



## Market Comment

### Capes hold steady as the Panamax market shows signs of life.

The Capesize market recorded further decreases this week, starting poorly but ending on a slight uptick again. This seems to have been the pattern for the last few weeks. The normal shippers were in the market and although earlier in the week it looked as though oversupply may have been an issue, it seemed to slim over consecutive days and there has been small commensurate price movements upwards. On the Western Australia fixtures were being completed at around USD 4.70 which is up from just a few days ago but down on a week on week basis. The Atlantic routes were also paying higher rates with Tubarao / Qingdao fixtures being conducted in the area of USD 11.30. Cargill and Glovis were both in the market looking at late July cargoes. Assmang was in the market for late July dates on the C17 route, accordingly rates were more or less equal on a week on week basis at around USD 8.70.

Sentiment in the Panamax market has remained solid after last week's incremental rises. Cargoes are being pushed and rates have edged upwards accordingly. Out of Indonesia, coal stems to East Coast of India were being priced at around USD 6.10 with a 70 cent premium for West Coast destinations. Cargoes to China were being priced at close to USD 5.10 for South China destinations. Out of Australia there were various cargoes in the market and on all the major routes the rates were

up. From Queensland to China rates were around USD 9.30 and to India around USD 10.70. Out of Newcastle China cargoes were being fixed at around USD 10.10.

On a week-on-week basis rates for both Handysize and Supramax vessels have increased. In the Atlantic, Handysize rates out of Brazil have shown strength with some ships heard fixed at around USD 15,000 per day basis redel WCSA. Ultramax for delivery WCSA / SE Asia are attracting TC rates in the USD 12,500 range. For Handysize ships, TC rates for standard size vessels open Far East was around the mid USD 6,000s with a premium for larger vessels. Supramax vessels have been heard to have fixed around USD 7500 for SE Asia positions with larger Ultramax vessels attracting well into the USD 8,000s. High USD 8,000s has been seen for NOPAC / SE Asia grains. Passing Singapore rates have been quoted on standard SMX at around USD 7,500.

## Headline News

28/06/2017

### Ghana signs bauxite development MOU

Ghana has signed a USD 10 Bn memorandum of understanding (MOU) with China to develop its bauxite industry according to the country's Senior Minister Yaw Osafo-Mafo.

The funds would be partially used towards building 1,400 km of a planned 4,000 km railway network which would connect bauxite mines and productions sites.

### Affinity Dry Cargo Indices (7 Jan 2016 = 100)

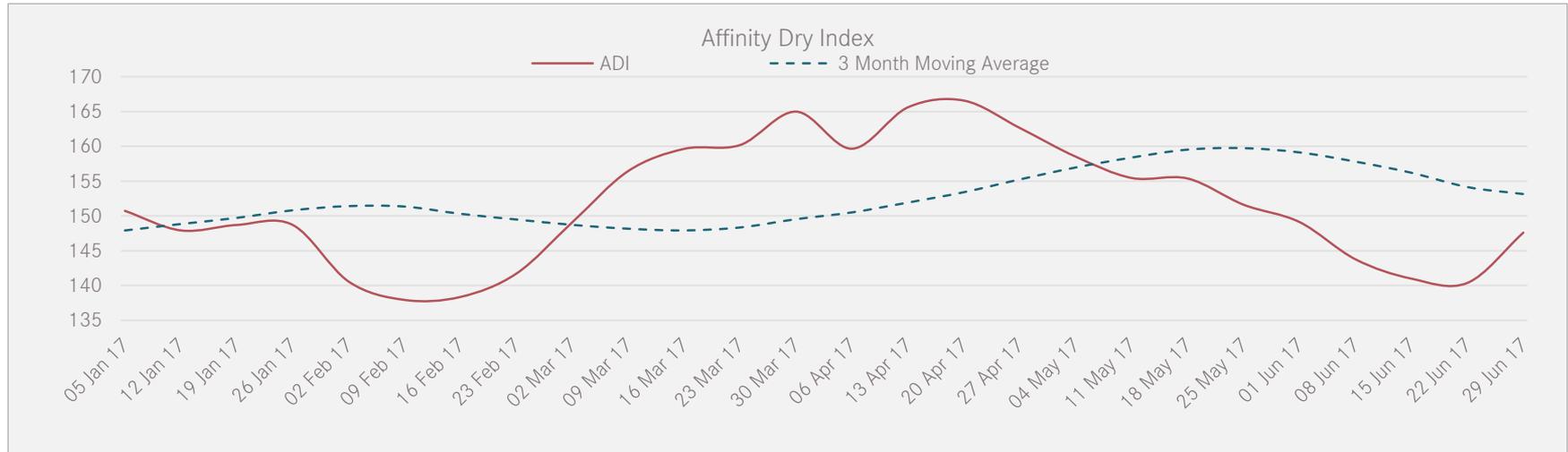
	Value	Change
Affinity Dry Index	147.6	7.2
Affinity Capesize Index	175.5	-7.2
Affinity Kamsarmax Index	167.5	9.4
Affinity Ultramax Index	145.7	15.0
Affinity Handysize Index	127.5	2.6

