



The 1st Quarter of 2020 Management Discussion and Analysis (MD&A)

Our Key Performance Indicators:

Consolidated Financial Performance (US Dollars Terms):

The results, reviewed by EY Office Ltd., show you the latest financial position of the Company. The net loss for Q1 2020 was USD 3.68 million. The earnings per day per ship during Q1 2020 came in at USD 8,398, lower than that in Q1 2019, however, the Market Segmentation report shows you our comparative performance with the Index ships. In this quarter, daily operating costs were USD 4,602 lower than our target of USD 4,650 and that of the previous year. The EBITDA was USD 8.71 million during Q1 2020, lower than that in Q1 2019. The loss per share stood at Thai Baht 0.08 for this quarter.

THE HARD FACTS	Q1 2019	Q1 2020
Highest earnings per day per ship in USD	21,193	19,162
Average earnings per day per ship in USD	9,273	8,398
Av. earnings per day per Handysize ship in USD	8,686	7,934
Av. earnings per day per Supramax ship in USD	9,691	7,614
Av. earnings per day per Ultramax ship in USD	9,982	10,384
Operating cost per day per ship in USD	4,816	4,602
EBITDA in million USD	10.64	8.71
Net Loss in million USD excluding Exchange gain (loss)	(2.63)	(4.46)
Net Loss in million USD	(2.67)	(3.68)
Loss Per Share in Thai Baht excluding Exchange gain (loss)	(0.05)	(0.09)
Loss Per Share in Thai Baht	(0.05)	(0.08)

Consolidated Financial Performance (Thai Baht Terms):

For the quarter ended 31 March 2020, the Company incurred a net loss of Baht 117.10 million as compared to a net loss of Baht 84.14 million in Q1'2019. The main reasons for the changes are as follows:

1. The Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) in Q1'2020 is 7 percent lower than the Net Vessel Operating Income in Q1'2019. This is mainly due to a decrease in the average earnings per Vessel per day which declined from USD 9,273 in Q1'2019 to USD 8,398 in Q1'2020, caused by a weak Dry Bulk Freight market from the impact of COVID-19. The fleet size as on 31 March 2020 was 36 vessels.
2. Vessel running expenses in Q1'2020 are 4% lower than the figure in Q1'2019, mainly due to the lower of crew expenses and stores / spares expenses. The average Vessel operating expenses (Opex) per day per Vessel (including depreciation/amortisation of Drydocking/Special Survey expenses) decreased from USD 4,816 for Q1'2019 to USD 4,602 for Q1'2020,

3. Administrative expenses (including management remuneration) for Q1'2020 came in Baht 9.25 million higher than the figure in Q1'2019, mainly due to the increase in legal fees related to the ongoing arbitrations with Sainty Shipyard.
4. Finance cost for Q1'2020 were Baht 16.40 million lower than the figure in Q1'2019, due to lower interest expenses because of lower outstanding long-term loans.

Market Segmentation: During Q1, the Baltic Handy Size Index (BHSI) averaged 361.88 points, derived from the average Time Charter (TC) rate of USD 6,513. Compared to that, **our Handy size earned USD 7,934 and outperformed the BHSI TC rate by 21.8%**. During Q1, the Baltic Supra Index (BSI) averaged 596.11 points, derived from the average Time Charter (TC) rate of USD 6,557. In comparison, **our Supras earned USD 7,614 and outperformed the BSI TC rate by 16.1%. Our Ultras earned USD 10,384 and outperformed the BSI TC rate by 58.4%** (as there is no special index for the Ultras, we have compared them with the BSI). Our target to outperform both the indexes was achieved.

The SET Opportunity Day will be held at 11:15 hours on the 8 day of June 2020 via the SET [live web casts](#). We hope that many of you will attend this event electronically where the Company will get a chance to thoroughly discuss Q1 results.

Ship recycling has had a good start with 4.77 MDWT of ships being recycled during Q1 across all sectors of the dry bulk market as compared to 2.45 MDWT in Q1 2019. The existing **age profile at the end of Q1 2020 of 61.04 MDWT** (32.00 MDWT in the geared segment and 29.04 MDWT in the gearless segment) **or 6.92%** (3.63% in the geared segment and 3.29% in the gearless segment) **of the world fleet being 20 years or older**, together with **low levels of the order book to fleet ratio of 8.14% (order book up to end 2023 compared to net supply end of Q1 2020)**, should result in the world dry bulk fleet growing at a much slower pace. **Healthier recycling is expected during the balance of 2020 due to the number of 20+ year old ships in the world fleet as well as regulatory pressures from BWTS and IMO2020 on these ships.**

Long Term versus short term Charters: The long-term charters, over 1 year, already booked as of 31st March 2020 are shown in the chart below. As can be seen, our forward four year (2020 to 2024) rolling book is currently at the 15.25% level with a visible revenue stream of USD 142.4 million.

Year	2020	2021	2022	2023	2024
Total Available Days	13,176	13,140	13,140	13,140	13,176
Fixed T/C Days	2,196	2,190	1,992	1,825	1,830
%age Fixed T/C Days	17%	17%	15%	14%	14%
Av. T/C Rate/Day in USD	13,875	13,875	14,211	14,550	14,550
Contract value in million USD	30.5	30.4	28.3	26.6	26.6

It is our intention to continue to charter out our ships on long term period contracts whenever practical and economically viable.

BDI Developments and our read of the market:

- As always, the dry bulk market will have the same macro issues of supply/demand balance dominating the narrative. **As supply and demand balance is very close, the secular recovery would be characterized by extreme volatility as any small change in demand or supply would have a disproportionate impact on the BDI and profitability.**

- **2020 started with the ingredients of the perfect storm** with Western new year almost coinciding with Chinese New Year slowing demand throughout the world.
- **Pollution prevention winter restrictions** on production of steel, aluminum and cement in place in China slowing import demand for raw materials.
- **Very wet weather in Brazil at the start of 2020 slowing down exports of iron ore in Q1 to China by 18% y-o-y.**
- **Bad weather and cyclone threats in Australia since the start of 2020 slowing down production and exports of iron ore in Q1.**
- To top it all, **the Mother-of-all Black Swans, the Novel Coronavirus or Covid-19, came hurtling across the dry bulk markets pulverizing everything in its path.**
- This cocktail of demand reducing elements then **collided with the 3.88% of net growth in supply** due to the very low level of scrapping of just 7.63 MDWT in all of 2019.
- **These two factors**, one demand-destroying and the second increasing net ship supply, **have produced the perfect storm**, like the awful start of 2019 when we had a similar sharp drop in the BDI and rates.
- **China reacted slowly to begin with, not understanding or realizing what Covid-19 was all about** but then went into overdrive and locked down not just Wuhan, the epicenter city at the heart of this global pandemic, but the entire province of Hubei.
- **China extended their new year holidays sans celebrations for two weeks** and then, **imposed massive restrictions on travel and free movement of people and goods** all over the country till March.
- **This hard-stop of all economic activity in China, the manufacturing capital of the world**, produced the soul crushing numbers on the index ships with rates collapsing in the first two months of 2020.
- **With demand virtually disappearing due to Covid-19, owners reacted swiftly by rushing to recycle older ships due to the costs of operating them.**
- In response to weakening freight rates, **recycling has gone from 2.45 MDWT in Q1 2019 to 4.77 MDWT in Q1 2020.** On an annualized basis, this equates to almost 19.08 MDWT of recycling.
- **Then came the lockdowns in March, due to Covid-19, in the ship recycling yards** of India, Bangladesh and Pakistan and recycling of ships came to a grinding halt from April.
- **Owners reduced the speed of their ships** to assist in tightening available supply.
- As a result, the **BDI finally appeared to have stopped its free fall** and ended Q1 at 626 points having started the year at 976 points. The BDI is at 757 points as of 20 April 2020.
- **China's PMI index averaged 45.9 during Q1 2020 (Jan 50, Feb 35.7, Mar 52)** due to the Covid-19 lockdowns in China during late January/February. The Chinese government has pledged strong economic support in the form of lending by banks and other stimuli to counter the impact from Covid-19.
- **China's GDP for Q1 2020 was down 6.8% due to the economic impact of Covid-19.** Looser credit conditions and strong performance by manufacturers should stimulate the economy and the demand for dry bulk commodities in the SH of 2020.
- **The GDP for USA was down 4.8% with 30 million jobs lost in just 6 weeks! The Euro Zone GDP was down a respectable 3.8%. All due to Covid-19.**

- Breaking down the components of the BDI, we find that smaller segments have been able to rally more than larger size segments. This is due to **strong demand from minor bulks (commodities that move on our ships)**.
- **PSL's exposure to the smaller geared segments** means that it will be able to capitalize on the **stronger growth in minor bulk demand, 2.04% forecast as per Clarksons** versus **expected net fleet growth in the geared sector of 2.53%**.
- As the **'new BDI' has a strong bias towards larger vessels** (BDI since March 2018 has 40% weight from Cape index, 30% from Panamax index, 30% from Supra index and zero from Handy Size index), **any decline in earnings on larger vessels has a pronounced impact on the BDI**.
- According to **the Phase-1 deal of the trade war resolution China should be importing more raw materials from the US (soybeans, oil/gas, and coal), and ton mile demand should increase during SH 2020. However, with Trump trying to deflect blame for his mishandling of Covid-19 by blaming China, can only lead to lower volumes of cargo from USA to China.**
- **As the low sulphur fuel cap kicked in on 1st January 2020**, with low sulphur fuel oil (LSFO) costing almost USD 400 PMT more than the cost of high sulphur fuel oil (HSFO), **the simplest way to reduce LSFO consumption was to reduce speed.**
- **Ships 20 years or older**, comprising about 61.04 MDWT or 6.92% of the existing fleet at the start of 2020 **would be ideal candidates for recycling, as their older engines would find LSFO a challenge**, and they would have to invest in ballast water treatments systems and expensive special surveys too.
- One way or the other **in 2020, you are going to have a supply side dividend either through slow steaming of the entire fleet or a combination of recycling some of the older ships and slow steaming by the balance fleet.**
- Another way to look at **future prospects** of the market would be to **compare the current forward orderbook of 71.84 MDWT at end of Q1 as a percentage (8.14%) of the existing fleet at the end of Q1** and see when was it last as low as this number, that would be 1999!
- The latest pronouncements from the **IMF indicate that world GDP for 2020 would drop by 3% when just a few months ago they were forecasting growth of 3.3%! What a difference a few months and a pandemic like Covid-19 can make. For 2021 the IMF forecasts world GDP growth of 5.8%, if the situation normalizes, so we should see a healthier demand picture appearing next year.**
- Our read of the **growth in supply based on Clarksons data has a net fleet growth rate of 3.59% (31.38 MDWT to 904.81 MDWT) by end of 2020 and 1.72% (15.53 MDWT to 920.34 MDWT) by end of 2021, assuming recycling of 4.77 MDWT/quarter and slippage of 43.03% in each quarter of 2020 and 2021.**
- **If our conservative reading of both the demand growth rates and the supply side turns out as per our predictions, then SH of 2020 and 2021 should be reasonable compared to the disaster that is shaping the FH of 2020.**
- **If the supply side gets a dividend by the recycling of the very old ships, slow steaming by the rest of the owners who are using LSFO, and forced down time in dry docks for those owners who are still retrofitting scrubbers, then the market would further benefit from this tightening of available ships on the supply side.**

