

Dry bulk review and outlook – Panamax market

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Agenda

- 1** An introduction to Platts and Platts shipping
- 2** Dry bulk demand – macroeconomic drivers
- 3** Panamax market overview
- 4** Coal market fundamentals
- 5** Grains market fundamentals
- 6** Summary

Platts – an introduction

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DRY FREIGHT WIRE

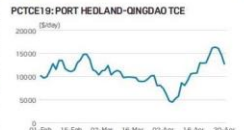
Volume 5 / Issue 83 / April 30, 2018

TIME CHARTER EQUIVALENTS, APRIL 30 (\$/day)

Route	Vessel Delivery	Load port	Discharge port	Platts symbol	Close	Change
CapeSize						
PTCE28	China-Japan range	Port Hedland, Western Australia	Qingdao, China	HFASIA2	12,882	+2030
PTCE29	China-Japan range	Saldanha Bay, South Africa	Qingdao, China	HFASIA2	16,259	+139
PTCE30A	China-Japan range	Tubarao, Brazil	Qingdao, China	HFASIA2	15,969	+144
PTCE30B	ARA range/passing Passaro	Tubarao, Brazil	Qingdao, China	HFASIA2	26,702	+142
PTCE31	ARA range/passing Passaro	Puerto Bolivar, Colombia	Rotterdam, Netherlands	CFASIA2	18,996	+49
Panamax						
PFPE26	South China	South Kalimantan, Indonesia	Paradi, India	CFASIA2	10,881	+340
PFPE27	South China	South Kalimantan, Indonesia	Randa, India	CFASIA2	10,780	+320
PFPE24	South China	East Kalimantan, Indonesia	Guangzhou, China	CFASIA2	10,533	+112
PFPE26	East coast India	Richards Bay, South Africa	Paradi, India	CFASIA2	11,683	+130
PFPE27	East coast India	Richards Bay, South Africa	Randa, India	CFASIA2	11,676	+134
PFPE28	North China	Hay Point, Australia	Paradi, India	HFASIA2	10,459	+180
PFPE27	North China	Hay Point, Australia	Qingdao, China	HFASIA2	10,127	+239
PFPE28	Rotterdam	Hampton Roads, Virginia	Rotterdam, Netherlands	CFASIA2	6,413	+22
PFPE26	Singapore	Santos, Brazil	Qingdao, China	CFASIA2	10,886	+81
PFPE261	Obratar	Santos, Brazil	Qingdao, China	CFASIA2	15,459	+21
Ultramax						
PUTCE1	Singapore	South Kalimantan, Indonesia	Paradi, India	CFASIA2	14,968	+262
PUTCE2	Singapore	South Kalimantan, Indonesia	Navahi, India	CFASIA2	13,296	+261
PUTCE3	East coast India	Richards Bay, South Africa	Paradi, India	CFASIA2	10,033	+21
PUTCE4	East coast India	Richards Bay, South Africa	Kandla, India	CFASIA2	9,942	+21
Seamax						
PSICE22	Singapore	South Kalimantan, Indonesia	Paradi, India	CFASIA2	13,156	+283
PSICE23	Singapore	South Kalimantan, Indonesia	Navahi, India	CFASIA2	11,751	+253
PSICE24	South China	East Kalimantan, Indonesia	Guangzhou, China	CFASIA2	9,361	+117
PSICE21	East coast India	Richards Bay, South Africa	Paradi, India	CFASIA2	8,030	+127
PSICE20	East coast India	Richards Bay, South Africa	Navahi, India	CFASIA2	7,937	+127
PSICE19	West coast India	Mina Seng, UAE	Paradi, India	CFASIA2	11,297	+2
PSICE18	SWP	New Orleans, Louisiana	Kaohsiung, Japan	OCASIA2	23,070	+269
PSICE121	Obratar	New Orleans, Louisiana	Kaohsiung, Japan	OCASIA2	15,117	+289
PSICE17	SWP	Houston, Texas	Krisnapatnam, India	CFASIA2	22,902	+23
PSICE171	Obratar	Houston, Texas	Krisnapatnam, India	CFASIA2	14,893	+34

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Source: S&P Global Platts

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DIRTY TANKERWIRE

Volume 37 / Issue 180 / Tuesday, September 17, 2019

EAST OF SUEZ TANKERS

From	To	Cargo size (kt)	Worldscale	Platts	Platts
Paran Gulf	Japan	AKS112 265	AKS112 56.29	AKS112 13.92	
Paran Gulf	West Coast India	TKA112 285	TKA112 73.25	TKA112 2.39	
Paran Gulf	China	AKS112 270	AKS112 67.00	AKS112 12.61	
Paran Gulf	Far East	FFAS12 270	FFAS12 64.00	TKA112 12.81	
Paran Gulf	Singapore	FFAS12 270	FFAS12 67.50	TKA112 8.40	
Paran Gulf	Red Sea	FFAS12 270	FFAS12 72.25	TKA112 6.56	
Paran Gulf	South Korea	AKS112 270	AKS112 64.00	AKS112 12.62	
Paran Gulf	US Gulf Coast	FFAS12 280	FFAS12 31.50	TKA112 11.97	
Paran Gulf	US West Coast	FFAS12 280	FFAS12 47.50	TKA112 15.26	
Paran Gulf	UK Continent	FFAS12 280	FFAS12 33.50	TKA112 7.20	
Paran Gulf	Mediterranean	FFAS12 280	FFAS12 40.50	TKA112 6.42	

