WEEKLY REPORT

WEEK 28 – July 16, 2023

This week saw some come positive data from the U.S. as inflation showed a significant slowdown last month, providing hope that the Federal Reserve can soon conclude its aggressive interest-rate hikes.

The consumer price index rose 3% from a year ago, the smallest increase in over two years. The core CPI, which excludes food and energy and is considered a better indicator of underlying inflation, increased by 4.8%, also the lowest since 2021. Both measures saw a 0.2% climb from May, which was lower than economists' expectations.

The recent figures reflect the impact of reduced price pressures due to a year of interest-rate hikes and easing demand. Fed President emphasised the importance of not backing off too soon, as it could lead to a resurgence of strong inflation. The slowdown in the overall inflation measure is partially due to the comparison with June 2022, which saw a rapid increase in energy prices following Russia's invasion of Ukraine.

On the other side of the Pacific, China's exports experienced a significant decline of 12.4% in June compared to the previous year, surpassing expectations of a 9.5% decline, reflecting the fastest contraction since the start of the Covid-19 pandemic. Imports also fell by 6.8%, worse than the anticipated 4% decline.

The trade data release suggests that external factors and weakening global demand, driven by high inflation and geopolitical issues, are posing challenges to China's economic growth.

This highlights the need for the country to focus on domestic demand, as the future recovery heavily relies on whether it can rebound without substantial government stimulus. China's trade showed a growing divergence, with Southeast Asian economies and Belt and Road partners outperforming the United States and European Union. China and the Association of Southeast Asian Nations are in negotiations to strengthen their free-trade area partnership, while China's trade with Belt and Road countries experienced slower growth. The decline in exports to the U.S. was significant, while imports from ASEAN countries also dropped. However, there is optimism that the worst of the decline in foreign demand has passed, and the focus on green technology exports may contribute to future growth. Chinese leaders have signalled targeted policy support to boost domestic demand, emphasising the importance of a mix of policies to stabilise growth, ensure employment, and mitigate risks. The extension of loan relief for developers was announced to ensure the completion of housing projects. China's economy faces challenges in reviving demand and meeting its growth target in the face of deflationary pressures.

Dry Bulk

Freight rates across all vessel sizes have been on a downward trend, indicating negative momentum and causing concerns about rate stability. However, there was some positive news for the Capesize and Panamax segments, as the BDI showed an uptick start of the week.

In the Cape segment, there have been promising developments on the Africa to China route, particularly in monthly bauxite shipments, which have exceeded levels from the first half of last year. This indicates a potential upturn in activity and a notable increase in Capesize tonne-miles due to the transportation of bauxite from South Africa to China.

On the other hand, there is uncertainty in the market regarding the possible extension of the Black Sea Grain Deal as Russia and Turkey engage in discussions. The outcome of these talks, expected in the next few days, will have significant implications for the grain market.

Capesize:

Contracting activities are on the rise, making the Pacific a bustling region. However, there is a careful consideration of the balance between cargo supply and ship capacity. Charterers have reduced their quotes, while Brazil experiences increased inflows of iron ore cargo, positively impacting market conditions and overall activity. Conversely, due to competition, Pacific r/v levels saw some tightness, with levels falling slightly to US$ 12,800's region at Singapore's closing. In the North Atlantic, cargo input has improved compared to earlier in the week, but the tight supply of available ships remains a challenge. Despite this, the market continues to show a positive trend, supported by the arrival of new demand. T/A levels improved to US$ 13,300's a day, while ECSA F/H also saw gains, with levels closing at US$33,850 a day. Brazil's weather is improving, and exports are expected to climb in the third quarter.

Panamax/Kamsarmax:

In the Atlantic, while many cargoes in the North Atlantic T/A have been arranged, the arrival of new cargoes in the F/H region is contributing to the market's upward trajectory. Levels in the T/A saw an uptick to US$ 7,600's range. Brazil's double-crop corn harvest is rebounding, ensuring short-term lows in the Atlantic. Crop saw 2.2 million tonnes increase from the previous year. Vessel demand for Brazilian grain will continue this week, and the

Atlantic's centre will likely see a recovery. In the Pacific, there is an influx of new cargoes, including those from Indonesia. However, the excess supply from Northeast Asia is somewhat impeding the market's recovery. Pacific r/v levels slipped to US$ 7,900's while to India, US$ 7,500's a day range.

<u>Supramax/Ultramax:</u>

While there is generally low activity in South America and the Mediterranean, there is a consistent demand for ships in North America and the Atlantic, which is positive news for the segment. T/A levels saw improvements closing around US$ 10,600's a day. F/H also saw levels climb to US$15,250 a day. In the Pacific, Northeast Asia, including Australia and NOPAC, still maintains a competitive advantage in terms of supply. However, India is steadily receiving new cargoes, leading to a rise in activity and market conditions. Pacific – India also saw an uptick, with levels around US$7,000 a day.

