The 2nd Quarter of 2020 Management Discussion and Analysis (MD&A)

Our Key Performance Indicators:

2nd Quarter 2020 Financial Performance (US Dollar Terms):

The results, reviewed by EY Office Ltd., show you the latest financial position of the Company. The net loss for Q2 2020 was USD 37.32 million. This includes a charge of USD 27.40 million in relation to the settlement agreement with Sainty Shipyard. The earnings per day per ship during Q2 2020 came in at USD 6,099, substantially lower than the Q2 2019 figure of USD 9,002. Daily operating costs of USD 4,531 were lower than our target of USD 4,650 and markedly lower than the USD 4,934 figure recorded in Q2 2019. EBITDA came in at USD 2.63 million, a sizeable drop from the USD 8.46 million figure recorded in Q2 2019. The loss per share stood at Thai Baht 0.76 for this quarter.

THE HARD FACTS	Q2 2019	Q2 2020
Highest earnings per day per ship in USD	17,668	15,065
Average earnings per day per ship in USD	9,002	6,099
Av. earnings per day per Handy size ship in USD	8,717	6,035
Av. earnings per day per Supramax ship in USD	9,071	3,607
Av. earnings per day per Ultramax ship in USD	9,600	9,053
Operating cost per day per ship in USD	4,934	4,531
EBITDA in million USD	8.46	2.63
Net Loss in million USD excluding Extraordinary gain (loss)	(4.39)	(9.79)
Net Loss in million USD	(4.48)	(37.32)
Loss Per Share in Thai Baht excluding Extraordinary gain (loss)	(0.09)	(0.20)
Loss Per Share in Thai Baht	(0.09)	(0.76)

2nd Quarter 2020 Consolidated Financial Performance (Thai Baht Terms):

For the three-month period ending 30 June 2020, the Company incurred a consolidated net loss of Baht 1,183.07 million as compared to a net loss of Baht 141.06 million in Q2 2019. The main reasons for the changes are as follows:

1. Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) in Q2 2020 is 32 percent lower than the Net Vessel Operating Income figure in Q2 2019. This is mainly due to a decrease in the average earnings per

Vessel per day which declined from USD 9,002 in Q2 2019 to USD 6,099 in Q2 2020, as the Dry Bulk Freight market weakened due to the impact of COVID-19. The fleet size as on 30 June 2020 was 36 vessels.

2. Vessel running expenses in Q2 2020 are 10 percent lower than the figure in Q2 2019, mainly due to lower crew 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 4,934 in Q2 2019 to USD 4,531 in Q2 2020.
3. Loss of Baht 868.72 million from the signing of a settlement agreement with Sainty Shipyard.
4. Administrative expenses (including management remuneration) for Q2 2020 came in Baht 64.65 million lower than the figure in Q2 2019, mainly due a decrease in legal and personnel expenses.
5. Exchange loss was higher by Baht 18.16 million from Q2 2019 mainly due to the exchange rate of debentures.
6. Gain on derivative of Baht 17.55 million is from settlement of a cross currency swap contract in Q2 2020.
7. Finance cost for Q2 2020 were Baht 23.62 million lower than the figure in Q2 2019, due to lower interest expenses because of lower outstanding long-term loans.

For the six-month period ending 30 June 2020, the Company incurred a consolidated net loss of Baht 1,300.17 million as compared to a net loss of Baht 225.20 million during the same period last year. The main reasons for changes to the six-month financial results are as follows:

1. Net vessel operating income (vessel operating income net of voyage disbursements and bunker consumption) during the first half of 2020 was 19 percent lower than the figure during the same period last year. This is mainly due to a decrease in the average earnings per ship per day from USD 9,113 in the first half of 2019 to USD 7,249 during the first half of this year as COVID-19 resulted in an erosion of Dry Bulk shipping demand.
2. Vessel running expenses during the first half of 2020 are 7 percent lower than the figure during the same period last year, mainly due to the lower crew expenses and stores / spares expenses. The average vessel operating expenses (Opex) per day per Vessel (including depreciation / amortisation of drydocking/special survey expenses) has gone down from USD 4,875 in the first half of 2019 to USD 4,566 during the first half of this year.
3. Loss of Baht 868.72 million from the signing of a settlement agreement with Sainty Shipyard.
4. Administrative expenses (including management remuneration) for the first half of 2020 came in Baht 55.39 million lower than the same period last year mainly due to a decrease in personnel expenses.
5. Gain on derivative of Baht 17.55 million as mentioned above.
6. Finance costs during the first half of 2020 were Baht 40.01 million lower than the same period last year, due to lower interest expenses because of lower outstanding long-term loans.

Market Segmentation: During Q2, the Baltic Handy Size Index (BHSI) averaged 290 points, derived from the average Time Charter (TC) rate of USD 5,221. Compared to that, **our Handy size earned USD 6,035 and outperformed the BHSI TC rate by 15.6%.** During Q2, the Baltic Supra Index (BSI) averaged 498 points, derived from the average TC rate of USD 5,484. In comparison, **our Supras earned USD 3,607 and underperformed the BSI TC rate by 34.2%. Our Ultras earned USD 9,053 and outperformed the BSI TC rate by 65.1%** (as there is no special index for the Ultras, we have compared them with the BSI). Our target is to outperform both the indices.

The SET Opportunity Day will be held at 10:15 hours on the 10th of September 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 Q2 results. Number of online participants during PSL presentation of Q1 results on 8 June 2020 on the SET website had 86 views, YouTube 126 Views, Facebook 70 Views, for a grand total of 282 views.

Long Term versus short term Charters: The long-term charters, over 1 year, already booked as of 30th June 2020 are shown in the chart below. As can be seen, our forward four-year rolling book is currently at the 15% level with a visible revenue stream of USD 141.1 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	13,737	13,577	14,062	14,550	14,550
Contract value in million USD	30.2	29.7	28.0	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.

Ship recycling has had a good start with 8.06 MDWT of ships being recycled during FH, despite the lockdowns experienced in the Indian subcontinent between the 3rd week of March and the end of May, across all sectors of the dry bulk market as compared to 4.74 MDWT in FH 2019. The existing **age profile at the end of FH 2020 of 59.48 MDWT** (32.58 MDWT in the geared segment and 26.9 MDWT in the gearless segment) or **6.65%** (10.2% in the geared segment and 4.7% in the gearless segment) **of the world fleet being 20 years or older at the end of FH 2020**, together **with low levels of the order book to fleet ratio of 7.4%** (order book up to end 2023 compared to net supply end of FH 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, poor state of the freight markets, and regulatory pressures from BWTS, Special Survey costs and IMO2020 on these ships.

Arbitration with Sainty has come to an end, finally!

The arbitration with Sainty has come to an amicable end. The result of this settlement is as follows:

1. We have received net cash payment of USD 40.5m on 29th July 2020.
2. Against the above sum, USD 67.90m was shown as an ‘advance to ship builders’ on the asset side of our balance sheet.
3. That ‘advance to ship builders’ will be removed and replaced by USD 40.5m in the cash portion of our balance sheet.
4. At the same time, we would take a non-cash loss of USD 27.4m in our P&L account.
5. This non-cash loss would reduce our Equity by an equivalent amount of USD 27.4m.
6. We did the above to get much needed cash, into PSL, as soon as possible.
7. Savings of additional legal costs of about USD 3m per annum and management time.
8. The removal of uncertainty will strengthen our perception with investors and financiers.

A win-win settlement for both parties.

Amended terms for our two outstanding bonds, PSL206A & PSL211A:

On 19th May and 30th July, we successfully amended the terms of both the above outstanding bonds as follows:

1. Both bonds would have maturity dates extended by 18 months.
2. Both bonds would have an increase in coupon of 150bps during the extended maturity.
3. Both bonds would get 20% upfront payment, for the PSL206A bond was paid out on the due date of 9th June 2020, for the PSL211A bond at any time between 30th July 2020 and 22nd Jan 2021.
4. PSL has the right to redeem part or all the outstanding bond during the extended maturity period for the PSL206A bond and from the 30th July 2020 till the end of the extended maturity period for the PSL211A bond.

These amendments have allowed us to extend our cash runway, a step which makes us more resilient and better equipped to weather the impact of Covid-19.A satisfying outcome and a win-win situation for the bondholders and PSL.

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 had been very close prior Covid-19, 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**.
- **Covid-19 started in China in Jan 2020**. As a result, China was shut down for January and February **resulting in a very poor freight market** in these two months. As China started recovering, **freight markets improved marginally in March**. As Covid-19 spread throughout the rest of the world (ROW) and lockdowns were imposed, **freight markets collapsed in April and May**. **By end of May** China was back to normal, the rest of the world also opened, and **freight markets took off like a rocket**. By the end of June, the BDI was 1,799 points, three times higher than the average for the month of May.
- **Q2 has been far more challenging than Q1, as Q1 was impacted by China** (roughly 40% of all dry cargo movement) **but Q2 was hurt by the ROW** (about 60% of all dry cargo movement) **in lockdown.**
- **The FH of 2020 was, therefore, an economic challenge for shipping companies**.
- **Covid-19 continues to pose a threat** to individual countries as well as to the world economy. If this threat dissipates by the end of 2020 and does not pose a significant threat in 2021 then **shipping companies would be back to normal by the SH of 2021**.
- **Capital markets remained frozen in FH 2020**. We do not expect a rapid reopening of debt/equity capital markets for the time being. **Bonds that are coming due will have to be either restructured or refinanced**.
- **With demand at a dead stop-slow restart due to Covid-19 disruptions, owners reacted swiftly by rushing to recycle older ships**.
- **Then came the lockdowns in March in the ship recycling yards** of India, Bangladesh and Pakistan and recycling of ships came to a grinding halt from April. Ship recycling has only restarted in early June with a rush of ships for recycling in the Indian subcontinent.