From	To	Cargo size (kt)	Worldscale	Platts	Platts
Paran Gulf	East	FFAS12 130	FFAS12 74.00	TKA112 14.20	
Paran Gulf	Red Sea	FFAS12 130	FFAS12 79.00	TKA112 7.82	
Paran Gulf	US Gulf Coast	FFAS12 140	FFAS12 37.50	TKA112 14.13	
Paran Gulf	UK Continent	FFAS12 140	FFAS12 35.00	TKA112 10.56	
Paran Gulf	Mediterranean	FFAS12 140	FFAS12 39.00	TKA112 9.70	
Red Sea	China	TKA112 135	TKA112 73.50	TKA112 16.67	

From	To	Cargo size (kt)	Worldscale	Platts	Platts
Paran Gulf	East	FFAS12 80	FFAS12 102.00	TKA112 17.73	
Paran Gulf	Red Sea	FFAS12 80	FFAS12 107.00	TKA112 10.98	
Red Sea	China	TKA112 80	TKA112 113.50	TKA112 24.20	
Indonesia	Japan	FFAL12 80	FFAL12 82.50	TKA112 9.89	
Indonesia	Korea	FFAL12 80	FFAL12 82.50	TKA112 8.73	
Indonesia	Australia	FFAL12 80	FFAL12 84.50	TKA112 12.73	
Australia	North Asia	TKA112 80	TKA112 93.50	TKA112 11.61	

From	To	Cargo size (kt)	Lumpsum	Platts	Platts
Indonesia	Singapore	FFAS12 80	FFAS12 200	TKA112 2.80	
Australia	North China	TKA112 100	TKA112 330	TKA112 5.30	

From	To	Cargo size (kt)	Lumpsum	Platts	Platts
Singapore	Japan	TKA112 40	TKA112 560	TKA112 14.00	
Singapore	China	TKA112 30	TKA112 360	TKA112 12.00	
East Coast India	Singapore	TKA112 40	TKA112 310	TKA112 7.75	

MARKET COMMENTARY

East of Suez
Market analysis: (POT page 2888) Sentiment in the Asian VLCC market was turning bullish due to the firming US Gulf Coast market, geopolitical uncertainty in PG and increased bunker prices, sources said. SPO was heard to have provisionally taken the Sea Leopard on subject as a replacement shipment, for crude for September 28 loading on the PG-Kirra route at w83, with China discharge option at w4, wd up from the rate they earlier fixed, according to the shipbroker's report. Afterward, Unipac put Karabala for October 5 crude loading on the PG-China route at w82.5, and w83 was paid by the same charterer for VLCC DHT Out/Argenta and Hrafo for the September 29-October 3 laycan on the PG-China route, sources said. Meanwhile, the Leonidas was also reported to have been taken on subjects by Unipac for October 6 loading on the PG-China route at w81. Unipac was heard seeking tonnage for October 6 loading on the PG-China route, source said. "Nobody was there to take any lower numbers, so charterers have to pay up to bring owners on the table," a VLCC shipowner said, adding that the firming Atlantic market, the increased bunker prices and uncertainties in the Persian Gulf were all behind the firming PG market. According to VLCC owners' calculation, the Time Charter Equivalent on the PG-China route was around \$35,000.

FUTURES AT PLATTS' MARKET ON CLOSE

VLCC London time (P&A, L&G, VLS)	AVLCC	Platts	Platts
ICE Brent	MT	AVLCC	65.45
WTI (ICE)	MT	AVLCC	59.72

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CLEAN TANKERWIRE

Volume 37 / Issue 180 / Tuesday, September 17, 2019

EAST OF SUEZ MRS (POT page 2820)

From	To	Cargo size (kt)	Worldscale	Platts	Platts
Red Sea	India	FFAS12 35	FFAS12 180.00	TKA112 18.26	
Red Sea	Singapore	FFAS12 35	FFAS12 180.00	TKA112 25.30	
Red Sea	Japan	FFAS12 35	FFAS12 180.00	TKA112 31.81	
Red Sea	South Korea	FFAS12 35	FFAS12 180.00	TKA112 30.51	
Red Sea	East Africa	FFAS12 35	FFAS12 180.00	TKA112 14.09	
Arab Gulf	India	FFAS12 35	FFAS12 180.00	TKA112 13.53	
Arab Gulf	Japan	FFAS12 35	FFAS12 180.00	TKA112 23.68	
Arab Gulf	South Korea	FFAS12 35	FFAS12 180.00	TKA112 23.85	
Arab Gulf	East Africa	FFAS12 35	FFAS12 180.00	TKA112 15.74	
Arab Gulf	South Africa	FFAS12 35	TKA112 175.00	TKA112 27.78	
Singapore	Japan	FFAS12 30	FFAS12 141.00	TKA112 14.73	
Singapore	South Korea	FFAS12 30	FFAS12 145.00	TKA112 13.17	
Singapore	Australia	AAFL12 30	AAFL12 210.00	TKA112 27.74	
Singapore	Australia	TKA112 35	TKA112 180.00	TKA112 23.78	
South Korea	Australia	TKA112 35	TKA112 180.00	TKA112 30.61	
India	Singapore	TKA112 35	TKA112 180.00	TKA112 14.78	
India	Japan	TKA112 35	TKA112 180.00	TKA112 23.42	
India	South Korea	TKA112 35	TKA112 180.00	TKA112 23.19	
West Coast India	South Africa	TKA112 35	TKA112 175.00	TKA112 28.35	
Red Sea	UK Continent	FFAS12 40	FFAS12 890	TKA112 23.78	
Red Sea	Mediterranean	FFAS12 40	FFAS12 850	TKA112 21.28	
Red Sea	Arab Gulf	FFAS12 35	FFAS12 610	TKA112 14.27	
Red Sea	US West Coast	FFAS12 35	FFAS12 1580	TKA112 44.29	
Red Sea	US Atlantic Coast	FFAS12 35	FFAS12 1560	TKA112 38.87	
Arab Gulf	UK Continent	FFAS12 40	FFAS12 1400	TKA112 35.00	
Arab Gulf	Mediterranean	FFAS12 40	FFAS12 1300	TKA112 32.80	
Arab Gulf	Arab Gulf	FFAS12 30	FFAS12 270	TKA112 9.00	
Arab Gulf	US West Coast	FFAS12 30	FFAS12 1900	TKA112 63.33	
Arab Gulf	US Atlantic Coast/Out Coast	FFAS12 30	FFAS12 1700	TKA112 56.87	
Singapore	India	FFAS12 30	FFAS12 370	TKA112 12.33	
Singapore	Singapore	FFAS12 30	FFAS12 140	TKA112 4.87	
Singapore	Hong Kong	FFAS12 30	FFAS12 525	TKA112 10.83	
Singapore	Singapore	FFAS12 30	FFAS12 1600	TKA112 46.87	
Singapore	US West Coast	FFAS12 30	FFAS12 1500	TKA112 11.00	
South Korea	Japan	FFAS12 30	FFAS12 330	TKA112 16.27	
South Korea	Hong Kong	FFAS12 30	FFAS12 420	TKA112 14.33	
South Korea	US West Coast	FFAS12 30	FFAS12 1300	TKA112 43.33	
South Korea	US Atlantic Coast/Out Coast	FFAS12 30	FFAS12 1500	TKA112 50.00	

