



# WEEKLY REPORT

## WEEK 52 - December 31, 2022

We would like to wish all our readers a Happy New Year and thank you for your continuous support. To end off the year, these are the top stories from 2022.

The Russia ~ Ukraine war, which started in the month of Feb 2022 and has developed into a long and desperate slog that has killed over 40,000 civilians and displaced over 30 million people. As the year-ends, there are no further signs of any ceasefire. The conflict continues to have a significant impact on the industry and will continue to do so in the coming year.

China headline late 2022 by abruptly ending its "Zero COVID" policies that have long been in place for the last three years. The country however is now facing economic challenges as it works to contain the sudden surge in cases.

Analysts have cautioned that there is a risk that wage growth and rising energy costs will continue to drive consumer price increases. If inflation persists, it could prevent the Federal Reserve and ECB from implementing the expected interest rate cuts later in the year. This could lead to further declines in stocks and bonds, a stronger dollar, and difficulties for emerging markets. Higher borrowing costs could also potentially trigger a recession and cautioned that the Fed might be underestimating the risk of financial catastrophe.

High inflation has dogged the markets this year and is likely to remain high, bringing an end to the era of cheap money and increasing the risk due to overtightening by central banks may trigger a sharp recession in the coming year.

As we end the year, it is worth mentioning the significant shifts in fortune that have occurred in the dry bulk and tanker markets. The dry bulk market began to shift in sentiment at the beginning of the year and saw a decline in activity and asset prices throughout the final three months of the year due to China's Zero-Covid policy and the recession in the U.S. and European economies.

## Dry Bulk

In December, China's economy experienced further slowing due to the widespread Covid-19 outbreak, with activity decreasing as more people stayed home to avoid getting sick or to recover. Early indicators revealed a contraction in activity in December, following a weak pace in November, and the outlook for the new year is bleak.

Before the restrictions were lifted, China's economy was already facing difficulties, with a decline in consumer spending and slower industrial output. The spread of the virus

throughout China has dampened the initial optimism seen in the stock and commodity markets upon reopening. The Shanghai Composite Index has dropped near the level it was at before restrictions were relaxed on November 11 and have fallen for the past two weeks.

The price of iron ore is also expected to decline due to the increase in Covid cases, which has raised concerns about near-term demand and undermined the impact of recent support for the real estate sector. Chinese steel mills are reducing production, and data from an industry association reveals that output has fallen and stockpiles have increased in the middle of this month.

Australia established diplomatic relations with China 50 years ago, and despite past tensions, the recent visit by China's Foreign Minister, Wang Yi, to Australia could be a turning point. Before the sanctions, the two countries had a two-way trade worth US\$280 billion, but as relations deteriorated, both nations sought new markets for their imports and exports. While China has become increasingly isolated in their foreign relations, Australia will find it hard to ignore that no nation has the hunger or appetite for natural resources as China does. It is too early to know if relations will improve, but many remain hopeful.

### **Capesize:**

This week saw limited activity, with most Pacific-bound ships choosing to remain in the Pacific instead of sailing to the Atlantic, leading to a decrease in ship supply in the region. This is part of a plan to stock up on iron ore before the Chinese New Year break starting on January 21. While there is some activity in the Far East, it is mostly subdued, with more activity expected to start in the new year.

### **Panamax / Kamsarmax:**

The Atlantic basin in the Panamax rose slightly this week due to vessel concentration in the region, while the Pacific declined due to increased ship supply pressure. High levels of coal inventory in the ARA region are causing decreased demand in Europe, while sporadic demand for spot cargo to arrive before the Chinese Lunar New Year break is happening in the Pacific. Little activity was reported this week.

### **Supramax / Ultramax:**

Last week saw owners in the Pacific eager to secure deals before the holidays with offers seeing a reduction as a result. However, the large volume of cargo in Nopac and ex-Aus has helped to maintain steady earnings. This week with many still in holiday, sentiments have fell. Many are waiting for after the holidays to see the direction it will take.

