WEEKLY REPORT

WEEK 41 – October 14, 2023

Global economists and central banks all share a common view: interest rates are set to remain elevated for an extended period, casting uncertainty over the global market outlook. In response to surging inflation, central banks worldwide have aggressively raised interest rates over the past 18 months, achieving varying degrees of success. The U.S. Federal Reserve, before pausing its rate hikes in September, increased its main policy rate to a target range of 0.5% in March 2022 to 5.25% in July 2023.

Even with the pause, Fed officials indicate that rates may need to stay higher for an extended duration to achieve a sustained return to the central bank's 2% inflation target. World Bank President Ajay Banga echoed this sentiment, stating that higher rates are likely to persist, complicating the investment landscape globally, particularly amid ongoing geopolitical tensions.

The European Central Bank also executed its 10th consecutive interest rate hike last month, reaching a record 4%, despite signs of a weakening eurozone economy. The bank suggested that further hikes might not be immediate. E.C.B.'s Governing Council noted that while a November rate increase is unlikely, the possibility remains open for future hikes due to persistent inflationary pressures and potential shocks, including those from the labour market and geopolitical factors. Caution in monitoring inflation developments is emphasised.

Dry Bulk

B.D.I., extended its winning streak for the seventh consecutive week, primarily driven by capesize strength. The overall index experienced a 5.3% weekly increase despite a 25-point drop to 2,046. BCI fell by 77 points to 3,556. The average daily earnings slipped by US$637 to US$29,493.

Concerns about China's property market and lower-than-expected steel production have led to a decline in iron ore futures, impacting capesize rates. B.P.I. showed a modest 0.2% increase, adding 3 points to reach 1,638. Average daily earnings for Panamax climbed by US$19 to US$14,738.

Among smaller vessels, B.S.I. index remained steady at 1,287, registering a 1.5% gain for the week.

Capesize:

In the Pacific, while ship supply remains similar to the previous day, there is a decrease in new iron ore arrivals, leading to weaker rates below previous levels. Pacific saw rates in the region of US$24,000 a day. In Brazil, the gap in rates between owners and charterers widens further, causing a slowdown in activity. Rates for Brazil r/v fell to US$31,850 a day. In the North Atlantic, demand continues to outpace supply, but there is a slight adjustment observed recently after a rapid increase, indicating a downturn.

Panamax/Kamsarmax:

In the Atlantic, coal from the North is supporting the market, but overall, there is weak stability as owners reduce rates due to the psychological impact of the previous day's F.F.A. decline. T/A levels closed at US$15,000 range a day at the end of the week. In the Pacific, despite relatively abundant arrivals of coal from Indonesia, worsening supply due to weak demand on other routes is causing a downward trend. Pacific r/v levels slipped to US$12,600 range.

Supramax/Ultramax:

In the Atlantic, there is a consistent supply of grain from the U.S.G., but the rise in the lack of new demand from the Mediterranean and South America is limiting the upward momentum. T/A levels did improve slightly, with levels settling in the region of US$17,500 a day. In the Pacific, demand from Indonesia is gradually recovering, but overall, ship supply, including Northeast Asia, is lacking, leading to weak stability. Pacific r/v saw levels in the lows of US$11,200 a day.

Handysize:

Handysize segments also witness similar weakness as per the bigger units. Levels all across took a dip at the week's closing, with rates seeing at least a US$100 discount. In the Pacific, there were limited new cargoes coupled with a surplus of available ships, driving rates downward. Inter Pacific closed at an average US$8,300 a day, while T/A saw a jump from the previous day to US$11,200 a day.

Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
MINERAL SHOUGANG INTERNATIONAL	CAPE	180,171	2009	CHINA	22.0	UNDISCLOSED
BOSTON	CAPE	177,827	2007	CHINA	18.0	GREEK BUYERS
ROYAL FUKUYAMA	KMAX	82,224	2013	JAPAN	23.0	KYLA SHIPPING
AOM JULIA	PMAX	76,596	2009	JAPAN	15.5	UNDISCLOSED
HC PIONEER	PMAX	75,729	2004	JAPAN	8.0	CHINESE BUYERS
BOYANG GARNET	PMAX	75,674	2007	JAPAN	12.2	VIETNAMESE BUYERS
CP SHANGHAI	UMAX	63,608	2015	CHINA	23.5	FAR EASTERN BUYERS
SANTA FRANCESCA	UMAX	61,250	2016	JAPAN	26.7	GREEK BUYERS
VINAYAK	SMAX	58,089	2009	CHINA	14.75	UNDISCLOSED
OCEAN GLORY	SMAX	55,903	2006	JAPAN	11.0	UNDISCLOSED
PEACE	SMAX	55,709	2006	JAPAN	11.5	VIETNAMESE BUYERS
RHL CLARITA	SMAX	53,828	2008	CHINA	9.5	CHINESE BUYERS
PACIFIC ISLAND	HANDY	38,218	2012	JAPAN	16.0	HALKIDON

Dry Bulk Values

(*Weekly*)

