WEEKLY REPORT

WEEK 22/23 – June 8, 2024

It was a bustling week in Athens for the biennial event of Posidonia. Conferences all across the week highlight the ongoing tensions of the geopolitical events and how precarious the current markets are.

Ship owners are generally optimistic after the last Posidonia, having seen record growth in the last 2 years despite some hiccups. However, at the Tradewinds Shipowners Forum and similarly at the Capital Link Maritime Leaders forum, owners are questioning whether the current optimism is built on solid foundations or whether this trend could be fleeting. Evangelos Marinakis of Capital Maritime acknowledged that while tanker capacity is tight, many owners remain wary of potential "black swan" events that could disrupt the current markets.

Meanwhile in China, exports climbed more than expected in May, rising 7.6% y-o-y, while imports increased 1.8%, resulting in a trade surplus of nearly US$83 billion. These figures exceeded economists' forecasts, boosting hopes that China can maintain economic momentum by relying on foreign markets despite new tariff threats.

Beijing is counting on overseas sales to offset weak domestic consumer spending due to the real estate slump. The strong global demand that provided a tailwind for other Asian exporters like South Korea has benefited China's export strategy so far this year.

Economists believe China's competitive goods are gaining a larger global market share, aided by a strong dollar and exporters' price cuts. However, Chinese firms face growing trade barriers in tech industries like electric vehicles from the U.S. and E.U., which could make it harder to rely on exports for growth.

While auto exports remained firm, the European market will become more challenging next month, with new tariffs on Chinese EVs expected. For now, Chinese exporters are front-loading shipments or re-routing exports via third countries to avoid tariffs.

Dry Bulk

The Baltic Exchange's main sea freight index rose for the third straight session on Thursday, driven by higher rates for larger vessels.

The overall index increased by 17 points to 1,869 while the Capesize index gained 32 points to reach its highest level since May 13, with daily earnings rising to US$24,689. Iron ore futures also rebounded after five days of decline, supported by portside restocking ahead of a Chinese holiday and discussions of potential steel output cuts.

BPI rose by 29 points to 1,731, the highest in over a week, with daily earnings increasing to US$15,583. Conversely, BSI fell slightly by 3 points to 1,255, the lowest since February 28.

This week, in May, an increasing number of Capesize vessels were on the Brazil to North China route despite weaker Baltic rates. The second quarter, however, brings uncertainty around Chinese iron ore demand due to policies limiting crude steel output and the property crisis. Capesize rates remained firm on the route, while Panamax rates continued falling. Supramax and Handysize rates held steady with y-o-y increases.

Capesize:

Due to robust iron ore demand, supply in the Pacific and Brazil regions has tightened, leading to continued price increases. Pacific r/v climbed to US$28,350's a day. Similarly, the North Atlantic is experiencing a positive trend with an influx of U.S. coal to India following the reopening of the Port of Baltimore.

Panamax/Kamsarmax:

In the North Atlantic, the influx of new cargo has not yet fully recovered. However, in South American waters, reduced availability of empty ships and steady cargo inflows have created a demand-heavy market, leading to mixed trends across the Atlantic. T/A slipped slightly to US$11,700's a day. In the Pacific, all major routes are seeing a slight increase in cargo volumes, resulting in an upward trend. Pacific – India route improved to US$15,750's a day.

Supramax/Ultramax:

In the Atlantic, freight rates are rising as new cargo begins to flow into the USG and S. America waters, improving supply-demand conditions. Conversely, in the Pacific, rates are slipping due to a decrease in cargo inflows from Northeast Asia. Pacific r/v fell to US$14,150's a day.

Handysize:

Handysize saw a generally positive week but rates in the Pacific fell slightly after a positive start to the week with an influx of vessels in SE Asia. Pacific r/v fell to US$12,00's a day at closing. In the Atlantic, rates saw improvements as a tightening supply in USG push rates higher. T/A levels were at US$9,750'a a day.

Baltic Exchange Dry Bulk Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDI	1,881	1,797	1,055	+4.67%	+78.29%
BCI	2,998	2,613	1,514	+14.73%	+98.02%
BPI	1,750	1,824	1,146	-4.06%	+52.71%
BSI	1,254	1,326	736	-5.43%	+70.38%
BHSI	714	688	501	+3.78%	+42.51%

Dry Bulk Values

(*Weekly*)