Others' reading of the market:

Nippon Steel, Japan's largest iron importer, is set to close four blast furnaces and cut production by 10% to cope with lower demand and rising losses. This is another blow to the beleaguered cape bulker market after the Baltic Cape Index slumped to a historic low this month. Sources said Nippon Steel's decision could potentially reduce long-haul iron-ore import

demand by around 10 MMT annually, roughly amounting to a year's work for 10 cape bulk carriers. The move could also affect the seaborne export of steel products from Japan. Nippon Steel imports most of its iron ore from Brazil. Nippon Steel currently produces around 54 MMT of crude steel annually from 15 blast furnaces. Its plan is to cut four blast furnaces at Kobe by the end of September 2023 and close two blast furnaces at Wakayama in 2024. (TradeWinds – 11 Feb 2020)

Amid volatile fuel prices during the past couple of months dry bulk players have recorded marked reductions in the steaming speeds of bulk carriers, with all vessels cutting speed to some degree to economize on fuel. Looking at average speeds across the whole fleet may even understate the true effect of higher bunker prices on ships without scrubbers. (Lloyd's List – 16 Mar 2020)

So far in March Brazil has shipped over 11.5 MMT of soybeans. This marks the highest volume of monthly shipments on record, up 26% YoY following a record 124 MMT harvest. Bumper supply and a weakening currency attracted heavy Chinese buying activity at the start of the year. Exports however struggled in the first weeks of 2020 due to weather related issues, and seem to have been pushed into March, contributing to surging shipments this month. April is set to be another strong month for Brazilian soybean volumes, continuing to provide some floor to the market. However, the current global dry bulk picture is of course challenging. In Europe, continued weak steelmaking activity will cause more woes for the North Atlantic coal market, while volumes are thin in the Pacific. If things get bad enough, we will likely see more vessels in these basins heading to South America and joining the queues. It is tough to put a positive spin on things right now, but there is some light at the end of the tunnel for the Panamax. Shipments of Brazil and Argentina's corn harvest will ramp up in a few weeks, absorbing some tonnage in the region. These saw significant growth in 2019, accounting for 866 Panamax liftings, 60% more than in 2018. Following this we will see the US begin its soybean export season. And, if China's experience is anything to go by, grain demand seems to be prone to a sharp recovery once a country's activity rebounds from covid-19. (Braemar ACM – 3 Apr 2020)

Dry bulk ships are facing the loss of a significant source of employment as South Africa entered a nation-wide 21-days lockdown at the end of last week in order to combat the spread of Covid-19. From a dry bulk perspective, that meant potentially losing out on 6-7 MMT of coal the country exports every month. For years now most of South African coal has headed to India. With about three quarters of the trade across the Indian Ocean being carried in gearless ships, Panamax and Capes stand the most to lose. It seems mining and port operations have been only partially mothballed, triggering ire from workers' unions. Exports of coal have consequently not dried up altogether, but Indian buyers are eyeing out alternative sources for their energy needs, with US and Russian coal miners seemingly keen to take advantage in addition to the traditional suppliers in Indonesia and Australia. (Maersk Brokers – 4 Apr 2020)

In a historic shock amid the Covid-19 pandemic, coal is set for the largest decline since World War II alongside sharp reductions for oil and gas, the International Energy Agency (IEA) said on Thursday in a report. Nuclear power is less affected, while renewables are the only energy source on the rise in 2020, thanks to priority access to grids and low operating costs. The Covid-19 pandemic represents the biggest shock to the global energy system in more than seven decades, with the drop in demand this year set to dwarf the impact of the 2008 financial crisis and result in a record annual decline in carbon emissions of almost 8%. It is still too early to determine the longer-term impacts, but the energy industry that emerges from this crisis will be significantly different from the one that came before. The Global Energy Review's projections of energy demand for 2020 are based on assumptions that the lockdowns

implemented around the world in response to the pandemic are progressively eased in most countries in the coming months, accompanied by a gradual economic recovery. The report projects that energy demand will fall 6% in 2020 — seven times the decline after the 2008 global financial crisis. In absolute terms, the decline is unprecedented — the equivalent of losing the entire energy demand of India, the world's third largest energy consumer. The impact of the crisis on energy demand is heavily dependent on the duration and stringency of measures to curb the spread of the virus. The IEA found that each month of worldwide lockdown at the levels seen in early April reduces annual global energy demand by about 1.5%. Changes to electricity use during lockdowns show consumption levels and patterns on weekdays looking like those of a pre-crisis Sunday. Full lockdowns have pushed down electricity demand by 20% or more, with lesser impacts from partial lockdowns. Electricity demand is set to decline by 5% in 2020, the largest drop since the Great Depression in the 1930s. Coal is particularly hard hit, with global demand projected to fall by 8% in 2020, the largest decline since the Second World War. Following its 2018 peak, coal-fired power generation is set to fall by more than 10% this year. (IEA – 30 Apr 2020)

Key Supply Side Developments:

We started with 873.43 MDWT and have increased to 882.20 MDWT as at the end of Q1 2020. A further 4.17% (36.43 MDWT) is scheduled for delivery in the rest of 2020. If we were to apply the annualized Q1 2020 slippage factor of 43.03% to these scheduled deliveries and further assume that scrapping reaches 19.08 MDWT (it was actually 4.77 MDWT in Q1 2020) we would be left with a fleet growth of 3.59% (31.38 MDWT to 904.81 MDWT) by end of 2020 and 1.72% by end of 2021 (15.53 MDWT to 920.34 MDWT), assuming similar recycling and slippage levels as in 2020.

What others' say about Supply Side Developments:

Clarksons report the dry bulk fleet having added 6.6 MDWT in January (3.6 MDWT of Capes, 1.7 MDWT of Panamax, 1 MDWT of Supra/Ultramax and 0.2 MDWT of Handies), while a total of 1.3 MDWT was scrapped (1 MDWT of Capes, 0.1 MDWT of Panamax, 0.1 MDWT of Supra/Ultramax and 0.1 MDWT of Handies). Annualising this data implies a run-rate of deliveries at 9% and scrapping of 1.7%. After adjusting for other changes in the fleet (conversions etc.), net fleet growth in January was 5.3 MDWT or an annualised 7.2%. As the average speed of the fleet fell, we estimate that effective supply decreased with the equivalent of -13.8 MDWT, resulting in an effective net change of -8.5 MDWT or an annualised -11.6%. Year to date the dry bulk fleet has seen deliveries of 6.6 MDWT and scrapping of 1.3 MDWT. The total fleet as per end of January was 883.9 MDWT. (DNB Markets – 6 Feb 2020)

The size of the global dry bulk fleet in Q1 has surpassed 851 MDWT, 1% larger than it was at the start of the year. Across all sizes we have seen 139 vessels deliver so far this year, while 52 have been removed. (Braemar ACM – 14 Apr 2020)

Deliveries have been most prolific in the larger sizes with six VLOC's and 24 Capesize newbuildings to the end of March. To put that in perspective, this is already one more Capesize than was delivered in the whole of 2018 and almost half those of last year (50). Deliveries have been also been strong in both the Kamsarmax sector (34) and Ultra-Supramax (41) though Handysize has only seen a modest 14 vessels coming out of yards in Q1. Whilst Chinese shipyards appear to be getting back on track (16 vessels were delivered in from their

yards in March), it is unclear as yet whether Japan's recently declared 'state of emergency' will impact on their shipyard activity; so far this year Japanese shipyards have rolled out 67 vessels. Clearly there will be some slippage but the nominal orderbook for Q2 is potentially enormous with 47 VLOC/Capesize, 80 Post Panamax and Kamsarmax, 67 Ultra-Supramax and 38 Handysizes slated to deliver from global yards between April-June alone. How many of these vessels actually deliver could be pivotal to 2020 fleet growth given that demolition on the Sub-Continent is effectively shut down at present; especially as scrapping in dry cargo was starting to gain some momentum – in Q1 41 vessels (including 6 VLOC , 15 Capesize, 3 Panamax , 3 Supramax and 14 Handysize) were sold for demolition. (Howe Robinson Research – 17 Apr 2020)

In the first quarter of 2020 Chinese shipbuilding output fell by 27.3% year-on-year due to the impact of the COVID-19 to 6.85m dwt. (SeaTrade – 20 Apr 2020)

Key Regulatory Developments:

Pricing of LSFO: When the changeover took place, all ships that were not scrubber fitted had to burn LSFO from 1 January 2020. Singapore being one of the largest bunkering ports in the world, had only around 30% of the bunker barges (that deliver fuel to ships in Singapore port/harbour) cleaned and ready for supplying LSFO. So, despite enough LSFO being available and enough demand being present from compliant fuel burning ships, prices shot up from the low mid USD 500 levels prevailing in November and December 2019 to the mid high USD700 levels in the FH of January 2020. The premium of LSFO compared to HSFO was about USD 400 PMT in the FH of January. Premiums have been dropping ever since and will settle around USD 50 PMT as more and more bunker barges convert from HSFO to LSFO carriage. The bottle neck was not the availability of LSFO, but the delivery bunker barges that were not cleaned and ready to make this changeover in time. As this bottle neck continues to be cleared, the premium between LSFO and HSFO will continue to narrow.