<u>Handysize:</u>

Despite the USG's recovery, the Pacific, which had been supporting the market, experienced a downturn and declined. While U.S. grain exports remain slow, there is an increase in pet coke cargoes being shipped from the USG to Turkey and India. Overall, the demand for major shipping routes, excluding the USG, is expected to remain slow in the near future, indicating a continued weak market outlook for this week.

Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
STAMATIS	VLOC	203,266	2004	JAPAN	18.0	UNDISCLOSED
AQUAMARINE	CAPE	182,060	2009	DENMARK	18.5	NEW SHIPPING
OCEAN COBALT	CAPE	180,200	2008	JAPAN	19.0	CHINESE BUYERS
DOUBLE PRESTIGE	POST PMAX	95,709	2011	JAPAN	22.0	ESTONIAN BUYERS
KAMBOS	UMAX	63,696	2015	CHINA	24.5	GREEK BUYERS
GEMINI CONFIDENCE / VIRGO CONFIDENCE	UMAX	63,270 / 63,206	2019	CHINA	27.5	CHINESE BUYERS
TAI HONESTY	SMAX	55,418	2007	JAPAN	11.9	CHINESE BUYERS
MARYLISA V	SMAX	52,428	2003	JAPAN	7.5	CHINESE BUYERS
COUGA	SMAX	50,806	2010	JAPAN	16.0	SAN MIGUEL CORPORATION

Dry Bulk Values

(Weekly)

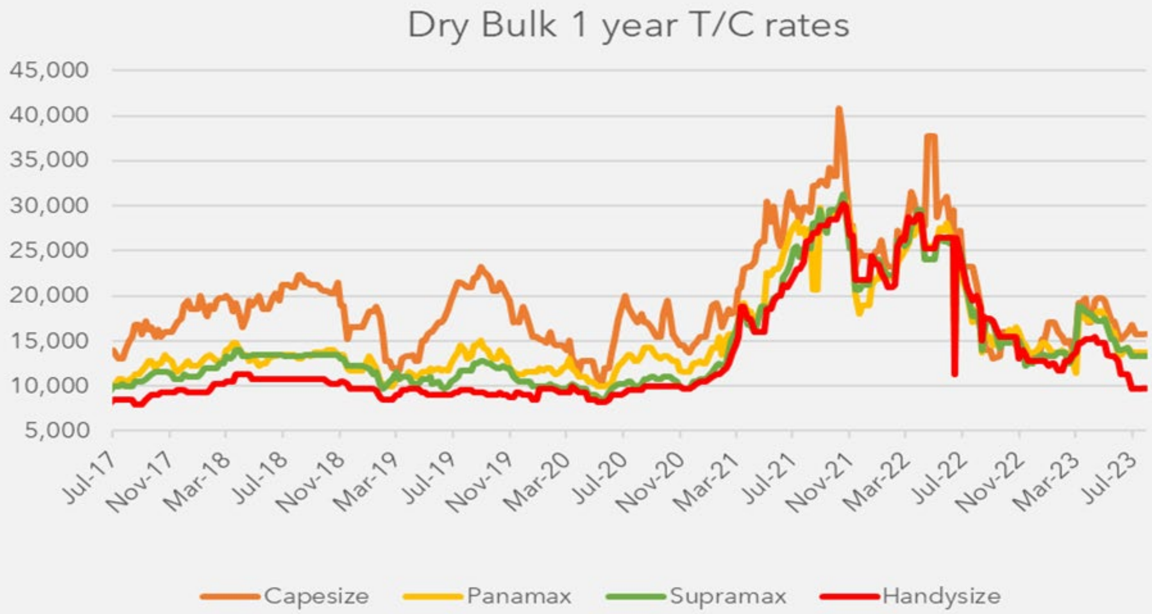
TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
CAPE	180,000	63	61	48	30	13
KAMSARMAX	82,000	34	38	32	22	9
SUPRAMAX	56,000	33	37	30	19	9
HANDY	38,000	30	31	25	17	7
**(amount in USD million)*						

Baltic Exchange Dry Bulk Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDI	1,090	993	2,150	+9.77%	-49.30%
BCI	1,655	1,522	2,919	+8.74%	-43.30%
BPI	1,095	971	1,885	+12.77%	-41.91%
BSI	743	728	2,039	+2.06%	-63.56%
BHSI	409	427	1,181	-4.22%	-65.37%

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	15,250	14,750	23,250	+3.39%	-34.41%
PANAMAX	75,000	11,050	11,500	17,000	-3.91%	-35.00%
SUPRAMAX	58,000	11,000	10,750	17,625	+2.33%	-37.59%
HANDYSIZE	38,000	9,950	9,850	17,500	+1.02%	-43.14%



Tankers

The temporary increase in VLCC spot rates in mid-June was not sustained, and as expected, spot rates declined in the first week of July on the Middle East to China and West Africa to China routes. Shipowners are now facing more pressure as they anticipate further rate decreases, particularly due to a weakening Atlantic market. Interest in chartering for August shipments from West Africa has been limited, leading shipowners to seek alternative employment options.