## Handysize:

Handy markets witness the same sentiments as the bigger counterparts. Not much to report on this week with biggest decline mostly in the Atlantic basins. The Pacific remain stagnant with many waiting till the New Year to resume activities.

## Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
AMITY	CAPE	180,311	2009	CHINA	19.2	UNDISCLOSED
ANITA N	SUPRAMAX	56,868	2010	CHINA	14.0	UNDISCLOSED
ALLEGRE III	SUPRAMAX	55,808	2007	JAPAN	14.7	INDONESIAN BUYERS
EQUINOX DAWN	SUPRAMAX	52,015	2002	CROATIA	11.3	CHINESE BUYERS
KIRISHIMA SKY	HANDY	34,309	2014	JAPAN	16.5	UNDISCLOSED

## Dry Bulk Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
CAPE	180,000	60	52	35	28	13
KAMSARMAX	82,000	34	37	30	22	10
SUPRAMAX	56,000	31	35	27	18	7
HANDY	38,000	28	27	23	16	5

\*(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	1,515	1,650	-	-8.18	-
BCI	2,261	2,261	-	0	-
BPI	1,535	1,563	-	-1.79	-
BSI	1,062	1,083	-	-1.94	-
BHSI	663	671	-	-1.19	-

### 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	17,000	17,000	25,000	0	-32.00
PANAMAX	75,000	14,250	14,150	21,850	+0.71	-34.78
SUPRAMAX	52,000	13,350	13,350	24,000	0	-44.38
HANDYSIZE	32,000	11,000	10,250	23,500	+7.32	-53.19

Dry Bulk 1 year T/C rates



## Tankers

Indonesia, the world's largest producer of palm oil, is planning to reduce its exports of the commodity as it enforces a policy requiring companies to retain more of their supply within the country. Prices for palm oil rose more than 2% as a result of this news. The government will reduce the amount that producers can export to six times the domestic sales requirement, down from the current eight times, according to the director general of foreign trade at the trade ministry. This change will take effect on January 1.

The decision to reduce exports of palm oil led to an increase in prices in Kuala Lumpur, where the world's benchmark futures contract is based. This is expected to encourage Malaysia, the second-largest exporter of palm oil, to increase its shipments. Palm oil futures rose as much as 2.5% to RM 4,193 ringgit (US\$950) per ton, on track to close at the highest level in a month.

Meanwhile, Oil is set to end the year slightly higher, with investors anticipating an increase in Chinese demand next year and preparing for the possibility of reduced Russian crude oil availability.

WTI futures rose towards US\$79 per barrel in the last session of 2022 and are up almost 5% for the year. While China is currently facing a surge in virus cases and there are concerns about a new global outbreak, there is optimism that demand will eventually recover in the world's largest crude oil importer.

Traders are also monitoring Russia's response to sanctions on its energy exports following the conflict in Ukraine. An export ban on the OPEC+ producer's refined petroleum products will take effect at the beginning of next year.

### **VLCC:**

VLCC owners experienced a decline in rates this past week, with levels dropping 10 points across the board. Charterers are currently delaying the booking of cargoes in an attempt to get lower rates, but this strategy may backfire as the number of enquiries increases closer to the New Year.

### **Suezmax:**

This week is typically a quiet one with many still on holiday. There is a lack of activity in the East with TD23 testing waters in the region of WS85. Not much to report also in the Trans-Atlantic, with a lack of activity due to the holiday hiatus.

### **Aframax:**

This week saw a drop in rates in the Mediterranean and Black Sea regions as the holiday continues in the West. Aframax rates in the North Sea decreased slightly before the Christmas holidays and remained lower this week. Enquiries for the new year remain muted.

### **Clean:**

Not much to report in either the East or West. Many are waiting till the New Year to see the direction sentiments will take.

# Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
DELTA PIONEER / DELTA CAPTAIN / DELTA VICTORY / DELTA SAILOR	AFRA	111,013 ~ 111,004	2004 / 2005	S. KOREA	35.0 EACH	UAE BASED BUYERS
LUNA ERAWAN	AFRA	106,488	2005	JAPAN	23.5	GREEK BUYERS
GWN 3	MR	50,192	2021	S. KOREA	50.0	JAPANESE BUYERS

## Tankers Values

(Weekly)

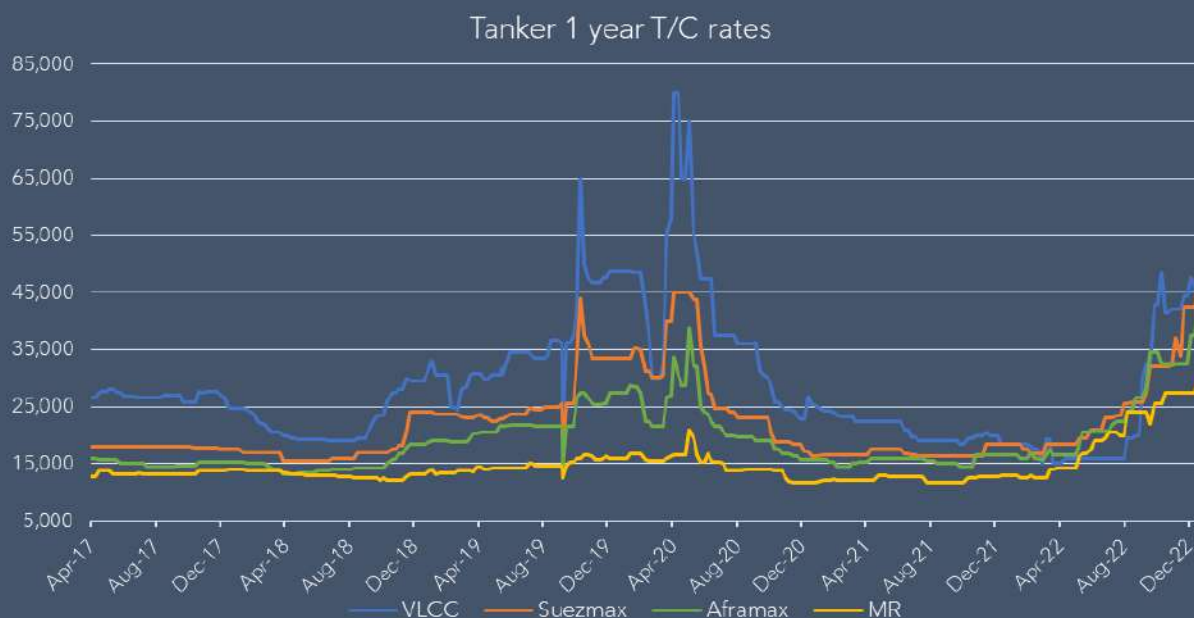
TANKERS	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
VLCC	310,000	120	125	95	70	50
SUEZMAX	160,000	80	84	65	48	28
AFRAMAX	115,000	62	75	60	45	25
PANAMAX-LR1	73,000	54	27	45	34	16
MR TANKER	51,000	43	47	40	30	16

\*(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	1,873	1,887	-	-0.74	-
BCTI	2,135	2,143	-	-0.37	-

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	44,500	44,500	18,500	0	+140.54
AFRAMAX	110,000	43,500	43,500	16,500	0	+163.64
LR1	74,000	42,500	42,500	14,000	0	+203.57
MR	47,000	30,250	30,250	13,000	0	+132.69



## Containers

The container market has seen some of the biggest whirlwinds this year in terms of market rates. Many owners are expected to offload their vintage units, with Greek owner Euroseas selling their post panamax 2001 unit for US\$14.2 mil. With the year-end in sight, NCFI published by the Ningbo Shipping Exchange (NBSE) showed 796.7 points, a slight decrease of 2.4% compared to the previous week. Of the 21 selected routes, three showed an upward trend, while the remaining 18 declined. A Similar was noted in the Europe - Med routes, with steadily declining freight rates.