Compatibility of LSFO: Over the last few years, we have been testing every batch of HSFO that we purchase on all our ships. The reason for that is to keep our ships, cargoes and crew safe. Our well-established bunkering procedures will take on an added meaning in the IMO2020 era. Every batch of LSFO will be tested before the ships staff will be allowed to use the LSFO. The reason for the testing, whether it is HSFO or LSFO, is to ensure that the product complies with the specifications of the ISO standards for the same. That way our ships, crew and cargoes will always remain safe.

Older ships and LSFO: At industry conferences this question always pops up. The technical people (ABS, BV and others) say that the 20 years or older ships that have been used to a diet of HSFO for most of their life are now being asked to burn LSFO at the end of their economic life. This will result in the owners of these older ships having to either spend a lot of money on the bells and whistles that would be needed to make their old/end of life engines able to burn LSFO or suffer unexpected breakdowns in the alternate.

Our preparations for LSFO: Our existing fleet of 36 ships had an average age of just 8.3 years at the start of this year. These modern ships have fuel tanks located as side tanks and are easily accessible whether the ship is at sea or in port or fully loaded with cargo. Cleaning the fuel tanks of these very modern ships can and will easily be done by our crew and so will not cost us any extra time or money. For the few ships that are a bit older and that have their fuel tanks located in the double bottoms of these ships, we had started 'dosing' such bunker tanks with a chemical designed to dislodge residue sludge from the tank structure and bottom. The chemical is to be added into the tank before bunkering and fuel is consumed from the

tank till empty. The process is then repeated. After three cycles of such dosing, the tanks were cleaned by our ships staff for receiving compliant fuel oil. All our ships, modern and those that are not so modern, have all successfully switched over to LSFO without any issues.

What others' say about Regulatory Developments:

A new report suggests we are drinking scrubber discharge waters! The internal, IMO-commissioned, report details a growing concern that we have yet to grasp the full impact of scrubber wash-water. Not only is there worry regarding the effects this wash-water has on the marine environment, but there is also a real fear that it poses a threat to human health. In the report, evidence compiled from GESAMP indicates that toxins from the wash-water can creep into the food chain. If true, this unsettlingly finding means we are poisoning ourselves with an array of heavy metals, volatile organic hydrocarbons, chlorinated hydrocarbons, and polycyclic aromatic hydrocarbons (PAHs). PAHs are especially concerning as they are linked to several types of cancer including skin, lung, bladder, liver and stomach cancers. Christopher Elliott, a professor at the Institute for Global Food Security at Queen's University Belfast, voiced his concerns about PAHs polluting our oceans in an article published in the Guardian. "Any increase in PAHs at the bottom of the food chain can have a negative impact on human health over the long term, damaging immune systems and potentially increasing susceptibility to cancer," he said. (Environmental Protection Alliance – 20 Feb 2020)

Many were the prophecies of doom that on January 1st 2020 the IMO's global ban on high sulphur bunkers, for all but the 5% or so of the world fleet that had fitted scrubbers, would result in significant congestion, delays and disruption due to VLSFO shortages, lakes of unwanted heavy fuel oil and skyrocketing price spreads. The exact opposite has since occurred. Price spreads, which had been rising steadily until the end of last year to peaks in different bunker locations ranging from \$290 to \$370/tonne, immediately started to decline to current levels of around \$100/tonne and below. Even more striking has been the collapse of the VLSFO price, which has been the primary reason for this contraction. Whereas IFO380 prices have fallen by 13% on average across Rotterdam, Singapore and Shanghai since the first week in January, the VLSFO price has fallen by 36%, with particularly sharp falls in the Pacific. In Shanghai, for example, spread is now a mere \$56/tonne. What has caused such an unanticipated outcome? Clearly the HSFO glut and VLSFO shortage have simply not materialized. Both industries knew what was coming and, in the event, had enough time to gear up. Nor did the fuel changeover occur at the flick of a switch on January 1st. There was a progressive transition to new fuels throughout the second half of 2019 as vessels cleaned their tanks and tested the new blends. But the important clue has been the steady fall in crude prices this year. Historically the crude price has been a reliable predictor of MGO/IFO price spreads – the lower the price, the narrower the spread - and hence, so has the LSFO/HSFO spread reduced. The reason for this relationship is not hard to surmise. Low crude prices are indicative of weak oil supply/demand fundamentals – no great surprise given the negative economic slowdown caused by the recent Covid-19 crisis. In short the greatest assistance to IMO 2020's smooth transition has most probably been falling demand because of the slowdown in world economic activity. (Howe Robinson Research – 6 Mar 2020)

The UAE has barred MSC Joanna (built 2006) an MSC containership after it was alleged to have breached the IMO's ban on carrying high sulphur fuel oil (HSFO). The measure is believed to be the first reported ban relating to the HSFO carriage legislation, which came into effect on 1 March. Clarksons lists the vessel as due to be fitted with a scrubber in 2021. (TradeWinds – 16 Mar 2020)

The Ecospeed coating system has been applied on the scrubber outlets of three bulk carriers in Zhoushan, China, in order to withstand the hazardous pollutants of the exhausts and protect the areas surrounding the outlets. Ecospeed has been applied on scrubber systems regularly. With installation of exhaust scrubber systems becoming increasingly widespread, there has been an increase in corrosion damage on scrubber pipes and outlets which results in water ingress in the engine room, ballast tanks and cargo holds. (Clean Shipping International – 1 Apr 2020)

The valuations for LSFO traded in the major Chinese bunkering hubs of Shanghai and Zhoushan collapsed relative to Singapore, as domestic Chinese refiners ramp up production of the IMO-compliant fuel amid demand destruction due to Covid-19. "Refiners are not adjusting their planned [production] volumes lower, [so] prices are very attractive," a Shenzhen-based bunker trader said. (Platts – 17 Apr 2020)

The Maritime and Port Authority of Singapore (MPA) has reported two vessel detentions for using non-compliant fuel in the first quarter to ensure the implementation of IMO 2020 sulphur regulations. Additionally, the MPA received 31 reports of scrubber malfunctions from Singapore-registered ships during the three-month period. (Splash247.com – 27 Apr 2020)

The African Heron, a four-year-old 34,387 dwt bulk carrier belonging to Amsterdam-based MUR Shipping, was detained in Geelong, Australia on Friday, found to be carrying fuel with sulphur content above 0.5%. (Splash247.com – 4 May 2020)

Our read of the Novel Coronavirus or Covid-19:

What a difference a few weeks make especially when you have a gigantic Black Swan foisted on you with absolutely no warning. In our very globalized and interconnected world, there can be no such thing as shipping being an island unto itself. **If the various countries that are in lockdown, more are being added as we write, are unable to reopen quickly enough, then the combined demand destruction resulting from such lockdowns will naturally seep into the shipping markets** and we will all be sailing in the same awful boat as the rest of the Covid-19 impacted industries/services in the world. **The only good from the current pandemic is that ordering of new ships has come to a halt.** During the lockdown in China hardly any new ships were delivered during February. If the return of ship building staff in China does not happen quickly enough, the **slippage factor will further reduce the new supply of ships in FH 2020.** In the first two months of this year, there was a rush to scrap older ships due to the costs of operating them in the IMO2020 era. However, with India, Bangladesh and Pakistan all going into lockdown in March, recycling of ships has also come to a screeching halt in April. **Ship speeds have certainly slowed down compared to last year. This will help to tighten the supply side. All these supply-tightening moves have helped shipping exhibit some resilience compared to other industries.**

Some of the economic changes/challenges that will emanate from Covid-19:

- Central Banks around the world will cut interest rates till they reach negative territory.
- Wise governments will run up fiscal deficits to keep their economies running despite the inroads to commerce from this disease, or supply chain counter parts, that it visits.
- 'Just in time' inventory management will be one of the major discards in the rubbish bin of history. Corporates will no longer be 'inventory free' and will stock up enough inventory to overcome supply chain disarray.

- The massive debts that most corporates have taken since the Global Financial Crisis of 2008 will haunt them. With demand destruction during lockdowns, revenue streams mangled; supply chains in a mess; corporates that are hugely indebted will struggle.
- Restructuring will be the next big business all over the world if lockdowns continue beyond the FH of 2020.
- Inflation might rear its ugly head if supply chain disarray results in shortage of available finished goods.
- Business travel will be shed like old clothes rarely to be used in the future.
- Airlines may never quite recover from the current body blows meted out to them with more and more countries in lockdown.
- Alternate ways of meeting people over electronic platforms will become the norm rather than the exception.
- As Covid-19 may not die down so easily or quickly, sensible corporates will prepare for the long haul.