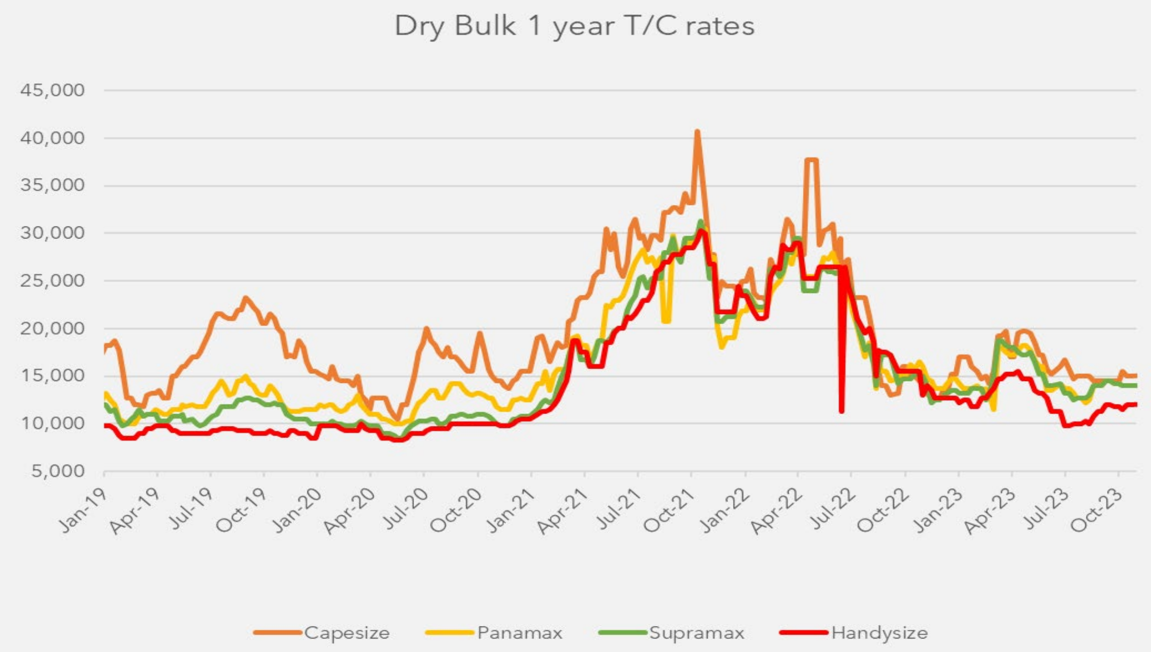
TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
CAPE	180,000	64	62	47	29	13
KAMSARMAX	82,000	35	37	32	22	8
SUPRAMAX	56,000	33	35	28	20	7
HANDY	38,000	30	32	25	16	6
*(amount in USD million)						

Baltic Exchange Dry Bulk Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDI	2,071	1,935	1,819	+7.03%	+13.85%
BCI	3,633	3,278	2,071	+10.83%	+75.42%
BPI	1,635	1,593	2,144	+2.64%	-23.74%
BSI	1,287	1,266	1,678	+1.66%	-23.30%
BHSI	689	684	961	+0.73%	-28.30%

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	14,500	15,000	14,500	-3.33%	0
PANAMAX	75,000	12,500	12,550	15,450	-0.40%	-19.09%
SUPRAMAX	58,000	11,500	11,500	15,500	0	-25.81%
HANDYSIZE	38,000	12,000	12,000	13,750	0	-12.73%



Tankers

Big news for the tanker markets this week was the U.S. has decided to relax its six-year-old sanctions against Venezuela, issuing a six-month license allowing transactions in Venezuela's oil sector. This move follows an agreement between the Venezuelan administration and opposition leaders to ensure fair elections in 2024. The Latin American country's petrochemical industry is poised to increase crude oil production by approximately 25%, pumping an additional 200,000 BPD. This positive development could lead to increased cargo flow in the tanker market in the next few weeks.

While Venezuelan crude oil production has risen to 0.8 million BPD from 0.3 million BPD in 2020, it remains below the pre-2017 level of 2.5 million BPD. The state-run oil company, PDVSA, has started reaching out to traders with crude supply contracts. Although their oil exports primarily go to China, the recent easing of sanctions has resulted in a small increase in inflows to Spain and the United States.

Analysts anticipate that the additional Venezuelan oil will predominantly head to the U.S. Gulf, with some additional barrels going to Europe. This shift is expected to have a net bearish effect on tanker demand in terms of tonne-miles.

Meanwhile, the return of Chinese charterers to the market after a week of holidays has further fuelled demand, resulting in a significant rise in spot rates in both the Atlantic and Middle East markets. Despite no significant disruption in oil supply (due to the Middle East conflict), the potential for a broader war involving major oil exporters has heightened market sentiment, particularly in an industry that generally holds a positive outlook on spot rate developments.

Looking ahead, the Atlantic market will likely see freight sentiment remaining stable over the next month due to an anticipated shortage of available tonnage. Consequently, there seems to be little reason to adopt a negative outlook, especially considering that spot rates remain well below last year's levels.

VLCC:

Since last week, chartering activity for VLCCs has resulted in a significant increase for the Middle East to China route. Levels fell slightly to WS55 for 270,000mt M.E.G./China. This surge is attributed to concerns about the potential escalation of conflicts in the M.E.G., leading to early chartering demand for November shipments. The Atlantic region also saw a rise influenced by a lower vessel supply trend, aligning with the overall upward trend in the region. 260,000mt WAFR/China rate fell slightly to WS58 on Friday.

Suezmax:

Increased shipments from Brazil and Nigeria contribute to growing demand. The West Africa/Europe route saw a slight dip in W.S. rates at close. 130,000mt Nigeria/UKC fell to WS119. In the Middle East, the rate for the 140,000mt M.E.G. to the Med climbed by eight points over the week to reach WS82.

