



Market Report
September 2018

COMMODITY AND SHIPPING MATTERS IN THE NEWS:

MALAYSIAN CHINESE COLLABORATION

Sime Darby has signed a MoU with Cofco Group to collaborate on several palm oil ventures. The MoU included joint research into the health effects of palm oil, developing the capacity for value added products and establishing joint sales and marketing activities in China. MoU aimed to create more demand for certified sustainable palm oil and increase trade volumes between the two companies. The joint research efforts would focus on the health benefits of products such as palm tocotrienol, red palm olein and palm kernel oil.

PALM OIL EXPORT VOLUMES

Palm / mt	Mar '18	Apr '18	May '18	Jun '18	Jul '18
Indonesia	2,400,180	2,222,890	2,142,840	2,294,870	2,806,300
Malaysia	1,640,216	1,601,632	1,358,517	1,202,893	1,271,172

MPOC LOOKING INTO ALTERNATE MARKETS

Malaysia is exploring new markets for palm oil with several nations as environmental concerns are threatening to close off its traditional markets.

The Malaysian Primary Industries Minister said countries such as Iran, the Philippines and Turkey, in addition to West African countries, are potential new markets. The MPOC has been tasked to form ties with these countries in

efforts to boost export of palm oil. The Malaysian palm oil industry has been hit with criticism surrounding its environmental risks, such as deforestation and its role in the annual haze outbreaks in Southeast Asia due to burning being used as a cheap way to clear land. The EU parliament has also passed a resolution that would block imports of unsustainable palm oil by 2020 and phase out palm oil-based biodiesel from the EU list of sustainable biofuels by 2030.

2018 YTD PALM OIL EXPORT MATRIX

Volume (mt)	India	Bangladesh	China	Pakistan	EU
Malaysia Origin (August to date)	1,660,125	179,540	1,089,139	761,822	1,317,545
Indonesia Origin (July to date)	3,156,070	952,700	2,173,760	1,297,340	2,811,560
Total	4,816,195	1,132,240	3,262,899	2,059,162	4,129,105

AAK AIMS FOR NEW COCONUT OIL PLANT

Swedish-Danish firm AAK is planning to open a new coconut oil plant in the Batangas/Philippines by the year's end. AAK said the location was near many of the firm's customers and offered good logistics for the Philippine market, in addition to its proximity to a container harbour and jetty for bulk vegetable oil shipping. The Philippines plant would initially focus on supplying the chocolate and confectionery fats and dairy and special nutrition sectors.

SOYBEAN ROUTES ON THE MOVE

Chinese soybean importers are buying up Brazilian soybeans in increasingly larger amounts as trade tensions and threats of tariffs on US imports escalate. Trade body of Brazil’s grains industry said that increased Chinese demand for Brazilian soybeans could result in a domestic supply shortfall.

If Chinese demand continues to increase, local Brazilian soybean processors may have to import up to 1 million tons of the oilseed from the US by the end of the year. Brazil buying US soybeans could potentially be a windfall for the dry-bulk sector in terms of ton-miles. Brazil to China is a long-haul trade and carrying US soybeans back to Brazil would create a new trade that could provide healthy backhaul cargoes.

EU’s imports of US soybeans have jumped 283% compared to the year before, bringing the EU’s share of total US soybean exports from 9% in 2016/17 to 37% in 2017/18. The rise in imports followed the 25 July joint agreement between EU and US that they would work to increase trade in soybeans.

In addition to soybeans, soya meal imports also rose, with 185,000 tonnes imported in July 2018, a 3,337% jump compared with July 2017. The increase brought the USA’s share of total EU soya meal imports up from 0.3% in 2017 to 13% in July 2018. EU needs soya as a protein for animal feed and currently imports roughly 30M tonnes/year of soya due to being unable to produce enough beans on its own.

SOYABEAN OIL EXPORT BY DESTINATION

Destination	India	Bangladesh	Netherlands	Pakistan
3Q 2018 Vol (mt)	395,320	64,650	53,220	30,668

SOYBEAN IMPORTS ON THE RISE IN PAKISTAN

Pakistan is becoming a significant soybean importer in the 2017/18 season, with demand for protein meal from its feed sector is expected to drive imports to a record 2M tonnes. Soybean imports reached to a 1.3M tonnes in the first eight months of the 2017/18 season and is expected to reach 2M tonnes by the end of the season with further growth to 2.5M tonnes next year.