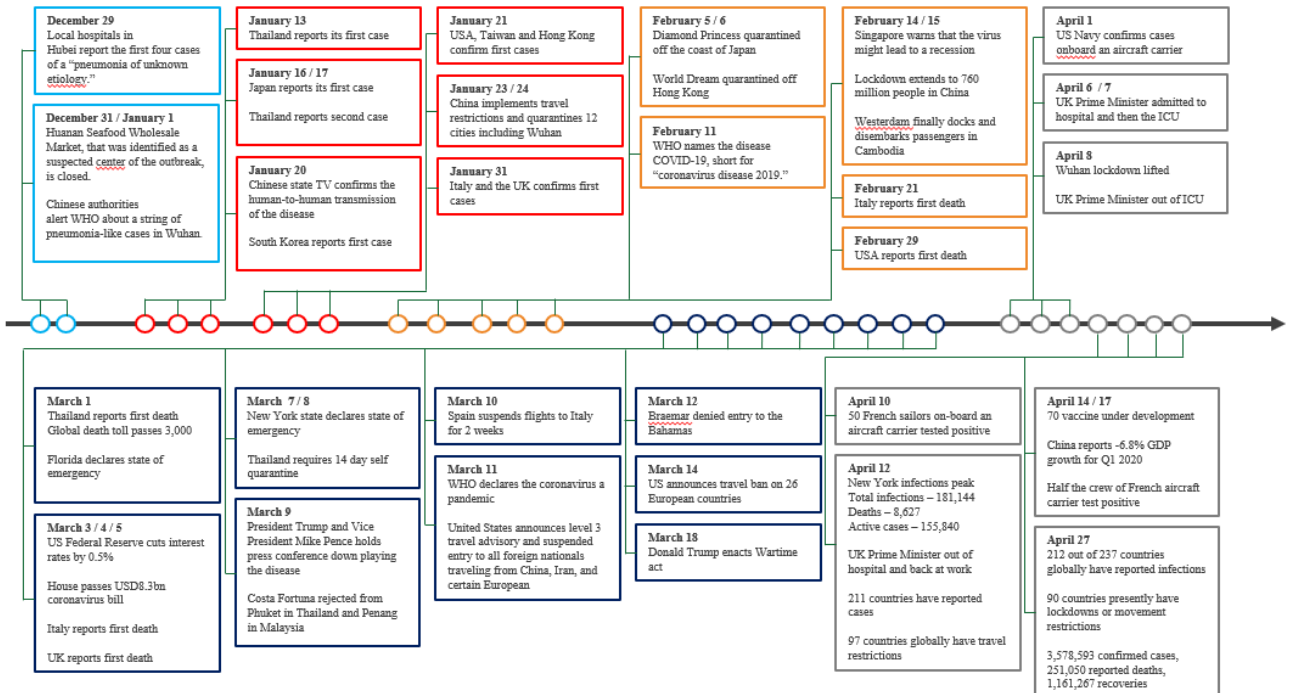
Like all shipping company our operations have been affected by Covid-19 like:

- Delayed planned dry docks as Chinese shipyards were not prepared to accept ships, and are still reluctant to do so, now.
- Ballast Water Treatment Systems to be fitted at dry docks, are not ready due to delays at manufacturers due to lockdowns.
- Signing off officers and crew whose contracts have expired have been postponed due to lockdowns and flight non-availability.
- Officers and crew realize that they should not risk getting infected, end up living in a strange land all alone, away from family/their crew mates, just to sign off.
- Protocols have been instituted on ships to ensure that the existing crew members remain safe, well, healthy and Covid-19 free.
- Quarantine restrictions imposed by different countries on ships arriving from high risk countries of a minimum 14 days from departure from such a port.
- Onboard temperature check of every crew member before the ship can go about its lawful business at almost all ports.
- Shore personnel are restricted to work only in cargo holds and are allowed minimal supervised access to the ship's accommodation.
- Owners always provide PPE for ships staff to have on when the ships are in ports to avoid infecting ship's crew members from shore personnel.

Governments around the world affected by Covid-19 have announced stimulus measures of around USD 11 trillion, or about 12.2% of world GDP in 2018 of 89.93 trillion! And more stimuli are being discussed and added to this massive total.

Please see below a timeline of Covid-19.

Timeline



Others' read of the Novel Coronavirus or Covid-19:

Novel Coronavirus or Covid-19, the disease:

While infections in the rest of the world accelerate, the coronavirus epidemic is showing signs of easing in China with new cases slowing dramatically. Almost 65% of those who have been officially diagnosed with the disease are now better and out of hospital. (Bloomberg – 5 Mar 2020)

Coronavirus is having a big impact on shipping – so we read-up on the virus and published a factual research note. We are shipping analysts not virus experts, but we have been reading international press, WHO, the Lancet, JAMA and China CDC reports to assess the potential impact on shipping. The report is not a comprehensive study, but we are sharing what we have learned so far. This highlights the importance of understanding coronavirus when investing in shipping, which is highly correlated with global trade and GDP.

- Covid-19 registered cases in 3x as many countries as for SARS (26) and MERS (27).
- Jama says most SARS/MERS secondary transmission was in hospitals, while for Covid-19 it seems mostly via close contact.
- WHO says Covid-19 is not SARS, MERS or influenza, but rather a unique human virus with high transmissibility, substantial fatal outcomes in high-risk groups, and the ability to cause huge societal and economic disruption.
- WHO says, "China most ambitious, agile, aggressive disease containment effort in history - only ones proven to interrupt or minimise transmission".

- China CDC study of 44,672 diagnosed cases (81% of the cases were mild, 14% severe, and 5% critical). The case fatality rate (CFR) for patients aged >80 years was 14.8%, 70–79 years 8%, 60–69 years 3.6%, 50–59 years 1.3%, 40–49 years 0.4%, 10–39 years 0.2%, and 0–9 years zero.
- US CDC study posits children can transmit it suggesting greater exposure for children and intra-family transmission might contribute substantially to the epidemic - as of 6 March, 14 countries had country-wide school closures.
- Lancet study says: association between Covid-19 mortality and healthcare resources.
- Wuhan among top-six cities for medical treatment in China in 2014 (7 major hospitals considered among the best in China, Tong Ji Hospital no.3 nationally). Wuhan has 3.08 doctors per 1,000 people (UK 2.8, US 2.6). WHO says China moved 40,000 healthcare workers to Wuhan, and deployed 1,800 teams of epidemiologists to trace thousands of people. (DNB Markets – 9 Mar 2020)

The coronavirus outbreak is now a pandemic, the WHO declared. The new coronavirus is the cause of the first pandemic since 2009, when a novel influenza strain swept across the world, infecting millions of people. (Bloomberg – 11 Mar 2020)

99% of those who died from the Coronavirus had other illness in Italy. (Bloomberg – 18 Mar 2020)

Italy surpassed China as the country with the most coronavirus deaths, as its number of fatalities reached 3,405 and the pandemic's global spread accelerates. (Bloomberg – 20 Mar 2020)

95% of New York City's almost 200 deaths from the new coronavirus had underlying health conditions. (Bloomberg – 25 Mar 2020)

Italy needs to shift to mass quarantining of coronavirus patients with mild symptoms instead of letting them isolate at home, according to a group of Chinese experts. Doctors in Wuhan made the same error early in the outbreak, said Liang Zong'An, head of the respiratory department at the West China Hospital at Sichuan University. While seriously ill patients were admitted to hospitals, doctors at the time recommended that those with mild symptoms isolate themselves at home, to reduce the strain on Wuhan's overburdened health system. (Bloomberg – 31 Mar 2020)

The death toll now compares with that of London's Great Plague in the mid-1660s, which killed an estimated 100,000 people, about a third of the city's population at the time. But it is still far short of the so-called Spanish flu, which began in 1918 and is estimated to have killed more than 20 million people by the time it ended in 1920. (Reuters – 10 Apr 2020)

Chinese scientists predict the novel coronavirus will come back each year, flu-style, as asymptomatic carriers make it difficult to fully contain its spread. This is becoming the international scientific consensus. Chinese experts warn there is no evidence that summer will slow the virus's spread—they say its heat-sensitive when exposed to 56 degrees Celsius (133 Fahrenheit) for prolonged periods of time. (Bloomberg – 28 Apr 2020)

Covid-19's impact on airlines:

The coronavirus pandemic will bankrupt most airlines worldwide by the end of May unless governments and the industry take coordinated steps to avoid such a situation. Carriers are depleting cash reserves quickly because their planes are grounded and those that are not are flying more than half empty. Airlines have been among the biggest corporate casualties of the

virus outbreak as the coronavirus grinds air traffic to a halt. Flybe, Europe's biggest regional airline, has already collapsed. (Bloomberg – 16 Mar 2020)

Qantas Airways Ltd. furloughed most of its 30,000-strong workforce and scrapped all international flights as travel demand dries up due to the coronavirus. (Bloomberg – 19 Mar 2020)

Cathay Pacific Airways Ltd. will slash passenger capacity by 96% in April and May as the coronavirus shuts down travel across the world. (Bloomberg – 20 Mar 2020)

Emirates announced on Sunday that it will "temporarily suspend" all its passenger operations from Wednesday due to Covid-19 outbreak. (Channel News Asia – 22 Mar 2020)

Covid-19's impact on Cruise shipping:

Carnival Corp, Royal Caribbean Cruises and Norwegian Cruise Line expect the coronavirus will hit their earnings by more than a half-billion dollars combined. (TradeWinds – 20 Feb 2020)

MSC Meraviglia operated by MSC Cruises is sailing for Cozumel, Mexico, after authorities in two Caribbean ports effectively refused to let passengers disembark over coronavirus fears. The episode is the latest example of a cruise ship trapped at sea over coronavirus concerns, as governments seek to keep cases away from their shores. (Bloomberg – 27 Feb 2020)

Harbor cruise operator Luminous Cruising Co. in Kobe, Japan said in court filings that customer cancellations due to Covid-19 have pushed it into insolvency. (Maritime Executive – 3 Mar 2020)

Passengers from Sun Princess cruise ship were given a nasty welcome at Reunion on Sunday when around 30 local protesters setting up blockades and throwing bottles and rocks. The protesters said they feared passengers and crew might bring Covid-19 to their island as the ship had called at ports in Asia before sailing to Africa. (TradeWinds – 3 Mar 2020)

Princess Cruises' coronavirus-hit Grand Princess will dock in California's Port of Oakland at some point today after sitting miles offshore since Wednesday. (TradeWinds – 9 Mar 2020)

An employee of industry body Danish Shipping has contracted coronavirus. Danish shipping companies are taking the situation seriously and are doing what is possible to limit the spread of the infection. (TradeWinds – 12 Mar 2020)

Carnival Corp's Princess Cruises and Torstein Hagen-controlled Viking Cruises have suspended operations as the coronavirus epidemic delivers a historic wallop to the industry. (TradeWinds – 12 Mar 2020)

The Fred Olsen Cruise Lines Braemar has been denied entry to the Bahamas after five people on board tested positive for the novel coronavirus COVID-19. (Maritime Executive – 12 Mar 2020)

Eastern Mediterranean cruise operator Celestyal Cruises said on Friday it suspends activity until 1 May, due to the coronavirus crisis. (TradeWinds – 13 Mar 2020)

