s subsidy policy. Ships initially destined for the Sub-Continent are being withdrawn from the market as owners opt to scrap them locally to benefit from the available subsidies.

Consider a typical case: Panamax-sized bulker built in Japan, flagged in China, weighing 9500 tons, could have fetched around US$500-510/ton a month ago if sold to the Sub-Continent.

However, with the new subsidies, ship owners are now achieving a better deal by recycling the ships within China and availing the subsidies. For example:

- Recycling price in China: RMB 1,800/LT x 9,500 Long ton = RMB 17,100,000 (approximately US$2,408,450 say US$253.52/LT)

- Government Subsidy: RMB 700/GRT x 38,500 GRT = RMB 26,950,000 (approximately US$ 3,795,775.00 say US$399.55/LT)

- Total: RMB 44,050,000 (approximately US$6,204,225 say US$653/LT)

Additionally, if the owner places a new building order in China for an Eco Fuel Design ship of similar size, they can secure another subsidy of about RMB 600/GRT x 38,500 GRT = RMB 23,100,000 (approximately US$3,253,521.00).

Currently, the only ships keeping the Bangladeshi markets especially busy are smaller ones younger than 20 years of age that don't fall in the 2024 policy and are not eligible for the subsidies. Only ships older than 20 years meet the subsidy policy; that is, the vessels shall be built in 2004 to be recycled in 2024, and ships built post-2004, less than 20 years, shall follow a yearly manner.

However, the irony is that these 2004 and up Chinese-built ships are being offered at substantially lower prices to the tune of US$50 ~ 60/ton due to sub-standard steel quality and weight loss issues.

The overall pause in ship supply has not yet caused panic in the industry so far, as recyclers remain hesitant, preferring to wait for the dust to settle. This is an alarming situation for the industry, and market experts believe that the prices have to correct to levels supporting the fundamentals surrounding the recycling industry.

Alang, India

There have been no new developments for the past few months; with markets trying to stabilise at the prevailing prices, the only difference between Alang and the other two destinations, the domestic ship scrap prices have settled earlier than there two destinations along with no issues on opening the required letters of credit. However, Alang remains a very cautious market with no urgency to go overboard.

Lately, the Indian ship recycling industry has been struggling with a significant downturn driven by declining demand for local steel. Only 20% of Alang's 120 shipyards are operational. A surge in cheaper steel imports from countries like China and Vietnam has led to a sharp fall in domestic steel prices, with hot-rolled coil prices hitting a three-year low in July 2024. This influx has made imports more attractive to manufacturers, resulting in a 15% increase in steel imports year-on-year and an 8% drop in domestic production.

Additionally, the growing reliance on imported scrap steel from Western countries has further weakened the demand for ship scrap. Post-pandemic, re-rolling mills have favoured imported scrap due to their competitive pricing and superior quality, with imports rising 44% year-on-year by mid-2024.

However, the government has taken the lead in curbing such cheap imports. On September 4, Union Steel Minister H D Kumaraswamy announced plans to advocate for higher import duties on steel to combat the influx of cheap steel from China. Speaking at the Fifth Steel Conclave hosted by the Indian Steel Association, Kumaraswamy expressed his intention to engage with the finance ministry to raise import duties from the current 7.5% to a proposed 10-12%. The minister's remarks came in response to concerns from industry stakeholders over the adverse effects of low-priced Chinese steel imports on the domestic market.

Kumaraswamy underscored the need for vigilance in the face of global challenges, particularly the slowdown in demand caused by China's economic issues. Reaffirming the steel ministry's dedication to the Aatmanirbhar Bharat initiative, he expressed confidence that the Indian steel industry is poised for significant growth despite these external pressures.

Anchorage & Beaching Position (September 2024)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
IVAN MOSHLYAK	FISHING SHIP	914	07.09.2024	AWAITING
BEREG MATCHY	REEFER	7,263	26.08.2024	AWAITING*
ELA	BULKER	8991	03.09.2024	05.09.2024

Chattogram, Bangladesh

This week, domestic ship scrap prices came under pressure, with a significant plunge, directly affecting ship prices. The ship scrap melting prices plunged by 8.5%, and plates by 3.5% W-O-W. Recyclers are trying to evaluate the situation and wish to refrain from offering for the time being, as they wish to see the bottom unless they see a dramatically lower price that can support the local prices.

Lately, several ships from Chinese owners, domestic trading ships built in China, were placed in the market, and surprisingly, the offers seen at low US$400/ton mark, is a significant drop of US$50 in just last one month.

This week, the Bangladesh Ship Breakers and Recyclers Association (BSBRA) issued a significant circular to the industry participants on September 5, 2024, addressing the critical issue of Inventory of Hazardous Materials (IHM) for imported scrap vessels.