- In response to weakening freight rates, **recycling has gone from 4.74 MDWT in FH 2019 to 8.06 MDWT in FH 2020 despite the Covid-19 lockdowns disrupting recycling**. On an annualized basis, this equates to 16.12 MDWT of recycling.
- **Owners continue to reduce the speed of their ships** to assist in tightening supply.
- The **BDI finally stopped its free fall** and ended Q2 at 1,799 points having started the year at 976 points. The BDI is at 1,501 points as of 7 August 2020.
- According to Clarksons report on 31st July, **dry bulk trade dropped by 3.2%** in FH 2020.
- **China's PMI index was 50.8 in Apr, 50.6 in May, and 50.9 in Jun** due to lockdowns in China reversing from the middle of March onwards.
- The Chinese government has **pledged strong economic support** in the form of lending by banks and a **steel intensive stimulus of USD 676b (15% higher than the USD 578b stimulus post GFC) to counter the impact from Covid-19**.
- **China's GDP growth for Q2 2020 was 3.2%.** The measures taken by the Chinese government have stimulated economic activity and increased the demand for dry bulk commodities.
- China bought **1.4 MMT** of corn from USA on 10th July, the **largest purchase in 26 years!**
- China broke that record with **another 1.8 MMT of corn purchased on 14th July!**
- And for good measure, China bought **another 1.9 MMT of corn** from USA on 30th July!
- China imported **547.1 MMT of iron ore up 9.6%** in FH 2020 versus FH 2019.
- China imported **174.1 MMT of coal up 13.3%** in FH 2020 versus FH 2019.
- China imported **45.1 MMT of Soybean up 18.1%** in FH 2020 versus FH 2019.
- China imported **7.30 MMT of Steel up 21.6%** in FH 2020 versus FH 2019.
- China exported **28.7 MMT of Steel down 16.5%** in FH 2020 versus FH 2019.
- China produced **503.3 MMT of Steel up 2.4%** in FH 2020 versus FH 2019.
- 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. But with Trump trying to deflect blame for his mishandling of Covid-19 by blaming China, this could lead to lower volumes of cargo from USA to China.**
- In June, **IMF lowered world GDP for 2020 to -4.9%, the forecast at the start of the year was for +3.3%.** In June, **IMF revised 2021 world GDP down to +5.4%.** The April IMF forecast for GDP growth rates was Denmark -6.5%, Greece -10%, New Zealand -7.2%, Norway -6.3%, Sweden -6.8%, Switzerland -6%, UAE -3.5%, Taiwan -4%. The June IMF updated forecast for GDP was Australia -4.5%, Canada -8.4%, China +1%, France -12.5%, Germany -7.8%, Italy -12.8%, Japan -5.8%, Netherlands -7.7%, Saudi Arabia -6.8%, South Korea -2.1%, Spain -12.8%, UK -10.2%, USA -8%, India -4.5%, Indonesia -0.3%, Thailand -7.7%.
- **South Korea's GDP fell by 3.3% in Q2** compared to Q1 and was down 2.9% compared to Q2 of last year.
- **Germany's GDP fell by 10.1% in Q2 YoY** after a contraction of 2% in Q1.
- **France's GDP fell by 13.8% in Q2** on a quarter-on-quarter basis.
- **Spain's GDP fell by 18.5% in Q2** on a quarter-on-quarter basis.
- **USA's GDP fell by 9.5% in Q2** compared to Q1.
- **Scrubber retrofitting** has been **abandoned** as the spread between **HSFO/LSFO narrowed to USD 40-100 PMT** by those owners lucky enough to escape this madness.
- **PSL's exposure to the smaller geared segments** means that it will be exposed to **lower growth in net supply of 3.05%**.
- **Ships 20 years or older,** comprising about **59.48 MDWT or 6.65%** of the existing fleet at the start of SH of 2020 **would be ideal candidates for recycling, as their older engines**

would find the higher cost of 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 2020/2021, 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.**
- Another way to look at **future prospects** of the market would be to **compare the current forward orderbook of 66.09 MDWT (till end of 2023) at end of Q2 as a percentage (7.4%) of the existing fleet at the end of Q2** and see when was it as low as this number, that would be 1999!
- Our read of the **growth in supply,** based on Clarksons data**, has a net fleet growth rate of 3.85% (873.43 MDWT to 907.09 MDWT) by end of 2020 and 1.48% (907.09 MDWT to 920.5 MDWT) by end of 2021, assuming recycling of 16 MDWT/year and slippage of 18% per year in 2020 and 2021.**
- **If our conservative reading pans out, then 2021 should be a reasonable year compared to the disaster that has shaped 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:

Dry bulk trade, whilst still facing significant pressure (tonne-mile trade to fall by -3.9% in 2020, 2009: -3.4%), may fall by a slightly more moderate pace than other segments, with variable trends across the dry bulk cargoes. While coal trade looks on track for the steepest fall on record (-8% in tonne-miles) and minor bulk trade may also drop sharply (-7%), iron ore trade is projected to remain steady, with support from firm Chinese demand. Grain trade also seems less exposed to major disruption, with tonne-mile trade projected to grow 3% this year. (Clarksons – 22 May 2020)

We are not banking on Chinese stimulus for a rebound as seen after the financial crisis, we expect dry bulk volume growth of -4.2% for 2020 (on a par with 2009's -4.0%), 6.2% for 2021, and 2.9% for 2022. We forecast conventional fleet growth of 2.9%, 1.2%, and 0.5%, respectively. (DNB Markets – 29 May 2020)

Shipments of agribulks from Brazil and Argentina hit record highs during the first half of 2020, providing support to rates in an otherwise bleak Atlantic market. Liftings so far this year have totaled almost 114 MMT up by 14% YoY. The surge was led by Brazilian soybeans, which have passed 70 MMT this year and amount to over 85% of 2019's full-year exports. More than two thirds of this volume flowed to China, which has fully recovered from the Swine Flu. China's enormous appetite for soybeans is evident that despite record import arrivals, crush margins have registered four-year highs and domestic stocks have hovered around their five-year averages. Brazil's soybean shipments over June were at record levels but stocks are being drained. With the soy export season ending, corn exports start to pick up. But compared to last year's record corn volumes, which soared by 70% YoY, activity so far has been lackluster. Argentina has shipped 14 MMT of Corn up 7% YoY. But Brazil that accounts for 68% of South American corn in the SH of the year**,** shipped less than 0.7 MMT or 72% lower YoY. Brazil's corn exports in July are on track to settle significantly lower YoY. Lower volumes are in part due to depleted stockpiles, and corn ending stocks being down significantly, which has had the effect of delaying the influx of export corn cargoes. The *Safrinha* corn crop, which is harvested in the middle of the year and accounts for 75% of Brazil's output, has been hit by drought and estimates have been revised lower. Brazil's domestic corn consumption is up 5% this year and accounts for two thirds of production, has had a disproportionate effect on exports. Brazilian corn shipments in SH of 2020 will be 23% lower YoY at 26.1 MMT. We are not looking at a catastrophic decline in exports.

2019's bumper volume was likely an outlier, and volumes over SH 2020 will still be 47% higher versus 2018. We still expect 2020 to sustain positive YoY growth, backed by the strength in soybeans earlier in the year. Offsetting lower corn volumes has been a recent boost in Atlantic sugar trade. Brazil's bulk sugar exports over the first half of the year surged by 37% YoY and are poised to remain strong. The collapse in oil prices and Covid-19 has hit Brazil's biofuels dragging ethanol prices down by 40% since the start of the year. Sugar mills have maximized sugar in their output and targeted export markets. This season's sugar production will be 57% higher YoY. The bump in export volumes has benefitted geared ships, with Handies and Ultras making significant gains. In the FH we recorded an 80% YoY jump in volume shipped on Ultras, often on long-haul trips to China, South East Asia, or Bangladesh. The 90% YoY increase in volumes on Handy sizes has been driven by increased sales to countries in the Mediterranean. We expect continued strength in sugar volumes to bolster demand in the SH of the year. (Braemar ACM – 9 Jul 2020)

Vale, on 6 June, informed that it will close its Itabira mine after 188 workers tested positive for covid-19. The Itabira complex has a monthly production of 2.7 MMT or 32.4 MMT annually – equivalent to roughly 10% of Vale's iron ore production in 2019. Vale reiterated its guidance of 310-330 MMT but highlighted that 15 MMT was provisions for covid-19 effects. As Vale's iron ore production in Q1 was 59.6 MMT (down 18% YOY) and assuming mid-point of their guidance, Vale's average quarterly production would need to equal 86.7 MMT or a 13.4% increase on Q2 – Q4 2019 production levels. China accounted for 71% of the world's seaborne iron ore imports in 2019. To highlight the effect of Brazilian exports on Capes (and thus spot rates), the distance between Tubarao (Brazil) and China is c10.3k nautical miles, whilst it is approximately 3.1k nautical miles from port Hedland (Australia) to China. (DNB Markets – 11 Jun 2020)

EU wheat exports have risen exponentially this year (July 2019 – June 2020) with total shipments likely at a record 35 MMT (up by 13.5 MMT YOY), overtaking Russia (with about 33 MMT) as the world 's leading wheat exporter. The EU's dramatic increase is based on strong wheat production, at 155 MMT last season, rising demand especially from North Africa and more recently Russia's decision to limit export quotas to 7 MMT in Q2 this year. Rising commodity prices from September to February together with a spike in April provided further incentive to sell. France at over 12 MMT is comfortably the largest exporter, with Germany rising sharply to nearly 5 MMT. Poland and the Baltic states of Lithuania and Latvia also registered substantial YOY export growth whilst the Black Sea States of Romania (5.2 MMT) and Bulgaria (2.3 MMT) have taken advantage of reduced Russian exports to increase market share to Egypt and Turkey in particular. Poor harvests last year in North Africa together with rising demand has provided the biggest YOY boost. With food security of paramount importance in 2020 demand for EU wheat has also come from further afield, with China purchasing nearly 1 MMT from January-April, its first significant imports of wheat from EU, Nigeria similarly importing close to 1 MMT over the same period up ten-fold on last year, whilst Iran at 0.9 MMT has also re-entered the market for EU wheat. The USDA expects EU wheat production to fall by around 14 MMT due to unfavourable planting and growing conditions. Exports are projected to fall between 8-9 MMT as some of the EU's domestic requirement for feed grain will switch to barley which is expected to have a bumper harvest. (Howe Robinson Research – 26 Jun 2020)

The Japanese government has drawn up plans to cut around 100 out of Japan's 114 coal-fired power-generation plants built before 1990 or 90% of the country's older capacity as part of environmental efforts to reduce carbon emissions. (TradeWinds – 2 Jul 2020)

A trade dispute between China and Australia is developing. The first commodity to be impacted is barley, which has been hit with an 80% tariff on exports to China, potentially ending the trade. It is the end of the planting season for the main winter crop and opportunities to grow different grains are limited for the Australian farmer. We will likely see this supply head to other destinations with implications for the different dry bulk sectors. Due to port constraints increased volumes to Japan will generally remain on Handies. There will be a shift in the fortunes of the larger Handies.