## Containers S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
CARPATHIA	SUB PMAX	2,824	2003	S. KOREA	N/A	UNDISCLOSED
AS CLEOPATRA	SUB PMAX	2,742	2006	GERMANY	20.9	UNDISCLOSED
JRS CORVUS	FEEDER	698	2008	CHINA	N/A	UNDISCLOSED

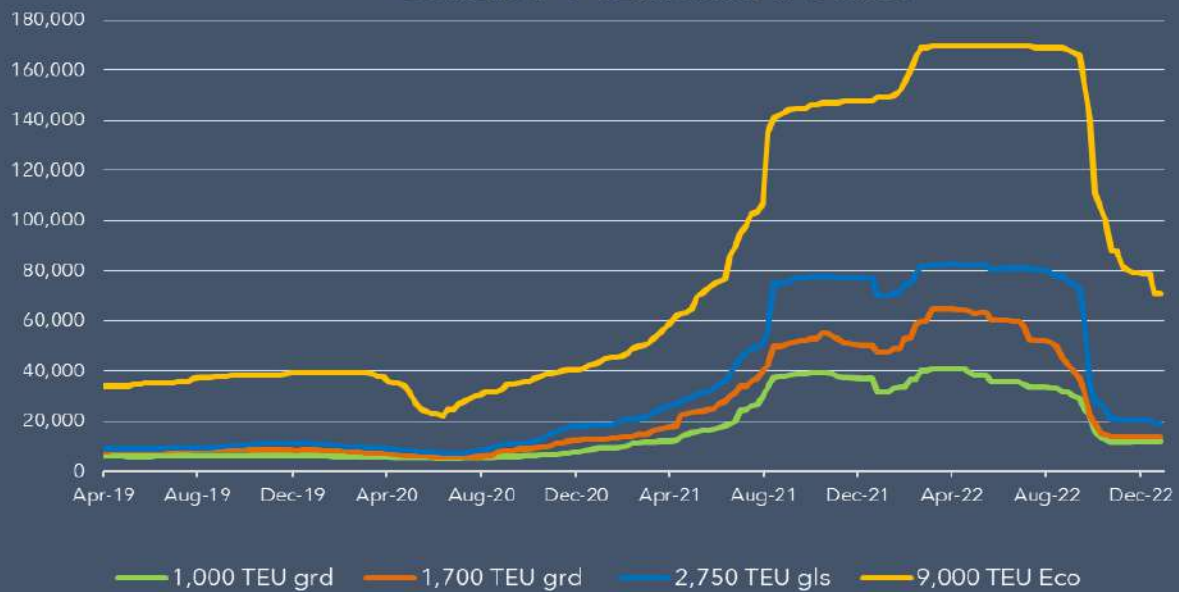
# Containers Values

(Weekly)

CONTAINERS (by TEU)	GEARED / GEARLESS	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
900 - 1,200	Gearless	23	22	15	10	7
1,600 - 1,800	Gearless	29	28	22	14	9
2,700 - 2,900	Gearless	42	37	30	20	14
5,500 - 7,000	Gearless	85	85	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)	530 ~ 540	520 ~ 530	520 ~ 530	570 ~ 580	STABLE / 
CHATTOGRAM, BANGLADESH	*530 ~ 540	*520 ~ 530	*500 ~ 510	*550 ~ 560	STABLE / 
GADDANI, PAKISTAN	550 ~ 560	540 ~ 550	520 ~ 530	580 ~ 590	STABLE / 
TURKEY *For Non-EU ships. For E.U. Ship, the prices are about USUS\$30-40/ton less	250 ~ 260	240 ~ 250	240 ~ 250	280 ~ 290	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 based on the subject Letters of Credit opening.