South African authorities have quarantined 1,720 people aboard the cruise ship AIDAmira at Cape Town. (Maritime Executive – 17 Mar 2020)

Carnival expects a full-year loss thanks to the coronavirus. The company posted a \$781m loss for the first quarter. (TradeWinds – 19 Mar 2020)

On Friday, the public health agency for Australia reported that four people aboard the cruise ship Ruby Princess have tested positive for Covid-19. The Ruby Princess is now in quarantine just off the coast of Sydney, with all remaining crew still on board. (Maritime Executive – 20 Mar 2020)

The 2009-built cruise ship Costa Luminosa has anchored in the Port of Marseille and is awaiting testing and investigations by the French authorities after it reported three people infected with coronavirus on board and dozens more recorded as sick. Several cases of coronavirus were detected on board the vessel during its voyage from Florida. Several passengers affected by the virus disembarked in Puerto Rico and the Canaries. (Lloyd's List – 23 Mar 2020)

The Costa Victoria and Costa Luminosa are headed for Italy, the current epicenter of the coronavirus outbreak, with known coronavirus cases. (Maritime Executive – 24 Mar 2020)

An outbreak of Covid-19 has spread further on a Greek-owned passenger ship carrying hundreds of quarantined seafarers and ship-repair workers on board. Another twenty out of a total of 383 people on ANEK Lines' 38,300-gt El. Venizelos (built 1992) have tested positive for the disease, Greek health ministry officials said on 1 April. (TradeWinds – 1 Apr 2020)

The new expedition cruise ship Greg Mortimer has anchored off Montevideo, Uruguay with nine individuals with flu-like illness on board. (Maritime Executive – 2 Apr 2020)

The Coral Princess has docked at Port Miami, Florida. The vessel has two dead and at least 12 positive Covid-19 cases onboard. (Maritime Executive – 5 Apr 2020)

1,081 out of the 2,000-plus sailors aboard the French carrier Charles de Gaulle have tested positive for Covid-19. (Maritime Executive - 17 Apr 2020)

Covid-19's economic impact:

Satellite data show economic activity in China could be picking up following a steep drop off caused by the Covid-19. Nitrogen dioxide levels rose across China's industrial heartland. The data confirms anecdotal reports that Chinese workers are heading back to their jobs. The economy was probably running at 60% to 70% capacity last week, according to a Bloomberg Economics report, up from about 50% earlier in February. (Bloomberg – 3 Mar 2020)

Xi Jinping's Belt and Road Initiative has long been a way to project China's influence around the world. Covid-19 is now showing how the trade and infrastructure program can help export China's troubles. Projects affected since the virus emerged include a \$5.5 billion high-speed rail line in Indonesia. There is also a railway initiative in neighboring Malaysia, construction projects in Sri Lanka and corporate expansion plans in Pakistan. (Bloomberg – 5 Mar 2020)

Stocks plunged around the world, oil tumbled and the stress in US credit markets deepened after the WHO called the virus spread a pandemic and the Trump administration remained unable to detail any stimulus measures to combat the economic fallout. The latest bout of virus-fomented turmoil tipped Dow Jones Industrial Average into a bear market, ending the longest bull run in the history of American equities. (Bloomberg – 12 Mar 2020)

Bloomberg Economics estimated that the Chinese economy was operating at as much as 80% of normal capacity as of March 6. Just as China's factories are beginning to get back, they face a second blow: the spread of the disease and the risk of a collapse in economic activity in the major developed economies that are their main customers. (Bloomberg – 12 Mar 2020)

Goldman Sachs Group Inc. and Morgan Stanley economists joined the rush on Wall Street to declare that the coronavirus has triggered a global recession, with the debate now focusing on its likely length and depth. (Bloomberg – 17 Mar 2020)

The size of the fiscal response required to counter the economic impact of Covid-19 could be as much as an unprecedented 30% of global output, according to one of Australia's top-performing fund managers. 30% of Global GDP would be about \$26 trillion, based on International Monetary Fund estimates for last year. (Bloomberg – 19 Mar 2020)

The Great Coronavirus Crash has been frightening in its speed and breadth. Stocks have lurched lower worldwide, with brief rallies between the falls, like wounded bulls in a corrida. Through 1 pm on March 18 the S&P 500 index was off 27% for the year to date, Germany's DAX was down 38%, and Japan's Nikkei was off 29%. (Bloomberg – 19 Mar 2020)

One of the world's largest shipowners Maersk has suspended its full year financial guidance due to the uncertainty of the impact of the Covid-19 pandemic. Releasing a Q1 trading update Maersk said that while operations continued to run as normal due to the uncertainties related to outlook it had decided to suspend its EBITDA guidance for 2020 until there was more clarity on market developments and financial implications. (Seatrade – 20 Mar 2020)

China's economy will swiftly return to its potential growth rate and there will be significant improvement in the coming three months, a senior central bank official said Sunday. (Bloomberg – 22 Mar 2020)

Fed Reserve Bank of St. Louis President James Bullard predicted US unemployment rate may hit 30% in the Q2 because of shutdowns to combat the coronavirus, with an unprecedented 50% drop in GDP. Bullard called for a powerful fiscal response to replace the \$2.5 trillion in lost income of that quarter to ensure a strong US recovery. (Bloomberg – 23 Mar 2020)

The IMF said it expects a global recession this year that will be at least as severe as the downturn during the financial crisis, followed by a recovery in 2021. Nearly 80 countries have asked the Washington-based IMF for emergency finance. Managing Director Kristalina Georgieva said the fund strongly supports extraordinary fiscal actions already taken by many countries and welcomes easing moves by major central banks. (Bloomberg – 24 Mar 2020)

The IMF in its first World Economic Outlook report since the spread of the Coronavirus, estimated on Tuesday that global GDP will shrink 3% this year. That compares to a January projection of 3.3% expansion and would likely mark the deepest dive since the Great Depression. It would also dwarf the 0.1% contraction of 2009 amid the financial crisis. The fund anticipates growth of 5.8% next year, which would be the strongest in records dating back to 1980, but it cautioned risks are tilted to the downside. (Bloomberg – 15 Apr 2020)

Earlier this year, daily highway vehicle traffic volumes in China were lower than they had been a year earlier thanks to reduced activity during lockdown. By early March, however, China's daily traffic was consistently above that of a year before. Car-buying in Wuhan, the original epicenter of Covid-19 and the first city to be sealed off to prevent its spread, has also rebounded. (Bloomberg – 16 Apr 2020)

Chinese ports are experiencing a remarkable rebound following the economic hit they took from Covid-19 earlier this year. In China, the data shows improving activity, with all shipping segments now recording more port calls than during the same period last year, and total growth running at about 20%. That turnaround is remarkable considering the 30% y-o-y fall experienced in mid-February, normalized for Chinese New Year. (TradeWinds – 16 Apr 2020)

With countries in lockdown accounting for over 50% of global GDP, the collapse in commercial activity is far more severe than in previous recessions. Numerous indicators suggest extreme stress. Global oil demand has dropped by up to a third; the volume of new cars and parts shipped on America's railways has dropped by 70%. Many firms have only enough inventories and cash to survive for 3 to 6 months. The exit path for those that survive will be precarious, with uneasy consumers, an efficiency-sapping stop-start rhythm, and tricky new health protocols. Companies will have to master a new environment. The crisis and the response to it are accelerating three trends: an energizing adoption of new technologies, an inevitable retreat from freewheeling global supply chains and a worrying rise in well-connected oligopolies. (The Economist – 17 Apr 2020)

Chinese gross domestic product shrank 6.8% in the first quarter from a year ago, the worst performance since at least 1992. China's economy was forced into a paralysis in late January as the epidemic that first started in Wuhan spread across the country. The economy remained shuttered for much of February with factories and shops closed and workers stranded at home. (Arctic Shipping – 17 Apr 2020)

The euro-area economy shrank 3.8% in its worst-ever contraction, with GDPs falling by 5.8% in France, 5% in Spain, and 4.7% in Italy, due to virus disruptions. (Bloomberg – 30 Apr 2020)

The US economy shrank by 4.8% in the first quarter as the pandemic forced businesses to close and consumers to stay home, signaling the start of likely the deepest recession in eight decades. (Bloomberg – 29 Apr 2020)

At the height of the Great Depression the unemployment rate topped 25.6%—a figure the real unemployment rate is nearing again. Another 3.8 million Americans filed initial unemployment claims in the week ending April 25. That is down from the 4.4 million claims the week prior but brings the total claims since mid-March to 30.3 million. (Fortune – 30 Apr 2020)

From malls in Seoul to jammed expressways to the vacation island of Jeju, shoppers and travelers crowded malls and beaches on the first long weekend since the country began easing coronavirus curbs last month. With early-summer weather helping retail therapy return with a vengeance, the term “bobok sobi” - revenge shopping - has trended on social media, as people rush to make purchases delayed by social-distancing rules. (Reuters – 4 May 2020)

For a growing number of Chinese hit by job losses, furloughs and salary cuts, the consumer economy has begun to spin in reverse. They are no longer buying - they are selling. Many young people are offloading possessions and embracing a new-found ethic for hard times: less is more. In South Korea, people thronged malls this weekend to go “revenge shopping” to make up for time lost in lockdown. There are some signs that a similar trend will take hold in China. (Reuters – 4 May 2020)

Governmental actions to stem Covid-19:

Singapore the Asian city-state is emerging as a litmus test of whether the deadly pathogen can be, if not contained, then neutralized. The answer is maybe, and perhaps only with the unique combination of factors that Singapore brings: a top-notch health system, draconian tracing and containment measures, and a small population that is largely accepting of government's expansive orders. (Bloomberg – 28 Feb 2020)

Italy introduced far-reaching measures to contain the coronavirus outbreak. Prime Minister Giuseppe Conte presented the new rules, including a near-complete travel ban for about a quarter of Italians. Doctors have warned that hospitals are close to collapse as they flood with patients needing intensive care. (Bloomberg – 8 Mar 2020)

Denmark has become the first major shipping nation to close its borders to all nationalities due to the coronavirus. These border control measures, which came into effect at midday on Saturday, will remain in place until 13 April 2020. (TradeWinds – 16 Mar 2020)