The outcome was a unanimous decision to shift the responsibility of IHM preparation to the sellers of the vessels. The BSBRA's directive mandates that sellers now must prepare the IHM for sold vessels as an integral part of their responsibilities. This requirement is to be explicitly incorporated into the Memorandum of Agreement (MOA). Furthermore, the association has stipulated that a copy of the IHM must be attached as a clause in the Notice of Readiness (NOR), ensuring comprehensive documentation at critical stages of the transaction.

BSBRA had previously disseminated this information last year August 12, 2023. This initial letter was distributed to all ship dealers, BSBRA members, and relevant Seller's Agents. The current one serves to reinforce the directive for the inclusion of the IHM as a clause in NOR.

This highlights BSBRA’s commitment to transparency in the handling of potentially hazardous materials, placing a greater onus on sellers to provide comprehensive documentation.

Anchorage & Beaching Position (September 2024)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
UNIPROFIT	GENERAL CARGO	3,023	02.09.2024	AWAITING
TAO (UNDER TOW)	DRILL-SHIP	18,460	31.08.2024	AWAITING
SIA 21	CONTAINER	3,957	22.08.2024	AWAITING
SU ZHOU HAO	ROPAX	5,903	23.08.2024	04.09.2024
SP 19	CONTAINER	1,662	23.08.2024	04.09.2024
FERRY HAYATOMO 2	RORO	4,190	29.08.2024	04.09.2024
SURYA A (UNDER TOW)	LNG	8,1680	02.09.2024	04.09.2024

Gadani, Pakistan

The ship recycling industry has been struggling with a significant decline in domestic demand, dampening the sentiments as well as creating an uncertain environment for recyclers. A majority of ship recyclers have pivoted toward importing finished steel products, particularly Hot Rolled Coils (HRC), as this option has proven to be more financially viable in the current steel market, which is heavily oversupplied.

The downturn in construction activities due to the ongoing monsoon season has further intensified the situation, leading to a drastic drop in demand for ship scrap.

The market outlook remains cautious as recyclers look to the end of the monsoon season and potential recovery in construction demand to revive ship recycling activities.

Anchorage & Beaching Position (September 2024)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
-	-	-	-	-

Aliaga, Turkey

This week saw Turkish steel mills maintaining their domestic scrap prices despite a recovery in imported scrap values.

Scrap suppliers are resisting Turkish mills' price targets due to weak yard inflows and increasing dock values, despite the euro's depreciation against the dollar and deteriorating market conditions in China. Domestic rebar demand in Turkey, initially strong on Monday, has softened, with mills offering at US$575-595/t ex-works.

In ship recycling, not much activity was reported this week as scrap prices remained at US$365/t delivered, with the Turkish lira closed at 33.98 to the dollar on Friday.

BEACHING TIDE DATES 2024

Chattogram, Bangladesh	:	17 - 20 September | 1 – 4 October
Alang, India	:	15 – 24 September | 3 – 8 October

BUNKER PRICES (USD/TON)			
PORTS	VLSFO (0.5%)	HSFO (3.5%)	MGO (0.1%)
SINGAPORE	673	551	963
HONG KONG	672	562	940
FUJAIRAH	658	515	970
ROTTERDAM	623	595	960
HOUSTON	671	562	1012

EXCHANGE RATES			
CURRENCY	September 6	August 30	W-O-W % CHANGE
USD / CNY (CHINA)	7.08	7.08	0
USD / BDT (BANGLADESH)	119.51	119.50	-0.01%
USD / INR (INDIA)	83.97	83.84	-0.16%
USD / PKR (PAKISTAN)	278.39	278.49	+0.04%
USD / TRY (TURKEY)	33.98	34.06	+0.23%

Sub-Continent and Turkey ferrous scrap markets insight

The Sub-Continent and Turkish ferrous scrap market experienced mixed results this week, as weather disruptions and economic headwinds weighed on demand across the region. In contrast, Turkey's imported scrap market maintained strength, buoyed by tight supply and firm offers. Rebar prices in Turkey saw a slight uptick, supported by steady order volumes and satisfactory profit margins for mills.