The broader picture in the oil market has also worsened. Despite initial optimism about sustained Chinese oil demand and significant crude oil purchases in the first half of 2023, recent data shows weakening trends. China's crude oil imports in June dropped to a 47-month low, halting the recovery trend seen since March. The VLCC market is expected to remain stagnant for now until there is a potential increase in demand from the Atlantic basin, where rising production and oil exports, combined with longer shipping distances to Asia, could lead to a boost in rates later in the fall.

There is a dichotomy in the oil market as bullish arguments related to supply cuts are countered by expectations of slower economic activity and declining oil demand. Both sides have valid arguments, but the evidence of weaker economic activity is limited, especially in the booming jet fuel market. The voices calling for a significant Chinese stimulus are growing louder, as recent inflation data indicates weak demand trends and a stagnant economic activity in the world's most important country for oil fundamentals.

Despite the challenges, the tanker market is slowly recovering as the growth in new vessel supply decreases, and oil demand recovers with the global economy. With a historically low order book and favourable demand fundamentals, increased volatility in spot rates is expected, supported by ongoing geopolitical turmoil, which should sustain freight rates in the medium term.

VLCC:

There has been a decrease in cargo inflows from the Lower Middle East, along with a slowdown in activity in the Atlantic. This has led to intensified competition among shipping companies. Rates on the route from the MEG to China have slightly decreased w-o-w to WS52 due to the impact of OPEC+ production cuts, which is putting significant pressure on the market. However, there are expectations of more cargo releases in the near future, giving owners the opportunity to exert upward pressure on rates in the coming week.

Suezmax:

Cargo inflows have seen an increase, and rates experienced a significant increase, particularly on the WAFR-UKC route, reaching WS105 compared to the previous week. It was another story on the Med/Black Sea regions. The activity was slightly muted. 135,000mt CPC/Med market witnessed a continued rate decline, dropping to WS97. This decrease can be attributed to the lack of cargo inquiries, leaving owners without much support.

Aframax:

The Middle East/Singapore segment has been negatively affected due to a decrease in activity, leading to a market downturn. There has been an increase in the number of available ships in the eastern part of the Suez Canal, which has further added pressure to the market. In the Atlantic, rates are witnessing a return to a fluctuating pattern. Specifically, 70,000mt E.C. Mexico to USG climbed 22.5 points, reaching WS151.

Clean:

MR: In the UKC/WAFR region, there was a significant reduction in available front-end M.R. tonnage, as a few vessels lacked confirmed berthing prospects. TC2 fell 25 points to WS112, while TC19 dropped to WS123.

L.R.: The L.R. market had a quiet week, and rates for UKC-WAFR saw a decline with limited enquiry. TC5 fell to WS113. Conversely, in the MEG, the lack of LR2 cargoes resulted in a decline in owner sentiment, although rates remained generally stable compared to the previous week. TC1 has held stable in the WS100 range.

Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
EURODIGNITY	SUEZ	159,426	2004	S. KOREA	39.0	UNDISCLOSED
BEACON HILL	MR	47,278	2005	JAPAN	19.0	UNDISCLOSED
YONGSHENG OCEAN	MR	44,970	1997	S. KOREA	7.3	CHINESE BUYERS
YONGKANG OCEAN	PROD / CHEM	17,427	2020	CHINA	18.5	CHINESE BUYERS

Baltic Exchange Tanker Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDTI	929	934	1,369	-0.54%	-32.14%
BCTI	578	605	1,382	-4.46%	-58.18%