Aframax:

Aframax vessels experienced a 7% increase in W.S. rates for the MEG/SE Asia route, attributed to a decrease in available ships in the Suez East area and the influx of October-end chartering demand. Despite the strong market conditions in the Atlantic region, there are limitations on the inflow of cargo to the Middle East. The market displayed firming rates for shorter voyages, while the trans-Atlantic sector saw a softening. 70,000mt E.C. Mexico/U.S.G. surged 55 points to WS267.

<u>Clean:</u>

MR: It was a quiet week in the U.K.C. at the start, with activity seeing a peak towards the end of the week as the position list tightened. Despite a decline in rates this week, owners are optimistic for the next week, given the potential for adverse weather to disrupt itineraries. TC2 and TC19 rates have come under pressure, with levels seeing a decline. TC19 closed the week at WS152.

L.R.: In the M.E.G., LR1 saw a firming of rates this week, with rates on the M.E.G./Japan route rising w-o-w to WS180 amid a tight position list. Meanwhile, in the Atlantic, LR2 had a subdued week, with a tight LR1 positioning and limited ballasters from South America and West Africa. Sentiments in the M.E.G. have been positive for LR2, with TC1 climbing to WS171.

Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
ALASKAN FRONTIER	SUEZ	193,049	2004	U.S.A	50.0	OSG
AESOP / SIENA	LR1	74,588	2012	S. KOREA	41.5 EACH	GREEK BUYERS
ELAFONISOS BAY	MR	50,698	2009	S. KOREA	25.2	ACTIVE SHIPPING
ELIZABETH M	MR	50,359	2007	S. KOREA	22.0	UNDISCLOSED
GH AUSTEN	MR	50,319	2009	CHINA	23.0	UNDISCLOSED
CONSTANCE	MR	50,129	2008	S. KOREA	22.0	PETROVIETNAM
DONG-A THEMIS	MR	49,997	2015	S. KOREA	38.0	UNDISCLOSED
UOG HELIOS	MR	46,093	2009	S. KOREA	255	UNDISCLOSED
FORMOSA THIRTEEN	MR	45,706	2005	JAPAN	18.0	CHINESE BUYERS
DOLPHIN 01	PROD/ CHEM	12,945	2007	S. KOREA	8.5	UNDISCLOSED

Baltic Exchange Tanker Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDTI	1,274	1,149	1,737	+10.88%	-26.66%
BCTI	763	748	1,232	+2.01%	-38.07%

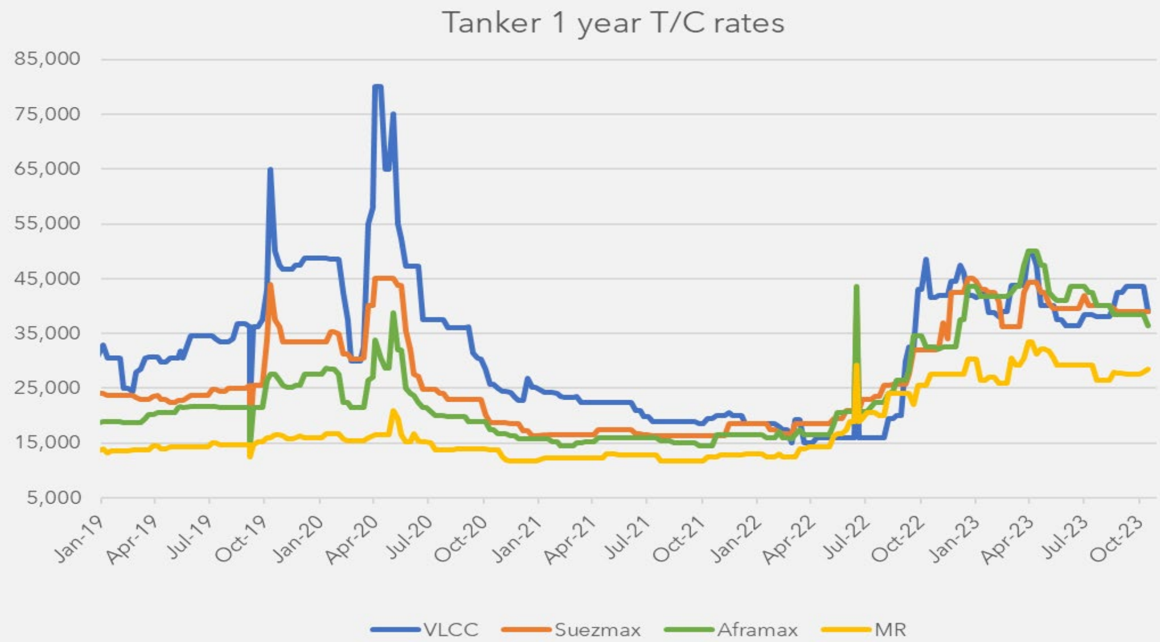
Tankers Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
VLCC	310,000	128	125	98	74	48
0SUEZMAX	160,000	85	90	73	58	31
AFRAMAX	115,000	68	80	67	55	27
PANAMAX-LR1	73,000	57	60	50	37	20
MR TANKER	51,000	47	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	37,000	36,500	41,500	+1.37%	-10.84%
SUEZMAX	150,000	39,250	38,750	32,000	+1.29%	+22.66%
AFRAMAX	110,000	36,250	36,250	32,500	0	+11.54%
LR1	74,000	30,750	30,750	37,500	0	-18.00%
MR	47,000	26,000	26,000	27,500	0	-5.45%



Containers

This week witnessed a general strengthening of container spot freight rates, with the overall SCFI spot box freight rate index experiencing a 3% w-o-w increase, reaching 918 points. Despite this improvement, the index remains 14% below the level observed at the beginning of 2023. For the SCFI Shanghai to Northern Europe, the route saw an uptick, with levels reaching US$581 per TEU.