The winners would appear to be the Handy and Panamax sectors and the losers would appear to be Supras. The Aussie farmer is the main loser in this dispute. (Braemar ACM – 4 Jul 2020)

Coal's demise as a significant backbone to the global dry bulk trades is not coming any time soon. Planned Asian coal-fired power stations are set to dwarf Japan's current coal usage. Global coal seaborne trade will continue to grow in the next decade, especially during the early years. While there has been a lot of project cancellations in India the Asian giant still has 66 GW of new plants to be commissioned over the next six years. That compares to Japan's current operating capacity of 46.7 GW. India, Vietnam, Bangladesh, and the Philippines combined are set to add almost three Japans in terms of coal demand in this decade. (Splash247.com – 6 Jul 2020)

Cleaves Securities' latest 309-page quarterly report has dry bulk as its top sector pick, citing very strong Chinese demand for dry bulk as the economy is normalizing and authorities are adding stimuli. "Chinese steel production reached a new all-time-high in May, and inventories of steel and iron ore have fallen rapidly. With Brazil finally ramping up iron ore exports from early June, earnings have surged. We believe 2H20E could be very strong, and see consecutive annual gains at least until 2023E," Cleaves stated. (Splash247.com – 8 Jul 2020)

The USDA announced Tuesday that China had made its biggest ever purchase of American corn, buying 1.762 MMT of the grain. That was after Chinese buyers purchased 1.365 MMT of corn on July 10. (Bloomberg – 16 Jul 2020)

Spot charter rates for Bulk carriers had a very poor FH but started improving in 3Q 2020. In the FH of 2020, the Capesize TC index averaged 17,455USD/day (+9.7%y-o-y), the Panamax (82k) index 9,038USD/day (-5.6%y-o-y), the Supramax index 6,616USD/day (-21.6%y-o-y), the Handy size (38k) index 6,074USD/day (-3.8%y-o-y). Indicative 1-year time charter rates in June were estimated at 15,000USD/day for a Cape, 11,500USD/day for a Panamax, 8,150USD/day for a Supramax, and 6,400USD/day for a Handy. Benchmark newbuilding prices in June were estimated at USD50m for a Cape, USD30m for a Panamax (82k), USD 27.4m for a Supramax, USD24.0m for a Handy (38k). Indicative 5-year old secondhand prices in June were USD30.4mln for a Cape, USD18.6mln for a 74k Panamax, USD14.6 for a 52k Supramax, and USD12.2 for a 30k Handy. Deliveries in 2020 are expected to increase to around 456 units, for a total of 47.2 MDWT (from 400 units/39.9 MDWT in 2019), after we account for slippage and phantom orders. In the FH of 2020, there were deliveries of 276 units, for a total of 28.4 MDWT 55% y-o-y on the same period in 2019 in DWT. Demolition in 2020 is expected to remain modest with 89 units for a total of 11.1 MDWT despite disappointing market conditions, impact of the ballast water and sulphur regulations, as well as scheduled fleet replacement. In the FH of 2020 51 units were demolished or 7.6 MDWT 65% y-o-y in DWT. Net fleet growth over 20K DWT is expected to continue at 4% y-o-y in 2020, and then slow down to 2% in 2021. The fleet expanded by a net 4% y-o-y in 2019. Contracting activity has been modest in recent years. The order book-to-trading ratio is now just 7.2% in DWT terms. Trade volumes have been very disappointing this year. In the FH of 2020 iron ore loadings increased by 0.7% y-o-y to 732.2 MMT. Iron ore loadings from Australia increased by 5.9% y-o-y but from Brazil declined by 8.0% y-o-y. In the FH of 2020, coal loadings declined by 8.6% y-o-y to 582.8 MMT. Coal from Australia declined by 5.6% y-o-y and from Indonesia by 12.1% y-o-y. (Banchero Costa – 16 Jul 2020)

China's industrial activity has steadily ramped back to last year's levels. Electricity demand has rebounded, boosting demand for coal-fired power generation. China's electricity consumption over June was 6% higher YoY and coal consumption across the six largest coastal power utilities was up by around 1% YoY. China's coal receipts over Q2 totaled 67.4 MMT down by 3% YoY. Record levels of steel output in China have driven growth in high-grade coking coal imports, but this has been offset by weaker thermal coal imports. Q2 saw a 12% YoY slump in shipments of Indonesian coal used for power generation. This is to shore up employment in China's coal mining industry. China's aim is a price environment that is profitable both for utilities and miners. Coal quotas are set monthly to smooth imports over the year. Coal moves in sub capes as they offer flexibility for traders to divert ships to ports which have not hit their monthly limits. Domestic supply has not been able to keep up with increased demand. With temperatures rising and air-conditioning use ramping up, power utilities are paying up for domestic coal, which is increasingly pricey relative to imports. Domestic prices at Qinghuangdao are at $85/t while Australian FOB prices are at $48/t. The arbitrage between Australian coal landed in China and local supply has surged above $31/t. Power plant operators have appealed to authorities to ease quotas that are eroding their profitability. This would allow them to stock up on cheaper imports. Heavy rainfall has led to the worst flooding in 30 years. Water levels in 33 rivers have risen to their highest in history. Even the Three Gorges Dam, has had to minimize discharge of water into flooded areas downstream. In the southern and eastern coastal regions, power lines have also been damaged, restricting their access to hydropower. So far there has been no official word on whether import restrictions will be relaxed. If hydro-electric power output is significantly restricted by flooding, coal-fired power use will be elevated. This will drive up domestic coal prices, hitting power utilities' profits and pressure authorities to increase import quotas, resulting in a demand boost in the Pacific basin. If the impact of flooding on hydro-electric output is not so severe, further displacement of coal power would be possible. There is also the potential for lower overall power demand due to the destruction caused by floods. In this case China's local coal prices would soften so no need to review import quotas. The key metric to watch will be coal prices at distribution hubs in China to determine future quotas for the year. (Braemar ACM – 17 Jul 2020)

Vale produced 127.2 MMT in H1/20, and assuming full-year production at 310 MMT, the miner will have to produce 182.8 MMT in H2, representing an increase from H1 of 43.7%. For dry bulk shipping, the announcement from Vale is very supportive, as Brazilian iron ore exports represents a considerable share of dry bulk demand. Brazilian exports account for ~50% of the iron ore ton-miles and about 20% of total dry bulk demand. Any significant increase in production implying an increase in exports, will bode well for the dry bulk markets. (Arctic Shipping – 21 Jul 2020)

China could buy 12.5-13 MMT of soybeans from the US in the fourth quarter of 2020 as South American supplies run dry, ADM CEO Juan Luciano said July 30. (Platts – 30 Jul 2020)

China stands out as the largest producer of Cement with 2.3 BMT in 2019, seven times greater than second place India and 26 times greater than USA. Viet Nam has been steadily expanding its cement manufacturing industry and is now the third largest producer in the world. For many years, China was the world's largest cement exporter. Ahead of the financial crash in 2008, China exported 36.1 MMT of cement in 2006 and 33.0 MMT in 2007. Starting in 2017, Chinese cement exports began to shrink sharply with Viet Nam taking over the mantel of the world's largest cement exporter. Turkey, Iran, and Thailand are also important sources of cement exports. In 2019 China became the world's largest importer of cement with 24.75 MMT, driven by a levelling off in Chinese cement production due to environmental controls. USA is a consistent major importer of cement, as are Bangladesh and Sri Lanka. China imported most of its cement from Viet Nam, with smaller volumes coming from others. Some of the imports from Viet Nam will be overland with seaborne shipments being short hauls. The exception in 2019 was 1.3 MMT of cement imported from UAE. 92% of China's total imports was in the form of cement clinker which was then ground into finished cement. Viet Nam's largest market for cement exports is China along with Philippines, Bangladesh, and Taiwan. Canada is the largest supplier of cement to the American market, with Mexico also a regular, albeit more modest, source of cement imports. Turkey has become a major source exporting 4 MMT last year. This expanding trade has provided a lift to transatlantic Handy and Supra employment. Greece and China also regularly provide shipments to USA. China's steel sector has been in the headlines recently with continued growth boosting demand for imported iron ore. A rush on construction projects following the lockdown has kept sentiment strong, boosted by state approval of new airport, railway, and urban rail projects. However, it is not just steel demand that is benefitting from the upsurge in infrastructure spending and a rebounding housing market; cement demand is also a beneficiary. China has a vast cement manufacturing base and with margins elevated, demand is pulling in imported material. In a positive scenario, lost cement sales outside China due to the economic downturn may find a new home in the form of shipments to China, including some longer-haul shipments. (Braemar ACM – 30 Jul 2020)

The dollar is already weakening due to the Covid-19 recession, the Federal Reserve's loose monetary policy response, and uncertainty over this year's presidential election. A weaker dollar is of great interest to those of us exposed to the global freight markets: it usually implies higher freight rates. This is a theme I have returned to many times. Covid-19 may skew the model, but here is my oft-repeated tip: it is not easy to forecast freight markets but ask your banks what their prediction for the value of the dollar is at the end of 2020. If most of their forecasts are pointing to a weaker dollar, then you have some confidence that the inverse is the more likely freight market direction. (TradeWinds – 31 Jul 2020)