Prime Minister Boris Johnson closed social life in the world's fifth largest economy and advised those over 70 with underlying health problems to isolate. The modelling study, by a team led by Neil Ferguson, a professor of mathematical biology at Imperial College London, used new data gathered from Italy where the infectious disease epidemic has surged in recent weeks. (Reuters – 17 Mar 2020)

India imposed a three-week long nationwide lockdown for its 1.3 billion people to curb the spread of the coronavirus pandemic. (Bloomberg – 24 Mar 2020)

China announced it will block all foreigners from entering starting Saturday, a recognition that most new coronavirus cases were coming from overseas. (Bloomberg – 27 Mar 2020)

As the world mulls gradually lifting lockdowns, there are lessons to be learned from Countries with best response to Covid-19 – Taiwan, Iceland, South Korea, and Germany – that got it right. Here are 12 lessons: 1. Be prepared; 2. Be quick; 3. Test, trace and quarantine; 4. Use data and tech; 5. Be aggressive; 6. Get the private sector involved; 7. Act preventatively; 8. Use tech, but respect privacy; 9. You can drive-through test; 10. Learn from the past; 11. Test more as restrictions ease; 12. Build capacity at hospitals. (CNN – 16 Apr 2020)

New Zealand's Prime Minister Jacinda Ardern announced some of the world's strictest lockdown measures would be eased from next week. The Pacific nation of 5 million introduced its toughest "level 4" measures in late March, shutting down offices, schools and all non-essential services. From April 27 it will shift down to "level 3": Construction, manufacturing and forestry businesses will be allowed to operate under the new rules, meaning hundreds of thousands can resume work. (Reuters - 20 Apr 2020)

Coordinated Fiscal and Monetary Stimulus to combat Covid-19:

The UK pledged a 30 billion-pound (\$39 billion) emergency boost to spending as Boris Johnson's government battles to stop the coronavirus outbreak wrecking its economy. (Bloomberg – 11 Mar 2020)

The Federal Reserve swept into action on Sunday to save the US economy from the fallout of the coronavirus, slashing its benchmark interest rate by a full percentage point to near zero and promising to boost its bond holdings by at least \$700 billion. (Bloomberg – 16 Mar 2020)

Central banks stepped up their emergency efforts to calm financial markets and support their economies in a historic week of market losses as more of the world shuts down to contain the coronavirus outbreak. (Bloomberg – 19 Mar 2020)

Prime Minister Justin Trudeau announced a fiscal package worth 3% of Canada's economy as it grapples with fallout from the coronavirus pandemic. (Bloomberg – 19 Mar 2020)

In a surprise announcement Monday before markets opened in New York, the US central bank said it will buy unlimited amounts of Treasury bonds and mortgage-backed securities to keep borrowing costs at rock-bottom levels -- and to help ensure chaotic markets function properly. It also set up programs to ensure credit flows to corporations as well as state and local governments. (Bloomberg – 23 Mar 2020)

Leaders of the Group of 20 major economies pledged on Thursday to inject over \$5 trillion into the global economy to limit job and income losses from the coronavirus and "do whatever it takes to overcome the pandemic." (Reuters – 26 Mar 2020)

Fears that the Federal Reserve had run out of ammunition are proving entirely premature. The central bank astounded markets on Thursday when it announced an historic move to buy risky corporate debt as part of a larger \$2.3 trillion rescue package for businesses and municipalities hit hardest by the coronavirus pandemic. Under the newly expanded Term Asset-Backed Securities Lending Facility (TALF) program, the Fed will now buy what many pension funds will not: speculative grade corporate bonds. Junk. (Fortune – 9 Apr 2020)

The South Korean government will provide KRW1.25trn (\$1.01bn) in emergency funding to the shipping industry. (Splash247.com – 23 Apr 2020)

Tests, Vaccines and Cures for Covid-19:

Medical authorities in China have said a drug used in Japan to treat new strains of influenza appeared to be effective in coronavirus patients. Zhang Xinmin, an official at China's science and technology ministry, said Favipiravir, developed by a subsidiary of Fujifilm, had produced encouraging outcomes in clinical trials in Wuhan and Shenzhen involving 340 patients. "It has a high degree of safety and is clearly effective in treatment," Zhang told reporters on Tuesday. (The Guardian – 18 Mar 2020)

UK-based Mologic Ltd. has sent prototypes of a 10-minute coronavirus test to laboratories for validation before it can begin full-scale manufacturing. (Bloomberg – 26 Mar 2020)

Bill Gates has offered his most comprehensive take yet on the coronavirus pandemic—and it is strikingly optimistic. The 6,000-word "memo," which was posted on his GatesNotes blog, lays out in plain language why the pandemic spread so quickly (and differently) around the world, why we didn't "overreact" in our response, and what we still need to learn in order to lessen the damage. Gates is candid about the challenges "the first modern pandemic" will continue to bring. "Every week," he writes, "you will be reading about new treatment ideas that are being tried out, but most of them will fail." Nonetheless, he is characteristically upbeat about how the world will get through this ordeal—and that is through a collective can-do spirit. (Fortune – 23 Apr 2020)

The WHO added three more candidates to its running list of coronavirus vaccines in human trials, bringing the total to six. (Fortune – 23 Apr 2020)

A Covid-19 vaccine could be available for health care workers, as early as this year, according to the Coalition for Epidemic Preparedness Innovations. The stunning declaration runs counter to the group's earlier suggestion that it would not be ready for 12 to 18 months, itself an ambitious target. But the coalition, which is funding nine different coronavirus vaccine projects, attributed its sudden optimism to companies working closely together to accelerate the process, and faster enrollment in human trials. (Bloomberg – 27 Apr 2020)

The WHO's war cry against the novel coronavirus pandemic was "test, test, test." In such a scenario, accurate and quick testing methods are essential for tackling the spread of Covid-19. Providing hope in this regard, researchers from China have developed a test that can detect antibodies against the SARS-CoV-2 virus in just 10 minutes. (IBTimes – 30 Apr 2020)

The Food and Drug Administration has cleared for emergency use an antibody test that claims near-perfect accuracy from diagnostics giant Roche Holding AG RHHBY -1.45%, the company said Sunday, a move that could add significant capacity to efforts to determine the wider spread of Covid-19. (Wall Street Journal – 3 May 2020)

Scientists created a monoclonal antibody that can defeat the new coronavirus in the lab, an early but promising step in efforts to find treatments and curb the pandemic's spread. The experimental antibody has neutralized the virus in cell cultures. While that's early in the drug

development process -- before animal research and human trials -- the antibody may help prevent or treat Covid-19 in the future, either alone or in a drug combination, according to a study published Monday in the journal Nature Communications. (Bloomberg – 4 May 2020)

Researchers continue to debate how fast a coronavirus vaccine may be available. British scientists hope to see a “signal” on whether their vaccine candidate is working by June, John Bell, professor of medicine at Oxford University, said on Sunday. The White House announced, “Operation Warp Speed,” to try to develop a vaccine and have enough doses for Americans by January. Some 14 potential candidates will undergo testing before the contenders are whittled down to six or eight. Oxford’s Bell said the coronavirus vaccine, once developed, may become an annual event, like the seasonal flu jab that millions of people around the world receive. (Fortune – 4 May 2020)

Roche has won emergency approval from the FDA for an antibody test to determine whether people have ever been infected with Covid-19. The company aims to more than double production of tests from about 50 million a month to significantly more than 100 million a month by the end of the year. (Yahoo News – 4 May 2020)

Key Demand Developments:

China

China’s bauxite imports in 2019 blew by 2018’s intake by 18 MMT (+ 22%), breaking through the 100 MMT mark for the first time. Despite heavy rains and strike actions disrupting exports, Guinea remained the largest source for Chinese imports, increasing by 6.2 MMT (+16%) y-o-y to over 44 MMT in 2019. Australia, China’s most steadfast supplier increased exports by 6.3 MMT (+21%) to 36 MMT. Indonesia slightly relaxed its 2014 export ban on raw ores in 2017. However, with 2019 exports to China nearly doubling to 14.4 MMT, Indonesia’s additional 6.9 MMT export growth was higher than Australia and Guinea. Indonesian trade is carried primarily on Supras. An increased Indonesian bauxite trade will at least partially soften the blow Supras will experience with the loss of Indonesia’s nickel ore exports to China. (Howe Robinson Research – 7 Feb 2020)

The USDA has raised China's wheat import estimate for the 2019-20 marketing season (July-June) to 4 MMT, up 25% from its previous estimate. If achieved, China's 2019-20 wheat imports would reach a three-year high. China in recent months has booked large wheat consignments from the US, France and Australia, according to sources. (Platts – 12 Feb 2020)

China's import of Brazilian iron ore indicates YTD only 36.5 MMT down 41% on the same period last year. (DNB Markets – 21 Feb 2020)

China's removal of port construction fees for all import and export goods and a 20% reduction in all other government port charges over March 1 to June 30 could spur a modest uptick in seaborne coal trading activity. A trader in south China said traders could take positions in the seaborne coal market when prices dropped to a desired level due to the low cost of stocking and release the cargoes in May when coal demand was expected to return. Demand fundamentals for coal impacted by Covid-19 and the seasonal March lull continued to depress coal prices from various origins. The impact of political stimulus would not be strong, a trader said. (Platts – 4 Mar 2020)

When the US and China signed Phase One of their Trade Agreement on 15th January 2020 there was optimism that China would follow up an active November and December and make additional purchases of US agricultural products especially soybeans for the balance of Q1. In the event shipments to China and indeed forward purchases have from that moment slowed

to a trickle. As can be seen almost all the US-Chinese soybean trade is carried on Panamax-Kamsarmax tonnage and was reflected in dire rates in January-February. Clearly Chinese demand may have been reduced by the Covid-19 crisis, but equally much cheaper new season Brazilian soybeans seem to have been the preference for Chinese buyers. However, should there be any disruption to ECSA supply chains for soybeans, US has plentiful stocks and with data showing Chinese soybean stocks falling to below 4 MMT for the first time since 2010, there may be an unexpected increase in soybeans from USA to China in Q2. (Howe Robinson Research – 20 Mar 2020)