Meanwhile, this year's turnaround in container shipping fortunes has led to a reduction in the number of large-cap listed carriers from seven to just three, including COSCO, Hapag-Lloyd, and Maersk, with investors cutting US$135 billion off the stock valuation of the 11 largest publicly traded liner companies. The combined market capitalisation of these carriers has fallen to just under US$110 billion, compared to the peak of US$243 billion in May 2022.

Despite collectively achieving a record net income exceeding US$200 billion last year, liner shipping is expected to see an 80% to 90% drop. The inactive container fleet has surpassed 1 million TEU again, accounting for 4.3% of the total cellular container fleet, indicating a market in retreat.

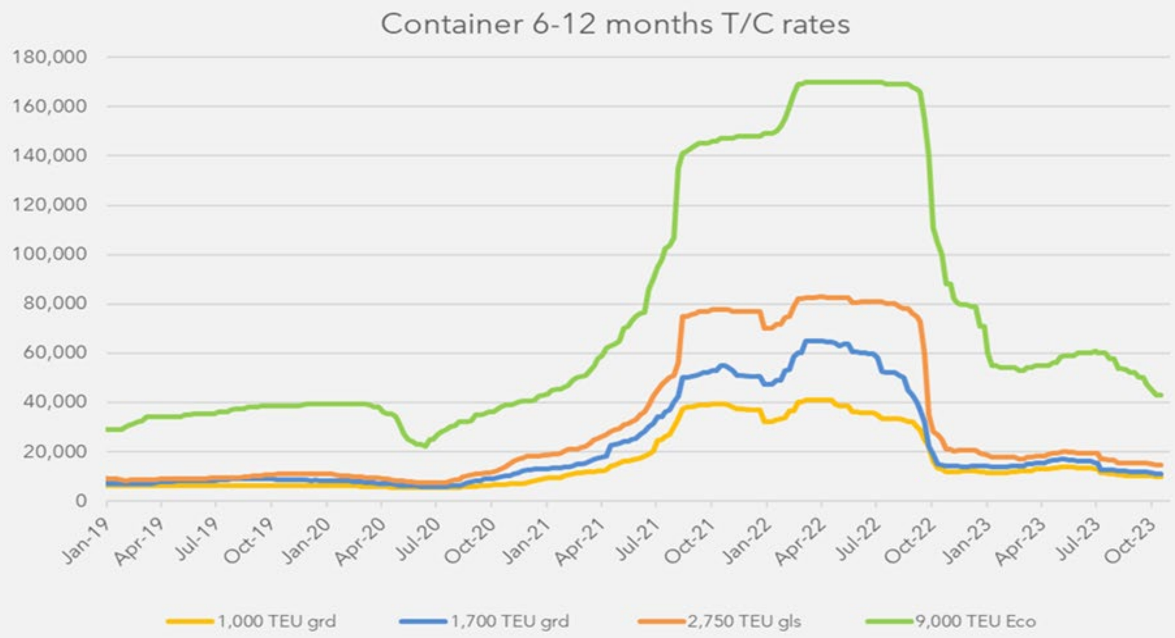
Containers S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
MSC REN V	PMAX	4,515	2002	S. KOREA	18.5	UNDISCLOSED

Containers Values

(Weekly)

CONTAINERS (BY TEU)	GEARED / GEARLESS	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	20 YEARS
900 – 1,200	Geared	24	24	17	10	8
1,600 – 1,800	Geared	29	27	22	16	12
2,700 – 2,900	Gearless	41	37	29	18	15
5,500 – 7,000	Gearless	93	78	66	41	N/A
*(amount in USD million)						



Ship Recycling Market Snapshot

DESTINATION	TANKERS	BULKERS	MPP/ GENERAL CARGO	CONTAINERS	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (WC INDIA) .	520 ~ 530	500 ~ 510	500 ~ 510	530 ~ 540	WEAK /
*CHATTOGRAM, BANGLADESH	510 ~520	500 ~ 510	490 ~ 500	520 ~ 530	IMPROVING/
**GADDANI, PAKISTAN	510 ~ 520	500 ~ 510	480 ~ 490	510 ~ 520	WEAK /
TURKEY *For Non-EU ships. For E.U. Ship, the prices are about US$20-30/ton less*	300 ~ 310	290 ~ 300	280 ~ 290	310 ~ 320	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 and case to case buying.