Chinese iron ore imports surged to 101.7 MMT in June, nearly 27 MMT more cargo than June last year and the second highest monthly figure behind the 102.8 MMT in September 2017; this sharp increase helps explain the dramatic spike in the Cape market from early May when rates dipped below $3,000. Of this strong rise in imports (+47 MMT at 547 MMT) the largest share came from Australian short haul trade (up 29 MMT +9% YOY to 349 MMT) whilst imports from Brazil fell 4 MMT to 95 MMT in FH20 due to heavy rains and logistical problems though Brazilian exports, like the Cape market, have started to recover. As iron ore prices increased above $100 per mt for 62fe, smaller producers had much more incentive to sell to China with India in particular surprising on the upside with 20 MMT in FH20 up 11 MMT YOY; most of which was sourced from East Coast India during Q2 on Supras/Ultras providing a much need boost to the sector. Steel production in China at 502 MMT was a monthly record. With other producers seeing major cutbacks in steel production in the current challenging economic environment, China now produces a remarkable 57% of all steel in the world. (Howe Robinson Research – 31 Jul 2020)

China purchased a record 1.937 MMT of USA corn on 30th July. (Reuters – 31 Jul 2020)

With the South American corn season underway, July saw a 107% MOM jump in corn from Brazil and Argentina, which reached 7.9 MMT. This offset a 30% MOM decline in soybean shipments, which seasonally taper down. The surge in corn, plus a 31% MOM increase in sugar exports, pushed total agribulk from ECSA to 22.6 MMT, up by 5% MOM and 1% YOY. Sugar from Brazil has jumped amid a slump in biofuel, incentivizing refiners to switch from ethanol to making raw sugar. This constant flow of agribulk has continued to provide a stable floor to Panamax and Supramax demand in the South Atlantic. (Braemar ACM – 3 Aug 2020)

Key Supply Side Developments:

We started 2020 with 873.43 MDWT and have increased to 894.16 MDWT at the end of FH 2020. A further 2.98% (26.62 MDWT) is scheduled for delivery in the rest of 2020. If we were to apply a slippage factor of 18% (it was actually 17.88% in FH 2020) to these scheduled deliveries and further assume that scrapping reaches 16 MDWT (it was actually 8.06 MDWT in FH 2020) we would be left with **a fleet growth of 3.85%** (873.43 MDWT to 907.09 MDWT of which 313.42 MDWT to 322.98 MDWT geared sector, 560.01 MDWT to 584.11 MDWT gearless sector) **by end of 2020 and 1.48% by end of 2021** (907.09 MDWT to 920.5 MDWT of which, 322.98 MDWT to 327.95 MDWT geared sector, 584.11 MDWT to 592.56 MDWT gearless sector), **assuming similar recycling and slippage levels as in 2020. Congestion, ballasting ships, slowing speeds** are other factors that will assist supply side tightening.

What others' say about Supply Side Developments:

The Covid-19 shutdown has affected virtually every part of the maritime industry, including the South Asian shipbreakers who dispose of most of the industry's outdated tonnage. In Alang, the leading ship recycling center in the region, shipbreakers have lost about 75% of their migrant workforce, as workers were forced to return home during the shutdown (3rd week March to end of May). The shipbreaking yards are looking for replacement employees, but the effort is complicated by the need for government-mandated training. (Maritime Executive - 31 May 2020)

More than 70 ships are lined up at Brazil's port of Santos to load sugar for export in a queue that may take a month to clear after buyers worldwide scrambled to get ahead of possible disruption caused by the ravages of the coronavirus pandemic. (Reuters – 8 Jun 2020)

2020 is on track to see the largest volume of new supply since 2013. In the FH 277 new ships or 27 MDWT delivered with maximum in the Capes at 13.4 MDWT. Panamax has also shown significant growth, with 100 ships joining the fleet. The Supra sector has grown by 80 new ships (5 MDWT) almost all Ultras, and 36 new Handies made up the balance. We expected 344 ships in the FH, but slippage has been over 19%, and in DWT, was at 18%. Some of this was due to owners pushing back deliveries, however Covid-19 also had an impact. Logistical bottlenecks, travel restrictions and labor shortages in Q1 disrupted shipyards' supply chains and delayed vessels. In many cases, due to travel restrictions, crews could not arrive to man these ships, though the issues appear to be easing. The larger ships have been less affected. Of the Capes 87% came on time as strong Q2 deliveries offset delays in Q1, but only 73% of scheduled Handy deliveries were on time, as smaller ships are built in smaller yards where absenteeism has a greater effect on delays. The shipbreaking industry has been affected heavily. Q1 recorded the highest level of removals since 2017, but in the first half of Q2, the Indian Subcontinent was essentially closed, with strict lockdowns. This led to a sharp drop in April, with just 3 bulkers leaving the fleet. As markets opened in mid-May, pent-up scrapping drove a rebound in activity and balanced out the quarter to a degree, though fewer than would have occurred without the pandemic. Total removals in the FH was over 9 MDWT, 76% higher YOY. The Capes saw the greatest removals with 36 (7.9 MDWT) ships sold for demolition, curbing fleet growth to a subdued 1.5%. In the Panamax sector, 8.2 MDWT of new supply has been met with just 0.2 MDWT of demolitions (3 ships), continuing the extremely low levels in 2019 which saw only 7 vessels removed. The Panamax fleet has grown by 3.7% in DWT terms, more than any other sector. Ordering activity at 7.9 MDWT in FH 2020 was the lowest FH ordering since 2016 and the lowest since 2001. We expect orders to remain at these restrained levels. Yards are working extremely hard to clear the backlog of completed ships, and with the market making a sharp turnaround, owners will take deliveries on time. Scrapping will remain strong, though it could be brought to a standstill if we see another lockdown in the Indian subcontinent. These markets remain open, but the continued spread of the virus in these countries is concerning. (Braemar ACM – 2 Jul 2020)

For bulkers, under pressure for most of the year so far, average speeds fell by 1.3% in 1H 20 (having declined by 0.9% last year) to 11.1 knots. (Clarksons – 10 Jul 2020)

The total DWT delivered in FH 2020 (29.1 MDWT) is more than the total DWT delivered in all of 2018 (28.4 MDWT.) There are a further 269 vessels of 28 MDWT on the orderbook for the balance of this year and though not all these vessels will deliver, we estimate total for 2020 will be in the range 46-48 MDWT similar to the tonnage inflows in 2013-16 which certainly acted as a brake on markets in those years. On a positive note, only around 5 MDWT of new tonnage has been ordered in FH (compared to 18 MDWT in all of 2019), so the forward orderbook at around 65 MDWT is now at significantly reduced levels. (Howe Robinson Research – 17 Jul 2020)

Recently congestion at Chinese ports has been extremely high versus previous years. At the start of this week, the volume of laden Capesize tonnage waiting to discharge in China reached 13.9 MDWT. This is the highest level recorded, representing a near four-fold increase on average congestion during July 2019. This translates to 71 ships, or around 3.9% of today's trading fleet. Given that China on average accounts for around 6 MDWT of congestion at this time of year, we can say there is around 8 MDWT of 'excess' congestion (2.2% of the fleet). With Chinese steel output offsetting declines in other steelmaking countries, we are seeing China absorb iron ore volumes which would have otherwise headed to countries such as Japan and South Korea, and drive further growth in trade. In June, Chinese steel output increased by 5% YoY. Australian iron ore majors shipped 82 MMT of iron ore in June, up 7% YoY. But as these iron ore shipments have arrived, the speed of unloading remains throttled by port facilities, resulting in a growing backlog of waiting ships. Covid-19 related measures are also slowing the speed at which ships can be turned around, exacerbating congestion. Capes that have completed discharge in China this month, spent 4 days waiting on arrival before coming alongside compared to 1.5 days over July 2019. Capes carrying coal have also had lengthy waiting times, increasing delays across all Capes arriving in China. Month to date, Capes discharging coal waited 15 days at anchorages versus an average of less than 5 days over July last year. Across all Cape discharges in China this month, vessels spent 3.8 days waiting, 30% longer MoM and 158% longer YoY. Due to the surge in liftings of bauxite from Guinea, we are seeing an uptick in congestion. Shipments of bauxite on Capes reached almost 12 MMT over May-June, up by 31% YoY all heading to China. As the Kamsar-China voyage takes 7 weeks these cargoes have added to the build-up of queues. This lower effective fleet capacity, combined with larger Australian iron ore sales, helped create conditions for a Pacific rally in freight, which saw the Baltic Cape reach a high of $33,760/day. At the start of this month, Australia-China voyage was paying a $10,000/day premium over a Brazil round voyage, with the Australian shippers paying up for scarce ships to cover surging volumes. Despite congestion increasing over July, we are seeing a jump in the number of ships opening in China re-entering the Pacific market. And so far, this month cargoes have not been as plentiful as they were in June, fueling a correction in freight rates. Australian iron ore volumes will settle around 12% lower MoM. As the queues in China are cleared, we expect more vessels to re-join the spot market, and the direction of rates will depend on where these vessels ballast to. Owners prefer to head to Brazil expecting an increase in cargo there. In the past 14 days 51% more Cape and Newcastlemax ships are ballasting West past Singapore. If this continues, it could help keep a lid on supply in the Pacific and provide a floor to rates. (Braemar ACM – 23 Jul 2020)

Regulatory Developments:

IMO 2020 and Scrubber retrofitting was debated hotly with economic arguments supporting installation of scrubbers, despite open loop scrubbers discharging industrial toxic waste into the pristine oceans, based on minimum spreads of USD 200 PMT between LSFO/HSFO. Now that spreads have come down to under USD 50-100 PMT this debate has faded into the oblivion of history. We opted for burning LSFO for a myriad of reasons and so far, we have been vindicated.