## 5-Year Ship Recycling Average Historical Prices

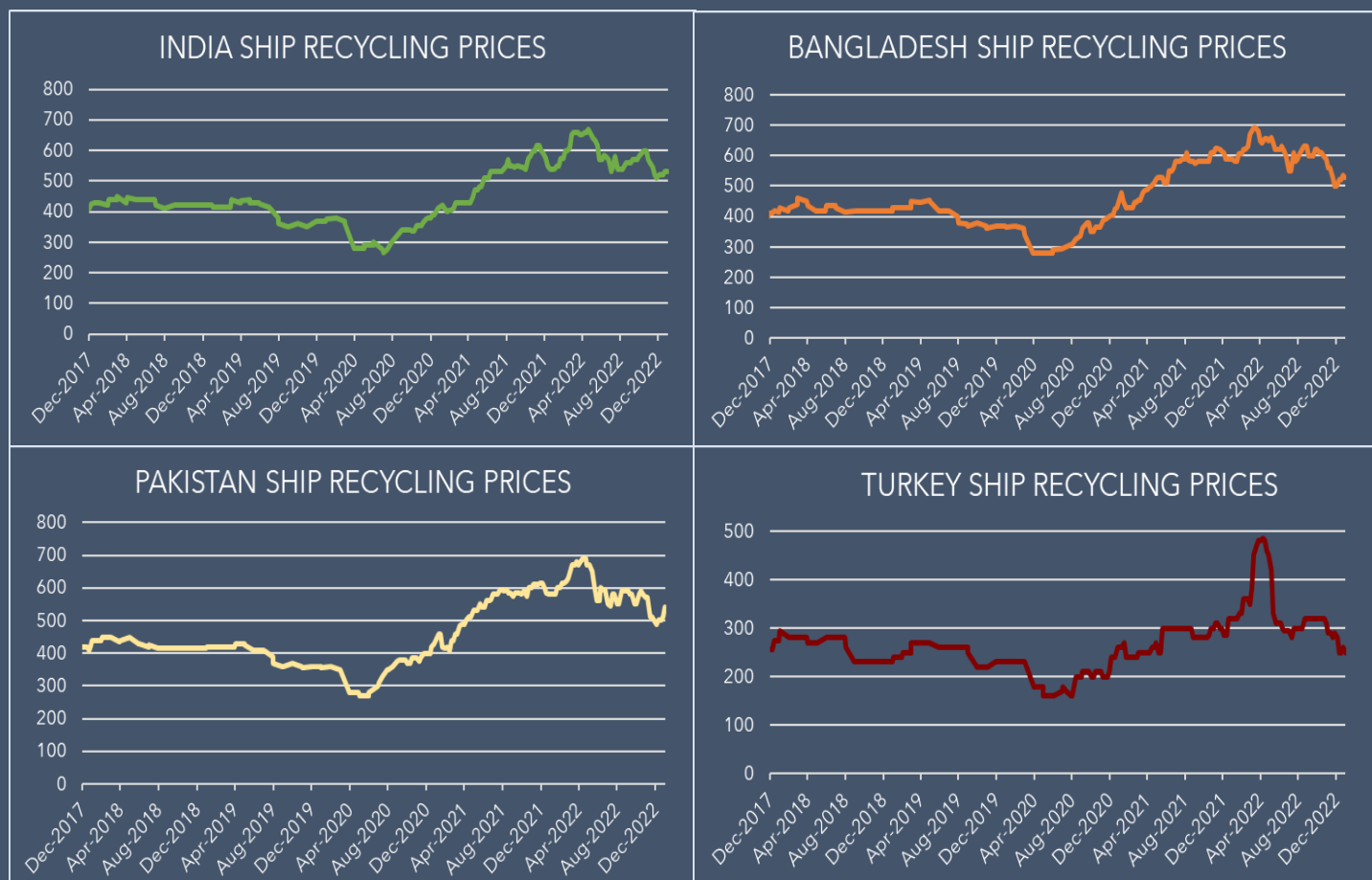
(Week 52)