Chinese soybean processors fear the spread of coronavirus in major exporters could lead to further supply shortages, with some plants in the world's biggest buyer already having to wind back operations. Top producers Brazil and Argentina have warned of possible delays in getting beans to ports because of transport and other restrictions. The moves come after delayed shipments from Brazil due to rains in late February have slashed Chinese inventories to record lows. "I am worried about logistics. If something goes wrong, it will be great trouble for us," the manager of a crushing plant in southern China told Reuters. (Reuters – 26 Mar 2020)

An official gauge of China's manufacturing activity rebounded strongly in March as work resumption picked up, though economists warned that business activity remains far from normal following a devastating coronavirus outbreak. China's official manufacturing purchasing managers index jumped to a reading of 52.0 in March from a record low of 35.7 in February, the National Bureau of Statistics said Tuesday. (Wall Street Journal – 31 Mar 2020)

China's inventories of finished steel products have fallen by 5% this week from record levels recorded at the start of March. A shutdown in manufacturing activity, trucking shortages and continued high levels of steel output over most of Q1 sent stockpiles soaring, but now as industry recovers and logistical bottlenecks ease, inventories are being drawn down. Inventories are still 31% higher YoY, indicating that there is a lot of slack remaining, at a time when the global steel demand picture is extremely weak. A meaningful resurgence in Chinese steel demand will first have to eat into these stockpiles before it is felt in freight. Chinese iron ore inventories have fallen to below 120 MMT, down 20% YoY. This is a symptom of the iron ore supply issues we have seen in Brazil so far in 2020. When these are resolved we will likely see an increase in restocking activity using Atlantic tons. (Braemar ACM – 7 Apr 2020)

China's finished steel exports are expected to drop sharply over May-June despite a rebound in March due to a recovery in domestic demand but weak export demand because of the coronavirus pandemic. Steel imports are likely to continue rising through the second quarter for the same reason. China's finished steel exports increased by 2.35% year on year to 6.476 MMT in March, the highest since July 2018, customs data released Tuesday showed. Exports rebounded in March after falling 27% year on year over Jan-Feb. (Platts – 14 Apr 2020)

China's iron ore imports for the first quarter this year brought in 262.7 MMT of iron ore rising 1.3% from 259.3 MMT in the same period a year earlier. (Reuters – 14 Apr 2020)

China's imports of forest products suffered a dramatic decline in the first two months of this year falling to their lowest levels since 2016. The sector suffered from record high log inventories of over seven million cubic metres (cbm) at Chinese ports, compounded by reduced demand as a result of the coronavirus as well as labour shortages at ports and wood processing facilities. The biggest percentage declines were seen in softwood lumber, down 26% and softwood logs, down 20%. (TradeWinds – 14 Apr 2020)

Chinese steel exports have slowed by 16% to 14.3 MMT in Q1 2020. (Mysteel – 14 Apr 2020)

The China Iron and Steel Association announced last week that it anticipates iron ore imports will increase this year by 40 to 90 MMT. No forecast is ever guaranteed to play out to fruition, but it is noteworthy that such a large increase is now expected. In comparison, imports grew last year by only 6 MMT. Also encouraging is that lending has recently surged. China's new loans last month totaled 2.85 trillion Yuan. This marks a m-o-m jump of 1.94 trillion Yuan (215%) and a y-o-y jump of 1.16 trillion Yuan (69%). The first three months of 2020 have now seen Chinese lending grow y-o-y by 22%. In comparison, during last year it increased by only 4%. The coronavirus outbreak has certainly changed the Chinese government's attitude regarding lending and debt, and massive stimulus will likely be very beneficial for the dry bulk market. We continue to expect strong steel production in China and a surge in iron ore imports later this year. (Commodore Research & Consultancy - 15 Apr 2020)

Australian seaborne iron ore exports were 22.5 MMT last week, up 36% WOW and 30% YOY. YTD, as of 13.04.2020, Australian seaborne iron ore exports are up 5.4% YOY to 245.2 MMT. Last week, Brazil's seaborne iron ore exports amounted to 6.4 MMT, up 26% WOW and 33.5% YOY. YTD, the country's seaborne iron ore exports have declined by 12% to 75.3 MMT (keeping in mind that both years had "one-off" events in Q1, with the Vale dam breach in 2019 and the novel Coronavirus in 2020). Recent data points show some improvement in Brazil iron ore exports. In the last three weeks, average weekly exports have been 5.8 MMT, which is up from 3.9 MMT in the prior three-week period. (DNB Markets – 17 Apr 2020)

China's coal production grew 10% on the year in March, to 337 MMT, marking the highest monthly level in five years, according to a National Bureau of Statistics of China data set which covers output since 2015. Coal producers were able to ramp up supplies even as the pandemic delivered a blow to the country's economic growth. (McCloskey – 17 Apr 2020)

China's total output of raw coal edged down by 0.5% on year to 830 MMT and coke output slide 4.1% on year to 109.5 MMT in Q1 2020 according to the country's National Bureau of Statistics on April 17. (Mysteel – 17 Apr 2020)

China's crude steel production in Q1 2020 increased by 1.2% to 234.45 MMT. (National Bureau of Statistics – 17 Apr 2020)

China's Coal imports in Q1 2020 increased by 28.4% y-o-y to 95.8 MMT. (Xinhua – 19 Apr 2020)

China is preparing to buy more than 30 MMT of crops for state stockpiles to help protect itself from supply chain disruptions caused by the coronavirus pandemic and make good on pledges to buy more US crops, three sources told Reuters. China plans to add about 10 MMT of soybeans, 20 MMT of corn and 1 MMT of cotton to its state reserves, said two of the sources, who were briefed on the government plan. (Reuters - 23 Apr 2020)

China is expected to see its weakened demand for steel forge a strong recovery in the second quarter as the country's infrastructure investment and production resumption gains more momentum, the China Iron and Steel Association (CISA) said Wednesday. CISA official He Wenbo said the quarter-on-quarter growth would be remarkable, citing favorable demand-side plans, including the renovation projects of old urban residential areas and enhanced investment into "new infrastructure." (Xinhua – 23 Apr 2020)

China's new energy sector is growing fast, but as of 2018 coal still made up 59% of its energy use, according to the National Bureau of Statistics. That number is rising as the nation scrambles to save its economy from the impacts of Covid-19. China approved 7.96 gigawatts of coal power construction in the first 18 days of March, more than in all of 2019, according to Global Energy Monitor. (Bloomberg – 27 Apr 2020)

Americas

USA exported 50.6 MMT of soybeans in 2019. This represents an increase of 13.5% y-o-y, compared to the 44.6 MMT exported during 2018. In 2019, soybean exports from the USA to China surged by 170.3% to 22.3 MMT. Last year, China was the destination for 44% of the USA's total seaborne soybean exports, up from 18.5% in 2018. Shipments to China visibly accelerated in the final months of the year, as the two countries were getting closer to agree on the first phase of their trade agreement. In the first half of 2019, the USA shipped 8.3 MMT of soybeans to China, which was already 10.2% above the 7.6 MMT seen in the same period of 2018. In the second half of 2019 shipments jumped to 13.9 MMT, about 20-fold the 0.7 MMT recorded in 2H2018. The peak was the 4.3 MMT shipped in the month of November 2019. These were followed by another 2.5 MMT in December 2019, and 2.1 MMT in January 2020. Volumes arriving at China's ports from the USA in the period January-December 2019 were only 17.3 MMT, just +9.7% year-on-year. In January, US soybean arrivals in China reached 3.9 MMT, the highest monthly import level over the past 24 months, but still over 30% below the average January imports during 2016-2018. (Banchemo Costa – 22 Feb 2020)

Brazil exported 340.9 MMT of iron ore in 2019. This represents a drop of 11.9% y-o-y compared to the 386.9 MMT exported in calendar 2018. The Brumadinho dam disaster in January 2019 forced Vale to suspend or reduce production at several mines in the country, and led to a significant curtailment in export capacity, which lasted throughout the year. Export volumes in FH 2019 were down by 12.9% y-o-y, to 155.1 MMT. Exports in the SH 2019 reached 185.6 MMT, down 11.1% compared to the same period in 2018. Total volumes to China decreased by 5.8% in 2019 to 212.4 MMT. What about 2020? It does not look good at all right now. In Jan-Mar 2020, Brazil shipped just 63.4 MMT of iron ore, down 19.2% y-o-y. Monthly numbers indeed are lower even than those seen after Brumadinho last year. (Banchemo Costa – 3 Apr 2020)

Drought conditions in Argentina are not only affecting potential soybean yields (USDA has just reduced this year's harvest to 52 MMT from 54 MMT a month ago) but with Parana River draft levels at their lowest for over a decade, Up River loading capacity is also significantly decreased. Thus, a Panamax that would usually lift around 49-50,000mt upriver can now only lift around 43-44,000mt further reducing the competitiveness of Argentinian product. To add to their woe's Argentinian soybean meal exporters have just been hit by a further 3% rise in export taxes by the government increasing the total to 33%. It is no surprise then that soybean meal exports have declined by nearly a third in Q1. Half this year's 2.4 MMT exports are destined for Vietnam, Indonesia and Malaysia with Vietnam (0.7 MMT) and Indonesia (0.35 MMT) in fact ahead of last year's figures. Spain on the other hand, the third largest importer of Argentinian soybeans at 1.4 MMT in 2019, has yet to receive a single shipment. The sharp drop in transatlantic trade has most negatively impacted the Supramax market with volumes ex Argentina in this size down by a half y-o-y to 0.7 MMT. Panamax shipments are down by 0.6 MMT y-o-y to 1 MMT though the Post Panamax benefiting from increased shipments to SE Asia has seen volumes rise by 75% y-o-y on lower numbers to 0.25 MMT. (Howe Robinson Research – 9 Apr 2020)

Brazilian soya bean exports reached an all-time high for a first quarter, jumping to nearly 18 MMT in sharp contrast to the slow start of the year. While year on year soya bean exports fell 14% in the first two months, 11.6 MMT were exported in March, sending total exports for the quarter into record breaking territory with volumes now up 13.7% compared to Q1 2019. (BIMCO – 16 Apr 2020)