While soybean imports increased, soybean meal imports into Pakistan had been reduced to just 100 tonnes in 2017/18 from 385,000 tonnes in the previous year due to more favorable tariffs. Meantime soybean oil imports had fallen 11% from the previous year, while palm oil imports had increased by 7%. Consumers in the country were gradually swapping palm-based oils to oilseed-based soft oils.

BIODIESEL FACTORY RUNNING AT FULL CAPACITY

After limiting production earlier in the year, French biodiesel producer Avril has returned to running its plants at full capacity due to high petroleum oil prices and increasing demand. Avril cut production for six months in March, due to the large Argentine imports after the EU’s 2017 removal of import taxes. EU producers were hoping that the EU Commission would impose new tariffs on Argentina in September, based on new allegations that the country was unfairly subsidizing its biofuel industry. As a positive turn, crude oil prices had climbed in the past months, mostly due to fears about possible US sanctions on Iran limiting oil supplies. European buyers had also begun stockpiling biodiesel for the next year, anticipating higher prices following a new EU tax. In 2017, Avril produced 1.4M tonnes of biodiesel from a capacity of 1.8M tonnes.

FURTHER UTILIZING LEASEBACK

Scorpio Tankers signed a sale-leaseback again with a seven-ship deal. Number of such deals now has reached a total of 28 ships in Scorpio's fleet. The deal will cover six MRs (STI San Antonio, STI Benicia, STI Mayfair, STI St. Charles, STI Yorkville and STI Duchessa) and the 110,000dwt STI Alexis.

Scorpio said the vessels are sold to a financial institution and after repayment of outstanding debt, the company's liquidity is expected to increase \$42m. Scorpio will bareboat charter the ships for seven years and repurchase options begin at the end of the third year.

FORECASTING FIRMER MARKETS

Pyxis Tankers is holding back on taking time charter coverage as it expects stronger rates for MRs in the autumn period. Pyxis recently reported a second quarter loss in a difficult market into which some of its MRs came off time charters. Pyxis said the company has a mixed chartering strategy for its MRs and with the anticipated upturn in the fall is seen as the start of a multi-year revival in 2019 and 2020, they will not be rushing into taking additional coverage right now. One-year time charter rates for MR tankers are around \$13,000 per day, with eco ships carrying a premium of around \$1,000 per day. Pyxis is not planning to fit scrubbers and forecasts the new emissions laws in 2020 will bring a short period of chaos to the market.

TANKER TC RATES (1 YEAR)

HANDYSIZE (35-38DWT)

MID 11K PD →

MR (45-51DWT)

LOW 13K PD →

However, Pyxis believes the capital expenditure required to install the equipment won't be justified as fuel spreads will stabilize and slow steaming will help create additional demand for MRs.

SYNERGY TO MULTIPLY SUMS

Singapore's BW Group has built up a 43.5% stake in Denmark's Hafnia Tankers.

BW Group said that they see a good cultural fit between the organisations, as well as the opportunity to further integrate the fleets and provide even better service to customers. BW Tankers has a fleet of 55 tankers, including newbuildings, LR2, LR1 and MR tankers. Hafnia has a fleet of 47 tankers in the LR1, MR and handy segments. The combined fleet of 102 ships would rank second globally behind the Scorpio in terms of product tankers. Hafnia Tankers said that they are replacing financial investors with an industrial investor who understands industry and has long term focus. Last year BW took a 33% stake in owner DHT Holdings by selling its VLCCs to the company. BW is now trying to push through a \$1.1bn takeover of Dorian LPG by BW LPG.

CHEMBULK BOLSTERS COMMERCIAL DESK

Chembulk hired two executives formerly with Fairfield Chemical Carriers as part of a move to strengthen commercial trading department. Art Allen will join Southport office as senior VP trading in the west and Stuart Peerless, who will serve as senior VP of trading in the East for Chembulk in Singapore office. Art Allen was vice president of chartering for Fairfield Chemical for the last six years, while serving as chartering manager at Fairfield in the prior nine-year period. Stuart Peerless served as managing director of Fairfield's vessel trading in East of Suez markets for the last 13 years.

The hiring of Allen and Peerless come soon after Steve Laino joined the company as chief commercial officer after serving in a similar role at Chemical Transportation Group.