MARKET COMMENTARY

East of Suez
Market analysis: (POT page 2948) The East of Suez Long Range tankers were little changed Tuesday, shunting off news of Saturday's attack over key Saudi oil installations as loading at various ports was continuing on schedule. There has not been any delay so far in loading on LRIs due to the Saudi facility attack, said a source with one of the owners. "There was a lot of possible cancellations but none has been reported so far," another source said. It was business as usual as far as shipments of clean products was concerned, the source said. However, several market participants said that it could be a lull before the storm. Typically, the impact of such developments on the downstream clean products and their shipments comes with a lag because the crude being imported at the moment will be refined a few months down the line. "Chartering activity will first increase in other regions," said a source with an LRI owner. There were a lot of inquiries for moving cargoes from the West to East and from North Asia to the Middle East, the source said. Among the LRIs futures heard, the Leader was placed on subjects by ATC at \$310,000 for September 20 loading on the Yanbu-Jeddah route, sources said. Among the outstanding LRI cargoes, ATC was seeking tonnage for September 24 gasoline loading on the Ruwais-Red Sea Gulf route, with an option to discharge the cargo in the Red Sea region, they said. Among the LR2s, Total was seeking tonnage for October 1

SUBSCRIBER NOTES
Platts to discontinue West of Suez clean charge rates 7
Platts to launch USGC-Brazil LRI freight assessment 7
Platts to change VR USGC-North Brazil fair rate freight basket 8

Market on Close Process - Shipping



- Interaction with all market participants
- Identification of outliers
- Registration and discussion around submissions
- Assessment time
- Second pair of eyes checks assessments
- Checking benchmarks meet required standards
- Numbers published as well as market commentary

IOSCO-regulated FFA benchmarks

DIRTY TANKERS

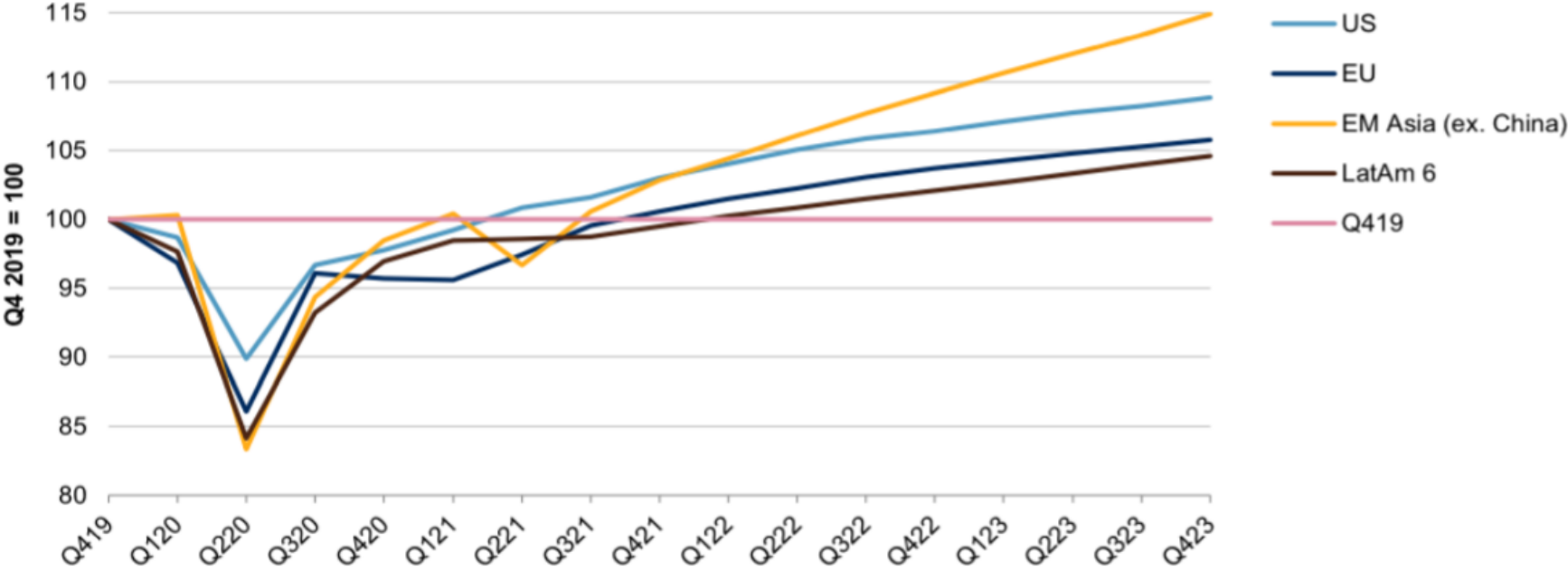
- VLCC, Persian Gulf-China, 270kt
- VLCC, USGC-China, 270kt
- Aframax, UKC-UKC, 80kt (Dated Brent)
- Aframax, USGC-UKC, 70kt

