



# WEEKLY REPORT

WEEK 26 – June 30, 2024

The Houthis have escalated their maritime attacks in the Middle East, claiming to have launched a homemade hypersonic missile, the Hadim-2, against a Liberian-flagged vessel in the Arabian Sea. Over the past two weeks, Houthis have intensified their campaign against merchant shipping, employing more sophisticated tactics that combine air and sea attacks.

These assaults have resulted in a ship sinking, several vessels sustaining significant damage, and the tragic loss of a seafarer's life. It is estimated that nearly 120 merchant vessels have been targeted in the last 7 months.

In response to this escalating threat, the International Transport Workers' Federation (ITF) and seafarers' unions worldwide have called for increased government intervention to protect maritime workers in the region. They have also urged shipping companies to prioritize crew safety by rerouting vessels away from dangerous areas. Despite these calls for action, many shipping analysts predict that the Red Sea shipping crisis will persist into the first half of next year.

Meanwhile, President Joe Biden and former President Donald Trump faced off in their first presidential debate, with Biden's performance raising concerns about his age and fitness for office. The 81-year-old incumbent stumbled through several exchanges, making notable gaffes and misstatements on key policy points, which could potentially impact his already struggling campaign.

Trump capitalized on Biden's missteps, particularly on issues like the economy and immigration. The debate covered a range of topics, including economic policies, abortion rights, veterans' care, and foreign policy, with both candidates trading barbs and accusations.

Biden attempted to highlight his administration's achievements, particularly in job creation and veterans' care while attacking Trump's legal troubles and controversial statements. Trump, in turn, defended his economic record and criticised Biden's competence.

The debate also touched on sensitive issues like the Israel-Hamas conflict, with Biden trying to balance support for Israel with calls for restraint in Gaza. Trump advocated for a more isolationist foreign policy stance.

## Dry Bulk

---

The Baltic Exchange's index surged to a month high on Thursday, propelled by robust demand for Capes. The overall index climbed 67 points to 2,031, its highest since May 13.

Capesize rates carry the weight of the whole index, with the segment jumping 226 points to 3,371, a level not seen since May 9. Average daily earnings increased by US\$1,872 to US\$27,954. This uptick coincided with divergent iron ore futures prices as the Dalian benchmark extended gains for a third consecutive session.

Panamax index, on the other hand, dipped 11 points to 1,672, its lowest since April 10. Average daily earnings fell to US\$15,047. BSI also ended its 13-session winning streak, falling 13 points to 1,399.

Over the past two weeks, the Capesize market has remained stable, with spot rates consistently hovering in the mid to low US\$20,000s range. This unusual lack of volatility in an otherwise turbulent market suggests that current elevated rates are a sweet spot for both buyers and sellers.

Given the industry's heavy reliance on China, significant progress in the Chinese economy will have a lasting upturn in the sector.

### Capesize:

Despite seasonal slowdowns in Chinese steel demand, iron ore prices are rising due to steelmakers taking advantage of weak levels and increased sales from Western Australian suppliers. China's steel production in May 2024 reached a 14-month high, with positive trends in manufacturing and automobile supporting the outlook. While current market dynamics are driving a temporary price increase, the lack of substantial demand suggests a limited possibility for sustained market growth. This week, Pacific saw improvements, largely due to major Western Australian iron ore shippers consistently securing vessels for their shipments. Pacific r/v saw rates improved to US\$28,500's at closing while T/A closed at US\$25,250's.

### Panamax/Kamsarmax:

The Atlantic is showing signs of recovery, with the decline in rates slowing down. This improvement is attributed to two main factors: a rebound in the Capes segment and an influx of August cargo bookings for South American routes. However, the supply of vessels continues to outpace demand, indicating that a sustained inflow is necessary to establish a solid price floor and support further recovery. T/A saw levels slipped to

US\$12,875's a day while Pacific witness cargo inflow begun to recover leading to levels falling to US\$13,500's a day for r/v trips.

### Supramax/Ultramax:

Despite persistent weak demand in the Mediterranean and S. American regions, the Atlantic has managed to establish a short-term price floor. This is primarily attributed to an increase in new inflows from the USG. T/A levels climb to US\$18,400's a day.

Meanwhile, the Pacific market has experienced a modest uptick in rates. This positive movement is driven by steady cargo demand from NE. Asia. The consistent supply in the region has helped to support freight rates. B/H routes closed higher at US\$12,000's a day.

### Handysize:

It was a positive week in the Handy segment with rates across all routes seeing improved rates. Although Pacific routes saw a softer level compared to last, inter Pacific improved to US\$11,400's a day at closing. In the Atlantic, it was positive sentiments all around with few fixtures at end's week. T/A closed at US\$11,650's a day.

## Baltic Exchange Dry Bulk Indices

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDI	2,050	1,997	1,112	+2.65%	+84.35%
BCI	3,443	3,142	1,704	+9.58%	+102.05%
BPI	1,667	1,827	1,041	-8.76%	+60.13%
BSI	1,385	1,398	750	-0.93%	+84.67%
BHSI	763	753	448	+1.33%	+70.31%

## Dry Bulk Values

(Weekly)

TYPE	DWT	NB CONTRACT	NB PROMPT DELIVERY	5 YEARS	10 YEARS	15 YEARS
CAPE	180,000	76	77	64	45	29
KAMSARMAX	82,000	37	43	38	29	19
SUPRAMAX	56,000	34	42	36	28	16
HANDY	38,000	30	35	28	21	12

\*(amount in USD million)