On 17 April, Vale, the world's biggest producer of iron ore, reported its sales and production statistics for Q1 2020. Iron ore production was 59.6 MMT in Q1 2020, below the guidance of

63-68 MMT as operational issues, lower third-party purchases due to heavy rains, and a 4.5 MMT production loss in the Northern system due to heavy rains, unscheduled maintenance and operational restrictions impacted operations. Vale cut its iron ore production guidance for 2020 from 340-355 MMT to 310-330 MMT. We see the path back to the 2018 production level of 385 MMT (2019: 302 MMT) as potentially delayed. However, production for the remainder of 2020 could be strong as Vale's guidance implies a YOY increase of 13% (mid-point), which could yield support to Cape rates going forward. (DNB Markets – 20 Apr 2020)

Brazil's soybean shipments over April are expected at nearly 14 MMT, setting a record for monthly shipment quantities. This puts April soybean shipments up by 54% YOY. As Chinese industry gets back on track, end users in the animal farming sector have been scrambling for foreign supplies of soy as domestic stocks are drawn down. China has also made a concerted effort to rebuild its pig herd after a swine flu outbreak forced the culling of around 100m pigs last year. Brazil's exports have meanwhile been aided by a weakening currency, a record crop, which has weighed on prices and poor US-China relations, which have diminished the US' soy shipments to China. Brazilian soybean shipments to China are expected to reach 8.8 MMT in April, up by 43% YOY. This is all positive news for the Panamax and Supramax markets, but it of course contrasts the marked lack of cargoes elsewhere. As such these volumes have provided a steady source of employment for ships in the Atlantic, but rates have been held down by an influx of ballasters into the region. (Braemar ACM – 28 Apr 2020)

Asia

During 2019, Australia exported 858.2 MMT of iron ore. This represents a decrease of 0.2% y-o-y, compared to the 859.8 MMT exported in calendar 2018 essentially unchanged from the previous year. This is quite surprising, given how turbulent a year it was for the iron ore markets. The Brumadinho dam disaster in Brazil in January 2019 led to significant shortages of iron ore on the market, and led to iron ore prices doubling between Jan and Jun. Export volumes in the first quarter of 2019 were down by as much as 7.5% year-on-year, to 189.9 MMT. The main problem was the hit by Tropical Cyclone Veronica in March 2019, Australia managed to export just 57.6 MMT of iron ore, down 18.6% compared to the same month last year. Exports have been steadily recovering since then. In the third quarter of 2019, Australia exported 219.1 MMT of iron ore, which was up 3.2% year-on-year. In the fourth quarter of 2019, Australia exported 224.8 MMT, up 5.8% y-o-y. China remains by far the dominant destination, accounting for 81.2% of all exports of Australian iron ore in 2019. Total volumes to China increased by 1.4% in 2019 to 696.7 MMT. What about 2020? It does not look good now. In January-February 2020 Australia shipped 126.4 MMT of iron ore, down 4.0% y-o-y. Shipments to China, at 101.9 MMT, are down 5.2% y-o-y. (Banchemo Costa – 6 Mar 2020)

Indonesia exported 386.4 MMT of coal in calendar 2019. This represents an increase of 7.1% year-on-year, compared to the 360.9 MMT exported in calendar 2018. What about 2020? What we have seen so far is not what you would expect, given the state of world affairs. In the Jan-Feb period of 2020, Indonesia shipped 64.5 MMT of coal, which was up 3.4% y-o-y. Shipments from Indonesia to China, at 21.5 MMT, are a very strong +18.9% y-o-y in the first 2 months of 2020. China was the destination of 32.6% of all Indonesian coal exports in these two months. Exports to Japan are also significantly up 30.9% y-o-y to 5.38 MMT in the first 2 months of 2020. Those to ASEAN countries (primarily Malaysia and Thailand) are also up by a very strong 46.5% y-o-y to 8.4 MMT. (Banchemo Costa – 20 Mar 2020)

India's coal import in March stood at 15.74 MMT, down 27.5% over last year, due to restrictions imposed at various ports due to Covid-19. The country had imported 21.72 MMT of coal in March last year, according to a provisional compilation by Mjunction. However, the country's coal import registered an increase of 3.2% to 242.97 MMT in 2019-20 higher than 235.35 MMT

imported during the previous fiscal (Apr 2018-Mar 2019). There was a significant drop in India's coal import volumes due to both demand and supply side factors, i.e. offtake, consumption, logistics and dispatches. The sentiment remains subdued and we expect volumes to keep low in the near-term. Coal minister Pralhad Joshi had earlier said the Centre will stop the "substitutable import" of coal in the next three to four years. (PTI – 8 Apr 2020)

Japan imported 44.8 MMT of coal in Q1 2020 representing a net increase of 3.4% y-o-y. (Banchemo Costa – 17 Apr 2020)

Over the past few days, a category 4 cyclone has tracked across Western Australia, hitting vessel traffic and mining activity. Shipments had recovered from poor volumes at the start of 2020, due to less severe cyclones, but the recent cyclone disruption has dealt a fresh blow to traffic. Australian iron ore exports so far this year are down 11% YoY. (Braemar ACM – 11 Feb 2020)

In the coal market there is some more encouraging news - Vietnamese seaborne coal imports grew to a record 3 MMT, more than doubling YOY. Imports over April are on track to settle even higher, despite the ongoing global Covid-19 pandemic. Vietnam's expanding steel sector has not been hit by the virus to the same extent than that of other countries and has continued to drive strong growth in raw material demand, which we picked upon last year. Supras and Panamaxs saw the greatest increase in employment from this, with volumes on these ships increasing by 250% and 175% YOY, respectively. We see similar patterns emerging elsewhere in South East Asia, which is the only region that is expected to register positive economic growth in 2020, according to the IMF's latest outlook. (Braemar ACM – 28 Apr 2020)

The Indonesian government once again failed to restrain coal miners as exports surged to 456 MMT in 2019, growing by 27.5 MMT (6.4% y-o-y). At over 147 MMT, China absorbed nearly one-third of all Indonesia's coal exports in 2019. Exports to China grew by 18.3 MMT (+14% y-o-y), despite uncertainty earlier in the year regarding China's import restrictions. The sub-Continent also proved to be fertile ground for discounted Indonesian product, as exports to India grew by 11.3 MMT (+10% y-o-y) to 122 MMT and exports to Bangladesh more than doubled to 6 MMT. Export growth to SE Asia expanded by double digits for the third consecutive year reaching 85 MMT and now exceeds the combined amount shipped to Japan, S.Korea, and Taiwan (76 MMT). (Howe Robinson Research – 21 Feb 2020)

Vietnam's coal-fired power generation continues to rise at a fast pace and at 20,520GW so far in Q1 is already 13% higher than the equivalent period in 2019. With a further 8,400GW capacity under construction and significant further coal fired power generators planned, coal looks set to rise above its current 38% of domestic energy mix and within a couple of years catapult Vietnam into becoming the world's fourth largest importer of coal. According to Vietnam's official customs data, coal consumption increased by 25 MMT in 2019. With domestic mining unable to keep pace with such a rapid expansion in demand, Vietnam's imports at 44 MMT in 2019 nearly doubled y-o-y. Imports from Australia were up 9 MMT y-o-y (+131%) to 16 MMT overtaking Indonesia (plus 3 MMT at 15 MMT), as Vietnam's number one supplier. Vietnam has also purchased significantly more higher quality coal from Russia (up 2.5 MMT to 6 MMT in 2019) as well as 2.6 MMT from South Africa, who only exported a meagre 0.1 MMT to Vietnam in 2018. Imports of coal are again ahead of expectations in Q1 with custom's data suggesting Vietnam imported 4.45 MMT coal alone in March up nearly 20% y-o-y though these figures might be artificially inflated as certain cargoes particularly from Australia that were originally bound for India were then resold and diverted to Vietnam due to India's port closures as part of its national lockdown. However, with Vietnam's 95 million population largely unaffected by Covid-19 there is some optimism that the country will emerge

quicker than most from the current disruptions to world trade and continue its rapid pace of economic development. (Howe Robinson Research 24 Apr 2020)

Last year India imported a record 240 MMT coal comprising 184 MMT thermal and 56 MMT Metcoal. Clearly 2020 Thermal Coal imports look under threat from both increased Coal India domestic production and reduced energy demand which saw domestic monthly power generation from coal in India during April fall by 25.5% to 39 MMT. As a consequence, power plant stockpiles are now at record levels and last week the government's Ministry of Power asked power plants to reduce the importing of coal for blending purposes, or to "make best efforts to replace their imports with domestic coal." Quite what this directive means in practice is difficult to assess as domestic coal generally has a very high ash content thus requires the blending of high caloric, low ash grade coal especially that sourced from South Africa for power plants to operate at maximum efficiency. Indonesia, at 122 MMT in 2019 is the largest exporter of thermal coal to India and in volume terms this figure represents 60% of their total exports. Perhaps South Africa has most to fear from a sharp reduction in India imports as it now exports close to 26% (43 MMT in 2019) to this market alone. Q1 data suggests that y-o-y exports from South Africa in fact increased by 3 MMT, whilst Indonesia slipped by 6.5 MMT perhaps losing out to in part to increased competition from other sources as freight rates collapsed especially in the Capesize sector allowing Colombia to penetrate the Indian market for the first time with 1.8 MMT coal. Metcoal imports are also expected to fall back, perhaps not to the same extent and in fact customs data reveals y-o-y imports were up 9% in the first two months of 2020 as Indian steel production initially continued its upward momentum which saw growth of 4.5% to 111 MMT last year. But with demand from the construction sector currently at a standstill this level of output will undoubtedly drop back, though this will primarily affect Australia who provided 46 MMT (82%) of all metcoal imports to India in 2019. Though most analysts expect most of the sharp reduction in coal imports to India to be felt over May and June, there is consensus that overall imports in 2020 could fall anywhere between 20-25% – a significant blow to dry cargo demand. (Howe Robinson Research, 1 May 2020)