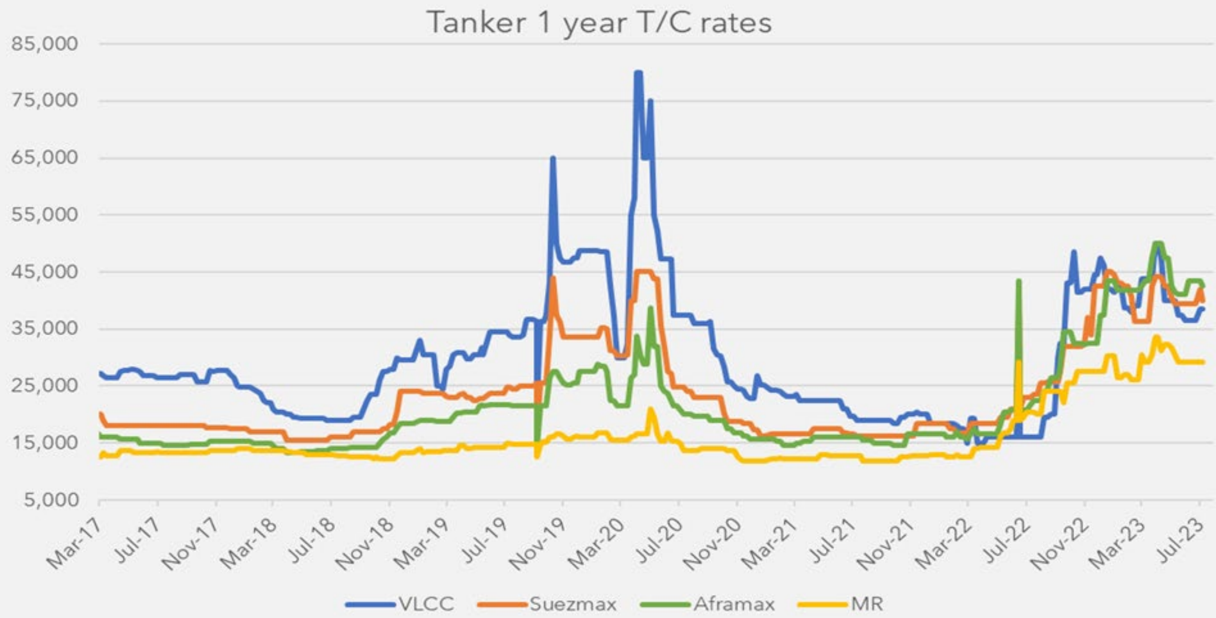
Tankers Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
VLCC	310,000	126	125	100	75	50
0SUEZMAX	160,000	85	89	73	58	31
AFRAMAX	115,000	67	78	63	52	30
PANAMAX-LR1	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	38,000	38,500	16,000	-1.30%	+137.50%
SUEZMAX	150,000	40,000	40,000	23,500	0	+70.21%
AFRAMAX	110,000	40,000	42,500	22,500	-5.88%	+77.78%
LR1	74,000	29,250	29,250	23,500	0	+24.47%
MR	47,000	25,000	26,000	21,500	-3.85%	+16.28%



Containers

This week saw the purchase of 2 Post Panamaxes by MSC due for delivery next year at US$100 Million each reportedly. The founder of MSC, Mediterranean Shipping Co, Gianluigi Aponte, recently commented that new ship deliveries are becoming increasingly scarce. MSC currently has the highest number of ships on order. Many owners are unlikely to receive new vessels next year unless they can secure resale deals, which now are still at record high compared to dry bulk and tanker segments. Global shipyards are operating at high capacity, with almost 88% of slots booked for 2025 and 80% for 2026, resulting in the longest backlog since 2010. Amidst continued fluctuations in Transpacific routes, the SCFI spot box freight rate index recorded a 5.1% w-o-w increase, reaching 979 points. The rate on the Shanghai-USWC route surged by 26% w-o-w to US$1,771/FEU. However, considering the recent instability and low demand, it remains uncertain whether this latest rate increase will be sustained.

Containers S&P Report

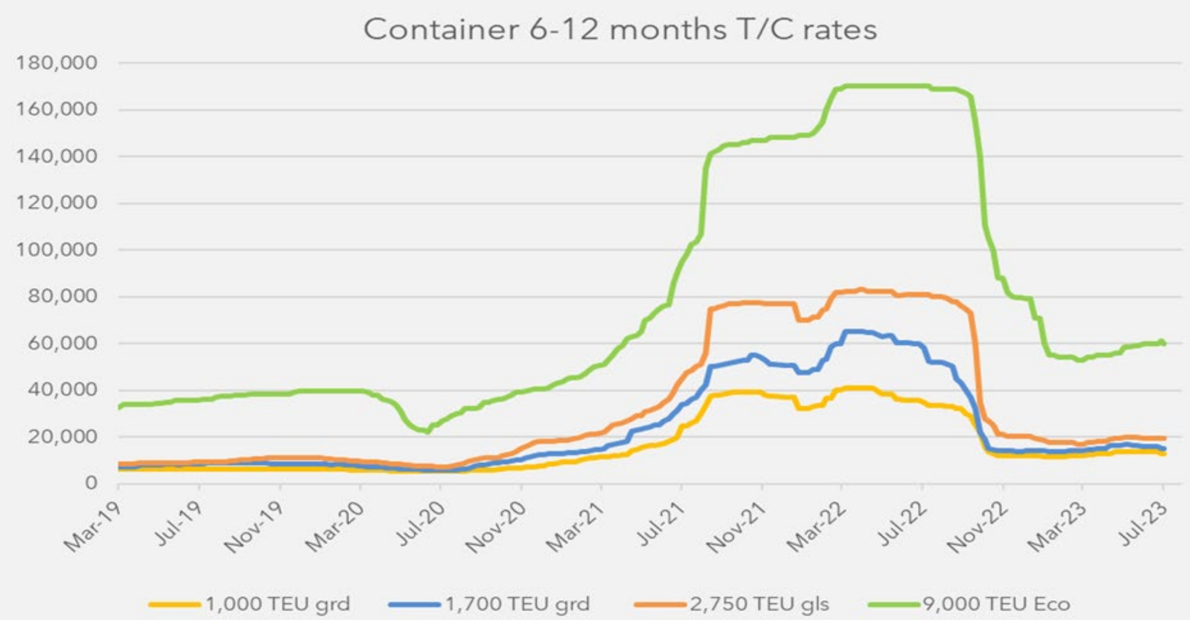
VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
LONDON BRIDGE / DUBAI BRIDGE	POST PMAX	8,002	2024	S. KOREA	100.0 EACH	MSC
NYK DELPHINUS	PMAX	4,888	2007	S. KOREA	23.0	COSMOSHIP