CLEAN TANKERS

- LR1, Persian Gulf-Japan, 55kt



Projected GDP level versus pre-pandemic level



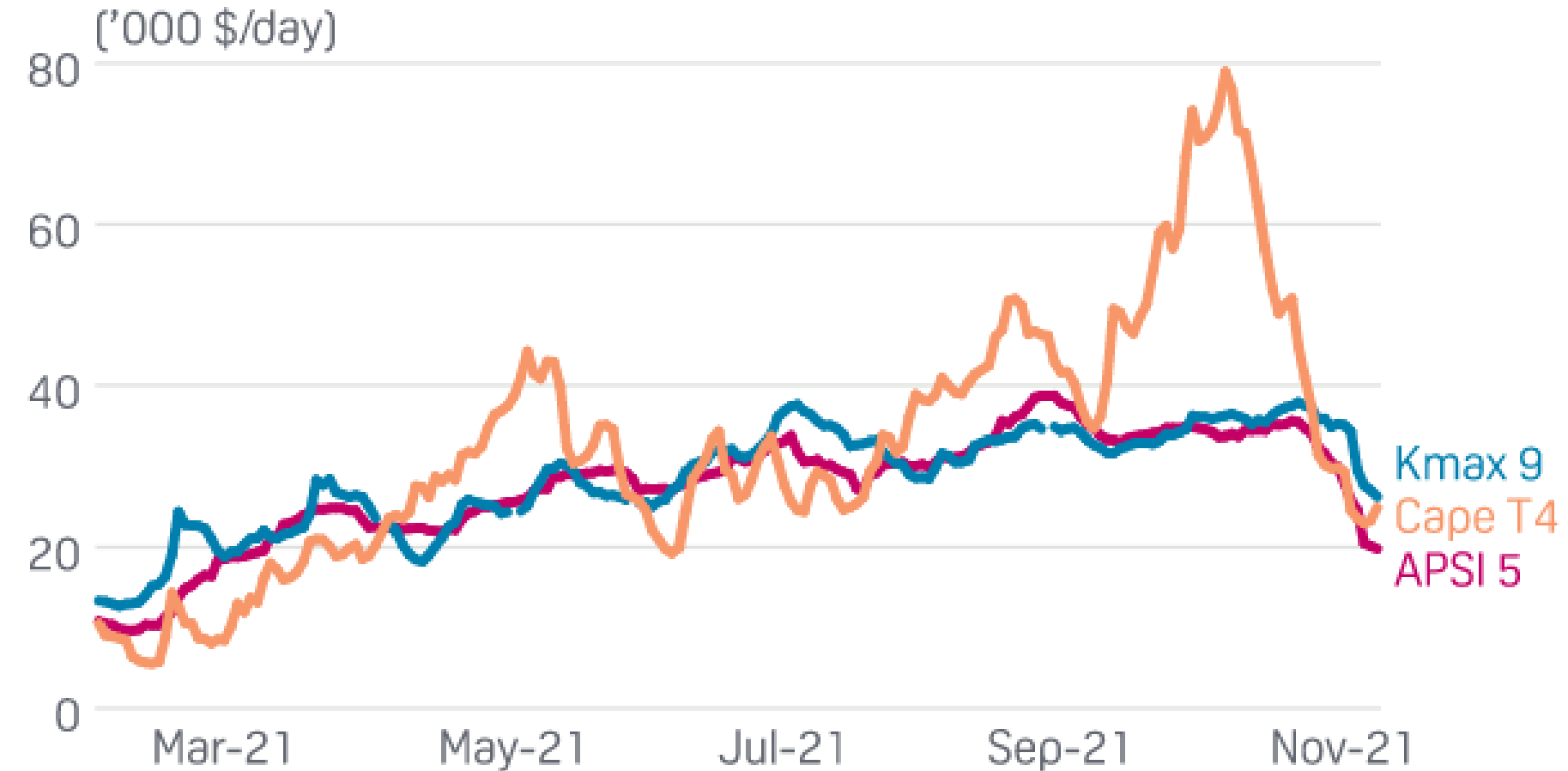
Source: Oxford Economics, Haver Analytics, S&P Global Ratings.
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Global GDP growth forecasts:

5.8%
in 2021

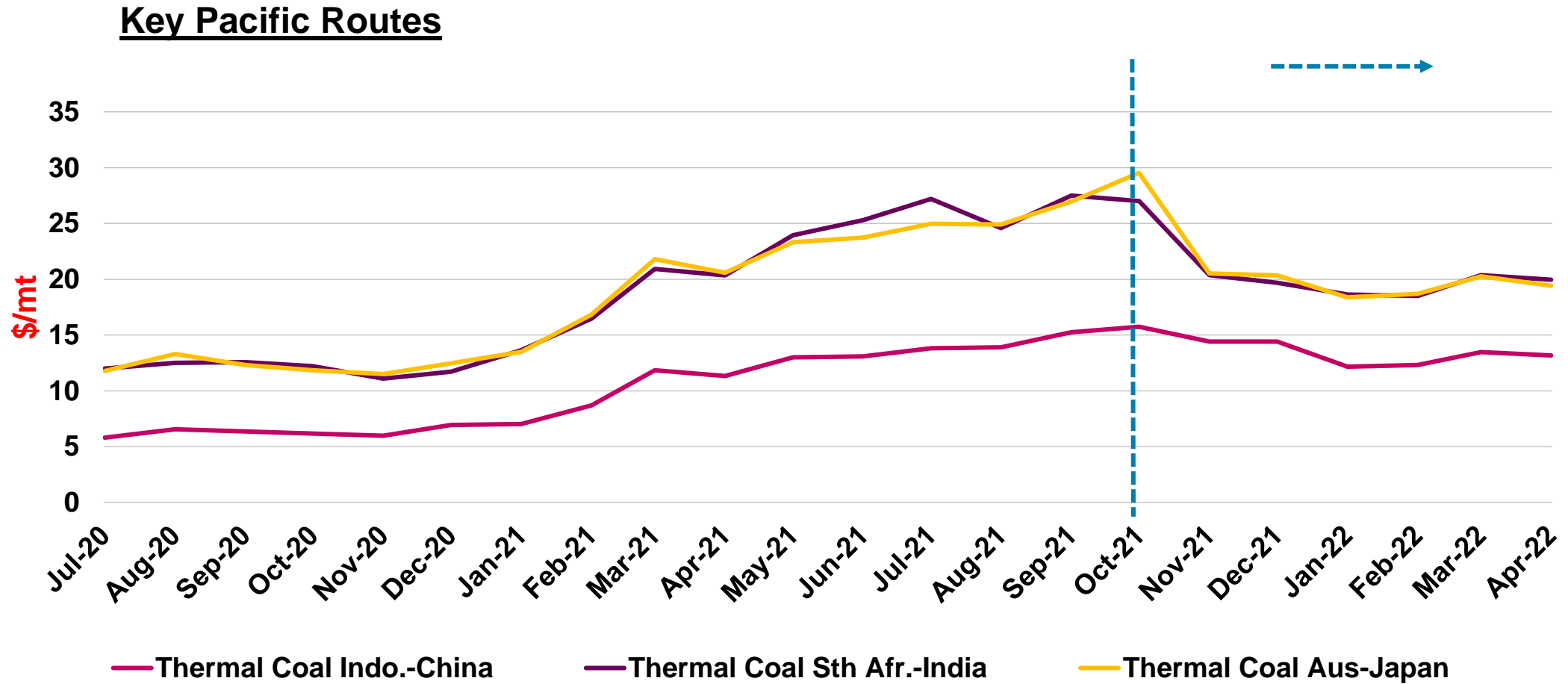
4.4%
in 2022

Dry bulk freight rates break out of a bull run

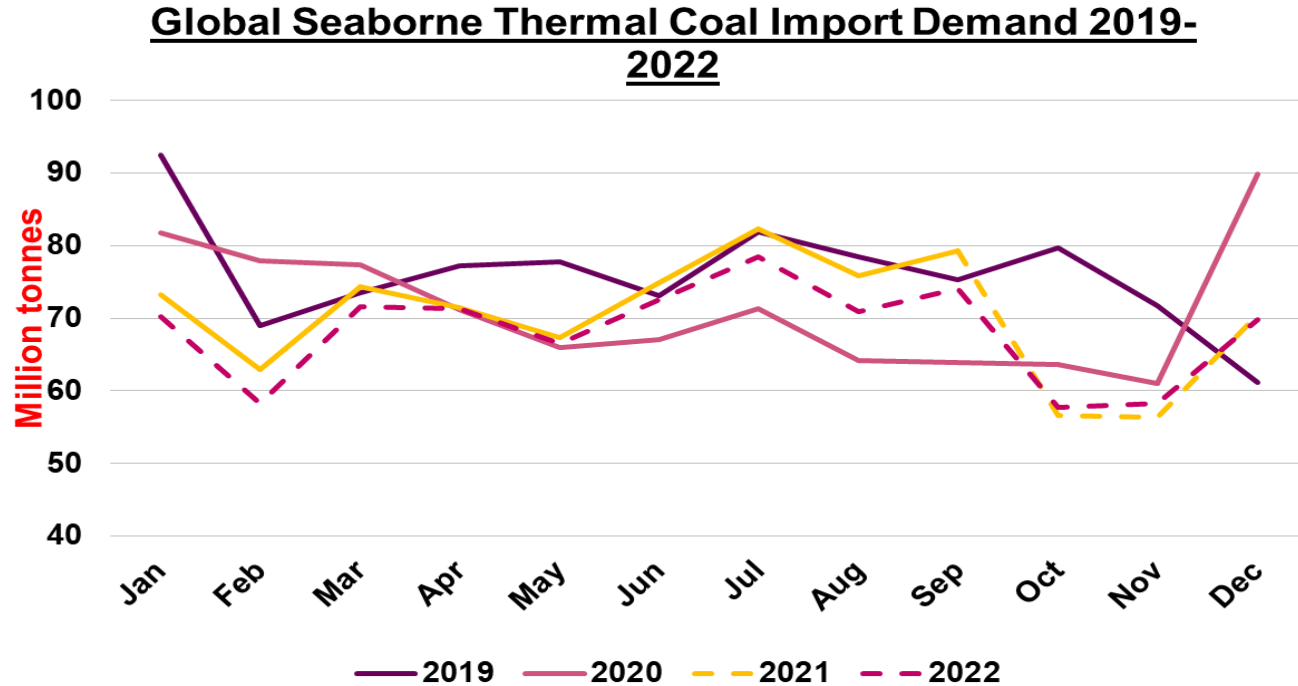


Source: S&P Global Platts

Key dry bulk Panamax freight rates lose momentum in Q4



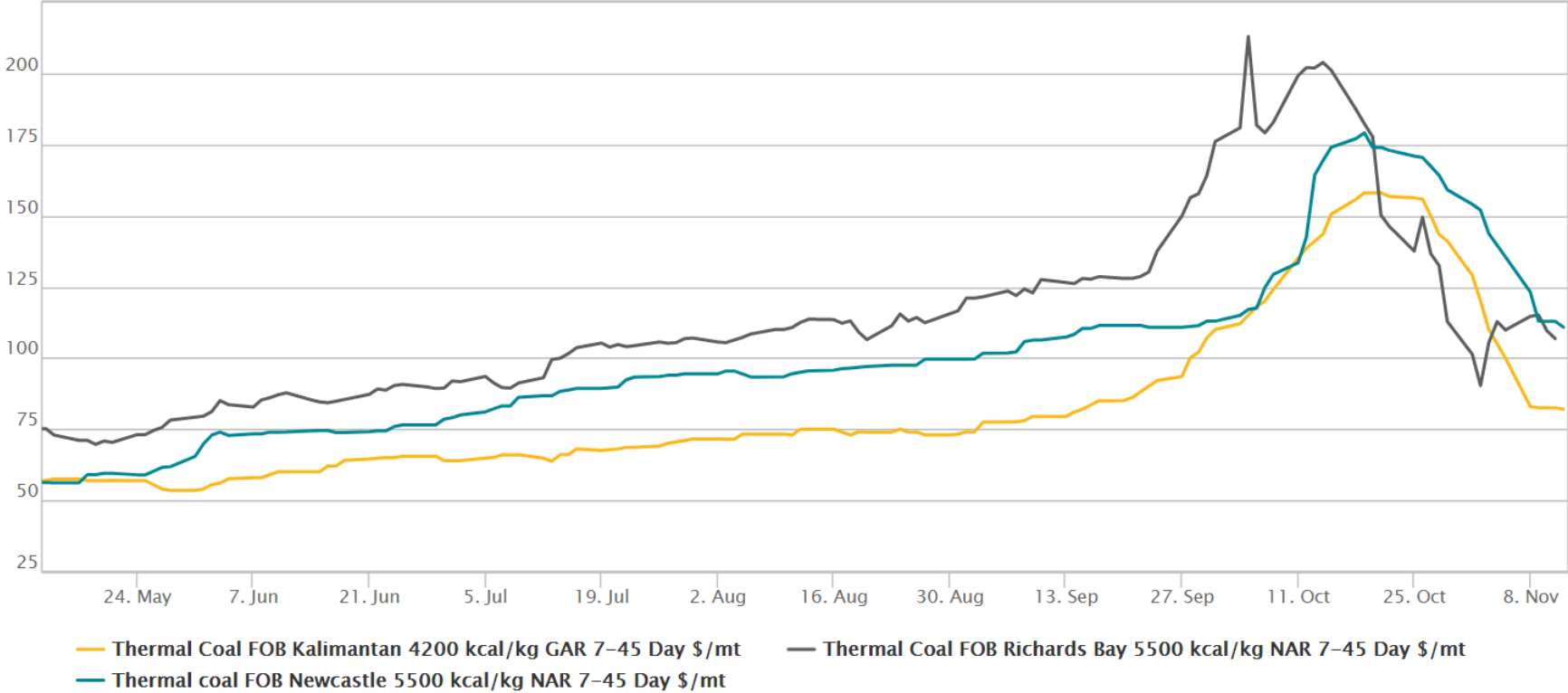
Global seaborne thermal coal demand spikes



Demand: Higher coal generation creates temporary stock shortages, causing demand spikes

Supply: Tightness begins to ease as domestic production, seaborne exports rise

Sharp correction in thermal coal prices



China's coal imports:

August:
28.05mn mt

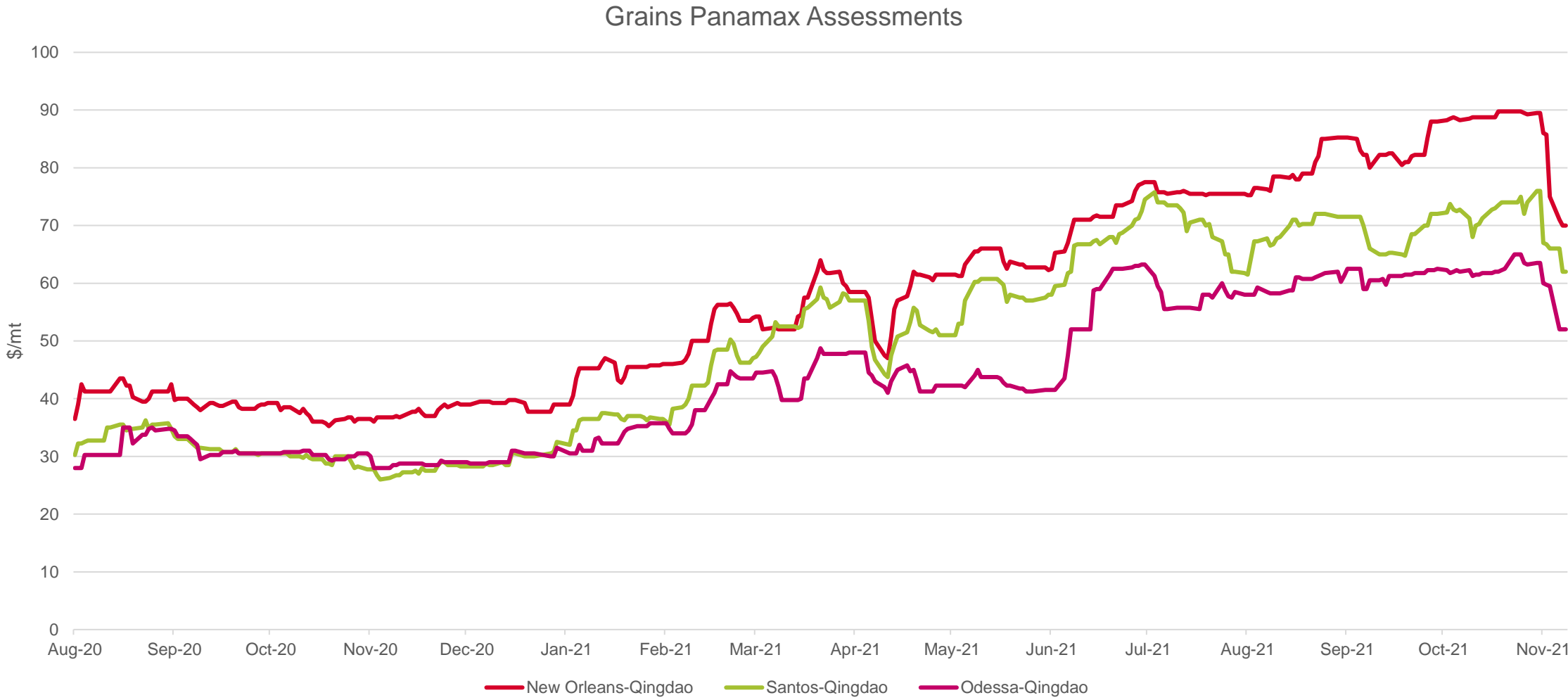
September:
32.88mn mt

October:
26.9mn mt

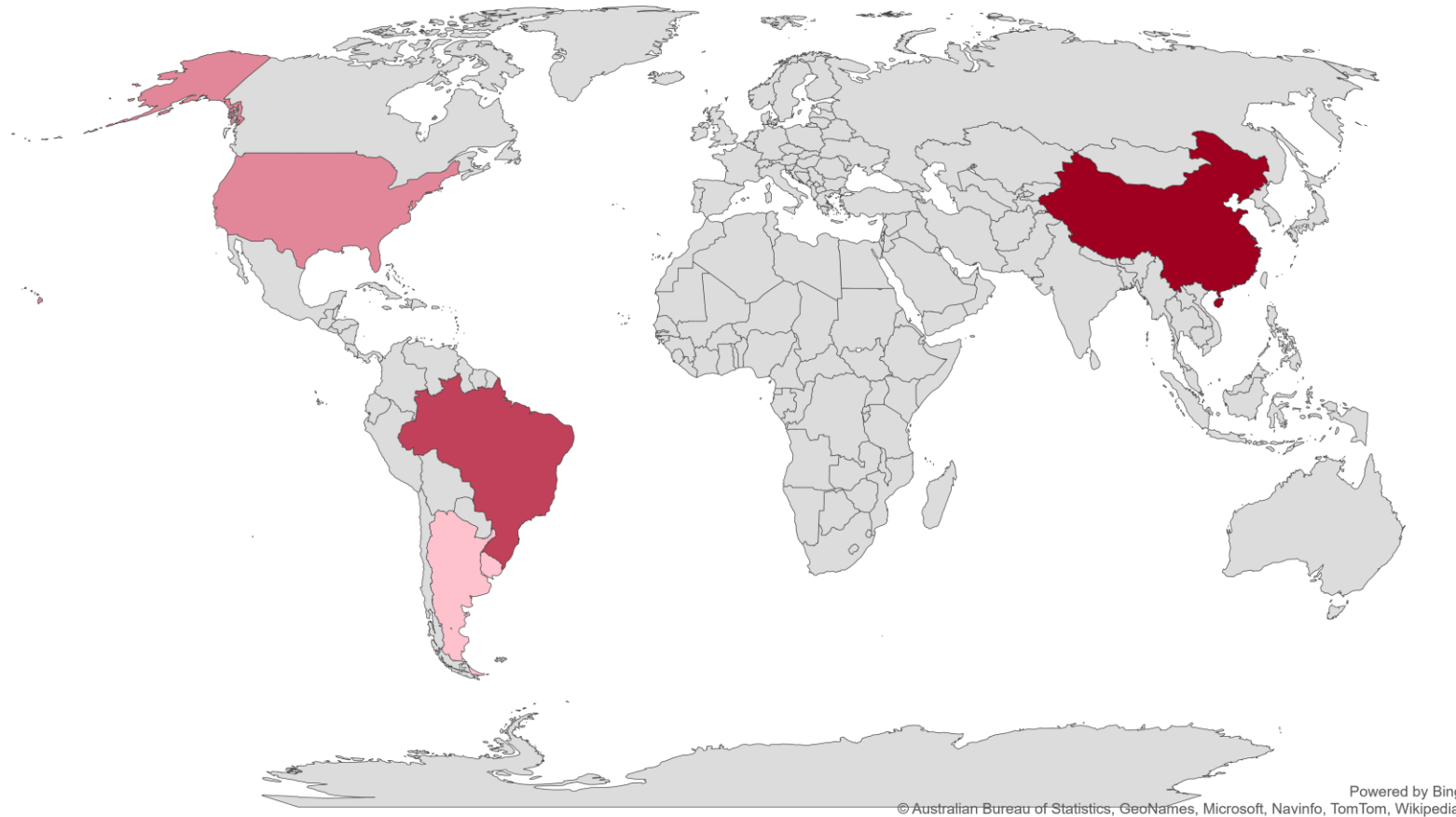
“Given that Chinese domestic coal prices are much lower, overseas coal prices need to fall even further in order to support shipping activity.”