What others' say about Regulatory Developments:

The shipping industry has warned that the global economy is in peril, due to a mounting crisis over staffing. Up to 400,000 crew are currently stranded at sea or at home by Covid-19 travel restrictions, and many crew have worked emergency extensions to their agreements, raising worries over fatigue and safety. International Chamber of Shipping head Guy Platten: "You cannot keep working people indefinitely. Some have been on their ship for more than a year. The longer this issue goes on the greater risk to the supply chain." (Financial Times – 8 Jun 2020)

Bunker prices have stabilized since the low point in late April. VLSFO and HSFO prices have increased 168% and 66% respectively across the major bunkering hubs Houston, Rotterdam, Fujairah, Singapore, Gibraltar, Tokyo, Hong Kong, and Shanghai since April. The VLSFO/HSFO differentials have also doubled across all ports, coming from low spreads between $10 in Shanghai to $55 in Houston. Today the biggest differential is in Fujairah at $102 while the lowest differential stands at $49 in Rotterdam and Shanghai. (Howe Robinson Research – 3 Jul 2020)

What was extremely misleading from the beginning was that scrubber fitting was a paper exercise, just push certain buttons and lock into certain spreads, and you would make a certain profit. That is totally not the case. The installations cost $2.8m each, have proven to be a very complicated ordeal for many who bought them, their upkeep is tremendous, and they impose significant stress and fatigue on vessels that carry them. Given the Covid-19 era where sending technicians and service engineers aboard the ship appear extremely difficult, in the event something goes wrong with the scrubber, how are you going to fix it? (TradeWinds – 23 Jul 2020)

Oman is the latest country to ban open-loop scrubbers in its waters. (Seatrade – 3 Aug 2020)

Our read of the Novel Coronavirus or Covid-19:

Covid-19 has also shone a laser like spotlight on the failure of capitalism. One percenters, who already own/control +60% of national wealth, increased their wealth during Covid-19 while small businesses went bankrupt, migrant and poor daily workers bore the brunt of lockdowns, lost their livelihoods, increased their poverty levels, increased their food insecurity, had disproportionate number of deaths in their families due to lack of medical safety nets, and were met with a complete lack of support from the leaders of their governments.

Covid-19's impact on dry bulk shipping on the commercial front can be seen from the results of various listed shipping entities. But the 'invisible' impact has been the inability of ship owners to safely embark/disembark seafarers from their ships. Every owner, as there is no international consensus or universal legal method to achieve this most basic of tasks, has had to innovate solutions to get this done. For our ships trading in Asia that has been relatively easy, though expensive, as we have diverted them to either Thai or Indian ports to disembark/embark our Thai/Indian seafarers but with no economic or other help from our clients. For our ships trading in the Atlantic, as a last resort, we have accepted cargoes that are not commercially attractive just to get such ships back towards Asia and close enough to Thailand or India so that we could relieve those seafarers who have overstayed their contracts onboard those ships.

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

Novel Coronavirus or Covid-19, the disease:

Chinese doctors are seeing evidence of the novel coronavirus mutating in unknown ways. Patients in northern Chinese provinces are carrying the virus for longer, taking longer to show symptoms, and taking longer to recover, than what was observed during the original Wuhan outbreak. Significant mutation of the virus could hamper efforts to combat it; on the other hand, the apparent differences could be a result of doctors' ability to monitor patients more thoroughly and from an earlier stage now. (Bloomberg – 20 May 2020)

Lockdowns that block normal services cost lives. The WHO has warned that Covid-19 threatens vaccinations, if they stop in Africa 140 children could die for each Covid-19 death averted. A three-month lockdown, followed by a ten-month interruption of tuberculosis treatment, could cause 1.4m deaths in 2020-25. It is the same for malaria and aids. The longer lockdowns continue, the likelier it is that they will cost more lives than they save. (The Economist – 21 May 2020)

Social distancing and wearing face masks and eye protection are the best ways to cut the risk of contracting Covid-19, according to the largest review to date of studies on coronavirus disease transmission. Pooling evidence from 172 studies in 16 countries, researchers found frequent handwashing and good hygiene are also critical - though even all those measures combined cannot provide full protection. (Reuters – 4 Jun 2020)

The malaria drug promoted by US President Donald Trump as a treatment for Covid-19 failed to prevent infection in people exposed to the coronavirus, according to data from a large trial released by University of Minnesota researchers. Several trials of hydroxychloroquine have been stopped over concerns about its safety for treating Covid-19 patients, but the new trial found no serious side effects or heart problems with hydroxychloroquine. (Reuters – 4 Jun 2020)

Latin America is the new epicenter for Covid-19, with regional cases topping 1.1 million and the curve only getting steeper. Brazil and Mexico are posting among the fastest infection rates and logging daily death records. Viral illness is also rising in Peru, Colombia, Chile, and Bolivia. The Middle East is showing troubling signs of a spike in cases. In America, fears of a catastrophic second wave are growing as social distancing measures wane. (Bloomberg – 5 Jun 2020)

At least half of Singapore's newly discovered coronavirus cases show no symptoms, reinforcing the city-state's decision to ease lockdown restrictions very gradually. While asymptomatic individuals had fewer opportunities to spread the virus as they were not coughing or sneezing, there have been cases of asymptomatic transmission in Singapore, especially between patients living in close quarters. (Reuters – 8 Jun 2020)

Wide-scale lockdowns, including business and school closures, to reduce Covid-19 transmission in Europe may have averted more than 3 million deaths, researchers said in the journal Nature. Using computer models to estimate the lockdown impact in 11 nations, British scientists said the draconian steps, introduced mostly in March, had "a substantial effect." A separate study by US scientists, published alongside the European one, estimated that lockdowns in China, South Korea, Italy, Iran, France, and the US prevented or delayed around 530 million Covid-19 cases. The authors of the second paper say that while lockdowns "impose large and visible costs on society," the data show "consistent evidence that the policy is achieving large, beneficial, and measurable health outcomes." (Reuters – 9 Jun 2020)

Six months into Covid-19, there is a growing consensus on how do people get infected? It is not common to contract Covid-19 from a contaminated surface. And fleeting encounters with people outdoors are unlikely to spread the coronavirus. Instead, the major culprit is close-up, person-to-person interactions for extended periods. Crowded events, poorly ventilated areas, and places where people are talking loudly or singing, maximize the risk. (Wall Street Journal - 16 Jun 2020)

A genetic mutation in the new coronavirus that significantly increases its ability to infect cells may explain why outbreaks in Northern Italy and New York were larger than ones seen earlier in the pandemic. Scientists at Scripps Research in Florida say the mutated virus was seen infrequently in March, but by April accounted for some 65% of cases submitted from around the world to the GenBank database run by the National Institutes of Health. (Reuters – 16 Jun 2020)

Why has Britain the highest overall Covid-19 death rate of any country in the rich world. Britain was always going to struggle with Covid-19. London is an international hub, Britons are fatter than their fellow Europeans and the UK has a high share of ethnic-minority people, who are especially vulnerable to the disease. Yet the government played a bad hand badly. It has been slow to increase testing, launch a contact-tracing app, stop visits to care homes, ban big public events, provide health workers with PPE, and require people wear face coverings. The painful conclusion is that Britain has the wrong government for a pandemic. (The Economist – 18 Jun 2020)

Beijing has recorded nearly 150 confirmed Covid-19 cases in the last week. It marks the country's largest outbreak in months, and authorities in Beijing are taking aggressive measures to stamp out the spread of the virus. Beijing has locked down several neighborhoods, cancelled roughly

70% of the flights, closed schools, and is testing 90,000 Beijing residents per day. The outbreak originated at Xinfadi, a wholesale food market in the south of the city. (Fortune – 18 Jun 2020)

The peak of Beijing's new Covid-19 outbreak has already passed and further infections should be "sporadic," said the country's chief epidemiologist, as China seeks to project confidence over a resurgence of cases that's plunged its capital into a partial lockdown. (Bloomberg – 18 Jun 2020)

The Apple Watch, Fitbit and other fitness trackers that monitor pulse may help spot emerging virus outbreaks after studies found Covid-19 patients had irregular heartbeats well before their diagnoses. (Fortune - 19 Jun 2020)

China has released genome sequencing data for the coronavirus responsible for a recent outbreak in Beijing, with officials saying it identified a European strain based on preliminary studies. (Reuters – 19 Jun 2020)

Health authorities in South Korea said for the first time the country is enduring a "second wave" of Covid-19 focused on Seoul. The Korea Centers for Disease Control and Prevention said, it had become clear that a holiday weekend in early May marked the beginning of a new wave of infections focused on Seoul, which had previously seen few cases. (Reuters – 22 Jun 2020)

Levels of an antibody found in recovered Covid-19 patients fell sharply 2-3 months after infection for both symptomatic and asymptomatic patients, according to a Chinese study, raising questions about the length of any immunity against Covid-19. (Reuters – 22 Jun 2020)

An Israeli company expects a fabric it has developed will be able to neutralize close to 99% of the coronavirus, even after being washed multiple times, following a successful lab test. Sonovia's reusable anti-viral masks are coated in zinc oxide nanoparticles that destroy bacteria, fungi, and viruses, which it says can help stop the spread of the coronavirus. (Reuters – 22 Jun 2020)

NYC residents, gradually emerging from more than 100 days of coronavirus lockdown, celebrated an easing of social-distancing restrictions by shopping at reopened stores, dining at outdoor cafes and getting their first haircuts in months. The usual traffic jams clogged city streets, and the sound of honking cars brought a welcome sense of a return to the ordinary. (Reuters – 23 Jun 2020)

With one of the world's highest Covid-19 mortality rates, worse than even the US, Sweden has been attacked for its reluctance to enforce protections against the spread of the virus. Now, the Swedish official behind the policy is doubling down, defending his actions, and criticizing lockdowns. He also advises against masks, something most of the rest of the world disagrees with, too. (Bloomberg - 24 Jun 2020)

"The worst is yet to come." The head of the WHO said Covid-19 is "not even close to being over" and called on countries to overcome political differences to "fight this dangerous virus together." (Bloomberg – 29 Jun 2020)

The US is "going in the wrong direction" in its effort to contain Covid-19 and daily case counts could more than double if behaviors do not change, infectious-disease expert Anthony Fauci told a Senate panel Tuesday. Fauci said new cases of Covid-19 could rise to 100,000 a day, up from the current level of about 40,000. (Bloomberg – 30 Jun 2020)

A study of young soldiers suggests the benefits of social distancing during the pandemic might extend beyond high-risk individuals. When the Swiss army put social distancing, mask-wearing and hygiene rules into effect on a base where no one had been diagnosed with Covid-19, not only was the later spread of the virus limited, but soldiers who did get infected did not develop symptoms of Covid-19. (Reuters – 30 Jun 2020)

Officials are closing the border between Australia's two most populous states from Tuesday for an indefinite period as they scramble to contain an outbreak of Covid-19 in the city of Melbourne. It will be the first time the border between Victoria and New South Wales has been shut in 100 years since 1919 due to the Spanish flu pandemic. (Reuters – 6 Jul 2020)