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	17	10	8
1,600 – 1,800	Geared	30	28	23	16	12
2,700 – 2,900	Gearless	42	38	30	20	17
5,500 – 7,000	Gearless	92	82	70	45	N/A

**(amount in USD million)*



Ship Recycling Market Snapshot

DESTINATION	TANKERS	BULKERS	MPP/ GENERAL CARGO	CONTAINERS	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (WC INDIA) **For green ship recycling, the prices are about US$10-15/ton lower.*	500 ~ 510	480 ~ 490	510 ~ 520	510 ~ 520	WEAK /
*CHATTOGRAM, BANGLADESH	550~560	540~550	560~570	570 ~ 580	WEAK /
GADDANI, PAKISTAN	NA	NA	NA	NA	NA
TURKEY **For Non-EU ships. For E.U. Ship, the prices are about US$20-30/ton less*	320 ~ 330	310 ~ 320	300 ~ 310	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.
- * Prices are subject to the availability of the Letters of Credit. Preference for smaller-sized ships.

5-Year Ship Recycling Average Historical Prices

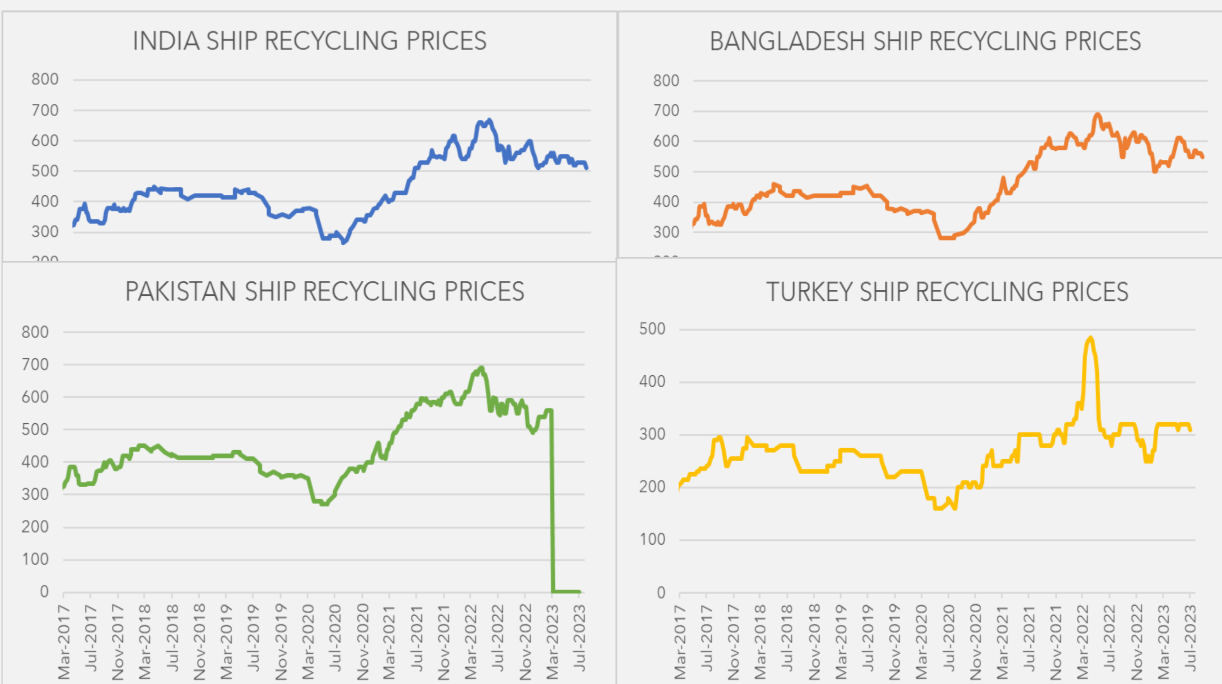
(Week 28)

DESTINATION	2018	2019	2020	2021	2022
ALANG, INDIA	445	425	305	550	600
CHATTOGRAM, BANGLADESH	440	420	310	550	605
GADDANI, PAKISTAN	430	410	320	560	590
ALIAGA, TURKEY	290	270	175	290	250