## Bulker 12 months T/C rates average (in USD/day)

TYPE	DWT	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
CAPE SIZE	180,000	22,000	22,500	15,750	-2.22%	+39.68%
PANAMAX	75,000	15,400	15,550	11,975	-0.96%	+28.60%
SUPRAMAX	58,000	15,000	15,500	11,150	-3.23%	+34.53%
HANDYSIZE	38,000	15,000	14,500	9,750	-3.45%	+53.85%

## Dry Bulk – S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
UNTA	CAPE	106,563	2009	JAPAN	18.5	CHINESE BUYERS
LIVIA ROSE	KMAX	81,828	2018	CHINA	35.6	HMM
BBG QINZHOU	KMAX	81,608	2019	CHINA	30.0 (AUCTION)	CHINESE BUYERS
ALMIRA	UMAX	61,496	2011	JAPAN	21.5	FAR EASTERN BUYERS
BRIGHT HERO	SMAX	55,625	2010	JAPAN	16.7	UNDISCLOSED
GENCO WARRIOR	SMAX	55,435	2005	CHINA	12.0	CHINESE BUYERS
TAI HUNTER	SMAX	55,418	2007	JAPAN	14.5	CHINESE BUYERS
CHARANA NAREE	HANDY	33,720	2005	JAPAN	10.75	CHINESE BUYERS

## Dry Bulk 1 year T/C rates



## Tankers

---

Oil markets this week were focused on two critical factors: the ongoing debate over supply and demand, and the potential for a full-scale conflict between Israel and Lebanon. This tension is likely to continue into the next week, keeping markets on edge.

The situation in the Middle East escalated late Thursday when Washington announced preparations for a possible evacuation of American citizens from Lebanon. The Pentagon's move to position an amphibious assault ship and special operations forces closer to Israel further underscores the gravity of the situation. Israeli military officials have hinted at a shift in focus from Hamas to the northern border with Lebanon, suggesting an imminent expansion of the conflict.

A major concern is the potential loss of control over the situation. While Iran's Islamic Revolutionary Guards Corp may not be actively planning to escalate matters, pro-Iranian militias in Iraq have already pledged support to Lebanon in the event of an Israeli incursion. This promise could be interpreted as a threat to escalate independently, even if Lebanon and Hezbollah prefer to de-escalate. The complexity is compounded by Iran's limited control over its proxies and the added pressure of upcoming Iranian presidential elections.

This delicate balance could potentially trigger a wider regional conflict, adding another layer of uncertainty to an already volatile oil market.

### **VLCC:**

Both East and West of Suez regions experienced persistent weakness throughout the week due to sluggish off-season demand. The Middle East to China route for 270,000mt closed at WS49 points. The ongoing slump in the MEG is causing more vessels to head West or Singapore. While the off-season rate weakness is expected to continue, with rates remaining in the lows.

### **Suezmax:**

Although freight rates for West Africa to Europe routes remain flat this week with Nigeria/UKC closing at WS109, increased vessel availability and the downward rates in VLCC rates are expected for further declines in coming week. In the MEG, routes to Med remain at WS95.

### **Aframax:**

The Middle East market continues to face headwinds, experiencing a consecutive week of declining rates. The stagnant demand and ongoing weakness in the larger segment are a contribution to this trend. The market dynamics currently strongly favor charterers, who are maintaining their advantageous position. In the Med, Ceyhan/Lavera routes saw a slight uptick with 80,000mt closing at WS153. On the other side, 70,000mt EC Mexico/USG fell hard by 45 points to WS176.

### **Clean:**

LR: LR2 on the MEG/Far East route continued its upward momentum from last at WS205. However, this was short-lived. With the start of July next week, the expected influx of cargoes did not live up, leading to a decline in rates. In the LR1, TC5 routes remain the same as last at WS230, while ARA/WAFR routes fell to WS142.

MR: The Far East/Singapore route experienced a subdued week. Demand softened noticeably, resulting in limited activity in the charter market. In the ARA/WAFR route, TC19 saw a jump by some 25 points to WS202.

## **Baltic Exchange Tanker Indices**

INDICES	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
BDTI	1,150	1,205	1,008	-4.56%	+14.09%
BCTI	834	795	603	+4.91%	+38.31%

## **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	89	99	83	68	50
AFRAMAX	115,000	75	85	72	62	44
LR1	73,000	62	62	54	44	32
MR	51,000	52	54	47	39	27

*\*(amount in USD million)*

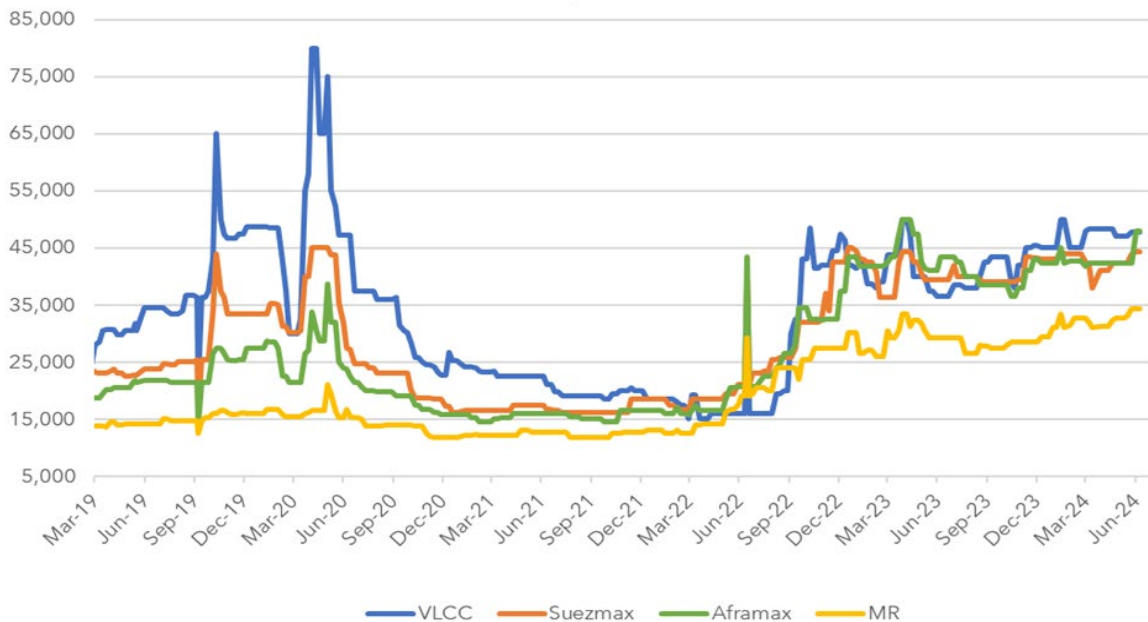
## Tanker 12 months T/C rates average (in USD/day)