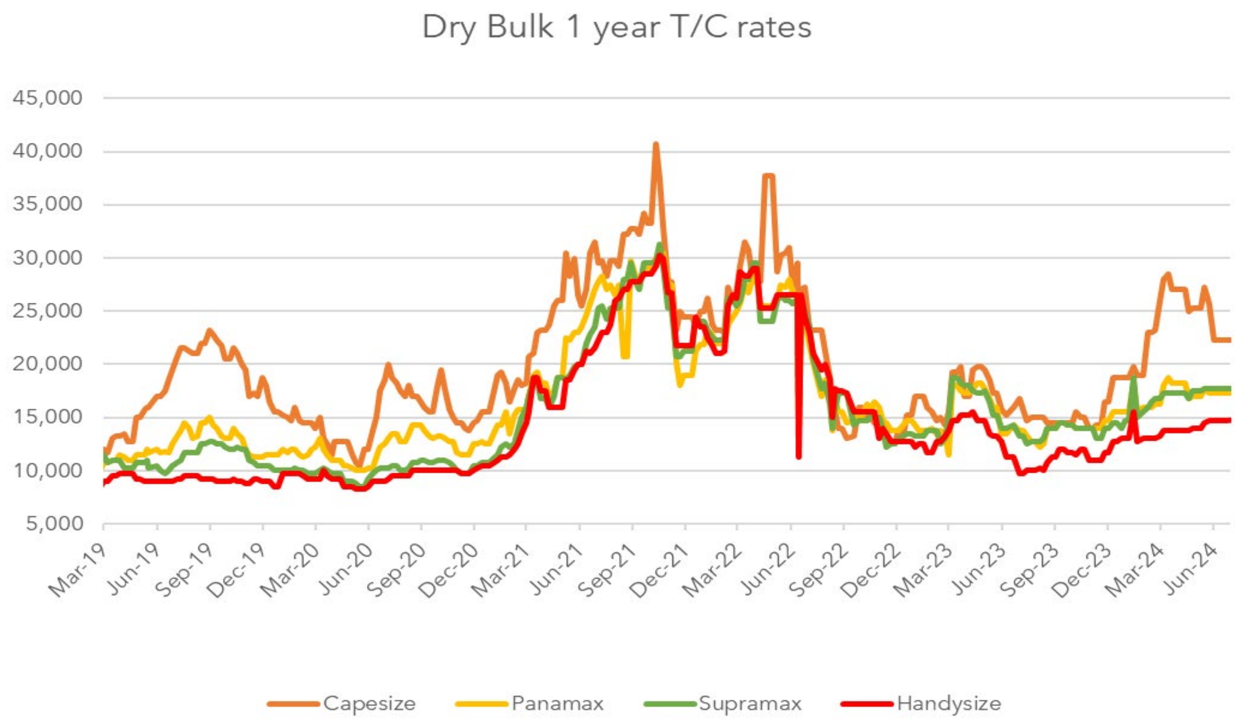
TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
CAPE	180,000	74	77	64	45	29
KAMSARMAX	82,000	37	43	38	29	19
SUPRAMAX	56,000	34	42	36	28	15
HANDY	38,000	30	35	28	21	12
*(amount in USD million)						

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	24,000	24,000	16,000	0	+50.00%
PANAMAX	75,000	15,500	15,800	12,500	-1.90%	+24.00%
SUPRAMAX	58,000	15,750	16,250	12,250	-3.08%	+28.57%
HANDYSIZE	38,000	14,500	14,500	9,350	0	+55.08%

Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
CAPE KEYSTONE	CAPE	179,250	2011	S. KOREA	32.75	AGRICORE
EASTERN WILDFLOWER	CAPE	175,401	2010	CHINA	28.0	CHINESE BUYERS
SWANSEA	UMAX	63,310	2015	CHINA	25.0	UNDISCLOSED
CAPTAIN ANDREADIS	SMAX	58,760	2008	CHINA	16.4	UNDISCLOSED
SEACON 8	SMAX	57,000	2012	CHINA	10.15	CHINESE BUYERS
SUNSHINE	HANDY	37,317	2009	JAPAN	15.0	UAE BASED BUYERS



Tankers

OPEC's decision to potentially roll back some production cuts initially sparked a bearish reaction in oil markets, with prices dropping after the announcement. Analysts expressed concerns over the ambiguity despite OPEC's historical adaptability based on market conditions. However, the group's commitment to flexibility ensures they can dynamically respond to shifts in global oil supply and demand.

The immediate market sell-off seems like an overreaction, as the underlying supply and demand fundamentals remain unchanged. OPEC reassured us that any adjustments would be market-driven, underscoring their ongoing strategy to balance oil supply with demand and mitigate volatility.

Oil prices rebounded on Thursday, closing higher after a week of significant losses. The market reacted positively to the European Central Bank's (ECB) decision to cut interest rates, raising hopes that the Federal Reserve might follow suit. However, overall market sentiment remains cautious due to mixed economic signals and rising U.S. oil inventories.

The ECB's first interest rate cut since 2019 marked a significant effort to tackle inflation. Denmark's central bank also lowered its benchmark rate by 25 basis points. The ECB cited progress in reducing eurozone inflation from 10% in late 2022 to 2.6%. These actions have led analysts to speculate that the Federal Reserve could cut rates in September, especially as lower fuel costs and easing supply chain issues contribute to the inflation decline.

VLCC:

In the Middle East, charterers' firm sentiment continued amid sufficient supply levels in late June, leading to a drop. 270,000mt MEG/China fell four points to WS53. The Atlantic showed strength in early May but saw an overall decline as demand slowed significantly in June. 260,000mt WAFR/China fell some 3 points to WS57.

Suezmax:

With the weakness in the VLCC market, the demand for West Africa/Europe routes were slightly affected as 130,000mt Nigeria/UKC slipped six points to WS109. Overall, markets are also softer in other regions. In the Black Sea, CPC/Med for 135,000mt fell to WS121.

Aframax:

Despite a steady influx of ballasters from Asia to the Middle East due to consistent demand, the Middle East/Singapore route saw an 11-point increase as shortage of available vessels in the Middle East region push rates up. On the other side, rates saw a big jump as North Sea 80,000mt Cross-UKC climb 22 points to WS172.

Clean:

LR: In the Middle East, LR2 rates for the MEG/Far East route fell by 40 points w-o-w as the influx of Red Sea cargoes that had driven the rates, stagnated. For the LR1s, TC5 slipped slightly to WS244.

MR: In the Far East, the region was supported by increased demand in early June as available vessel depleted, leading to a firmer close. In the UKC, MRs saw a dip in rates this week due to lack of activity with TC2 losing 20 points to WS154.