SCRAMBLE FOR SCRUBBERS

Shipowners still looking to install scrubbers on their vessels face delays past the 2020 deadline. DNV says that there has been a significant increase in the number of owners placing orders to fit ships with scrubbers ahead of deadline for 0.5% sulphur emissions. According to DNV the total number of ships with confirmed scrubber orders through 2020 is currently 873, up from 346 confirmed ships at the end of 2017. Scrubbers found their first home on cruise ships and ferries due to their frequently operating within emissions control areas and now bulkers, tankers and boxships make up 60% of confirmed scrubber orders. The three largest manufacturers of scrubbers (Wartsila, Alfa Laval and Yara Marine) have 70% share of the market and unlikely to accommodate new installations prior to January 2020. Remaining manufacturers in the market may only have waits of seven to nine months for a new installation.

BUNKER PRICES (IFO 380)

SINGAPORE	457.50
ROTTERDAM	419.50
HOUSTON	424.00
FUJAIRAH	469.50

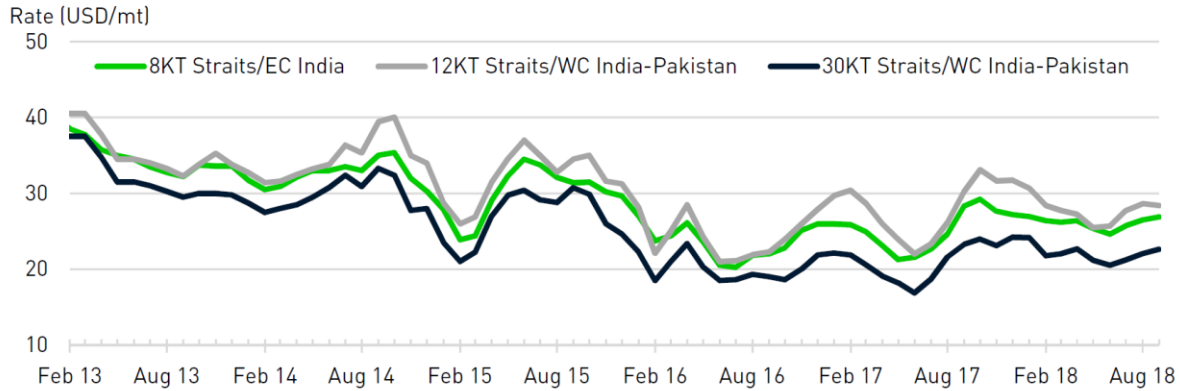
PREPARING FOR THE FUTURE

Torm has revealed a major scrubber installment programme to meet new sulphur emissions laws which will include scrubbers being fitted on all of its existing newbuildings. Torm says the 14-ship project will include four LR2s, two LR1s and eight MR tankers.

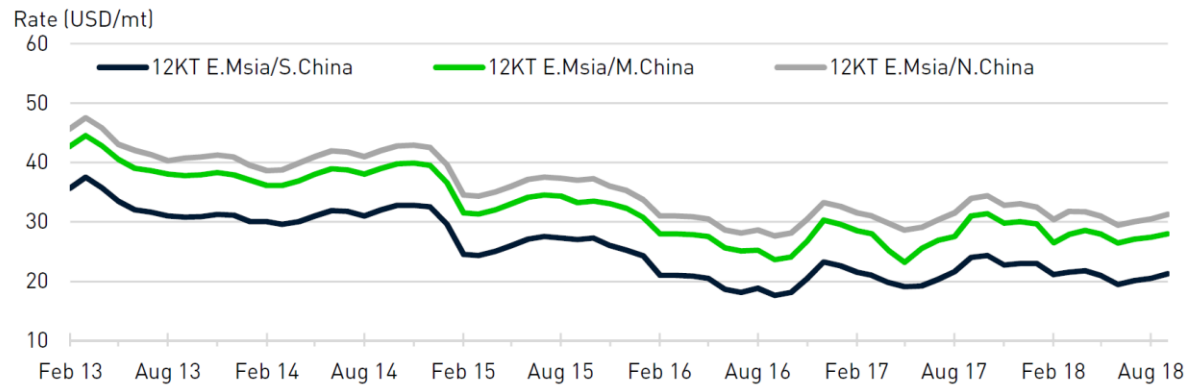
All 10 of its newbuildings on order at Guangzhou Shipyard for delivery through until the first quarter of 2020 are included in the scheme with no change to the delivery schedule. Three LR2s delivered from the same Chinese yard earlier this year will also be fitted with scrubbers. Torm did not reveal any finances for the project but placed its overall newbuilding capex requirements at \$300m.