- Charterer

Panamax rates driven by grains



China's appetite for soybeans grows



China soybeans imports, Jan-Aug 2021:

61.4mn tonnes, up 0.5% y-o-y

67% of imports were shipped from Brazil

31% from the USA

Brazil's soybeans exports spike on strong Asia demand

USG and ECSA Grains Imports to Qingdao



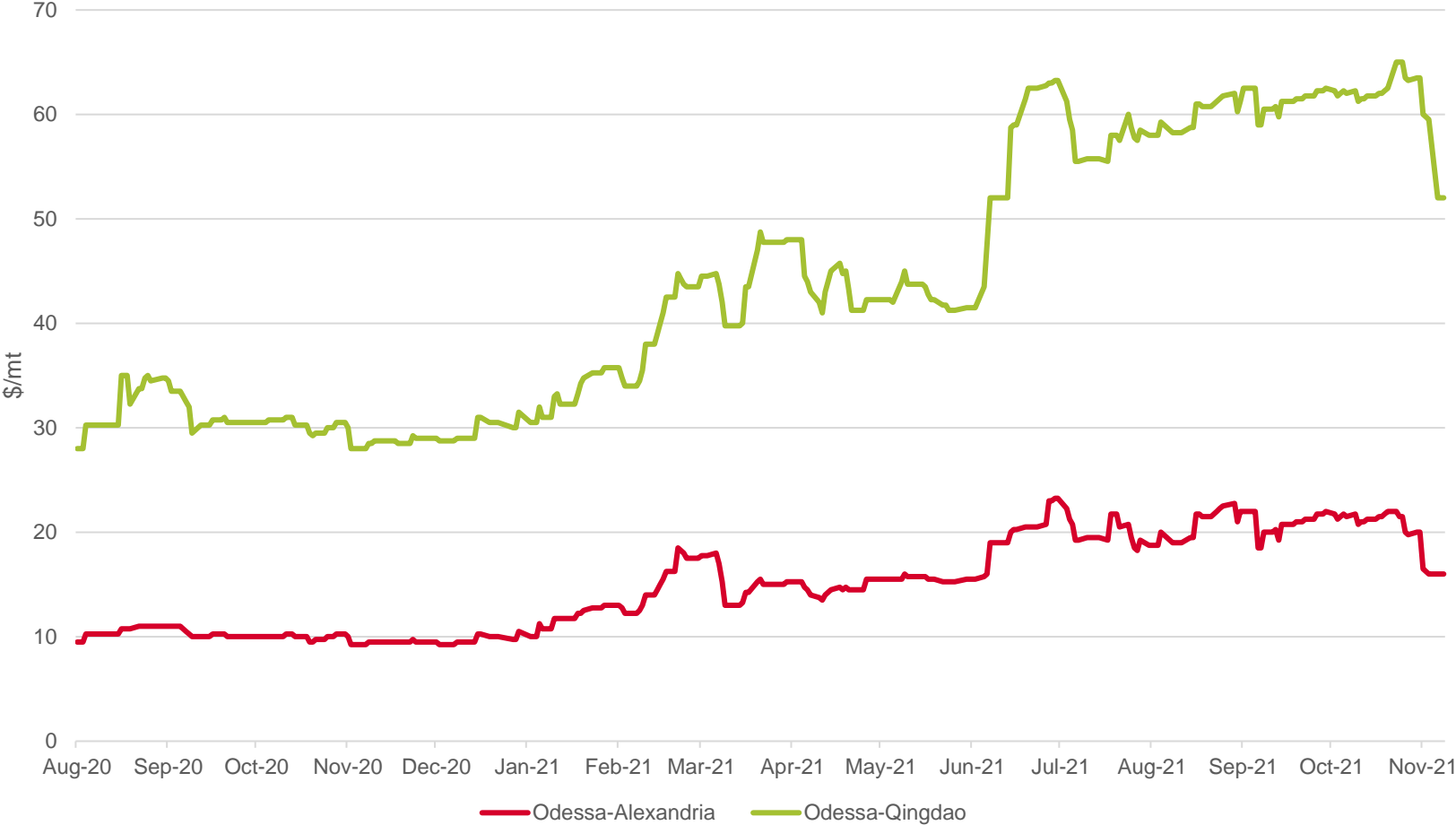
Brazil's soybean exports rise **36%** y-o-y in October, amid strong China demand

China accounts for **80%** of the volume

Brazil's November exports seen higher on year

Ukraine's wheat exports support Panamax rates

Black Sea Grain Freight Rates



2021-22 wheat exports reach **12.9 million mt**

Export prices rise over **7%** in two weeks

2022-23 winter wheat sowing at **6.2 mn** hectares

Russia's wheat export pace remains weak

During July 1-Oct. 28, Russia exported 15.3 million mt of wheat, down 14% on the year

Turkey, Egypt, Kazakhstan largest buyers of Russian wheat

Russia raises wheat export tax to \$69.90/mt for Nov 3-9

Wheat harvest falls 11% on year to 77.9 mil mt

S&P Global Platts Analytics projects Russian wheat exports at 36.5 million mt in MY 2021-22.

Global wheat trade and consumption

Black Sea wheat prices



The USDA wheat exports estimates:

EU - 36.5mn mt

Russia - 36mn mt

Ukraine - 24mn mt

India - 5mn mt

Global consumption - **787.4 million mt**

Summary

- 1** We expect downside risk in global Kamsarmax and Panamax freight rates for the rest of 2021. This is counter seasonal, as rates tend to pick-up in the Northern winter period.
- 2** High commodity prices and port congestion are barriers to increased commodity trade flows, impacting in turn vessel demand.
- 3** Grains-driven demand out of Russia and Ukraine to China remains robust. We are also seeing increased demand in Asia for other agricultural products, including corn.
- 4** While agricultural commodity demand has been strong, coal trade has been hampered by limited supply and high spot coal prices making imports too expensive for buyers.
- 5** Lingering coronavirus cases could lead to additional restrictions placed on vessels and trade flows.

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