### Bunker Prices

	USD/Tonne	% Change
Fujairah IFO 380	295.0	-0.67%
Houston IFO 380	268.0	5.10%
Rotterdam IFO 380	276.0	1.47%
Singapore IFO 380	297.0	-1.33%
Fujairah MGO	555.0	0.00%
Houston MGO	440.0	0.92%
Rotterdam MGO	404.0	0.00%
Singapore MGO	433.0	-2.48%

### Commodity Prices

	USD	Change	% Change
Iron Ore 62% (Tonne)	55.70	1.05	1.92%
Thermal Coal (Tonne)	86.79	1.83	2.16%
CBOT Wheat (Bsh.)	469.25	-19.25	-3.94%
CBOT Corn (Bsh.)	368.25	-9.25	-2.45%
ICE Sugar 11 (Lbs)	0.1267	-0.0039	-2.99%
LME Copper (Tonne)	5,821.00	173.00	3.06%
LME Lead (Tonne)	2,264.00	144.00	6.79%
LME Zinc (Tonne)	2,732.00	153.50	5.95%

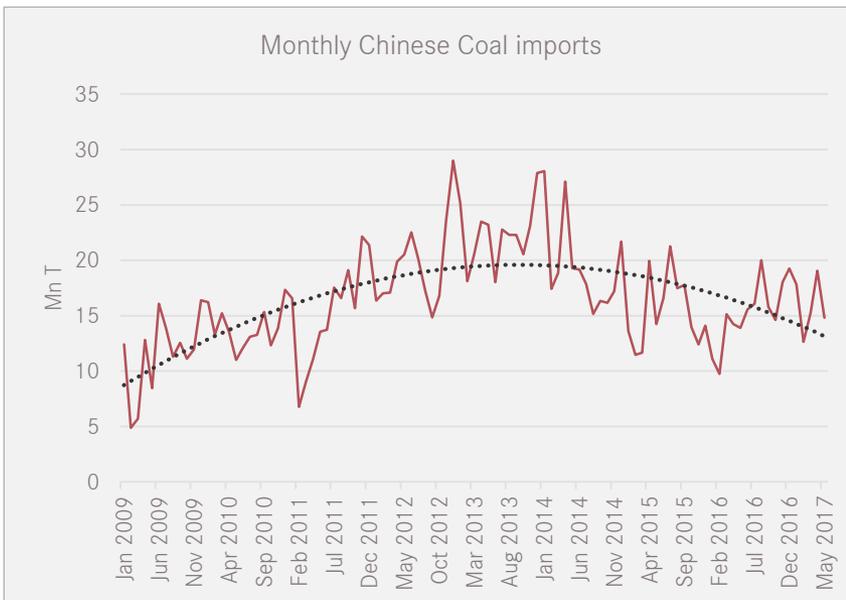
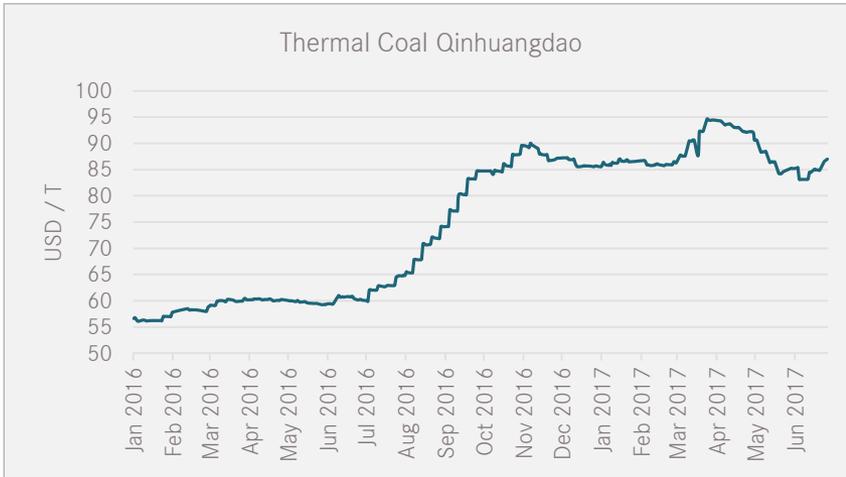