Baltic Exchange Tanker Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDTI	1,267	1,234	1,049	+2.67%	+20.78%
BCTI	858	1,020	608	-15.88%	+41.12%

Tankers Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
VLCC	310,000	130	145	115	85	58
SUEZMAX	160,000	88	99	83	68	50
AFRAMAX	115,000	72	85	72	60	44
LR1	73,000	60	63	53	43	31
MR	51,000	51	53	45	38	27

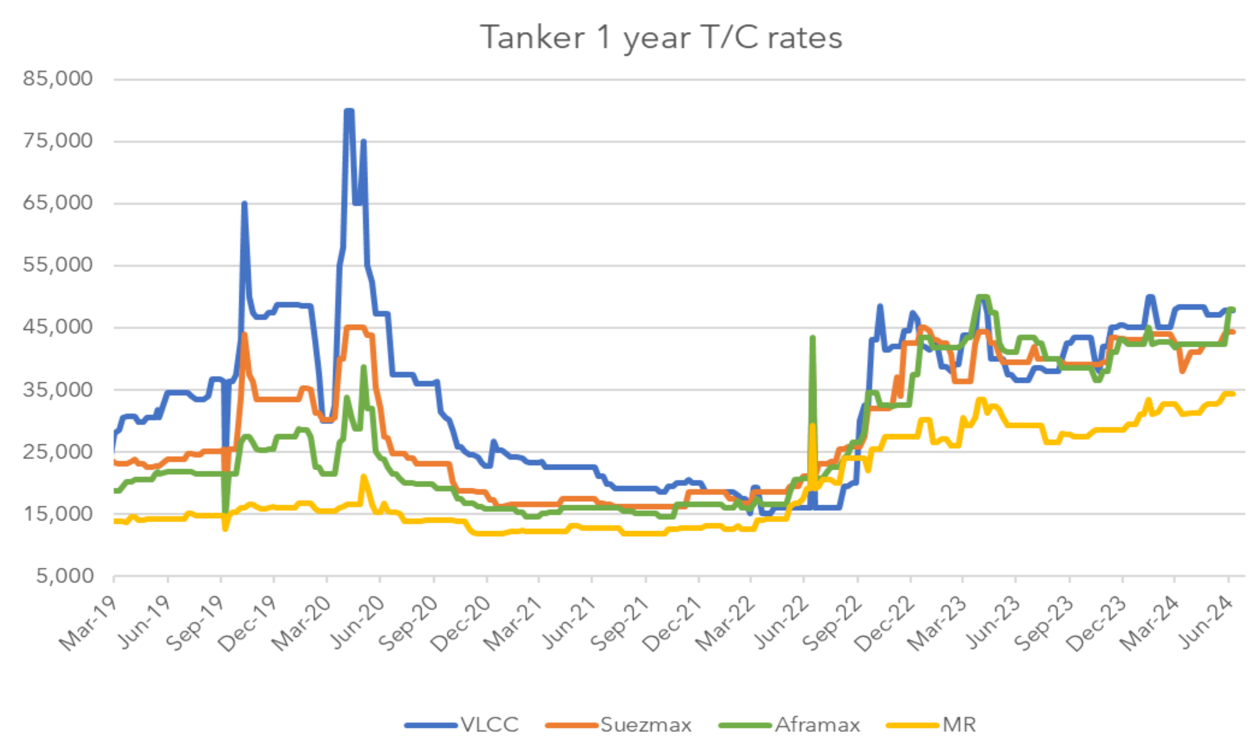
**(amount in USD million)*

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	48,000	48,000	36,500	0	+31.51%
SUEZMAX	150,000	44,500	44,500	39,500	0	+12.66%
AFRAMAX	110,000	49,000	45,000	43,500	+8.89%	+12.64%
LR1	74,000	37,500	37,500	35,000	0	+7.14%
MR	47,000	30,750	30,750	26,000	0	+18.27%

Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
SEOUL SPIRIT	SUEZ	159,966	2005	S. KOREA	34.5	UNDISCLOSED
SANMAR SONNET	AFRA	99,999	1997	JAPAN	28.6	UNDISCLOSED
THEODOSIA	LR1	70,312	2004	S. KOREA	18.5	MIDDLE EAST BUYERS
ALHENA	MR	52,420	2012	CHINA	32.5	GREEK BUYERS
GRACE FORTUNA	MR	47,786	2007	S. KOREA	23.2	UNDISCLOSED
MTM ANTWERP	PROD/ CHEM	20,704	2004	JAPAN	15.0 (SS)	UNDISCLOSED



Containers

Container shipping rates continue to surge as shippers grow increasingly anxious about cargo rollover risks. The SCFI reached its highest level since August 2022, while Drewry's World Container Index jumped 12% this week, standing 181% higher than the same period last year.

The early arrival of the peak season, coupled with Red Sea diversions straining capacity and schedules, has resulted in worsening port congestion, equipment shortages, and elevated freight rates. With capacity scarce and spot rates thousands of dollars above long-term contract levels, annual shipping contracts are becoming unreliable.