TYPE	DWT	CURRENT	LAST WEEK	LAST YEAR	W-O-W CHANGE	Y-O-Y CHANGE
VLCC	310,000	47,500	47,500	38,500	0	+23.38%
SUEZMAX	150,000	43,500	43,500	40,500	0	+7.41%
AFRAMAX	110,000	45,000	47,750	42,500	-5.76%	+5.88%
LRI	74,000	37,000	37,000	29,250	0	+26.50%
MR	47,000	30,250	30,250	26,000	0	+16.35%

## Tankers S&P Report

VESSEL NAME	TYPE	DWT	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
C PROSPERITY	VLCC	313,525	2009	S. KOREA	53.0	KYKLADES MARITIMES
FRONT THOR	SUEZ	156,719	2010	CHINA	48.0	UNDISCLOSED
DIGNITY	MR	50,392	2010	CHINA	29.0	AERIO SHIP MANAGEMENT
NEUTRON SOUND	MR	49,997	2007	S. KOREA	23.0	UNDISCLOSED
FOS ENERGY	MR	45,990	2006	S. KOREA	20.5	UNDISCLOSED
CSC PROGRESS	MR	45,791	2007	CHINA	21.0	UNDISCLOSED

Tanker 1 year T/C rates



## Containers

Container freight rates continued their upward trajectory this week. The SCFI, a key indicator of global shipping rates, surged 7% w-o-w to reach 3,714 points.

Particularly notable was the performance of the Shanghai to Northern Europe route, where rates skyrocketed by 13% from previous to US\$4,880 per TEU.

The Shanghai to U.S. West Coast route also saw significant gains, with rates climbing 9% to US\$7,830 per FEU. This surge has brought rates on this route similar to February 2022 peak, observed during the height of Covid.

These substantial increases across major global shipping routes reflect the ongoing challenges faced by the industry and highlight the ripple effects of geopolitical tensions and logistical bottlenecks on international trade flows.

## Containers S&P Report

VESSEL NAME	TYPE	TEU	YEAR	BUILT	PRICE (MILLION) USD	COMMENTS / BUYERS
ZIM WILMINGTON	POST PMAX	9,034	2014	S. KOREA	N/A	SINGAPOREAN BUYERS
SEAMAX STAMFORD	PMAX	4,896	2015	CHINA	N/A	SINGAPOREAN BUYERS
UNI-PACIFIC	FEEDER	1618	1999	JAPAN	UNDISCLOSED	CHINESE BUYERS

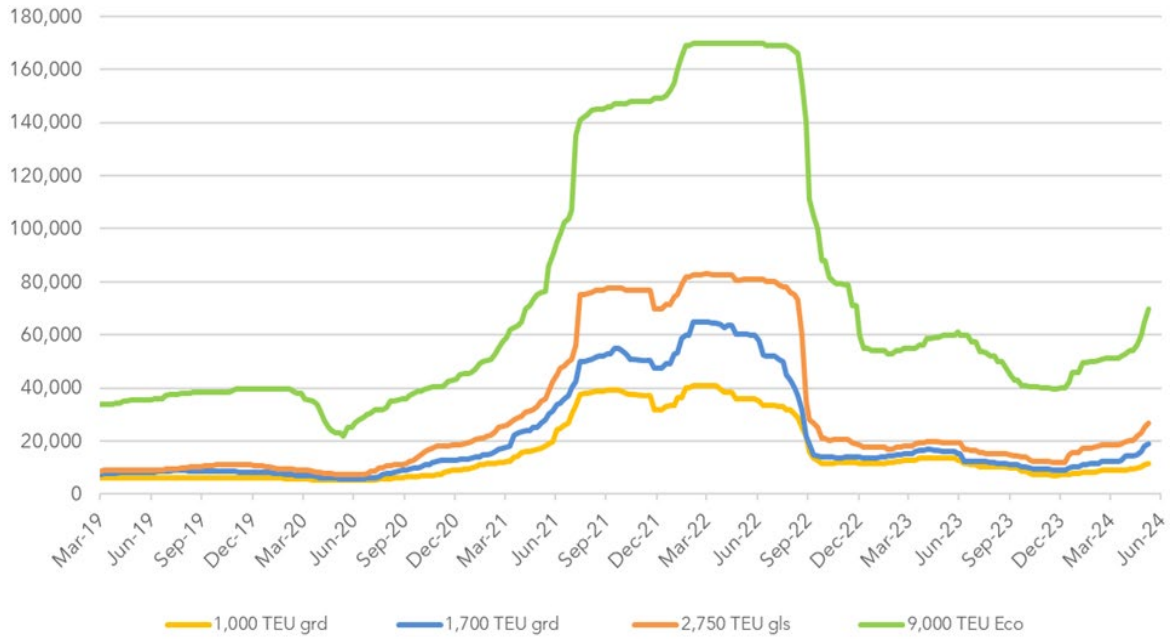
## Containers Values

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	23	17	14
2,700 – 2,900	Gearless	41	41	33	26	20
5,100	Gearless	79	77	61	33	30