Freight Rates			
	Route	USD/MT	Change
Handysize	H1	14.95	0.35
	H2	19.00	1.00
	H3	17.11	0.91
	H4	26.00	-0.50
	H5	23.00	-0.50
Supramax	AS1	15.60	0.60
Ultramax	U1	23.90	3.40
	U2	36.70	3.90
	U3	6.30	0.40
	U4	7.00	0.10
Kamsarmax	K1	9.80	0.50
	K2	10.80	0.70
Capesize	AC1	5.30	0.10
	AC2	11.30	-0.70
	AC3	4.70	-0.45

TC Rates (USD/Day)							
	1YR	Change	3YR	Change	5YR	Change	Trend
Capesize 170/185k Dwt	13,750	0	13,750	0	14,750	0	Steady
Kamsarmax 80/85k Dwt	10,000	250	10,500	250	11,000	250	Firmer
Ultramax 60/65k Dwt	9,250	250	9,750	250	10,000	250	Firmer
Supramax 52/57k Dwt	8,750	250	9,500	250	9,500	250	Firmer
Handysize 28/32k Dwt	7,750	250	8,000	250	8,000	250	Firmer

Representative Fixtures							
Vessel Name	Built Year	Dwt	Laycan	Delivery	Period	Rate (USD/Daily)	Charterer
Olympic Pride	2006	55,705	01-Jul	Mumbai	5-7	9,250	Korea Line



## From Davos to Beijing

### How protectionist measures affects China's coal imports.

On 17 January this year, the annual world economic forum kicked off in small town of Davos, Switzerland, comfortably situated between snow laden slopes of the Landwasser Valley. This years event was particularly noteworthy as a smiling President Xi Jinping, the first Chinese President to join the usual gobal business elite at the WEF, launched a robust defence of globalisation and free trade, distancing himself from his newly elected American counterpart in the process.

Yet while China's leaders tout efforts to offer foreign investors a level playing field in China, there are growing concerns that the country is taking an increasingly firm protectionist stance. The service sector being practically off limits, foreign investors looking to set up factories in China are often forced into setting up joint ventures. In addition to the tariffs that are normally associated with commodity imports, the state-run China Securities Times reported on Wednesday that China will not allow coal imports at small ports from 1 July.

The motivations for such a move are purely protectionist in nature and is set to tighten supply of the fuel in the summer months, pushing prices up.

Simultaneously, China's top planning body is urging domestic coal mines to speed up the release of high grade coal capacity.

While imports to major ports such as Tianjin will remain unaffected, imports can be expected to slow down as a result, should this ban be of a prolonged nature. Imports are further discouraged in favour of domestic coal as first-tier ports have loading fees USD 1 per tonne higher than second-tier ports.

For domestic coal miners this is a blessing, as margins are set to increase substantially. It also shows that despite the governments outward looking stance on free trade, as presented at Davos, it does not shy away from protectionist measures where the short term interests of its own economy is concerned.

For us in the shipping sector, the halt of imports to the roughly 150 ports affected by this policy, and presumed capacity restrictions at first tier ports will most likely result in reduced demand, though the magnitude of the effects on rates and actual tonnage demand remains dependent on China's ability to reduce its dependency on imports.