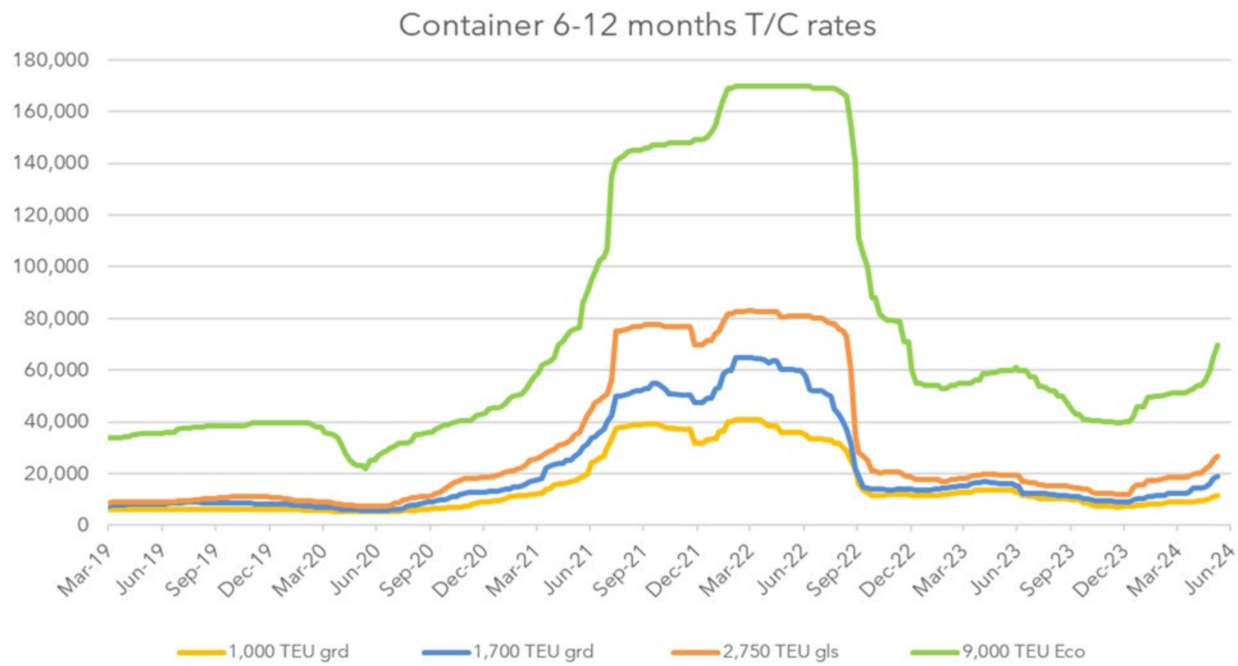
Freight rates continued their upward climb this week as early peak season surged in volume. Overall, SCFI increased by 5% w-o-w to 3,185 points, marking its highest level since August 2022 and more than triple the rate at the start of December. Similarly, the spot rate on the key Shanghai-North Europe route rose to US$3,949 per TEU, a staggering 4 times higher compared to early December.

Containers S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
AP MOLLER	POST PMAX	9,578	2000	DENMARK	UNDISCLOSED	MSC
CORNELIUS MAERSK	POST PMAX	9,578	2000	DENMARK		
CAROLINE MAERSK	POST PMAX	9,578	2000	DENMARK		
CARSTEN MAERSK	POST PMAX	9,578	2000	DENMARK		

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	29	30	22	16	12
2,700 – 2,900	Gearless	41	40	31	23	17
5,100	Gearless	78	73	56	29	26
**(amount in USD million)*						


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

Ship Recycling Market Snapshot

DESTINATION	TANKERS	BULKERS	MPP/ GENERAL CARGO	CONTAINERS	SENTIMENTS / WEEKLY FUTURE TREND
ALANG (WC INDIA)	540 ~ 550	520 ~ 530	530 ~ 540	550 ~ 560	STABLE /
CHATTOGRAM, BANGLADESH	520 ~530	510 ~ 520	490~ 500	530 ~ 540	IMPROVING/
GADDANI, PAKISTAN	520 ~ 530	510 ~ 520	500 ~ 510	530 ~ 540	STABLE /
TURKEY **For Non-EU ships. For E.U. Ship, the prices are about USD 20-30/ton less*	360 ~ 370	330 ~ 340	340 ~ 350	380 ~ 390	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.

5-Year Ship Recycling Average Historical Prices

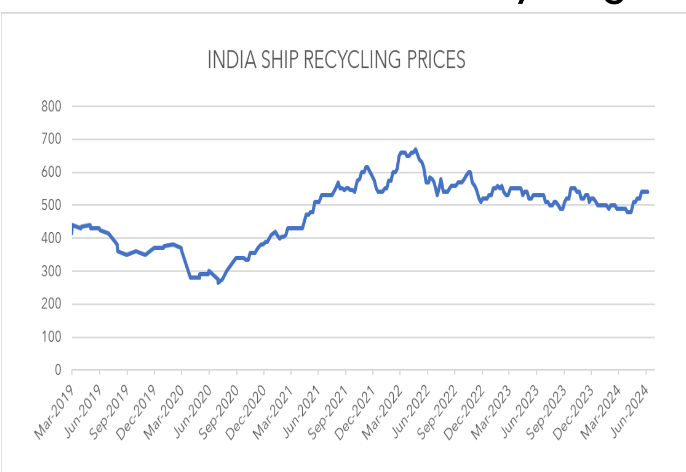
(Week 23)