\*(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)	510 ~ 520	500 ~ 510	510 ~ 520	530 ~ 540	WEAK / 
CHATTOGRAM, BANGLADESH	520 ~ 530	510 ~ 520	490 ~ 500	530 ~ 540	STABLE / 
GADDANI, PAKISTAN	520 ~ 530	510 ~ 520	500 ~ 510	530 ~ 540	STABLE / 
TURKEY <i>*For Non-EU ships. For E.U. Ship, the prices are about USD 20-30/ton less</i>	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

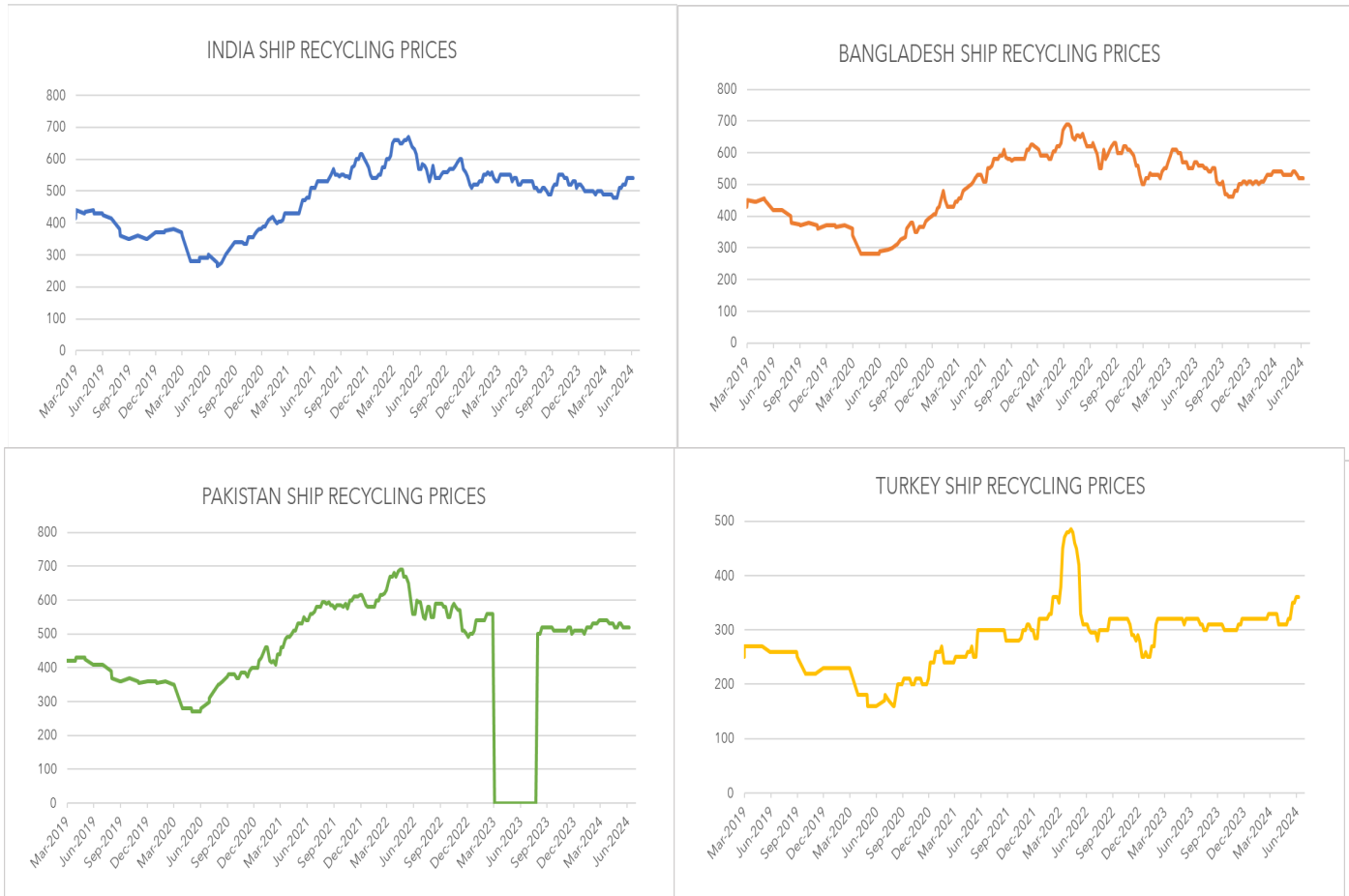
(Week 26)