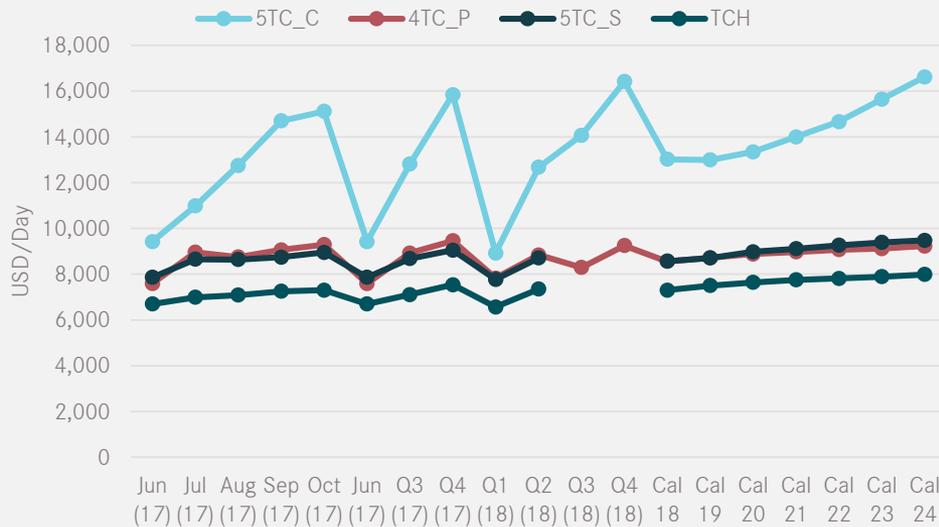
### Steel Prices

	Value	Change	% Change
Shipbuilding Steel Plate 20mm Shanghai (USD/T)	538.41	3.86	0.7%
North American HRC (USD/T)	588.00	-1.00	-0.2%
LME Steel Rebar Month 1 (USD/T)	430.33	-2.27	-0.5%

### Asset Values (Mn USD)

	NB	Resale	5 Years old	10 Years old
Capesize 180k Dwt	43.50	42.00	31.00	22.00
Kamsarmax 83k Dwt	24.00	28.00	19.50	13.50
Supramax 55/58k Dwt	21.50	23.00	16.00	11.50
Handysize 28/32k Dwt	21.00	19.00	12.25	7.50

### FFA



### Forward Freight Agreements

FFA Description	5TC_C	4TC_P	5TC_S	TCH
Jun (17)	9,425	7,590	7,860	6,694
Jul (17)	10,980	8,960	8,650	6,988
Aug (17)	12,750	8,750	8,640	7,088
Sep (17)	14,700	9,060	8,740	7,250
Oct (17)	15,115	9,290	8,950	7,300
Jun (18)	9,425	7,590	7,860	6,694
Q3 (18)	12,810	8,923	8,677	7,109
Q4 (18)	15,840	9,455	9,050	7,538
Q1 (19)	8,925	7,830	7,770	6,563
Q2 (19)	12,675	8,840	8,710	7,350
Q3 (19)	14,065	8,290		
Q4 (19)	16,415	9,250		
Cal 18	13,020	8,553	8,570	7,300
Cal 19	12,995	8,715	8,710	7,500
Cal 20	13,345	8,880	8,980	7,638
Cal 21	14,000	8,970	9,110	7,750
Cal 22	14,660	9,070	9,260	7,813
Cal 23	15,650	9,120	9,390	7,888
Cal 24	16,620	9,230	9,480	7,988



Route Descriptions						
	Affinity Code	Load Port	Disch Port	Cargo Size (MT)	Variance	Cargo
Handysize	H1	WAUS	North China (1 Main Port)	30,000	5%	Alumina
	H2	NZ	North China (1 Main Port)	30,000	5% (JAS)	Logs
	H3	USG	ARA	30,000	10%	Grain
	H4	Matarani	Japan + North China (2 Ports)	22,000	3% (Molchopt)	Copper Concentrates
	H5	North Chile	Continent (2 Ports)	22,000	3% (Molchopt)	Copper Concentrates
Supramax	AS1	USG	ARA	50,000	10%	Grain
Ultramax	U1	ECSA	North China (1 Main Port)	60,000	10%	HSS
	U2	USG	North China (1 Main Port)	55,000	10%	HSS
	U3	Indonesia (1SA)	South China (1 Main Port)	55,000	10%	Coal
	U4	Indonesia (1SA)	Paradip	55,000	10%	Coal
Kamsarmax	K1	Newcastle	Qingdao	75,000	10%	Coal
	K2	DBCT	Paradip	75,000	5%	Coal
Capesize	AC1	Tubarao	Rotterdam	160,000	10%	Iron Ore
	AC2	Tubarao	Qingdao	170,000	10%	Iron Ore
	AC3	Port Hedland/Dampier	Qingdao	170,000	10%	Iron Ore

The Affinity Dry Index (ADI) is calculated based on our freight rate estimates of the routes found in the route descriptions. Based on 7 January 2016, each Affinity index uses the average of freight rates for each segment compared to base rate as of the index start date (note that the Supramax rate is included in the Affinity Ultramax Index calculation).

Please note:

- As of 21 January 2016, the Affinity Dry Indices have been rebased to 7 Jan 2016, from their original starting point on 20 Aug 2015.
- As of 14 July 2016 routes H4 and H5 have been added to the Affinity Dry Index and the Affinity Handysize Index calculation, causing small negative changes in each index not reflecting actual market movements.

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