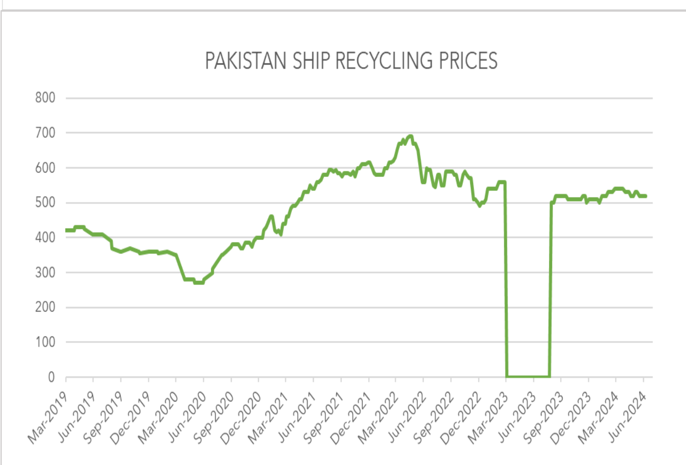
DESTINATION	2019	2020	2021	2022	2023
ALANG, INDIA	435	315	545	590	540
CHATTOGRAM, BANGLADESH	420	300	570	620	570
GADDANI, PAKISTAN	410	290	575	610	530
ALIAGA, TURKEY	270	170	295	310	325

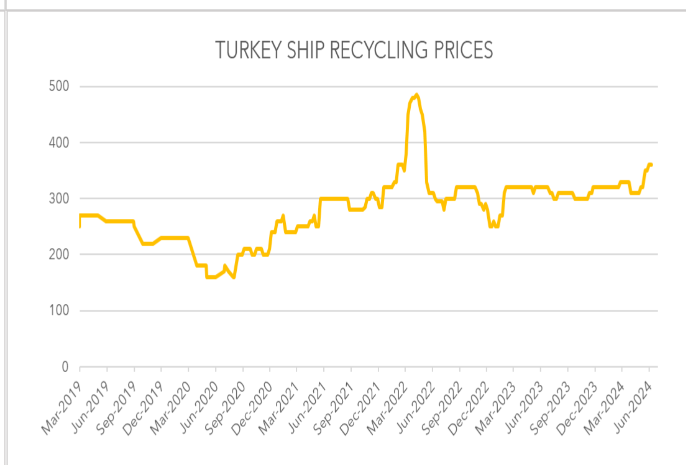
Ships Sold for Recycling

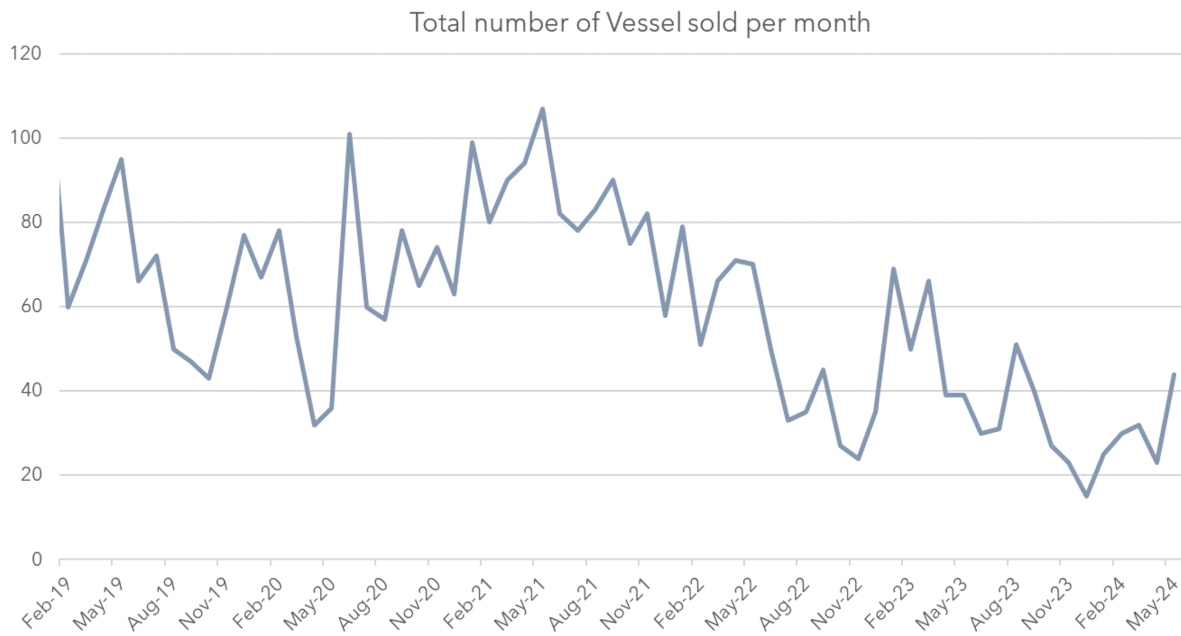
VESSEL NAME	LDT	YEAR / BUILT	TYPE	PRICE (USD/LDT LT)	COMMENTS
GNS HOPE	9,812	1994 / JAPAN	BULKER	500	DELIVERED CHATTOGRAM
BEI FANG MING ZHU	5,776	2013 / CHINA	CONTAINER	515	DELIVERED CHATTOGRAM
ZHONG HONG DA 1	3,981	2006 / CHINA	MPP	505	DELIVERED CHATTOGRAM
HAI SHUN FENG 8	3,402	2004 / CHINA	MPP	505	DELIVERED CHATTOGRAM
MASALA	7,447	1998 / POLAND	CONTAINER	510	DELIVERED CHATTOGRAM
SERANO II	16,290	1999 / JAPAN	TANKER	UNDISCLOSED	DELIVERED CHATTOGRAM