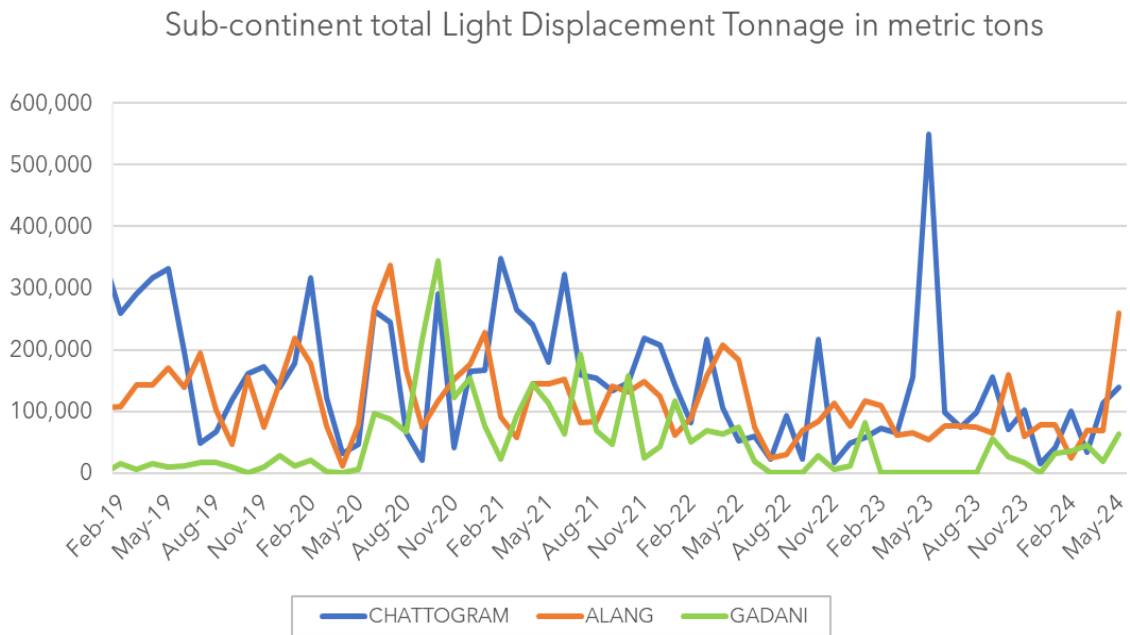
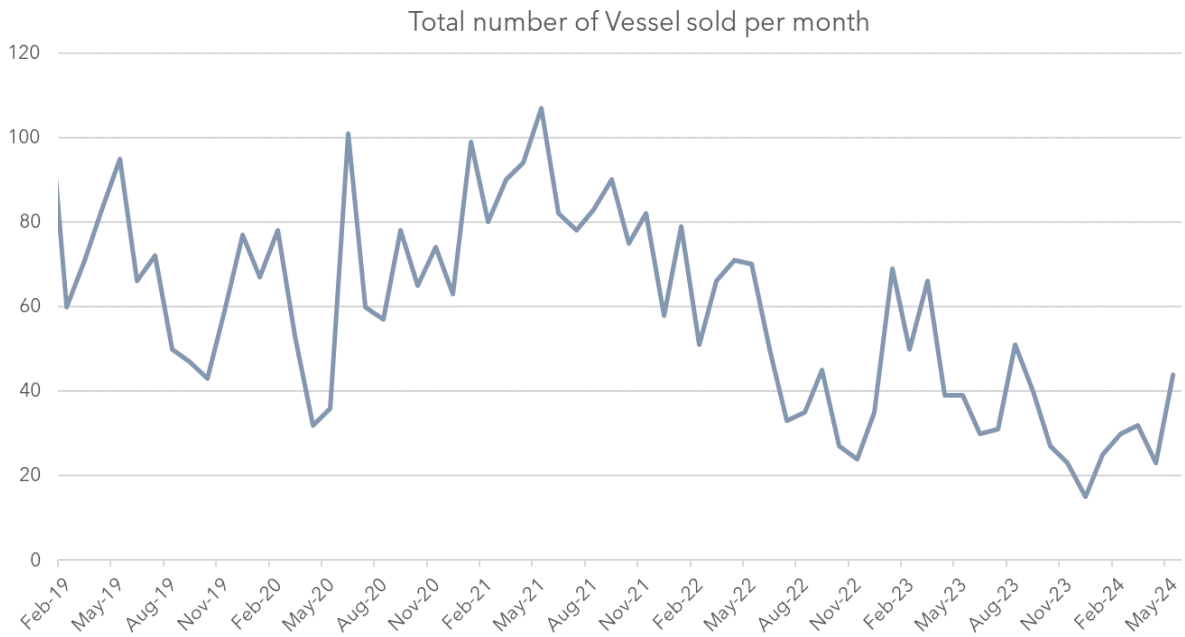
DESTINATION	2019	2020	2021	2022	2023
ALANG, INDIA	425	270	540	570	530
CHATTOGRAM, BANGLADESH	420	300	545	590	565
GADDANI, PAKISTAN	410	305	490	580	530
ALIAGA, TURKEY	270	210	210	300	325

## Ships Sold for Recycling

VESSEL NAME	LDT	YEAR / BUILT	TYPE	PRICE (USD/LDT LT)	COMMENTS
OSSORA	936	1988 / USSR	FISHING	600	DELIVERED ALANG, PREMIUM FOR GOOD MACHINERY SPECS AND HEAVY PROPELLER
FAR EAST GRACE	3,584	2007 / CHINA	CONTAINER	500	AS IS KHOR FAKKAN, UAE
KMAX PRO	7,226	1997 / JAPAN	BULKER	UNDISCLOSED	AS IS PENANG, MALAYSIA (SOLD VIA COURT AUCTIONS)
APJ MAHAKALI	9,126	1996 / JAPAN	BULKER	525	AS IS COLOMBO FOR REDELIVERY CHATTORGRAM
DOOWOO	3,744	1992 / JAPAN	CONTAINER	532	DELIVERED CHATTOGRAM
TOKACHI FROST	2,592	1985 / JAPAN	REEFER	525	DELIVERED ALANG

## Recycling Ships Price Trend





## Insight

Another quiet week for the Indian Sub-Continent markets with subdued domestic demand and a lack of ships for sale left the markets cold as there were not enough ships to create a marketplace.