** Limited recyclers and case-to-case buying only due to Letters of Credit restrictions.

5-Year Ship Recycling Average Historical Prices

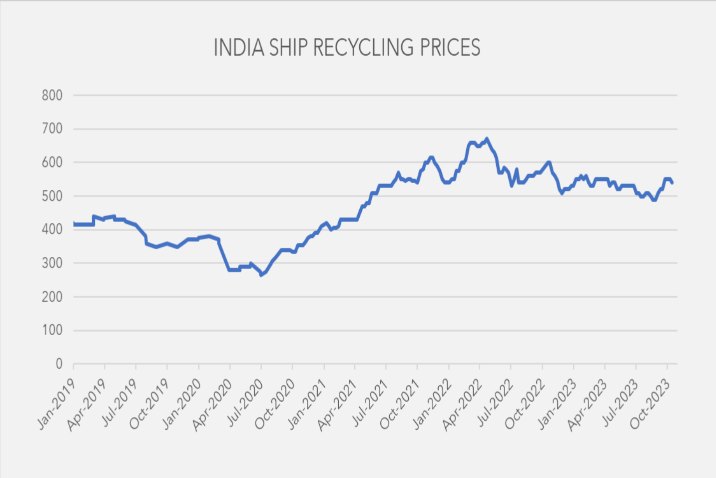
(Week 42)

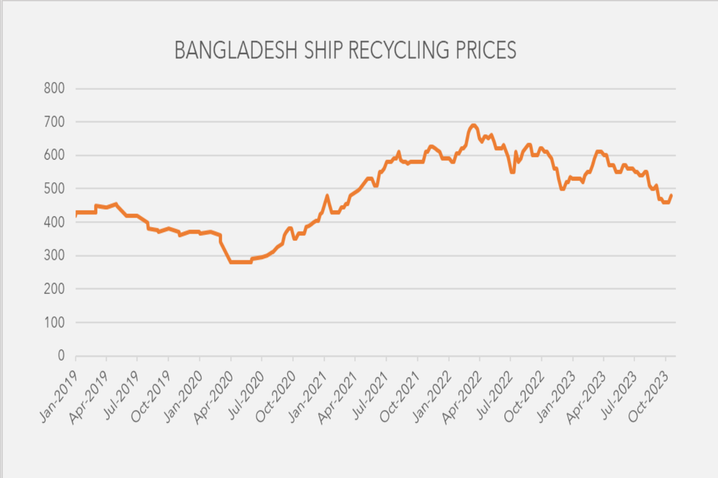
DESTINATION	2018	2019	2020	2021	2022
ALANG, INDIA	445	360	360	620	615
CHATTOGRAM, BANGLADESH	455	370	355	620	610
GADDANI, PAKISTAN	440	360	380	610	580
ALIAGA, TURKEY	270	220	205	295	330

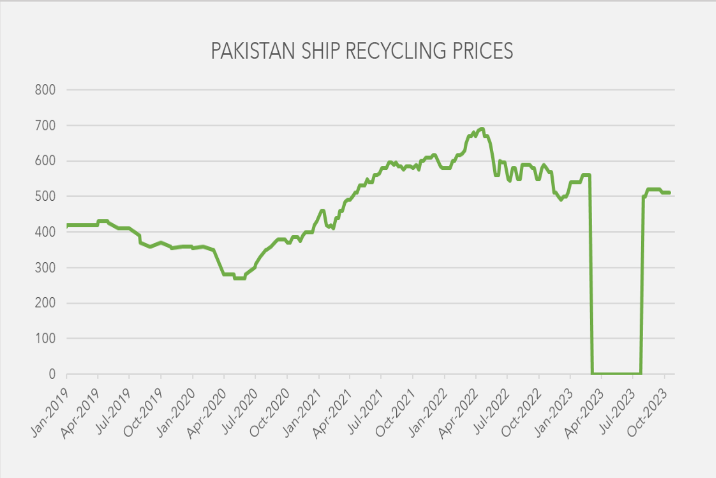
Ships Sold for Recycling

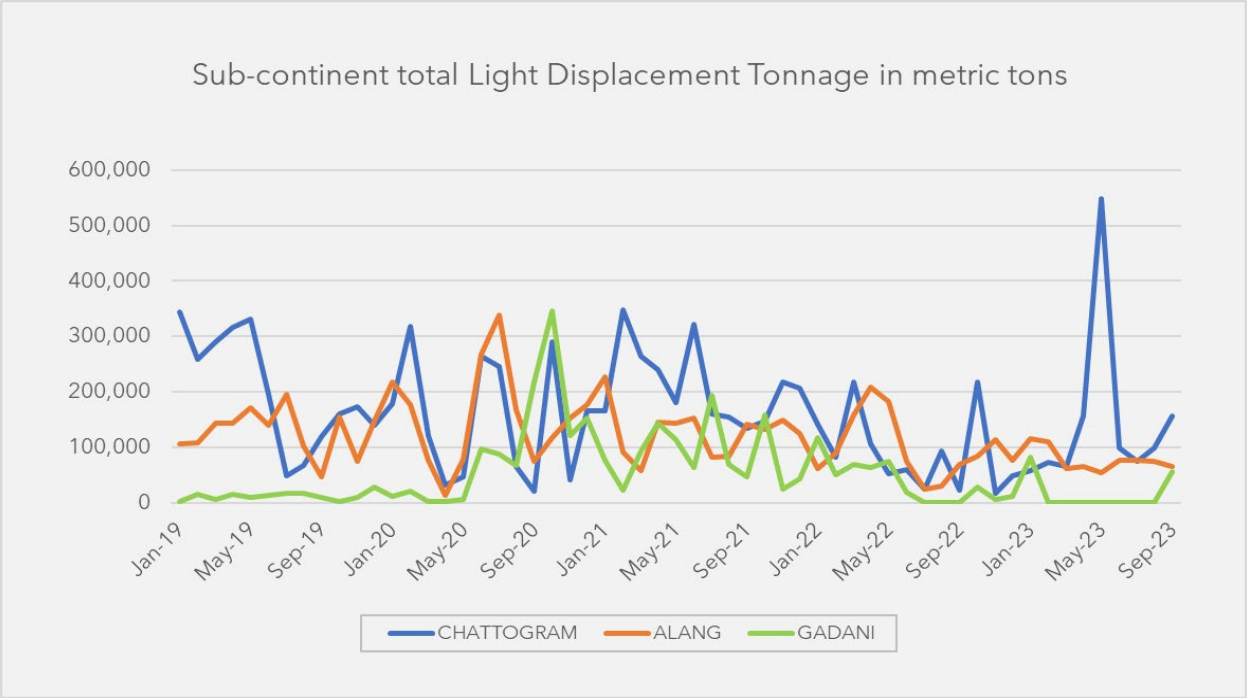
VESSEL NAME	LDT / MT	YEAR / BUILT	TYPE	PRICE (US$/LDT)	COMMENTS
-	-	-	-	-	-