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
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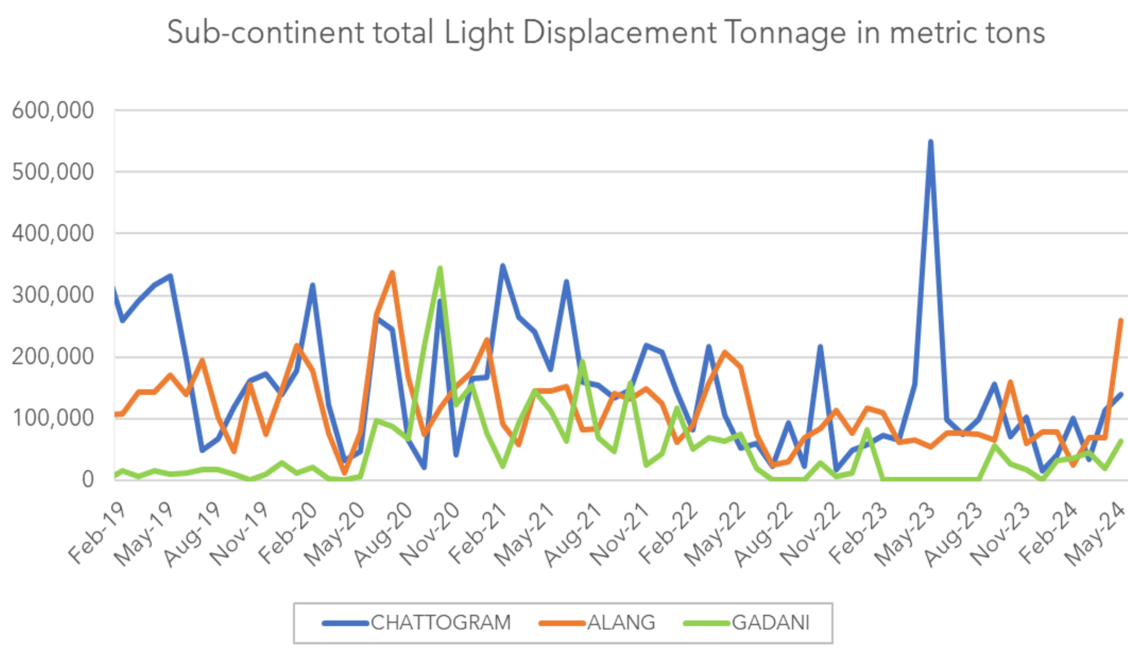
Aug-23
Nov-23
Feb-24
May-24


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
Feb-23
May-23
Aug-23
Nov-23
Feb-24
May-24
CHATTOGRAM
ALANG
GADANI

Insight

Markets in the Sub-Continent and Turkey remained stable, with sustained demand keeping prices high due to a shortage of recycling ships.

At this week's Posidonia event, industry participants widely agreed that many older ships continue to trade, driven by strong market conditions and no immediate signs of a downturn.

Alang, India

This week, the highly anticipated results of India's general elections were announced, with the incumbent ruling party securing victory. However, the win came through coalition partnerships rather than an outright majority, initially causing a ripple of uncertainty in the markets. Despite the initial shock, the markets soon stabilised. Prime Minister Modi will serve a third term, continuing the government's established growth model aimed at driving economic targets.

Ship recycling activities remain consistent, and domestic ship prices are largely stable, experiencing only minor adjustments while the shortage of ships continues to strain the market, with increasing signs of desperation becoming more evident.

Anchorage & Beaching Position (June 2024)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
BALYUZEK	REEFER	2,360	07.06.2024	AWAITING
UNITED ID	BULKER	7,173	06.06.2024	AWAITING
NEZHA	GENERAL CARGO	1,571	04.06.2024	AWAITING
BORD	CONTAINER	5,723	03.06.2024	AWAITING
STREAM	REEFER	9,148	01.06.2024	AWAITING

Chattogram, Bangladesh

The Bangladesh budget, announced on June 6th, had minimal impact on the ship recycling industry. Duties and taxes remained largely unchanged, except for import duties on Fuel Oil and Lube Oils.

- Fuel Oil: Previously USD 265/ton, now increased to USD 480/ton
- Lube Oil: Previously USD 2000/ton, now increased to USD 3000/ton

While for the domestic economy, implementing the new budget will be highly challenging given the current economic context in Bangladesh, according to the Metropolitan Chamber of Commerce and Industry (MCCI).

MCCI president Kamran T Rahman emphasised the need for significant structural reforms in tax administration to enhance effective revenue collection. He criticised the growing tax burden on compliant taxpayers while many high-income entities remain outside the tax net. He expressed concerns that the final budget deficit could widen due to the ongoing tax reform prescribed by the IMF, potentially increasing the tax burden on taxpayers as the tax-GDP ratio is expected to rise by 0.5% to 8.8%.

The Institute of Chartered Accountants of Bangladesh (ICAB) welcomed the introduction of prospective tax rates, reduction of tax rates for private and one-person companies, and reduction of source tax on daily essentials. ICAB acknowledged the government's challenge in implementing a substantial development budget amid global uncertainties and praised it as an encouraging step towards a developing economy.

Despite low market sentiments due to the Eid holidays and the monsoon season, the majority of domestic ship recyclers are anticipating a market uptick next week as demand picks up. Bangladeshi recyclers have been particularly active recently, thanks to their competitive edge. A steady stream of ships from the East has been sold to satisfy the strong demand from these recyclers.