Emerging medical research as well as anecdotal evidence from recovery support groups suggest that many survivors of "mild" Covid-19 experience lasting side-effects like blood clotting and severe strokes in people as young as 30. Covid-19 not only affects the lungs and blood, but kidneys, liver and brain – potentially resulting in chronic fatigue, depression, shortness of breath, chest pressure, facial paralysis, seizures, hearing and vision loss, headaches, memory loss, diarrhea, serious weight loss and more. (The Guardian – 6 July 2020)

US Covid-19 cases have surpassed 3 million, only a week after hitting the 2 million mark. The country also hit another one-day record, with 60,000 new cases in a single day. The record came with yet another warning. "We have never gotten out of the first wave," said Dr. Anthony Fauci. "So, I wish we would stop talking about waves." (Wall Street Journal - 9 Jul 2020)

India's Covid-19 cases exceeded 1 million, is the third country to cross this mark. India trails only the US and Brazil, which have 3.6 million and 2 million infections. (Bloomberg – 17 Jul 2020)

It is astonishing to read that Russia's business and political elite have since April been getting shots developed by the state-run Gamaleya Institute in Moscow. The vaccine's phase 1 trial only wrapped up last week, and the results are not yet known, and side-effects only become apparent after rigorous tests. (Bloomberg – 20 Jul 2020)

Covid-19 antibodies in patients with mild symptoms fade quickly, raising concerns that their immunity may not last very long, researchers said in the New England Journal of Medicine. (Bloomberg – 21 Jul 2020)

Virginia Tech researchers say they have come up with a Covid-19 test that produces results in minutes. The test uses nanotechnology and laser beams to analyze liquid droplet samples, rather than RNA used in tests today. The researchers claim their test is more accurate and can identify the coronavirus even if the patient has only had it for a very short time. (Fortune – 23 Jul 2020)

Infections in the US have accelerated since the first case on Jan 21. It took the country 98 days to reach 1 million. It took another 43 days to reach 2 million and then 27 days to reach 3 million. It has only taken 16 days to reach 4 million at a rate of 43 cases a minute. (Reuters – 23 Jul 2020)

More than three-quarters of recently recovered Covid-19 patients had heart muscle problems show up during MRI tests, German doctors reported on Monday in JAMA Cardiology. Among 100 patients ages 45 to 53, "a considerable majority" - 78 - had inflammation in the heart muscle and lining. (Reuters – 28 Jul 2020)

A genetic mutation that made the new coronavirus more infectious may also make it more vulnerable to vaccines, researchers believe. The mutation, designated D614G, increases the number of "spikes" on the surface of the virus and makes them more stable, allowing the virus to break into and infect cells more efficiently. The extra spikes, however, are the targets for the "neutralizing antibodies" the vaccines are designed to create. (Reuters – 28 Jul 2020)

In India six in ten people living in some of the nation's biggest slums were found to have antibodies for Covid-19, indicating they have recovered from infection. It would appear to be one of the highest population immunity levels known worldwide. (Bloomberg – 29 Jul 2020)

In a study of children under five who show mild to moderate symptoms of Covid-19, kids were found to contain higher concentrations of the virus compared to older children, teens and adults, according to researchers at a Chicago pediatric hospital and Northwestern University. The study, which was released Thursday in the journal JAMA Pediatrics, did not test the transmission rate of children, but does raise the prospect that children could be just as, or even more, prone to Covid-19 infection and transmission than adults, although symptoms in the vast majority of children are comparably milder, the researchers found. (Fortune – 30 Jul 2020)

When summer fades in US and Europe, Covid-19 resurgence could be worse than the first wave as people shelter together from the cold, lessons from Australia show. (Bloomberg – 1 Aug 2020)

The WHO warned that, despite strong hopes for a vaccine, there might never be a “silver bullet” for Covid-19, and the road to normality would be long. More than 18 million people are reported to have been infected and 688,080 have died, with some nations that thought they were over the worst experiencing a resurgence. (Reuters – 3 Aug 2020)

Covid-19’s economic impact:

The BoE has forecast a whopping 30% contraction in economic output over FH of this year or even worse if banks drive companies into bankruptcy by refusing to lend. The BoE also says the unemployment rate will rise to 9% despite the government's extraordinary decision to pay people's wages. (Fortune – 7 May 2020)

Covid-19 will deliver the British economy’s worst year in modern history, only a handful of others have wrought such severe damage in the past: weather, war, and pestilence. The BoE’s “illustrative scenario” saw a plunge in output of 14%, albeit followed by 15% bounce-back in 2021, the worst hit to the economy in more than 300 years. Two very bad years stand out: 1706, a year of weak harvests and weak trade, when the economy contracted by around 15%, and 1709, the year of the “Great Frost”, when the economy shrank by 13%. (Reuters – 8 May 2020)

Japan’s GDP shrank at 3.4% in Q1 from the previous quarter as exports slid and social distancing crimped consumer spending, the economy sank. Analysts see a 21.5% contraction in the three months through June, a record for official data going back to 1955. (Fortune – 18 May 2020)

Facebook's Mark Zuckerberg says the company's staff will move en masse to working remotely, in one of the highest-profile examples of a major company making some of the lockdown changes permanent. (Wall Street Journal – 22 May 2020)

Britain’s economy shrank by 25% over March and April as entire sectors were shut by coronavirus lockdown at the bottom of a “catastrophic” crash before a long and slow recovery. The Office for National Statistics said the economy had shrunk back to its size in 2002. (Reuters – 12 Jun 2020)

Goldman Sachs lowered its US GDP forecast, seeing a full-year 4.6% contraction vs. -4.2%, previously. (Fortune - 3 Jul 2020)

South Korea avoided large-scale lockdowns amid the pandemic, but its economy has plunged into recession anyway. The Bank of Korea announced that the country’s GDP fell 3.3% compared to the first quarter and was down 2.9% versus Q2 of 2019. Exports, which normally account for 40% of the country’s annual GDP were down 16% in June 2020 compared to 2019. Still, private consumption was up 1.4% in Q2. (Fortune – 23 Jul 2020)

German economy shrank at its steepest rate in Q2 due to Covid-19, wiping out 10 years of growth. GDP shrank by 10.1% q-o-q in Q2 after a 2.0% contraction in Q1. (Reuters – 30 Jul 2020)

GDP shrank 9.5% in Q2 from Q1 in USA equaling an annualized pace of 32.9%. That is the steepest annualized decline in quarterly records dating back to 1947. (Bloomberg – 30 Jul 2020)

France's GDP took a 13.8% hit in Q2 and Spain's contracted by 18.5% on a quarter-on-quarter basis. (AP – 31 Jul 2020)

GDP of the 19-country eurozone shrank by a devastating 12.1% in Q2 from Q1, the largest drop on record. The broader 27-country European Union, not all members use the euro, saw output sag 11.9%. Economists say the worst of the downturn is past as many restrictions have eased, but that the recovery will be drawn out and vulnerable to renewed outbreaks. (AP – 31 Jul 2020)

Covid-19's impact on airlines:

United Airlines says it is exploring furloughing almost half its US workforce, sending notice to 36,000 employees that their jobs are at risk. That comes a week after American Airlines said it has 20,000 more employees than it needs. The jobs are at risk despite billions of dollars in government aid for the global aviation sector, as air travel in the US, after a brief pickup, dropped again amid new lockdowns and quarantine rules. (Fortune – 9 Jul 2020)

Cathay Pacific flags a FH loss of USD 1.3b. (Reuters – 17 Jul 2020)

India's largest carrier IndiGo will cut a tenth or 2,400 people, due to Covid-19. (BBC – 21 Jul 2020)

British Airways parent IAG lost a record $1.62 billion during Q2. (The Guardian – 31 Jul 2020)

The Dutch carrier KLM reported a $1.8 billion operating loss for Q2. (Reuters – 31 Jul 2020)

Lufthansa, the German airlines, declared a $1.7b loss in Q2. (AFP – 6 Aug 2020)

Covid-19's impact on Shipping:

Royal Caribbean Cruises, the Richard Fain-led owner of 62 ships, estimates a monthly cash burn of $250m to $275m. By comparison, Arnold Donald-led Carnival Corp estimates burning $1bn per month on keeping its 104 ships laid up. (TradeWinds – 8 May 2020)

The Frank Del Rio-led Norwegian Cruise Line, owner of 28 vessels, reported a $1.9bn loss for the first quarter versus a $118m profit a year ago, thanks to a pandemic that has plagued the cruise sector with cancelled voyages and fleet layups. (TradeWinds – 14 May 2020)

Oslo-listed Wallenius Wilhelmsen that has already lost $285m in the first quarter, compared to a profit of $22m last year, says the seismic shock delivered to the car carrier market by the coronavirus will see volumes drop 50% in the second quarter. (TradeWinds – 15 May 2020)

Since the virus outbreak in January we have now seen 6 of the world's largest container carriers looking to get state-aid: CMA-CGM, COSCO, HMM, Evergreen, Yangming, PIL. These 6 carriers account for 43% of the capacity of the top-10 carriers. (Splash247.com – 27 May 2020)

The Covid-19 pandemic is projected to lead to an "unprecedented decline" in world container trade, according to Clarksons Research director Trevor Crowe. Global containership calls were down by about 5% in the year to date (21 March), while those by vessels of 8,000 teu and over dropped 10%. This has led Clarksons to forecast "the biggest decline in containership trade on record," which is expected to exceed 10% for full-year 2020, outstripping the fall of 7-8% that followed the 2008 GFC. At the same time, the idle container fleet currently stands at around 11% in capacity terms. (Seatrade – 29 May 2020)

While the worst might have passed in terms of automotive consumer demand in Western countries, the pure car, truck carrier segment is coming to terms with what will be a very long, pronounced downturn with as many as one in three car carriers projected to be idled or laid-up in the coming months. (Splash247.com – 29 May 2020)

Clarksons Research said Covid-19 has brought huge disruption this year. Bulkers had a better second half of 2019, but 2020 so far has been weak. The year to date average is 46% below 2019, and 60% down currently. (TradeWinds – 1 Jun 2020)