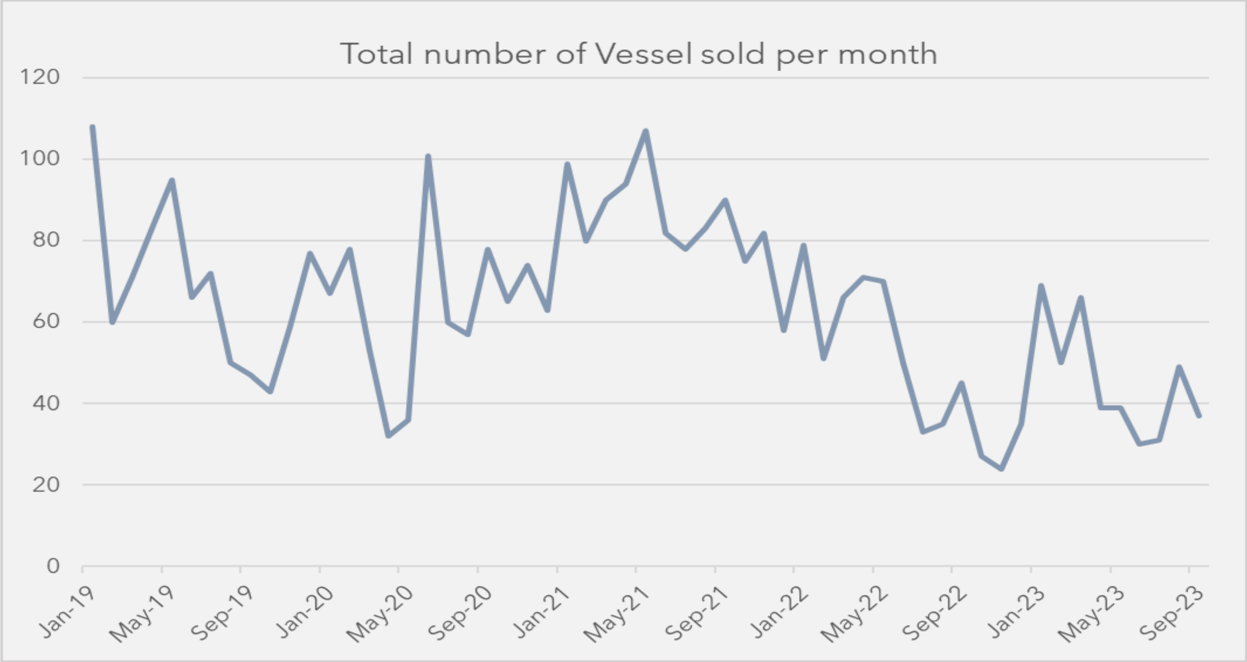
Recycling Ships Price Trend








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


Total number of Vessel sold per month
120
100
80
60
40
20
0
Jan-19
May-19
Sep-19
Jan-20
May-20
Sep-20
Jan-21
May-21
Sep-21
Jan-22
May-22
Sep-22
Jan-23
May-23
Sep-23

Insight

This week, in the ship recycling markets in the Sub-Continent, especially Alang and Gaddani, a sense of uncertainty emerged due to the increasing pressure on both domestic and international ferrous scrap prices.

Ship recyclers in the Indian Sub-Continent are dealing with the challenges of the changing dynamics of domestic ship scrap and the underlying demand.

Regarding the availability of ships for recycling, there has been a gradual increase as a number of older vessels were put up for sale over the course of this week. However, the actual pricing being offered exhibits a significant gap, primarily influenced by speculative factors coming into play. The fresh sales could give more clues in the coming week.

Alang, India

The party did not last long! As the week came to an end, the domestic ship recycling markets witnessed a significant and abrupt decline in local scrap prices. Ship melting scrap prices plunged by 6.26%, while ship plate prices fell by 3%, adding a new layer of uncertainty and confusion to the markets.

The ambiguity faced last week regarding whether prices were poised for a pullback or a complete reversal has been dispelled by the sudden and substantial drop in domestic ship scrap prices this week. This development has provided recyclers with a clear direction, and unless there is a significant shift in the underlying market factors, it appears that Alang is on the brink of a notable downturn.

Conversely, international markets witnessed a significant drop in imported ferrous scrap prices, exerting additional pressure on ship prices. Despite this, the demand within India's domestic market appears to remain relatively stable, thereby mitigating the adverse effects of the price drop to some extent.