Anchorage & Beaching Position (June 2024)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
FERN	FSO	42,090	05.06.2024	AWAITING
ZHONG HONG DA 1	CONTAINER	3,981	31.05.2024	AWAITING
HAI SHUN FENG 8	MPP	3,402	31.05.2024	AWAITING
HONG YING	GEN.CARGO	1,567	24.05.2024	06.06.2024
GNS HOPE	BULKER	9,812	28.05.2024	05.06.2024
MASALA	CONTAINER	7,447	01.06.2024	05.06.2024
SPAN 30	GEN.CARGO	1,836	30.05.2024	05.06.2024
BAI FANG MING ZHU	CONTAINER	5,775	24.05.2024	04.06.2024
JI HAI ZHING SHAN	CONTAINER	2,175	28.05.2024	04.06.2024
MENT 1	CEMEMENT	2,234	24.05.2024	01.06.2024

Gadani, Pakistan

The market remains subdued as participants await the federal budget announcement and the upcoming Eid holidays.

Recyclers are cautiously awaiting the federal budget announcement on June 12, especially due to the ailing economic conditions that may cause changes in the existing taxes and duties, which is a fear factor for the industry. A vast majority of the recyclers prefer to wait for clarity on fiscal policies.

Otherwise, the market is expected to remain quiet around mid-June, particularly with the approaching Eid holidays on June 17 and 18.

Anchorage & Beaching Position (June 2024)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
-	-	-	-	-

Aliaga, Turkey

There is a noticeable lack of scrap in the Turkey region despite demand within the yards.

Turkish mills have kept their domestic scrap buying prices unchanged since last week, while imported scrap prices are showing diverging trends depending on the origin. A southern mill bought US-origin bonus mix, HMS 1, and shredded scrap at US$392-400/ton CFR Turkey, indicating prices remain at last week's levels.

In Turkey's domestic rebar market, demand and prices are diverging between regions, with the highest prices in the south where demand is moderate, and the lowest in the west. Rebar values ranged mostly from US$580-615/ton ex-works midweek, depending on the region.

Recently, Turkish recyclers have been acquiring a significant number of ships from EU owners, with several transactions reported. Among the latest sales is Maersk’s feeder ship “JEPPESEN MAERSK,” built in Germany in 2001 and weighing 6,314 tons. Another notable sale is the “Contship Pro,” a feeder built in Ukraine in 2003, weighing 4,852 tons.

Turkish shipbreaking scrap prices stood at US$375-385/ton delivered, down US$5/ton from last week's upper end, while the Turkish lira traded at 32.37 per US dollar at week’s close.

BEACHING TIDE DATES 2024

Chattogram, Bangladesh : 5 ~ 8 June | 22 ~25 June

Alang, India : 3 ~ 11 June | 19 ~28 June

BUNKER PRICES (USD/TON)			
PORTS	VLSFO (0.5%)	HSFO (3.5%)	MGO (0.1%)
SINGAPORE	570	476	712
HONG KONG	604	464	732
FUJAIRAH	583	471	837
ROTTERDAM	558	444	715
HOUSTON	578	434	771

EXCHANGE RATES			
CURRENCY	JUNE 7	MAY 24	W-O-W % CHANGE
USD / CNY (CHINA)	7.24	7.24	0
USD / BDT (BANGLADESH)	117.45	117.28	-0.14%
USD / INR (INDIA)	83.48	83.07	-0.49%
USD / PKR (PAKISTAN)	278.40	278.55	+0.05%
USD / TRY (TURKEY)	32.37	32.22	-0.47%

Sub-Continent and Turkey ferrous scrap markets insight

This week, the ferrous scrap market in the Sub-Continent and Turkey displayed mixed trends. In India, market uncertainty prevailed due to political unrest and bid-offer disparities caused by rising freight costs and container shortages, resulting in minimal trading. Conversely, Pakistan and Bangladesh saw slight upticks in offers despite weak market sentiments. Turkish scrap prices remained high as mills continued inquiries ahead of a mid-June Holiday.

In **India**, buyers showed resistance in making firm commitments amidst rising freight costs and container shortages, resulting in market uncertainty. Throughout the week, the Indian imported ferrous market experienced sluggish activity as buyers adopted a wait-and-see approach due to uncertainty from parliamentary elections. This cautious stance led to minimal trading and noticeable bid-offer disparities. Shredded scrap offers from the US and UK/Europe were consistently assessed at US$415-420/ton CFR Nhava Sheva, occasionally reaching US$428-430/ton CFR, while buyers aimed for lower prices around US$410-415/ton CFR. HMS (80:20) offers from the UK/Europe and West Africa ranged from US$395-400/ton CFR, with buyer bids slightly lower at US$390-395/ton.

In the domestic scrap market, despite high production levels of around 90-95% at steel mills, new bookings for imported materials were scarce. Traders anticipated that market sentiment might stabilise in the coming days, expecting a short-term impact from the election results. Market insiders indicated that regional government changes in states like Odisha, Andhra Pradesh, and Uttar Pradesh could have localised effects, but overall, the market was expected to recover. An upward trend in imported scrap prices was also predicted due to increasing freight rates.

During the week in **Pakistan**, the market for imported scrap showed mixed sentiment, with a gradual improvement in activity despite underlying challenges. Buyers began actively inquiring about offers, particularly for shredded scrap from the UK/Europe, assessed at US$420-430/t CFR Qasim. However, tight cash flows and the upcoming Eid holidays significantly influenced buying decisions, alongside low production rates in the steel industry, hovering around 30-40%.

Traders and industry officials highlighted the impact of high interest rates, currently at 22%, on the economy and hoped for a business-friendly budget and a reduction in rates, considering the drop in inflation to 12-14%. The domestic market also reflected subdued conditions, with local scrap prices between PKR 150,000-156,000/t and rebar prices at PKR 250,000-260,000/ton.