US cruise ship giant Carnival Corp has revealed the biggest ever quarterly loss in shipping history of $4.4bn in Q1 2020, or $6.07 per share, against a $451m profit a year ago. The 2020 result includes $2bn of non-cash impairment charges. (TradeWinds – 19 Jun 2020)

The Cruise industry has suffered a 72% drop in passenger numbers this year amid mass fleet lay-ups and crumbled yearly demand that may not return to the 30m-passenger mark before 2025, MSI noted. (TradeWinds – 9 Jul 2020)

Cruise and Maritime Voyages, a cruise operator focusing on the British market, was placed in receivership late today. Spain's Pullmantur Cruises announced that it was insolvent a month ago. Birka Cruises, based in Sweden, also announced that it was going out of business. (Maritime Executive – 20 Jul 2020)

German tour operator the FTI Group becomes the fourth cruise line to announce they would be ceasing operations due to the pandemic. (Maritime Executive – 28 Jul 2020)

Genting, the cruise ship operator, warned its losses for FH 2020 will be "significantly higher" than last year due to Covid-19. In FH 2019 the firm lost $55m. (Maritime Executive – 6 Aug 2020)

Since the start of Covid-19, a secondary crisis has emerged. A huge number of seafarers on merchant ships have been unable to disembark once their contracts have ended, facing excessive times at sea and away from home. This has been due to tight restrictions on international travel and movement of personnel through ports, which make crew changes impossible in many places. Meanwhile on land, crews are stuck in their home countries, unable to begin employment and facing financial distress. At the end of last month, more than 0.5m seafarers were either unable to leave vessels and return home or were in their home countries and unable to travel to ships and begin their contracts, according to the ICS. (Braemar ACM – 6 Aug 2020)

Governmental actions to stem Covid-19:

AstraZeneca has struck deals to provide 1.3 billion doses of its coronavirus vaccine to low- and middle-income countries. The company says it has agreed to provide these doses at cost. The vaccine, which it is developing with Oxford University, is among the most promising candidate being developed. It is currently in advanced human clinical trials. (Fortune – 5 Jun 2020)

The WHO hopes hundreds of millions of doses of vaccine can be produced this year and 2 billion doses by end of 2021, chief scientist Soumya Swaminathan said. (Reuters – 18 Jun 2020)

The European Commission has struck deals with drugmakers Roche and Merck to secure supplies of experimental treatments for Covid-19. The deals cover Roche's arthritis medicine RoActemra and Merck's multiple sclerosis drug Rebif - both seen as potential treatments and will secure supplies to any of the 27 EU member states willing to buy them. (Reuters – 8 Jul 2020)

The UK has signed an agreement to purchase 30 million doses of a Covid-19 vaccine developed by Pfizer and Germany's BioNTech. Preliminary testing suggested positive results and the vaccine will soon be tested on 30,000 volunteers. Germany, France, Italy, and Netherlands have signed up for 400 million doses of an AstraZeneca vaccine. (Financial Times – 20 Jul 2020)

Coordinated Fiscal and Monetary Stimulus to combat Covid-19:

Congressional Democrats unveiled their proposal for the next round of coronavirus stimulus funding in a $3 trillion 1,816-page plan called the HEROES Act. The bill rests on three pillars: Making sure the economy can reopen safely, honoring heroes, and putting "much-needed" money into the pockets of Americans. (Fortune – 13 May 2020)

Japanese policy makers have stepped up stimulus measures that, at a record 117 trillion yen ($1.1 trillion), already totals more than 20% of GDP. (Fortune – 18 May 2020)

The Trump administration is preparing a $1 trillion infrastructure proposal as part of its push to spur the world's largest economy back to life. A preliminary version would reserve most of the money for traditional infrastructure work, like roads and bridges, but would also set aside funds for 5G wireless infrastructure and rural broadband. (Fortune – 16 Jun 2020)

PM Boris Johnson is to announce a GBP 5 billion ($6.1 billion) infrastructure project, in a bid to "rebuild" the UK's coronavirus-battered economy "New Deal" style. Lest you think Johnson has committed to building the Hoover Dam, the infrastructure goals are a little more modest: priorities including repairing a bridge in the West Midlands. (Financial Times – 30 Jun 2020)

Raphael Bostic, the president of the Fed Reserve of Atlanta, said the Covid-19 crisis will last longer than initially expected, and further stimulus is needed. Unemployment benefits for millions of Americans are set to end at the end of this month. (Financial Times – 7 Jul 2020)

Britain is launching another round of stimulus worth GBP 350 billion ($443 billion) a sum that is expected to reach 18% of the country's GDP and push the deficit to double those seen during the previous financial crisis. Part of that plan involves financial incentives to bring furloughed workers (there are currently about 9 million) back on the payroll. (Financial Times – 9 Jul 2020)

The EU's leaders finally agreed on the terms of a €750 billion ($860 billion) Covid-19 package. €390 billion will be in grants, with €360 billion as low-interest loans. (Fortune – 21 Jul 2020)

Tests, Vaccines and Cures for Covid-19:

Therapeutics company Sorrento announced that it has found an antibody that provides "100% inhibition of SARS-CoV-2 virus infection of healthy cells after four days incubation." It was a laboratory study. (Yahoo News – 15 May 2020)

Duke-NUS Medical School has come up with a Covid-19 test kit that takes just an hour to detect if someone has been infected. (Strait Times – 15 May 2020)

US immunotherapy company Inovio said its vaccine for Covid-19 was able to produce protective antibodies and immune system responses in mice and guinea pigs. (Reuters – 20 May 2020)

Novavax Inc. is testing its Covid-19 vaccine on 130 healthy adults. If results are promising, they plan to quickly move to phase two and expand testing. (Fortune – 26 May 2020)

Eli Lilly had started a trial for its treatment for Covid-19. Lilly said its early stage study will assess safety and tolerability in hospitalized patients with results by end of June. (Reuters – 1 Jun 2020)

Russia will give patients its first drug to treat Covid-19, Avifavir, from June 11. Avifavir, known as favipiravir, was developed by a company later bought by Fujifilm. (Reuters – 1 Jun 2020)

A Covid-19 antibody home-test of dried blood showed who had antibodies with 100% accuracy, researchers reported in a not yet peer-reviewed paper on medRxiv. (Reuters – 2 Jun 2020)

South Korea's Daewoong Pharmaceutical said its drug niclosamide had eliminated Covid-19 from animals' lungs and inhibited inflammation. They plan human trials in July. (Reuters – 9 Jun 2020)

A Covid-19 vaccine developed by Chinese researchers showed promise in monkeys, triggering antibodies, and raising no safety issues. A human trial with more than 1,000 participants is under way, researchers said in a paper in the medical journal Cell. Front runners currently in human trials are being developed by AstraZeneca, Pfizer, BioNtech, J&J, Merck, Moderna, Sanofi and China's CanSino Biologics. (Reuters – 10 Jun 2020)

In Singapore, scientists testing a vaccine from US firm Arcturus Therapeutics plan to start human trials in August after promising initial responses in mice. (Reuters – 16 Jun 2020)

Researchers in England say a cheap, widely available steroid dexamethasone reduced Covid-19 deaths by a third in severely ill patients. Researchers said they would publish results soon. (Boston Globe - 16 Jun 2020)

Scientists at Imperial College London will start clinical trials of a Covid-19 vaccine this week. The trials are the first human tests that uses novel RNA technology. About 300 healthy volunteers will receive two doses of the vaccine to test if it is safe in people and if it produces an effective immune response. If it shows promise, larger trials with 6,000 people would be set up later this year. (Reuters – 16 Jun 2020)

A vaccine developed in China has generated an immune response in almost all human volunteers with no serious side-effects. China National Biotec Group said it was seeking a phase 3 trial, involving thousands of healthy subjects. It was building manufacturing facilities for the vaccine. (The Times – 17 Jun 2020)

Britain's Pirbright Institute found that two doses of the Oxford University-developed AstraZeneca's Covid-19 vaccine in pigs produced a greater antibody response, suggesting a two-dose approach is more effective. French drug-maker Sanofi said it expects to get approval for the Covid-19 vaccine it is developing with Britain's GlaxoSmithKline by the FH of 2021. (Reuters – 23 Jun 2020)

Silicon nitride can inactivate Covid-19. Researchers in Japan exposed Covid-19 to silicon nitride, aluminum nitride, and copper particles. All three materials showed greater than 99% viral inactivation after one minute, but silicon nitride was the safest, the researchers reported in a not-yet-peer-reviewed paper. (Reuters – 24 Jun 2020)

Tianjin-based CanSino Biologics said that China's Military has allowed them to inject soldiers with their vaccine for a period of one year. This makes Ad5-nCoV, an adenoviral vector, a clear front-runner in the global race. CanSino conducted Phase I and II trials in Wuhan in March, becoming the first drug maker to test its vaccine on people. In May, the company notched another first by publishing a full scientific study of those tests in the Lancet medical journal, reporting blood samples from a group of 108 vaccinated adults showed Ad5-nCoV is safe and induces a rapid immune response. CanSino leads a pack of Chinese competitors, among them: China National Biotec Group, which has secured approval to conduct Phase III testing in the UAE; Beijing-based Sinovac Biotech, which has signed a deal to do final tests in Brazil; and Shanghai Fosun Pharmaceutical, which is partnering with German immunotherapy company BioNTech and Pfizer to develop an mRNA vaccine. Of the 19 vaccines to have conducted human trials, seven involve Chinese entities. (Fortune - 2 Jul 2020)

The US FDA has granted emergency use authorization to Becton Dickinson for a Covid-19 antigen test that can produce results in 15 minutes. Antigen tests are a new type of test for Covid-19 that work by scanning for proteins that can be found on or inside a virus. (Reuters – 6 Jul 2020)

As of this week, pharmaceutical companies worldwide were working on 160 candidates, including 21 that are being tested on people, according to the WHO. (Boston Globe - 11 Jul 2020)

Sandoz will not make a profit on 15 generic drugs to developing countries to treat symptoms of Covid-19. The Swiss drugmaker plans to maintain the zero-profit program until the pandemic ends or a vaccine or cure is found, Novartis said in an interview. (Reuters – 16 Jul 2020)