DESTINATION	2017	2018	2019	2020	2021
ALANG, INDIA	450	430	390	420	570
CHATTOGRAM, BANGLADESH	430	430	375	425	595
GADDANI, PAKISTAN	420	415	365	430	590
ALIAGA, TURKEY	210	250	260	275	340

## Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (US\$/LDT)	COMMENTS
HONG DE	7,534	1996 / JAPAN	BULKER	498	DELIVERED AS IS BATAM, INDONESIA, WITH BUNKERS FOC FOR THE VOYAGE
FU OCEAN	3,567	1998 / CHINA	GEN. CARGO	460	DELIVERED CHATTOGRAM

# Recycling Ships Price Trend



## Insight

It has been one of the most exciting years for the ship recycling industry in the Indian sub-continent, wherein the prices have fluctuated by about 36% from January to December. The upside in the prices seen for a typical ship was region US\$680 ~ 700/ first quarter of 2022 and saw the lowest at US\$480 ~ 500/ton, an apparent US\$200/ton decrease within the same year.

Complex issues and risks in 2022 have not gone away and uncertainties of 2022 seem to be carried forward in 2023 for the initial period.

Bangladesh technically ceased purchasing this year and took a pause, leaving markets stunned. The only saving grace in avoiding a free fall in prices as a result of these dramatic

changes was a shortage of ship supply. Now, as the year comes to a close, Pakistan will likely follow suit, with the possibility of a pause from Gaddani recyclers due to banks conserving foreign exchange.

As we advance, ship recycling prices should become even more volatile, as price directions will be determined by how long the Bangladesh and Pakistan markets remain muted with ship supply easing.

In general, the market participants believe that 2023 will be the year of rebalancing, with rates returning to pre-COVID levels.

Elsewhere, in Europe and the U.S., the demand for scrap remained subdued, but the prices of semi-finished and finished steel products saw momentum, with prices recovering. Harsh winters are also playing a vital role in scrap trades as the collection slows down.

In China, a major shift in the Zero COVID policy lately added optimism, and to further optimise the time lost, China has been hinting that they would take extraordinary measures to stimulate growth to revive the ailing economy quickly, especially in the manufacturing and real estate sectors.

## **ALANG, INDIA**

Markets continued their stability for the past month giving hopes of revival and gradually forming a trend that was very much needed for the industry, which got distorted due to volatility in domestic scrap prices.

Buying is buoyant at the prevailing levels, with a vast majority eyeing larger ships now for green recycling and hopeful to see a decent supply in the first quarter of 2023.

For the Indian steel industry, the coming year will be a very promising year as it is poised to overtake China. India is in the middle of a building boom with a government initiative of modernizing roads, rails, and ports to strive for superiority with China as a manufacturing hub.

According to the World Steel Association, India's steel demand is set for a 6.7 percent jump, about 120 million tons in 2023, which is the highest growth among major economies. Similar expansion overtook the U.S. to become the world's no.2 steel consumer after China a couple of years ago.

## Anchorage & Beaching Position (December 2022)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
BERGE APO	BULKER	20,668	20.12.2022	24.12.2022
ETHAN	CONTAINER	5,104	19.12.2022	23.12.2022
T-20	TENDER RIG	9,408	19.12.2022	21.12.2022
T-19	TENDER RIG	7,636	11.12.2022	13.12.2022
FLOATING DOCK V	FLOATING DOCK	9,176	11.12.2022	13.12.2022
UNTER	FISHING TRAWLER	3,918	10.12.2022	15.12.2022
LOBSTER	FISHING TRAWLER	3,136	09.12.2022	14.12.2022
MARSHAL NOVIKOV	FISHING TRAWLER	3,971	06.12.2022	14.12.2022
DORA	TANKER	12,615	05.12.2022	08.12.2022

### CHATTOGRAM, BANGLADESH

Chittagong markets remained stable, with ships resuming their gradual sales while the year ended with no indications that the government would ease the ongoing Letters of Credit restrictions.