The robust freight rates across the board in all segments kept the ships away for the shores of the Sub-Continent. Ship supply side issues across the segments provided some support to the ailing markets across the Sub-Continent.

In the meantime, in China, the steel industry achieved profitability in May for the first time this year, driven by a faster growth in operating income compared to operating costs. Increased steel output, higher prices for flats and wire rods, and lower iron ore costs in May contributed to this positive outcome.

In May, the steel industry reported net profits of CNY 9.5 billion (\$1.3 billion), a significant turnaround from the CNY 860 million net loss recorded in April. Operating income and costs for the month were CNY 698.1 billion and CNY 667.8 billion, reflecting month-on-month increases of 2.3% and 1.2%, respectively.

China's finished steel production in May rose to 122.7 million tons, a 5.3% increase from the previous month. Sectors consuming flat steel, including automotive, shipbuilding, and home appliances, continued to show year-on-year growth up to May, buoyed in part by strong export demand.

The average cost of importing iron ore dropped by 6.5% month-on-month, according to the China General Administration of Customs, while the price of imported coke saw a 14.3% increase. Despite the positive performance in May, the steel industry recorded a net loss of CNY 12.7 billion over the January-May period, with revenue down 3.3% year-on-year to CNY 3.3 trillion.

Speculation about potential crude steel production cuts has fueled interest in betting on steelmaking margins, although the industry's improved performance in May casts some doubt on this strategy.

## Alang, India

The domestic scrap markets have continued their downward course, erasing all previous gains and entering a bearish phase with further declines. By the end of this week, however, prices had stabilised, halting their descent. It remains too early to determine if the markets have bottomed out.

The Alang markets are struggling with uncertainty due to the recent drop in domestic ship scrap prices despite a healthy demand. The upcoming weeks will be closely watched to ascertain whether the local ship scrap markets have reached their lowest point or if further declines are expected.

### Anchorage & Beaching Position (June 2024)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
MSC GRACE F	CONTAINER	7,555	20.06.2024	23.06.2024
MSC TIA II	CONTIANER	10,611	15.06.2024	22.06.2024
PROFESSOR B	GENERAL CARGO	5,121	14.06.2024	21.06.2024
VICTOR GARRILOV	FISHING	5,962	13.06.2024	21.06.2024
IDM DOODLE	GENERAL CARGO	4,303	12.06.2024	20.06.2024
BALYUZEK	REEFER	2,360	07.06.2024	AWAITING
UNITED ID	BULKER	7,173	06.06.2024	11.06.2024
NEZHA	GENERAL CARGO	1,571	04.06.2024	11.06.2024
BORD	CONTAINER	5,723	03.06.2024	07.06.2024
STREAM	REEFER	9,148	01.06.2024	07.06.2024

## Chattogram, Bangladesh

It was a quiet week for the Chattogram recyclers as the markets resumed normalcy post-EID holidays. Prices have remained firm and stable, as the underlying demand remains moderately stable.

Bangladesh's economy is striving to recover, tackling high inflation while simultaneously maintaining open business activities and promoting existing interest rates to facilitate more lending to companies.

However, the IMF has recommended that the Bangladesh Bank raise its policy rate by 50 basis points by December, citing the insufficient impact of current monetary tightening

on inflation. As Bangladesh Bank prepares its July monetary policy announcement, it faces persistent inflation despite increasing the repo rate by over 400 basis points to 8.5% in the past two years. Inflation soared to a 12-year high of 9.02% last financial year, surpassing 9.5% this year, severely impacting low-income groups.

Economist Zahid Hussain attributes the ineffectiveness of monetary tightening to inconsistency and impartiality. The IMF, which approved a \$1.15 billion tranche of a \$4.7 billion loan to Bangladesh, stressed the need for continued tightening until inflation aligns with BB's 5-6% target. It projects the policy rate might peak at 9% by mid-2024-25 to reduce inflation to 7% by fiscal year's end.

Additionally, the IMF urges amending the Bangladesh Bank Order and enhancing decision-making and communication. BB has committed to regular Monetary Policy Committee meetings and quarterly reports. Hussain highlights the need for better transmission of monetary policy and functional interest rate corridors amid foreign exchange constraints and declining reserves.

### Anchorage & Beaching Position (June 2024)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
XING TONG 313	LPG	1,909	26.06.2024	AWAITING
YUN TAI LONG 66	CONTAINER	2,090	26.06.2024	AWAITING
PINE EXPRESS	WOODCHIP	9,543	18.06.2024	25.06.2024
DOOWOO	CONTAINER	3,744	18.06.2024	26.06.2024
XIN HAO JIANG 206	BULKER	3,328	08.06.2024	15.06.2024
ZHONG HONG DA 1	CONTAINER	3,981	31.05.2024	12.06.2024
YUA	CONTAINER	4,476	07.06.2024	10.06.2024
HAI SHUN FENG 8	MPP	3,402	31.05.2024	09.06.2024
FERN	FSO	42,090	05.06.2024	07.06.2024
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	CEMENT	2,234	24.05.2024	01.06.2024

## Gadani, Pakistan

This week, the markets have returned to normal operations following the Eid holidays. Ship recyclers are actively seeking ships for recycling, buoyed by the recent budget that dispelled concerns about potential new taxes or duties. Meanwhile, domestic steel mills have received a boost as the government has revoked the tax-free status of FATA and other regions, which had previously undermined the competitiveness of local mills. This change is expected to create a level playing field, leading to a more streamlined resale of domestically produced steel products.