FREIGHT RATE MONITOR:

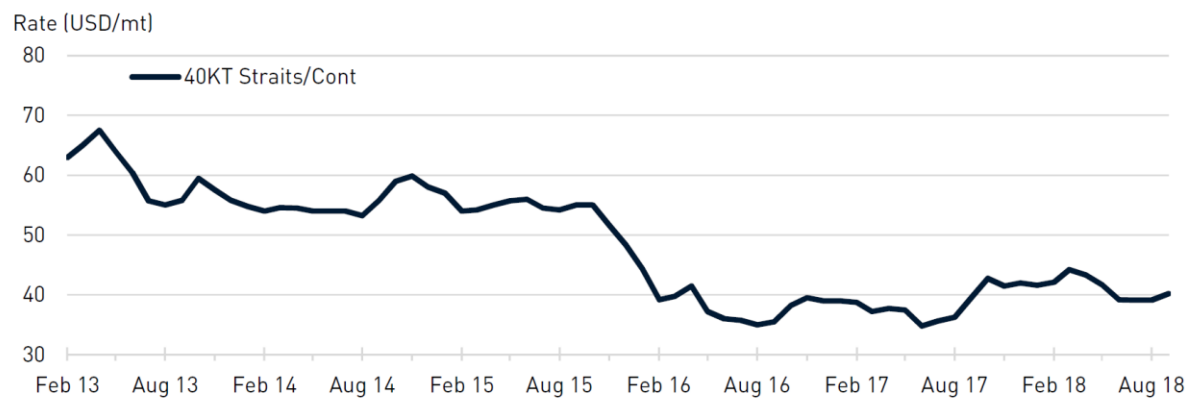
Palm Oil Freight Rates to India



Palm Oil Freight Rates to China



Palm Oil Freight Rates to EU-Continent



SHIP SALES:
CURRENT ORDERBOOK

<u>OWNER</u>	<u>UNITS</u>	<u>DWT</u>	<u>YARD</u>	<u>DELIVERY</u>
AET	1	152,000	Samsung	2020
Cargill	4	50,000	Hyundai Mipo	2020
Nisshin	2	19,000	Usuki	2020
Zhejiang Xinyihai	1	5,500	Ningbo Xinle	Undisclosed

LATEST DELIVERIES

<u>OWNER</u>	<u>DWT</u>	<u>YARD</u>	<u>DELIVERY DATE</u>
CMES	308,000	Dalian	August 2018
Navig8	111,000	New Times	August 2018
Nautical Bulk	74,000	Jiangsu Haitong	July 2018
COSCO	72,000	Dalian	July 2018
Ningbo Yongwang	23,000	Taizhou Kouan	July 2018
Ektank	18,600	Chengxi	August 2018
Rederiet Stenersen	17,500	Taizhou Kouan	August 2018
Alvtank	16,300	AVIC Dingheng	July 2018
Unknown	13,200	Ningbo Xinle	September 2018
OTC	11,000	Weihai Samjin	August 2018
Chinese Owners	9,200	Jiangsu Haitong	June 2018
Citra Armada	4,960	Jiangsu Haitong	August 2018

SNP

<u>BUYER</u>	<u>VESSEL</u>	<u>DWT</u>	<u>BUILT</u>	<u>YARD</u>	<u>PRICE</u>	<u>NOTES</u>
Spring	Iver Exact	46,858	2007	Mipo	\$14.0 million	
Matrix	Nord Farrer	40,080	2005	Shina	\$11.5 million	
Atlantica	Conti Guinea	37,554	2008	Mipo	\$12.5 million	
Unknown	ST Aqua	23,322	2006	Kurinonura	\$12.0 million	
Unknown	Kristin Knutsen	19,152	1998	Nagisa	\$6.2 million	
Unknown	Winter Sun	16,631	2000	-	\$7.5 million	
Chinese	Yuhua Star	16,026	1997	Shin Kurushima	\$5.7 million	
Singaporean	Oceanic Cyan	13,241	2008	Jinse	\$7.7 million	
Singaporean	London Trader	13,097	2007	Sekwang	\$8.0 million	
Meghna	Asviken	12,887	2005	Samho	\$7.0 million	
Unknown	Maya	12,452	2003	Fukuoka	\$7.5 million	
Unknown	Sun Aster	10,329	1996	Asakawa	\$3.6 million	
Chinese	Lian Run 158	4,373	2013	Yangzhou Ryuwa	\$8.1 million	