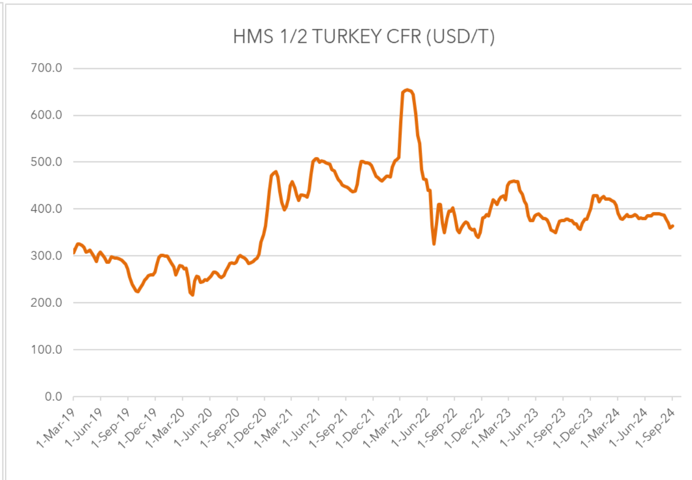
In **India**, demand for imported scrap remained sluggish as buyers hesitated due to mismatched bids and offers and weaker-than-expected steel demand during the monsoon season. Despite the current market slowdown, traders are hopeful for an improvement as the rainy season winds down and buyers begin restocking for the winter production cycle. Indicative offers for shredded scrap from the US and UK/Europe ranged between US$385-390/ton CFR Nhava Sheva, with HMS (80:20) at US$365-370/ton CFR. Traders reported limited offers, with some sellers pricing higher due to supply constraints, but expect a rise in trade activity soon, especially in India and Pakistan.

Pakistani buyers remained cautious as the ongoing monsoon season dampened construction activity and rebar demand. Offers for shredded scrap from UK/Europe were assessed at US$395-400/ton CFR Qasim. Domestically, rebar prices stood at PKR 240,000-245,000/ton, while billet prices hovered around PKR 210,000-212,000/t. A steel mill official noted a significant drop in UAE-origin shredded scrap prices, now around US$400/ton, with similar levels being offered from UK sources.

In **Bangladesh**, scrap buying interest was muted due to ongoing challenges, including stringent banking regulations that are making it difficult for buyers to open letters of credit. Flooding and monsoon disruptions have further slowed the steel market. Shredded scrap offers from UK/Europe were evaluated at US$400-405/ton CFR Chattogram, while HMS (80:20) was quoted at US$390-395/ton CFR.

Turkey's imported ferrous scrap market continued to show strength, driven by tight supply and firm offers. US-origin HMS (80:20) was offered at US$370-375/ton CFR, with deals closing around US$370-371/ton CFR. EU-origin HMS (80:20) was similarly quoted at US$365-370/ton CFR. Scrap supply remains constrained by slow collection rates and rising costs in Europe, further tightening the market. Turkish rebar export prices inched higher as steady order volumes allowed mills to maintain favourable margins between scrap and rebar conversion.

<u>HMS 1/2 & Tangshan Billet</u>



Commodities

Iron ore prices plunged to their lowest levels since 2022 as China's leading steel industry group, the China Iron & Steel Association, urged caution in ramping up production too quickly. The association forecasted a moderate recovery in steel demand through September and October but warned mills against prematurely boosting output. Iron ore futures in Singapore hovered near the critical USD 90/t mark, down roughly 10% this week, driven by growing concerns over weakening demand.

Next week is set to be pivotal for the iron and steel markets as China prepares to release crucial economic data. On Tuesday, the August trade report will offer insight into iron ore imports and steel exports, both key indicators of global demand and trade flows. Later in the week, on Saturday, the August industrial production report, including steel output figures, will be published. Market participants will closely watch these reports to assess China’s industrial activity and its influence on global steel and iron markets.

Meanwhile, **copper** steadied after significant selling pressure earlier in the week, buoyed by industrial buyers stepping in. However, the gains were capped by persistent fears of slower global economic growth impacting demand for industrial metals. A slightly weaker USD provided some relief, improving investor sentiment. Nonetheless, the broader metals complex continued to decline amid deepening concerns over China's economic outlook, exacerbated by data indicating a slowdown in services sector growth in August.

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)	91	-9.90%	-24.16%	101	120
Iron Ore Fines, CNF Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	86	-16.50%	-26.49%	103	117

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	407.35	-6.40	-1.55%	Dec 2024
3Mo Copper (L.M.E.)	USD / MT	9,092.00	+132.00	+1.47%	N/A
3Mo Aluminum (L.M.E.)	USD / MT	2,378.50	-18.00	-0.75%	N/A
3Mo Zinc (L.M.E.)	USD / MT	2,737.50	-58.00	-2.07%	N/A
3Mo Tin (L.M.E.)	USD / MT	30,771.00	+272.00	+0.89%	N/A

Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	67.67	-1.48	-2.14%	Oct 2024
Brent Crude (ICE.)	USD / bbl.	71.06	-1.63	-2.24%	Nov 2024
Crude Oil (Tokyo)	J.P.Y. / kl	66,150.00	-450.00	-0.68%	Sep 2024
Natural Gas (Nymex)	USD / MMBtu	2.28	+0.02	+0.93%	Oct 2024

Note: all rates as at C.O.B. London time September 6, 2024

Singapore | London |Dubai
Tel: +65 62277264 / 65 | **Fax:** +65 62277258 |**Email:** snp@starasiasg.com | **Web:** www.star-asia.com.sg
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