Anchorage & Beaching Position (October 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
DAN	CONTAINER	6,776	20.10.2023	AWAITING
MING ZHOU	BULKER	13,370	18.10.2023	21.10.2023
HUA DA 606	GEN. CARGO	3,475	17.10.2023	21.10.2023
NEVEY	FISHING	3,435	17.10.2023	21.10.2023
MSC LEVINA	CONTAINER	12,857	17.10.2023	20.10.2023

HAL ANANT	OFFSHORE	4,092	16.10.2023	20.10.2023
NANTA 7	CONTIANER	5,095	17.10.2023	19.10.2023
TYCOON	BULKER	12,651	13.10.2023	19.10.2023
MSC DENISSE	CONTAINER	14,348	13.102023	18.10.2023
UNI ASPIRE	CONTAINER	7,098	09.10.2023	15.10.2023
MARSA IRIS	CONTAINER	7,852	07.10.2023	15.10.2023
AUSTIN III	TANKER	2,402	06.10.2023	12.10.2023
FORTUNE TRADER	CONTAINER	7,912	04.10.2023	17.10.2023
BERRY	CONTAINER	6,499	30.09.2023	05.10.2023
MSC JASMINE	CONTAINER	14,305	01.10.2023	05.10.2023
E DRILL	RIG	4,904	01.10.2023	05.10.2023
FRIO OLYMPIC	REEFER	4,698	28.09.2023	04.10.2023
HONG KONG	CONTAINER	7,009	02.10.2023	04.10.2023

Chattogram, Bangladesh

This week marked a positive start for the Bangladeshi recyclers, with recyclers coming out of their hard shell trying to gauge the markets and positioning themselves to re-enter the buying spree amid the resumption of domestic ship plates sales last week and melting scrap this week at a price fixed by the recycling association.

Meanwhile, banks in Bangladesh are set to implement a uniform exchange rate for the U.S. dollar in an effort to address ongoing foreign currency instability. The move is part of the central bank's initiative to adopt a market-based exchange rate in line with conditions attached to the International Monetary Fund's US$4.5 billion loan. The decision, made during a virtual meeting attended by the Bangladesh Foreign Exchange Dealers Association and the Association of Bankers, Bangladesh, establishes a rate of Tk 109.50 for buying and Tk 110 for selling the U.S. dollar, effective from the first working day of the following week.

This decision aims to curb the multiple pricing of the U.S. dollar blamed for the instability. The country's foreign exchange reserves have been declining, standing at US$23.06 billion as of August 30, reflecting a 25% decrease over the past year. The falling trend of foreign exchange reserves and overdue foreign debt repayment are considered significant concerns for the economy. Experts emphasise the need for a market-based exchange rate for a sustainable solution and warn about the impact on remittance earnings if the gap between formal and informal exchange rates persists.

Anchorage & Beaching Position (October 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
S MARU 4	TANKER	1,095	18.10.2023	AWAITING
YI DING 9	TANKER	1,552	21.09.2023	AWAITING
TAI H	RORO	4,043	10.10.2023	21.10.2023
HARIN NAVEE 10	GEN.CARGO	959	01.10.2023	04.10.2023
SIRITANASIN	TANKER	744	26.09.2023	04.10.2023
ANA	BULKER	7,981	28.09.2023	04.10.2023
EXPRESS 6	REEFER	1,264	20.09.2023	03.10.2023
HAVEN GUARDER	BULKER	5,983	26.09.2023	02.10.2023
HENG HUI 2	CONTAINER	14,775	18.09.2023	02.10.2023

Gadani, Pakistan

It was another quiet week, with prices in the other 2 sub-continent spots outbidding Gadani's. Although appetite is still prevalent, the prices offered by the region earlier are not locally supported.

As the Pakistani rupee continues to strengthen and domestic scrap steel prices continue to decline, recyclers are finding themselves in a passive position, as the current rates for ships are not economically feasible.

The outlook for the imported ferrous scrap market in Pakistan remains subdued, with major scrap buyers, particularly steel mills, likely to avoid new production rounds in the current scenario. There are no indications of an improvement in import activities in the near term.

On the economics front, the rupee's declines against the dollar rebounded midweek, gaining Rs.2.09 to a U.S. dollar on the interbank market. Throughout September, the rupee showed significant gains, surpassing 6%, making it the best-performing currency for the month due to measures against the informal currency market. However, this trend reversed by October 17. Analysts attribute the shift to increased demand for the dollar in the banking market for upcoming foreign payments.

Anchorage & Beaching Position (October 2023)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING

NIKOS	BULKER	9,743	02.10.2023	03.10.2023

Aliaga, Turkey

Turkish mills have maintained their domestic scrap buying prices despite the depreciation of the lira against the dollar. However, the interest in imported scrap from Turkey remains weak, leading to a continued decline in imported scrap prices. Only a few mills inquired about scrap midweek, and the increasing availability of scrap from various regions is putting pressure on prices that were already on a downward trend.

No bookings have been reported, and Turkish mills are exerting pressure on scrap prices, expressing targets below US$350/ton for premium H.M.S. 1&2 80:20. However, suppliers are not accepting this level currently. Mills are cautiously observing developments and delaying scrap purchases following the outbreak of war in Israel, their largest export market. The recent bombing of a hospital in Gaza has further worsened sentiment in the market. This has the potential to lead to an oversupply in the already weak domestic market, complicating the outlook.

The outlook for Turkey's scrap requirement in November is expected to be lower amid the current market conditions. Turkish shipbreaking scrap prices were at US$365-376/t delivered, depending on western Turkish mills' requirements, while the lira stood at 28.00 per dollar at the close of business.