The leading US expert, Anthony Fauci, was confident of having a coronavirus vaccine by year's end. While there are no guarantees, "I feel good about the projected timetable." Many experts see a safe and effective vaccine as the only way out of the pandemic that has infected millions and killed more than 575,000 people worldwide. (Reuters – 16 Jul 2020)

Chinese state-owned pharmaceutical company Sinopharm has begun Phase III clinical trials of a vaccine in Abu Dhabi using 15,000 volunteers. The trial is a partnership between Sinopharm's China National Biotec, Abu Dhabi-based artificial intelligence and cloud computing company Group 42, and the Abu Dhabi Department of Health. (Reuters – 16 Jul 2020)

China approved an early-stage trial in humans of German firm BioNTech's experimental Covid-19 vaccine, its local partner Shanghai Fosun Pharmaceutical said. The vaccine is one of the two most advanced candidates that BioNTech is working on with its partner Pfizer and they received "fast track" status from the US FDA designed to speed up the review. (Reuters – 16 Jul 2020)

Researchers in Australia have devised a test that can determine the coronavirus infection in about 20 minutes using blood samples in what they say is a world-first breakthrough. The researchers at Monash University said their test can determine if someone is currently infected and if they have been infected in the past. (Reuters – 17 Jul 2020)

Synairgen said its drug helped reduce the risk of severe cases in hospitalized patients with Covid-19, according to data from a trial of more than 100 people in the UK. The trial, which used interferon beta, showed that patients who were given Synairgen's formulation had a 79% lower risk of developing severe forms of the disease compared to placebo. (Reuters – 20 Jul 2020)

The WHO's chief scientist Soumya Swaminathan said testing vaccines for safety and efficacy - usually a years-long process - could be accelerated to six months during the pandemic, if data satisfied regulators that they have enough information to issue approvals. (Reuters – 23 Jul 2020)

Novavax said its Covid-19 vaccine produced high levels of antibodies against the disease, according to initial data from a small, early-stage clinical trial. (Reuters – 5 Aug 2020)

India's Zydus Cadila said its Covid-19 vaccine was found to be safe and well-tolerated in an early-stage human trial. (Reuters – 5 Aug 2020)

Shenzhen Kangtai Biological will produce 100m doses annually of AstraZeneca's Covid-19 vaccine in mainland China, the British drugmaker said on Thursday. (Reuters – 6 Aug 2020)

Key Demand Developments:

China

China has picked up the pace of new infrastructure project approvals in 2020, with more support expected during the "two meetings" starting in Beijing this week, helping to drive steel demand.

Over January-April, China approved nine airport projects with a total investment of Yuan 100.16 billion ($14.1 billion), equivalent to 55% of total approvals in 2019. Further, 13 railway and urban rail transport projects were approved over the same period, with eight more expected to be approved soon. The length of these projects combined is 3,641 km, equivalent to 61% of the total length approved last year. (Platts – 20 May 2020)

Infrastructure spending is set to be ramped up in China, much to the joy of the world's dry bulk shipping community. China's central government will issue a series of treasury bonds totaling RMB4.75trn ($667bn) this year, the vast majority of which are deemed infrastructure bonds, to fund regional development and support the economy hit by the outbreak of coronavirus, Chinese premier Li Keqiang revealed at the opening session of the National People's Congress (NPC) today. (Splash247.com – 22 May 2020)

China's imports of aluminum will hit their highest levels in a decade, as an opportunity created by demand recovery after Covid-19 makes it cheaper to buy from outside the country. Imports for 2019 totaled just 75,000 tons versus output of 35 MMT. This year, though, as demand in the rest of the world collapses and metal consumption in China recovers from Covid-19 induced shock, its aluminum imports are set to top 100,000 tons in May alone. (Reuters - 1 Jun 2020)

As the epicenter of the Covid-19 outbreak, China was the first country to feel the full economic impact of a contagion that has since become a worldwide pandemic. As China gradually reopens its economy, it is beginning its journey on the long road back to pre-pandemic conditions, a recovery that may happen quicker than some expected. The Chinese economy could return to "near-trend growth" as soon as late 2020, economic strategists at BlackRock said in a research note. They pointed to economic policy actions taken by the Chinese government, such as fiscal stimulus measures, as underpinning the asset management giant's "overweight" outlook for Asian equities and credit markets outside Japan. (Fortune – 4 Jun 2020)

China, the world's largest soy importer, restarted purchasing US soybeans as the Brazilian real strengthened in recent weeks, making American exports more competitive with their South American counterparts in terms of price. (Platts – 4 Jun 2020)

For the FH of 2020, China imported 546.9 MMT of iron ore, up 9.6% from the corresponding 2019 period. (Reuters – 14 Jul 2020)

For the FH of 2020, China imported 173.99 MMT of coal, up 12.7% over the corresponding period last year. (Reuters – 14 Jul 2020)

China's economy is growing again, Q2 was 3.2% up on the year before. It is the first major economy to do so since the pandemic struck. Sequentially, it was an 11.5% rebound; Q1 had of course seen a 6.8% contraction due to China's earlier-than-the-rest-of-us shutdown. Manufacturing has been slowly recovering, and exports and imports finally started growing last month too. (Fortune – 16 Jul 2020)

Americas

Brazilian sugar exports will reach a new monthly record in May. Shipments in the first two weeks of May equaled 1.57 MMT, close to the volume shipped in the entire month of May 2019, which came in at 1.75 MMT. As a result, vessels have been queuing up at load ports. This week the line of ships waiting to load sugar more than doubled, as it grew from 27 to 56 vessels scheduled to load 2.64 MMT. It is expected that 14% of the scheduled shipments will be discharged in China. Egypt and Indonesia are set to import respectively 9% and 7%. The last time Brazil experienced a similar monthly export level was in September 2017, when sugar shipments totaled 3.5 MMT. The surge in sugar exports happens on the back of Brazilian farmers switching from selling their production to ethanol producers to selling it to sugar producers. Farmers are looking to cut ethanol production amid low fuel prices and reduced demand due to the coronavirus lockdowns. According to the National Crop Supply Agency, Brazil will increase sugar production by 18.5% to reach 35.3 MMT in 2020/2021. (Maersk Brokers – 22 May 2020)

There are signs of life faint, it must be said, in the battered US hospitality sector. Spending on hotels, restaurants, airlines appears to be picking up, finally. (Fortune – 26 May 2020)

Bankruptcy attorneys are the new rock stars in the legal world, a consequence of Covid-19 decimating the economy. Openings for bankruptcy attorneys have tripled since January on online job board ZipRecruiter, while postings across all industries have fallen 48%. Meanwhile, big corporate law firms like Dorsey & Whitney and Paul Hastings are adding lawyers to their bankruptcy teams in preparation for a deluge of business restructurings. (Fortune – 26 May 2020)

Protesters across the country have taken to the streets to demand justice for George Floyd, a black man who died after being handcuffed and pinned to the ground by a white police officer. The country is in an unprecedented economic shock that is hitting communities of color harder than white Americans. Black adults are twice as likely to have been laid off or furloughed as white adults, finds a Fortune-SurveyMonkey poll of 4,109 US adults between May 20 and 26. Since the onset of Covid-19, 24% of black workers say they have lost their job compared with 20% of Hispanic workers, 19% of Asian workers, and 11% of white workers. (Fortune – 3 Jun 2020)

One prominent economist thinks we have already hit the bottom of the Covid-19 recession. "I think the recession is over. The recession ended in May, and in June we'll see job growth," says Mark Zandi, Chief Economist at Moody's Analytics. "We are in recovery." Zandi foresees the unemployment rate falling in June but staying above 10% until at least September. "We have a long way to dig out of this. It is the most severe downturn since the 1930s. But we are coming off the bottom, and that is the end of the recession," Zandi says. (Fortune – 4 Jun 2020)

The US is officially in a recession, having peaked in February. The longest economic expansion in American history began in June 2009 and lasted 128 months, the previous record of 120 months, took place between March 1991 and March 2001. (Fortune – 9 Jun 2020)

Asia

Amid speculation and as new economic data rolls in, Andy Rothman, an investment analyst at the mutual fund company Matthews Asia, says China is in fact experiencing a V-shaped recovery. He argues that China's April consumer data puts the country squarely on track for a quick economic rebound. "The Chinese consumer is back, and we are well on a way to a pretty broad consumer recovery," he said. (Fortune – 22 May 2020)

India's coal imports collapsed to the weakest in five years in May, as the economic lockdown in the world's second-biggest importer of coal took its toll. Imports were estimated at 9.17 MMT in May, the lowest result since January 2015. While the numbers are still subject to revision, May's imports will come nowhere close to the 14.64 MMT in April 2020, or the 21.2 MMT in May last year. (Reuters – 1 Jun 2020)

Asia's economy is expected to shrink this year "for the first time in living memory," the IMF said, warning that the region could take several years to recover. The fund said in a blog post that Asia's economy will likely contract by 1.6% this year — a downgrade from its previous forecast of no growth in April. (CNBC – 1 Jul 2020)

Coal production and exports from Indonesia have declined YOY for FH of 2020 as the Covid-19 pandemic destroyed demand. Indonesia's production in January-June contracted by 9% to 269 MMT from 296 MMT. Authorities have reiterated that production this year will fall in line with the target of 550 MMT set at the start of the year, which is 11% lower than output of 616 MMT in 2019. IHS Markit's data puts Indonesia's January-June exports at around 185 MMT, well down from official figures of 227 MMT in FH of last year. (Howe Robinson Research – 3 Jul 2020)

Rest of the World

Using the first batch of official data on the damage from the coronavirus and Russia's nationwide shutdown of the economy, Russia's GDP in April was 28% smaller in nominal terms than in the same period last year, calculations based on official government statistics have shown. (The Moscow Times – 19 May 2020)

Grains have performed very well until now, thanks to Brazil and Argentina. It is now left for Russia and Ukraine to keep the flow of cargo steady, as Australia is on target to deliver the lowest wheat export in 47 years. Forecasts point to better fortunes for next season. As devastating as this is for the Wallabies, it comes as a helping hand for the dry bulk sector, as neighboring Asian customers like Indonesia, Philippines, South Korea, and Japan are bound to exchange short hauls out of Fremantle for much longer hauls out of the Black Sea. (Splash Magazine – 27 May 2020)