VOYAGE FIXTURES:
PALMS

<u>VESSEL</u>	<u>QUANTITY</u>	<u>LOAD</u>	<u>DISCH</u>	<u>LAYCAN</u>	<u>RATE</u>	<u>NOTE</u>
Golden Ray	9,000	E.Malaysia + Sumatra	Rotterdam	Early July	Mid 70s	4:1
Champion Express	38,000	Straits	WMed - Cont	2H July	High40s	3:3
Orinoco Star	25,00	Sumatra + Straits	Spain	1H July	Hi 40s–Low 50s	
Britta Maersk	22,000	E.Malaysia + Straits	Turkey - Med	End July	Low 60s	2:4
Med Pacific	23,000	Straits	B.Sea	July Dates	High 50s	
Concerto	27,000	E.Malaysia + Straits	Pakistan	End July	RNR	2:1
TSM Pollux	11,500	Straits	WCI	End July	Mid-Hi 20s	
Maersk Brigit	26,000	Straits	Spain	August Dates	Low 50s	
Galiasgar Kamal	6,500	Straits	B.Sea	End August	High 80s	
MTM Big Apple	23,000	Straits	B.Sea	Early August	Mid-High 50s	1:2
Summer Ploeg	18,500	Straits	R.Sea	Mid August	High 30s	
Mega 1	27,300	Straits	Pakistan	Early August	RNR	
TBN	11,000	Kalimantan	WCI	Mid August	Mid-High 20s	
Chemroad Fuji	27,800	Straits	WCI	End August	High 20s	2:2
Bum Shin	18,000	Straits	WCI	Mid August	Mid 20s	
Alfred N	23,000	Kalimantan + Sumatra	WCI	Mid August	RNR	
NSH Singapore	11,000	Straits	ECI	August Dates	Mid 20s	
Elegant	8,500	Straits	ECI	Early August	Mid 20s	
Super Forte	12,000	Straits	Chennai	End August	Mid 20s	1:1
Metis	9,000	Straits	Haldia	1H August	Mid-High 20s	1:1
Penyuan	6,000	Straits	Yangon	August Dates	Mid 20s	
Amazona	5,800	E.Malaysia	Philippines	Early August	Low 20s	
DH Fealty	12,000	Straits	Zhapu	End August	Low 30s	
Halit Bey	18,500	Straits	Med	Early September	Low 60s	2:3
Ardmore Seavaliant	35,000	Straits	Med	Mid September	High 40s	
Nilufer Sultan	18,500	Straits	Med	Early September	Low 60s	2:3
Golden Brilliant	6,000	Straits	AG	Early September	High 40s	
Chang An 1	10,000	Straits	M.China	Early September	Low 30s	
Chem Trader	10,000	Straits	WCI	Early September	Mid-High 20s	
Taihua Glory	10,000	Straits	ECI	2H September	Mid 20s	
Dionne	10,000	Straits	ECI	Mid September	Mid-Hi 20s	
Feng Hai 21	7,500	Straits	ECI	Early September	Mid 20s	1:1
Chemical Aquarius	16,500	Kalimantan	MVKK	2H September	High 20s	
Kappa Sea	5,000	Kalimantan	Manilla	2H September	High 20s	
Hanyu Glory	7,600	Straits	Zhapu	Mid September	Mid 30s	
Bay Dignity	2,000	E.Malaysia	Ulsan	1H September	Low-Mid 40s	

SUNOIL

<u>VESSEL</u>	<u>QUANTITY</u>	<u>LOAD</u>	<u>DISCH</u>	<u>LAYCAN</u>	<u>RATE</u>	<u>NOTE</u>
Atlantic Victory	43,500	B.Sea	ECI	Early July	Mid 30s	2:3
ST Aqua	22,000	B.Sea	ECI	End July	High 30s	1:1
Champion Trader	34,000	B.Sea	ECI	Early July	High 30s	
Maersk Borneo	26,000	B.Sea	ZJG	2H July	High 40s	
Hellas Marianna	31,000	B.Sea	M-N.China	Mid July	High 40s	
Maersk Bristol	19,000	B.Sea	R.Sea + WCI	Mid August	Low 40s	1:2
Yukon Star	28,000	B.Sea	R.Sea + ECI	Mid August	Low 40s	
Amfitrion	35,000	B.Sea	WCI	Early August	Low 40s	2:2
SC Hong Kong	20,500	B.Sea	AG + India	Early September	High 30s	1:2
Maersk Beaufort	27,000	B.Sea	India	Early September	RNR	
Chem Helen	32,000	B.Sea	ECI + China	Early September	Low 40s	1:2
Capella	33,000	B.Sea	China	Early September	RNR	