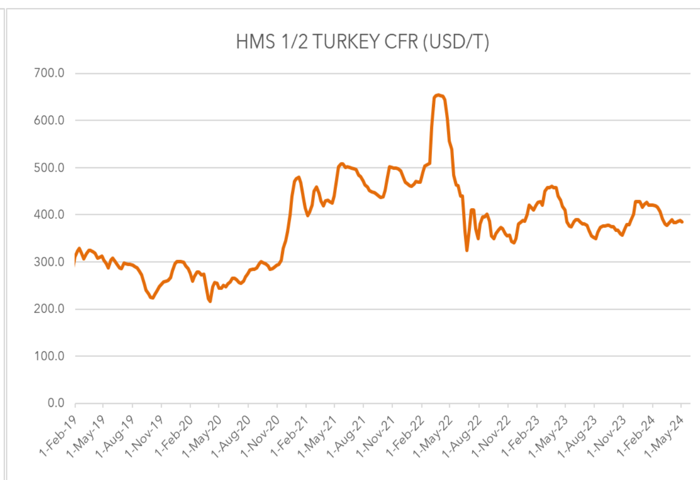
In **Bangladesh**, buying activities witnessed mixed trends, with some restocking ahead of Eid and others waiting for optimal price levels amid rising freight costs and container shortages. Indicative offers for shredded scrap from the UK/Europe were at US$425-430/ton CFR Chattogram, while HMS (80:20) offers were US$405-410/ton CFR. US-origin bulk HMS (80:20) was offered at US$410/ton CFR, shredded at US$420/ton CFR, and bonus at US$425/ton CFR, but bids were lower.

In the containers market, Australian-origin HMS (80:20) was offered at US$410/ton CFR, with buyers bidding US$400-405/ton CFR. Rising freight rates, especially from East Asian origins, pushed buyers towards sources like Australia and New Zealand. Offers from Japan and Hong Kong were unviable due to high freight rates, which surged from US$700 to US$1,500-US$1,950 for a 20-foot container from Hong Kong. Approximately 4,000-6,000 tonnes of shredded, HMS (90:10), and PNS from Australia, Chile, Peru, and other regions were booked at US$410-442/ton CFR Chattogram.

Turkish imported ferrous scrap prices remained slightly elevated as mills continued their inquiries in anticipation of a mid-June Holiday, expecting range-bound prices due to equilibrium in the short-sea space. Turkish steel producers began deep-sea bookings last week for July stocks, driven by demand for finished long steel products. Scrap suppliers were reluctant to offer discounts due to sluggish material flow. In May, Turkish producers booked over 30 deep-sea cargoes, mainly for June shipments.

Assessment for US-origin HMS (80:20) bulk scrap stood at US$383/ton CFR, with a rise of US$4/ton week-on-week. Turkish rebar export prices were at US$578-580/ton FOB, with the scrap-to-rebar spread at US$195-198/t FOB. Early June was quiet, but trade is expected to resume before Eid al-Adha. European sell-side sentiments remained firm with limited scrap availability. EU-origin HMS (80:20) prices are expected to remain at US$380-382/t CFR. US-origin HMS (90:10) was offered at US$390/ton CFR, while Turkish mills are likely to raise rebar offers to US$585-590/ton FOB.

HMS 1/2 & Tangshan Billet



Commodities

This week the metals came under pressure amid concerns over Chinese demand, further exacerbated by easing supply side issues.

Copper prices edged lower due to worries about China's demand, with inventories of the metal rising instead of shrinking. Stockpiles in Shanghai Futures Exchange warehouses have surged above 300,000 tons, the highest level since 2020. Weak economic data has compounded these concerns, with China's official factory activity gauge slipping into contraction in May. Additionally, China's car sales dropped 3% year-on-year to 1.69 million units in May, according to the PCA. However, strong electric vehicle (EV) sales, which jumped 36% year-on-year, provided some offset. The overall weak demand outlook weighed heavily on sentiment across the broader metals sector, with aluminium, nickel, and zinc all experiencing sharp declines.

Iron ore extended its recent declines amid persistent bearish sentiment. The outlook for Chinese demand remains uncertain, and recent support measures by Beijing are unlikely to stimulate new construction activity. Reports that a major producer is lowering the iron content of its exports have added to the uncertainty. However, iron ore futures rallied by the week's end on rumours of production cuts. Sources indicate that Beijing will hold a meeting this weekend to discuss implementing steel output cuts, causing steel prices to rise sharply and lifting iron ore prices by the week's close.

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)	109	-6.83%	-0.90%	117	110
Iron Ore Fines, CNF Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	111	-7.5%	-0.89%	120	112

Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	448.35	-19.45	-4.16%	Jul 2024
3Mo Copper (L.M.E.)	USD / MT	9,762.50	-386.50	-3.81%	N/A
3Mo Aluminum (L.M.E.)	USD / MT	2,578.00	-69.50	-2.63%	N/A
3Mo Zinc (L.M.E.)	USD / MT	2,767.00	-143.00	-4.91%	N/A
3Mo Tin (L.M.E.)	USD / MT	31,452.00	-746.00	-2.32%	N/A

Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	75.53	-0.02	-0.03%	Jul 2024
Brent Crude (ICE.)	USD / bbl.	79.62	-0.25	-0.31%	Aug 2024
Crude Oil (Tokyo)	J.P.Y. / kl	78,770.00	+770.00	+0.99%	Jun 2024
Natural Gas (Nymex)	USD / MMBtu	2.92	+0.10	+3.44%	Jul 2024

Note: all rates as at C.O.B. London time June 7, 2024

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