BEACHING TIDE DATES 2023

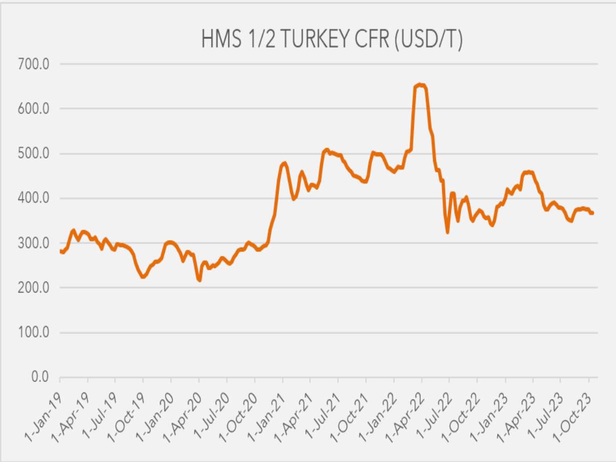
Chattogram, Bangladesh : 27 ~ 30 October | 12 ~ 15 November

Alang, India : 26 October ~ 03 November | 12 ~ 19 November

BUNKER PRICES (USD/TON)			
PORTS	**VLSFO (0.5%)**	**IFO380 CST**	**MGO (0.1%)**
SINGAPORE	680	499	886
HONG KONG	679	500	886
FUJAIRAH	668	496	961
ROTTERDAM	622	542	885
HOUSTON	634	521	938

EXCHANGE RATES			
CURRENCY	20th OCTOBER	13th OCTOBER	W-O-W % CHANGE
USD / CNY (CHINA)	7.31	7.28	-0.41%
USD / BDT (BANGLADESH)	110.12	110.66	+0.49%
USD / INR (INDIA)	83.06	83.23	+0.20%
USD / PKR (PAKISTAN)	278.54	277.44	-0.40%
USD / TRY (TURKEY)	28.01	27.80	-0.76%

HMS 1/2 & Tangshan Billet



Commodities

Insight

Worldsteel has revised its 2023 global **steel** demand forecast to reflect a 1.8% year-on-year growth, down from the 2.3% projected in April. This adjustment is attributed to persistently high-interest rates, which are curbing both investment and consumption and a slowdown in manufacturing despite easing supply chain issues. The main sources of uncertainty are China's ongoing structural transition and escalating geopolitical conflicts. Anticipated steel demand for 2023 is estimated at 1.81 billion tons, with a further 1.9% increase projected for 2024, reaching 1.85 billion tons. The recovery of steel demand in advanced economies is expected to be slow in 2024 due to the delayed impact of tightening monetary policies. Meanwhile, emerging economies, particularly in Asia, exhibit more resilience.

Chinese steel demand in 2023 is set to grow by 2%, driven by infrastructure investments and a stabilising property sector. However, 2024's outlook for China remains uncertain, contingent on government measures to address economic challenges. Escalating regional conflicts, rising oil prices, and geo-economic fragmentation pose additional downside risks.

The European Union's monetary policy is expected to remain stringent, with no real demand rebound projected for 2024. Destocking cycles ending may lead to a technical rebound in demand next year. In the U.K. and E.U., demand is forecasted to drop by 5.1% in 2023 and rebound by 5.8% in 2024. Germany, a key player in the region, is facing significant challenges, with a manufacturing recession and housing crisis causing a 10% demand drop this year and an expected 10.6% rebound in 2024.

In the United States, despite the economy's resilience, residential construction is anticipated to contract in both 2023 and 2024. The Infrastructure Law and Inflation Reduction Act of 2022 supports infrastructure growth, while the automotive sector is on the path to post-pandemic recovery. However, the delayed effects of tight monetary policy could pose downside risks for 2024. Demand is projected to decrease by 1.1% this year and rebound by 1.6% in the following year.

Copper prices experienced an upward trend, buoyed by a positive sentiment prevailing in the markets. The depreciation of the U.S. dollar and lower bond yields in the later part of the session provided additional support to this trend. However, concerns have arisen in the mining industry due to the recent decline in copper prices. Notably, the price of copper has dropped by more than 14% since its peak in January, despite the strong prospects for the metal considering increased investment in clean energy technology sectors.

Iron ore futures saw gains despite ongoing signs of weakness in China's property sector. Data showed that home prices in major Chinese cities were declining at an accelerated pace in September, indicating persistent weak demand in the housing market.

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)	119	+0.84%	+26.59%	118	94
Iron Ore Fines, C.N.F. Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	122	+0.82%	+27.08%	121	96

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	356.55	-3.55	-0.99%	Dec 2023
3Mo Copper (L.M.E.)	USD / MT	7,993.00	+20.50	+0.26%	N/A
3Mo Aluminum (L.M.E.)	USD / MT	2,185.00	+3.00	+0.14%	N/A
3Mo Zinc (L.M.E.)	USD / MT	2,414.50	-22.00	-0.90%	N/A
3Mo Tin (L.M.E.)	USD / MT	25,205.00	-343.00	-1.34%	N/A

Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	90.03	+0.66	+0.74%	Nov 2023
Brent Crude (I.C.E.)	USD / bbl.	93.20	+0.82	+0.89%	Dec 2023
Crude Oil (Tokyo)	J.P.Y. / kl	85,760.00	+660.00	+0.78%	Oct 2023
Natural Gas (Nymex)	USD / MMBtu	2.96	+0.01	+0.20%	Nov 2023

Note: all rates as at C.O.B. London time October 20, 2

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