On the domestic front, ship scrap prices kept increasing against the backdrop of the scarcity of imported ferrous scrap.

The second half of 2022 saw a sudden pause due to a severe liquidity crunch, but analysts believe that second quarter onwards, the government shall resume the development program where they left off once the foreign reserves are back to their target levels.

## Anchorage & Beaching Position (December 2022)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
JOINT LUCK	TANKER	2,063	24.12.2022	AWAITING
SYLT	TANKER	2,001	23.12.2022	AWAITING
SHUN RONG	TANKER	879	22.12.2022	AWAITING
BELL	BULKER	7,995	18.12.2022	23.12.2022
AN PING 8	BULKER	9,804	19.12.2022	23.12.2022
MEIZHOU 1	BULKER	9,453	17.12.2022	22.12.2022
FUNING 2	BULKER	5,002	10.12.2022	24.12.2022
PK 27	LPG	1,103	14.12.2022	21.12.2022
BOSFOR	TANKER	779	07.12.2022	20.12.2022
SHUN FU	BULKER	10,672	03.12.2022	09.12.2022
HAI FENG 698	REEFER	7,240	26.11.2022	AWAITING

## **GADDANI, PAKISTAN**

After a decent comeback in the last couple of weeks, due to a shortage of scrap as feedstock for the mills have turned back to the local scrap procurement to run the mills giving a boost to the ship recycling scrap.

The ongoing Letters of credit issues are hindering fresh scrap imports giving rise to the scrap prices.

This week, banks have been notified by the State Bank of Pakistan to prioritise U.S. dollar payments for essential items and conserve foreign exchange as the dollars disappear from the open market. For many industries opening letters of credit has become a nightmare, with several companies stopping production due to imported raw materials.

On Thursday, local banks declined the opening of Letters of credit for the recycling ships for the time being and advised their clients to hold on for further clarification until next week, as the local bank were unofficially under the strict instructions of the State Bank of Pakistan.

On the other hand, the delays in the completion of the International Monetary Fund's (IMF) ninth review, together with the foreign exchange crisis and exchange rate stability, are causing disruption in the economy. The State Bank of Pakistan's foreign exchange reserves declined to an eight-year low this Thursday and stands at US\$5.8 billion, giving rise to default fears. The nation is undergoing a worrisome scenario as the reserves are not enough to service its huge foreign debt.

It will be a turbulent journey for the ship recycling industry as it will get more difficult for Gaddani to buy ships due to the severe U.S. dollar crisis, and buying ships backed on a Pakistan basis will be challenging.

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

<b>VESSEL NAME</b>	<b>TYPE</b>	<b>LDT</b>	<b>ARRIVAL</b>	<b>BEACHING</b>
CHANGI	BULKER	9,824	01.12.2022	11.12.2022

## **ALIAGA, TURKEY**

This week saw Turkish domestic demand for rebar recovered as Turkish mills purchased scrap at prices above their desired levels. Although the scrap market was quiet on Friday, Turkish mills made numerous purchases throughout the week and nearly fulfilled their requirements for January.

Despite declining rebar prices throughout the week, mills were forced to pay more than they wanted for scrap as scrap suppliers held firm with their offers. Overall, sentiment is seen to have improved on Friday, with most participants expecting stronger market conditions after the holidays.