Ships Sold for Recycling

VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (US$/LDT)	COMMENTS
ASIAN BULK	9,257	1996 / JAPAN	BULKER	UNDISCLOSED	DELIVERED ALANG
HENG YANG	3,574	1994 / BELGIUM	CHEM. TANKER	930	AS IS BATAM, INDONESIA, SOLID SUS 316 L CONTENTS
KOKURYU MARU	2,754	1992 / JAPAN	RORO	325	AS IS JAPANESE PORTS
PU HUI 2	3,286	2006 / CHINA	GEN.CARGO	530	DELIVERED CHATTOGRAM
XIANG HE	9,016	1994 / JAPAN	GC	518	AS IS SINGAPORE (RESALE TO CHATTOGRAM)
HAVEN GUARDER	6,079	1995 / JAPAN	BULKER	554	DELIVERED CHATTOGRAM, BANGLADESH
BUSAN GAS	1,130.35	1989 / JAPAN	LPG	595	DELIVERED CHATTOGRAM, BANGLADESH
GOLAR SPIRIT	34,228	1981 / JAPAN	LNG	425	AS IS PIRAEUS, GREECE FOR RESALE TO TURKEY YARDS
PETROBRAS 32	30,274	1974 / JAPAN	FPSO	UNDISCLOSED	AS IS MARLIM FIELD, BRAZIL, FOR RECYCLING WITHIN BRAZIL

Recycling Ships Price Trend



Insight

Activities in the Indian Sub-Continent remain sluggish, with the usual subdued activity during the monsoon season. The steel market's instability is also limiting the capabilities of shipyards. However, it was a different story across the other side. Bangladeshi scrapyards are steadily attracting smaller vessels that do not require a significant amount of the country's limited dollar reserves.

Indian yards are eagerly awaiting the next sale under the Hong Kong Convention, while Pakistani yards are hopeful that the recently announced support from the IMF will enable their return to the market.

The ship supply has witnessed a steady flow, especially from the Chinese markets. However, one major obstacle hindering the process is the difficulty in obtaining the desired price, particularly in Bangladesh, as the price differentials are widening within Bangladeshi recyclers on a case-to-case basis. This predicament is primarily caused by the influx of ships and extremely difficult conditions set by the banks in establishing Letters of Credit.

As time goes on, it is expected that finding a suitable destination for these ships will become even tougher, adding to the mounting challenges in this sector and eventually, ship owners will have to consider Alang as the destination with significant price differentials.

Meanwhile, an interesting sale of Petrobras, Brazil has achieved a significant milestone in its commitment to sustainable ship recycling. They successfully concluded an auction for the disposal of a floating offshore platform in Brazil. The sale of the platform, called Petrobras 32, took place on July 7, 2023. Petrobras collaborated with steel company Gerdau S.A. and shipyard Ecovix to ensure responsible and environmentally friendly recycling of the platform. This decision is noteworthy because it is the first time a commercial vessel at the end of its life will be dismantled in Brazil. It sets a precedent for the shipping, oil, and gas sectors, encouraging other ship owners to adopt similar strategies.

As per news reports, Petrobras plans to retire at least 26 units over the next five years, with an investment of US$9.8 billion dedicated to decommissioning activities. They recently announced a new policy requiring the recycling of vessels only in facilities equipped with dry docks or impermeable surfaces with drainage systems. By taking this stance, Petrobras joins other responsible ship owners like SBM Offshore and Shell, who choose facilities with the infrastructure to manage end-of-life assets safely and in an environmentally sound manner. This shift demonstrates Petrobras' commitment to environmental stewardship, distancing itself from the practice of selling old vessels for unsafe and environmentally damaging shipbreaking in South Asia.

Alang, India

Severe monsoon weather conditions have resulted in a significant drop in domestic ship scrap prices within a span of just 15 days, with prices falling by approximately US$35/ton. This price downturn has dampened market sentiments leading to a sharp decline in ship prices as well.

The northern regions of India have been confronted with heavy rainfall, causing widespread flooding and road blockages. Consequently, many secondary mills have been forced to halt their operations due to adverse weather conditions.

As a result of these circumstances, it is anticipated that the Alang markets will experience a period of relative inactivity during the months of July and August.

Falling steel prices are also posing a risk to mills' ability to import materials, resulting in a noticeable decrease in the intake of scrap. Additionally, the prices of sponge iron have fallen considerably, causing the gap between scrap and sponge iron prices to widen. Hot metal production from sponge iron is now seen as a more viable option for mills.