The ship recycling and domestic steel industries faced a setback as the Pakistani government moved to decommission Pakistan Steel Mills, which had been inactive since 2015, to repurpose its land. Despite hopes of reviving the asset through private and international investments, these efforts proved futile. Such moves are going to decrease further demand for scarp steel.

On the local economic front, the National Assembly passed the government's tax-heavy finance bill for the upcoming fiscal year, aiming to bolster its case for a new IMF bailout to avoid a debt default. The bill, presented by the finance minister and endorsed by the Prime Minister, has faced sharp criticism from opposition parties.

The government's ambitious budget sets a tax revenue target of Rs13 trillion for the fiscal year starting July 1, a 40% increase from the current year, to secure a \$6-8 billion IMF loan. This includes a 48% rise in direct taxes and a 35% increase in indirect taxes, along with a 64% hike in non-tax revenue like petroleum levies.

While these are microeconomic factors that may not immediately impact the recycling industry, they do influence the long-term demand for steel. This demand is a crucial driver for ship recycling prices.

### Anchorage & Beaching Position (June 2024)

VESSEL NAME	TYPE	LDT	ARRIVAL	BEACHING
-	-	-	-	-

## Aliaga, Turkey

Another uncertain week in this region as participants dilatory back after the Eid holiday. Activities have not resumed fully as most mills are extending the holiday for further maintenance work. Market sentiment remains cautious due to high temperatures impacting construction activities and ongoing financial concerns. Domestic rebar offers



ranged from US\$585-605/t ex-works, with scrap purchases also halting during the holiday.

Mills anticipate lower scrap prices due to weakening iron ore and Chinese steel markets, as well as a softer euro. However, scrap suppliers expect higher prices due to tight supply. At the moment, the industry is watching scrap prices and global market trends for direction on future pricing and demand.

#### BEACHING TIDE DATES 2024

Chattogram, Bangladesh : 05 ~08 July | 21 ~ 24 July

Alang, India : 02 ~ 11 July | 19 ~ 27 July

BUNKER PRICES (USD/TON)			
PORTS	VLSFO (0.5%)	HSFO (3.5%)	MGO (0.1%)
SINGAPORE	591	514	717
HONG KONG	613	557	717
FUJAIRAH	593	498	842
ROTTERDAM	541	475	729
HOUSTON	580	474	729

EXCHANGE RATES			
CURRENCY	JUNE 28	JUNE 21	W-O-W % CHANGE
USD / CNY (CHINA)	7.26	7.26	0
USD / BDT (BANGLADESH)	117.51	117.49	-0.02%
USD / INR (INDIA)	83.34	83.56	+0.26%
USD / PKR (PAKISTAN)	278.42	278.50	+0.03%
USD / TRY (TURKEY)	32.73	32.84	+0.33%

## Sub-Continent and Turkey ferrous scrap markets insight

The Sub-Continent ferrous scrap market encountered a series of hurdles this week. In India, domestic market volatility kept demand sluggish, leading to cautious procurement and ongoing bid-offer disparities. Meanwhile, Pakistani buyers experienced a post-Eid slowdown and fund shortages, though prices are anticipated to rise as Turkey re-enters the market. In Bangladesh, uncertain freight rates and difficulties in opening Letters of Credit prompted a wait-and-watch approach amidst bearish steel demand. Conversely, Turkey saw multiple deals pushing scrap prices up, although softening rebar prices and increased freight costs tempered the outlook for a robust recovery.

In **India**, the demand for imported scrap remained sluggish due to volatility in the domestic market. Buyers exercised caution in procuring imported scrap, with a persistent bid-offer disparity. Buyers aimed to procure at US\$5-10 per ton less than the offered prices, leading to intense negotiations and few concluded deals. Indicative offers for shredded scrap from the US and the UK/Europe were heard at US\$410-412 per ton CFR Nhava Sheva, while buyers' bids were at USD\$405-408 per ton CFR. Offers for HMS (80:20) from West Africa and the UK/Europe were heard at US\$385-390 per ton CFR.

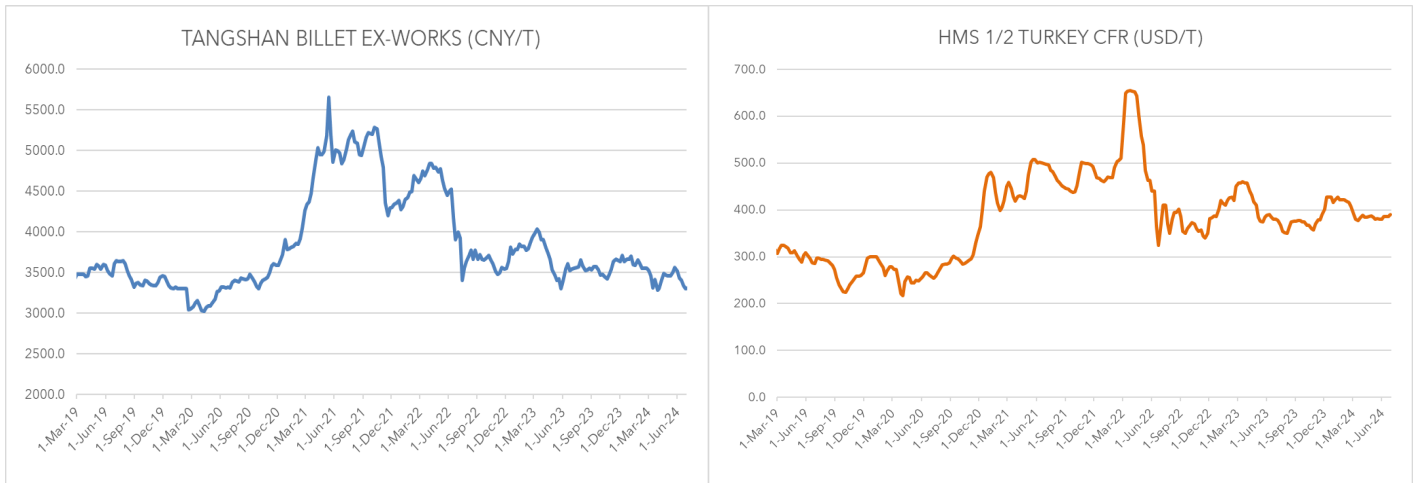
**Pakistan's** market was muted due to a slowdown in the domestic steel market, which has not fully resumed post-Eid. Normalcy is expected to return next Monday, but overall industry production is still at 30-40%. The market is under pressure as sales remain inactive due to fund shortages. Current UK/Europe offers for shredded scrap hover at US\$420-422 per ton CFR Qasim.