VOYAGE FIXTURES (CONT):
SOYBEAN OIL

<u>VESSEL</u>	<u>QUANTITY</u>	<u>LOAD</u>	<u>DISCH</u>	<u>LAYCAN</u>	<u>RATE</u>	<u>NOTE</u>
Lincoln	40,000	S.Am	India	End August	Mid 30s	2:2
Meridian Express	33,000	S.Am	Chittagong	End August	Mid-High 30s	1:2
Kastav	49,000	S.Am	India	Mid September	High 20s	2:2
Alkaios	40,000	S.Am	India	1H September	Low-Mid 30s	
Hafnia Taurus	40,000	S.Am	India	1H September	Low-Mid 30s	2:2
C Valentine	40,000	S.Am	India	Mid September	Low-Mid 30s	
Puma	40,000	S.Am	ECl	Early September	Mid 30s	
Lady Malou	42,000	S.Am	China	Early September	Low 40s	2:2
Navig8 Aragonite	36,000	S.Am	China	Mid September	Mid 40s	
Champion Concept	40,000	S.Am	China	End September	Mid 40s	2:2

CPP/CHEMS/OTHERS

<u>VESSEL</u>	<u>QUANTITY</u>	<u>CARGO</u>	<u>LOAD</u>	<u>DISCH</u>	<u>LAYCAN</u>	<u>RATE</u>	<u>NOTE</u>
Hafnia Libra	30,000	UMS	Singapore	P.Klang	End July	190k LS	
Vinalines Glory	35,000	Gasoil	Nanjing	Singapore	Mid July	330k LS	
Vinalines Galaxy	250kb	Mogas	Singapore	Merak	Mid July	180k LS	
Golden Brilliant	6000	Baseoil	Straits	AG	Early September	RNR	
Dai Nam	200kb	Mogas	Singapore	Merak	Early September	170k LS	
Prime Splendour	200kb	Mogas	Singapore	Tuban + Wayame	Early September	RNR	

PERIOD FIXTURES:
TCT

<u>CHARTERERS</u>	<u>VESSEL</u>	<u>DWT</u>	<u>BUILT</u>	<u>DELIVERY</u>	<u>REDELIVERY</u>	<u>LAYCAN</u>	<u>RATE</u>	<u>NOTE</u>
LDC	PTI Rhine	51,271	2007	Straits	West	2H September	RNR	
Stena	Chios Star	50,506	2018	Korea	Med - Cont	End July	\$15,500	
Cargill	Ardmore Seavaliant	49,998	2013	Hong Kong	Med - Cont	End Aug	\$15,500	
PIL	Champion Timur	47,210	2005	Singapore	B.Sea	2H July	\$15,000	
Stena	Glenda Melissa	47,203	2011	Straits	EU	End Aug	\$14,750	
LDC	Tarantella	46,764	2002	Balikpapan	Med - Cont	Mid September	\$15,500	
Cargill	Maersk Kalea	38,877	2004	Straits	EU	End July	\$15,750	
Stena	Mount Everest	37,817	2010	Straits	Med - Cont	Early July	\$12,500	
LDC	Maersk Borneo	29,014	2007	Straits	Med	Early September	\$12,000	

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<u>CHARTERERS</u>	<u>VESSEL</u>	<u>DWT</u>	<u>BUILT</u>	<u>PERIOD</u>	<u>RATE</u>
PMI	Valverde	50,350	2008	6+6 Months	\$12,750
CNR	Maersk Mississippi	47,990	2010	1 Year	\$13,000
Stena	Maetiga	46,925	2009	6+6 Months	\$10,500 + \$12,000
R-Shipping	PVT Dolphin	45,888	2004	1+1 Year	\$12,650
Shell	Nancy P	44,999	2014	1+1 Year	\$14,500



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