Anchorage & Beaching Position (July 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
LARA	LNG	23,707	07.07.2023	AWAITING
MSC FEDERICA	CONTAINER	23,740	01.07.2023	06.07.2023
MSC NICOLE	CONTAINER	14,305	23.06.2023	02.07.2023

Chattogram, Bangladesh

Financing delays in Bangladesh are causing significant challenges, with processing times for letters of credit taking up to 30-40 days. This has led sellers to withdraw from the market due to the risks involved. In addition, sluggish demand and low sales of finished steel have prompted buyers to further reduce their bids for imported scrap. The recent slowdown in Turkey has also influenced buyer caution in Bangladesh, as Turkish sentiment heavily influences Bangladeshi imports.

The financing issues have limited the supply of scrap in Bangladesh, especially for bulk quantities. The overall market is under tremendous pressure, with reduced imports, impacted sales due to the monsoon season and upcoming elections in January, and a lack of new projects in the country.

The domestic ship scrap prices remained stable post-EID holidays, at US$700/ton for the ship plates and US$584/ton melting scrap, an average sharp decline of 2.31% before the EID holidays.

On a positive note, Bangladesh and India have launched a trade transaction in Indian Rupees (INR) to reduce dependence on the U.S. Dollar and strengthen regional currencies and trade. This agreement is expected to facilitate trade in direct reduced iron (DRI) between the two nations, as India is a major exporter of DRI to Bangladesh.

Anchorage & Beaching Position (July 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
PU HUI 2	GEN. CARGO	3,286	13.07.2023	AWAITING
RUI	BULK	7,607	13.07.2023	AWAITING
HONG HAO	GEN.CARGO	11,856	20.06.2023	AWAITING
HUA DONG 27	GEN. CARGO	3,520	06.07.2023	12.07.2023
HAO 3	GEN.CARGO	4,767	02.07.2023	08.07.2023
CHIAN JIN	REEFER	1,416	27.06.2023	09.07.2023
SCO QINGDAO	CONTAINER	3,771	30.06.2023	07.07.2023
DPL AYUR	GEN.CARGO	1,020	29.06.2023	07.07.2023
JASMINE II	BULKER	9,563	27.06.2023	06.07.2023

Gaddani, Pakistan

Ship recycling remains on standby mode, waiting to see how and when Central banks will permit the opening of Letters of Credit for imports.

Some respite for Pakistan this week, which has secured a much-needed US$3 billion loan program from the IMF to stabilise its economy and meet its immediate balance of payments requirements. The IMF's executive board approved the nine-month standby arrangement, which aims to support Pakistan's economic stabilisation efforts. The bailout package, amounting to US$2.25 billion in Special Drawing Rights (SDRs), will be disbursed in tranches, with $1.2 billion already deposited in the country's central bank. The remaining US$1.8 billion will be provided after two reviews in November and February.

The IMF program has provided some relief to Pakistan, strengthening its currency and stock market. The business community sees it as a crucial step towards ending economic uncertainty and volatility, with hopes that it will attract external funding and bring stability to the economy. However, experts caution that the program offers only temporary respite and underline the necessity of long-term reforms to address underlying issues..

Anchorage & Beaching Position (July 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
-	-	-	-	-

Aliaga, Turkey

Turkish mills have raised their domestic scrap buying prices while ceasing imported scrap purchases. However, the domestic scrap market also came to a halt after Kardemir, a major steel producer, unexpectedly reduced billet and wire rod prices. This price decline has increased pressure on imported scrap prices, leading mills to show no interest in scrap purchases and decrease their finished steel quotes. Market players anticipate further decreases in scrap prices due to production halts, cuts, declining steel and billet prices, and sufficient scrap availability.

The current market conditions in Turkey, including the strengthening euro, reduced collection during holidays, drying-up rivers, and rising transportation costs in the E.U., are expected to strain European scrap suppliers.

Turkish shipbreaking scrap prices stand at US$365-371/t delivered.

BEACHING TIDE DATES 2023

Chattogram, Bangladesh	:	18 ~ 21 July | 01 ~ 04 August
Alang, India	:	13 ~ 22 July | 01 ~ 07 August

BUNKER PRICES (USD/TON)			
PORTS	VLSFO (0.5%)	IFO380 CST	MGO (0.1%)
SINGAPORE	577	499	767
HONG KONG	593	505	725
FUJAIRAH	577	466	846
ROTTERDAM	550	488	759
HOUSTON	566	470	764

EXCHANGE RATES			
CURRENCY	14th JULY	7th JULY	W-O-W % CHANGE
USD / CNY (CHINA)	7.13	7.23	+1.38%
USD / BDT (BANGLADESH)	108.73	108.55	-0.17%
USD / INR (INDIA)	82.16	82.74	0.70%
USD / PKR (PAKISTAN)	274.46	274.25	-0.08%
USD / TRY (TURKEY)	26.19	26.06	-0.50%

Commodities

Insight

Optimism regarding global economic growth has led to continued gains in commodity markets. The weakening of the U.S. dollar has also contributed to these positive developments.