In **Bangladesh**, the imported scrap market remained in a wait-and-watch mode due to bearish steel demand. Participants dealing with containerised scrap experienced uncertain freight rates, with a negotiable price range varying from US\$395-410 per ton for HMS from the US and Australia. A bulk deal from the US was heard but is yet to be confirmed. Buyers are also facing challenges in opening LCs, adding to market uncertainty.

Globally, the market expects a quiet week with nominal bookings. Some suppliers warn of declining scrap flow issues during the summer, while others anticipate a temporary rebound as Turkish scrap bookings have resumed in bulk, which will temporarily support prices.

The **Turkish** imported ferrous scrap market saw multiple deals from the US and Europe, pushing prices up as mills returned after a quiet holiday week. However, softening rebar prices and increased freight costs have tempered expectations of a strong recovery.

## HMS 1/2 & Tangshan Bille



## Commodities

---

**Iron ore** futures prices continued their upward trend for the second consecutive day on Wednesday, driven by a surge in buying activity in China's spot market and growing expectations of further economic stimulus measures. The most-traded September iron ore contract on China's Dalian Commodity Exchange rose 3.4% to 826 yuan (US\$113.67) per metric ton, while the benchmark July iron ore on the Singapore Exchange climbed 3.8% to US\$107 per ton.

This price rally is underpinned by several key factors. Solid near-term demand for iron ore persists, partly due to its cost advantage over steel scrap as a steelmaking input. Additionally, Beijing's recent announcement of reduced minimum down payment ratios for first-time home buyers has signalled potential support for the struggling property market, further boosting investor confidence.

Market sentiment is also buoyed by anticipation of possible stimulus measures to be unveiled at the upcoming third plenum meeting in July, which is expected to focus on deepening reforms and promoting China's modernisation. This expectation has led some traders to close their short positions, indicating limited expectations for further price declines in the near term. However, the market dynamics remain complex. Despite the positive indicators in iron ore, daily crude steel output among member steelmakers

decreased by 2.8% in mid-June. This decline is partly attributed to reduced production by electric-arc-furnace-based steelmakers facing widening losses.

**Copper** found some support in Asian trading after weak Chinese economic data raised hopes for further stimulus measures. China's fiscal revenue shrank at the fastest pace in over a year, with total revenues falling 4.1% year-on-year from January to May, and spending down 2.2% year-on-year, resulting in a CNY2.25 trillion shortfall. The property market significantly contributed to this weakness, as local governments earned CNY227.4 billion from land sales in May, down from CNY238.9 billion in April, marking the lowest level since May 2016. However, copper gave back those gains amid a broader risk-off sentiment in the markets. The red metal has been pressured by weak economic data and a poor global manufacturing outlook, highlighted by dismal flash PMIs in Europe and the US. Rising inventories of metals like aluminum, copper, and nickel further exacerbated the situation, with Eramet and BASF abandoning a USD2.6 billion nickel-cobalt plant project in Indonesia.

### 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)	106	-0.93%	-5.35%	107	112
Iron Ore Fines, CNF Qingdao, China	Fines, Fe 62.5% (Brazil Origin)	108	-0.91%	-4.42%	109	113

### Industrial Metal Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
Copper (Comex)	USD / lb.	440.35	+5.50	+1.26%	Sep 2024
3Mo Copper (L.M.E.)	USD / MT	9,515.50	-24.50	-0.26%	N/A
3Mo Aluminum (L.M.E.)	USD / MT	2,492.50	-19.50	-0.78%	N/A
3Mo Zinc (L.M.E.)	USD / MT	2,929.50	-11.50	-0.39%	N/A
3Mo Tin (L.M.E.)	USD / MT	32,208.00	+196.00	+0.61%	N/A

## Crude Oil & Natural Gas Rates

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT
WTI Crude Oil (Nymex)	USD / bbl.	82.12	+0.38	+0.46%	Aug 2024
Brent Crude (ICE.)	USD / bbl.	86.75	+0.36	+0.42%	Aug 2024
Crude Oil (Tokyo)	J.P.Y. / kl	86,690.00	+1,790.00	+2.11%	Jul 2024
Natural Gas (Nymex)	USD / MMBtu	2.75	+0.06	+2.31%	Aug 2024

Note: all rates as at C.O.B. London time June 28, 2024



**Singapore | London | Dubai**

**Tel:** +65 62277264 / 65 | **Fax:** +65 62277258 | **Email:** [snp@starasiag.com](mailto:snp@starasiag.com) | **Web:** [www.star-asia.com.sg](http://www.star-asia.com.sg)

(A Member of BIMCO, The Baltic Exchange and Singapore Shipping Association) For [Privacy Policy](#)

*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 person 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 the report cannot be reproduced or used without authorisation from STAR ASIA.*