### **BEACHING TIDE DATES 2022**

Chattogram, Bangladesh : 23<sup>rd</sup> Dec. ~ 26<sup>th</sup> Dec. | 7<sup>th</sup> Jan ~ 10<sup>th</sup> Jan

Alang, India : 21<sup>st</sup> Dec. ~ 29<sup>th</sup> Dec. | 4<sup>th</sup> Jan ~ 11<sup>th</sup> Jan

## Bunker Prices

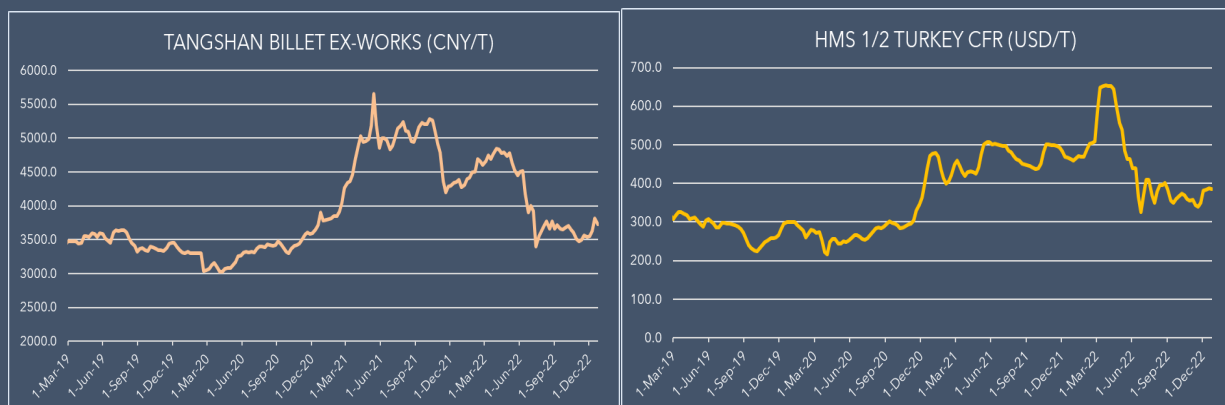
<b>BUNKER PRICES (USD/TON)</b>			
<b>PORTS</b>	<b>VLSFO (0.5%)</b>	<b>IFO380 CST</b>	<b>MGO (0.1%)</b>
SINGAPORE	643	403	929
HONG KONG	624	434	928
FUJAIRAH	614	389	1158
ROTTERDAM	534	385	886
HOUSTON	568	406	928

## Exchange Rates

<b>EXCHANGE RATES</b>			
	30th DECEMBER	23rd DECEMBER	W-O-W % CHANGE
USD / CNY (CHINA)	6.94	6.98	+0.57%
USD / BDT (BANGLADESH)	106.12	106.36	+0.23%
USD / INR (INDIA)	82.74	82.82	+0.10%
USD / PKR (PAKISTAN)	226.70	226.38	-0.14%
USD / TRY (TURKEY)	18.72	18.68	-0.21%

# Commodity Price

## HMS 1/2 & Tangshan Billet



### Iron Ore

COMMODITY	SIZE / GRADE	PRICE/MT	CHANGE W-O-W	CHANGE Y-O-Y	LAST WEEK	LAST YEAR
Iron Ore Fines, CNF Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	US\$115	+2.67%	+7.47%	US\$112	US\$107
Iron Ore Fines, CNF Rizhao, China	Fines, Fe 62% (Australia Origin)	US\$116	+3.57%	-0.85%	US\$112	US\$117

### Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	383.15	+0.75	+0.20%	Mar 2023
3Mo Copper (L.M.E.)	USD / MT	8,418.00	-25.00	-0.30%	N/A
3Mo Aluminum (LME.)	USD / MT	2,405.00	+24.00	+1.01%	N/A
3Mo Zinc (LME.)	USD / MT	2,984.50	-21.00	-0.70%	N/A
3Mo Tin (LME.)	USD / MT	24,915.00	+181.00	+0.73%	N/A

### Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	78.61	+0.21	+0.27%	Feb 2023
Brent Crude (ICE.)	USD / bbl.	83.73	+0.27	+0.32%	Mar 2023
Crude Oil (Tokyo)	JPY / kl	62,500.00	-160.00	-0.26%	Jun 2023
Natural Gas (Nymex)	USD / MMBtu	4.51	-0.04	-0.97%	Feb 2023

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