The potential for a prolonged pause in the global tightening cycle has boosted sentiment in the **base metals** sector. The recent U.S. Consumer Price Index, which was lower than expected, was complemented by producer prices experiencing the smallest increase since 2020. These factors have further fueled the market gains, with **copper** prices rising by over 2%. Additionally, weak economic data from China has raised hopes that the government will implement additional stimulus measures. China's exports have declined for two consecutive months in June, and imports have also decreased, resulting in a trade surplus of $70.6 billion for the month. The only positive aspect was a significant increase of 104% in auto exports. Nevertheless, China's overall export outlook remains challenging.

On the other hand, commodity import trade remains positive. Although refined copper imports have been lower than last year due to strong domestic production and reduced downstream demand, they have reached their highest level in the past five months. Gold prices have also risen recently as U.S. Treasury yields have fallen, and the U.S. dollar has weakened following the Producer Price Index data.

In the base metals sector, **iron ore** has followed the upward trend due to traders' expectations of increased support from Beijing for the struggling property sector. State-owned media has called on officials to address excessive risk aversion in lending to developers. Steel mills are preparing for a potential rise in demand, as imports of steel increased by 7.4% compared to the previous year, reaching 95.5 million metric tons in June.

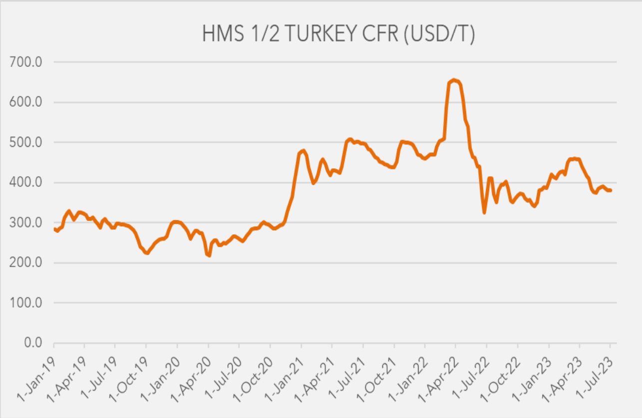
Start of the week, both Dalian and Singapore **iron ore futures** experienced significant declines of over 3% as traders awaited updates on China's stimulus efforts and dealt with idling production. Weak demand data from China also contributed to a decrease in trader sentiment. The most-traded September iron ore on China's Dalian Commodity Exchange had its worst day since October, ending daytime trade 3.5% lower at 795.5 yuan (US$109.94) per metric ton. Meanwhile, the benchmark August iron ore on the Singapore Exchange dropped 3.1% to US$104.3 per metric ton, reaching as low as US$104.1 earlier in the day.

Iron ore prices remained under pressure due to steel output restrictions. Tangshan ordered steel mills to limit production throughout July to address worsening air quality. Additionally, extreme heat in northern China was expected to slow down construction activity, further impacting demand.

The U.S. dollar has experienced a significant decline as investors reassess their expectations for Fed policy. The currency's value plummeted to its lowest levels against major currencies in 15 to 16 months, resulting in the U.S. dollar index registering a decline of over 2% this week. If this trend continues, it could mark the worst weekly performance for the index this year.

The ongoing exodus from the dollar is a reaction to recent lacklustre news regarding U.S. employment and inflation, which, when considered together, indicate that the Fed may be approaching the end of its most aggressive tightening cycle since the 1980s. Traders and investors are now speculating that the Fed might refrain from further rate hikes after July if U.S. inflation continues to move downward toward the central bankers' target of 2%. This shift in sentiment has also generated a sense of optimism in the commodities markets.

MS 1/2 & Tangshan Billet



Iron Ore

COMMODITY	SIZE / GRADE	PRICE/MT In USD	W-O-W	Y-O-Y	LAST WEEK PRICE / MT	LAST YEAR PRICE / MT
Iron Ore Fines, CNF Rizhao, China	Fines, Fe 62% (Aust. Origin)	112	0%	12%	112	100
Iron Ore Fines, CNF Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	111	-0.89%	-6.72%	112	119

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	392.60	-1.40	-0.36%	Sep 2023
3Mo Copper (L.M.E.)	USD / MT	8,694.00	+194.50	+2.29%	N/A
3Mo Aluminum (L.M.E.)	USD / MT	2,278.00	+42.00	+1.88%	N/A
3Mo Zinc (L.M.E.)	USD / MT	2,479.00	+53.50	+2.21%	N/A
3Mo Tin (L.M.E.)	USD / MT	28,809.00	-260.00	-0.89%	N/A

Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	76.76	-0.13	-0.17%	Aug 2023
Brent Crude (ICE.)	USD / bbl.	81.23	-0.13	-0.16%	Sep 2023
Crude Oil (Tokyo)	J.P.Y. / kl	70,380.00	0.00	0.00%	Jul 2023
Natural Gas (Nymex)	USD / MMBtu	2.57	+0.03	+1.02%	Aug 2023

Note: all rates as at C.O.B. London time July 14, 2023

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