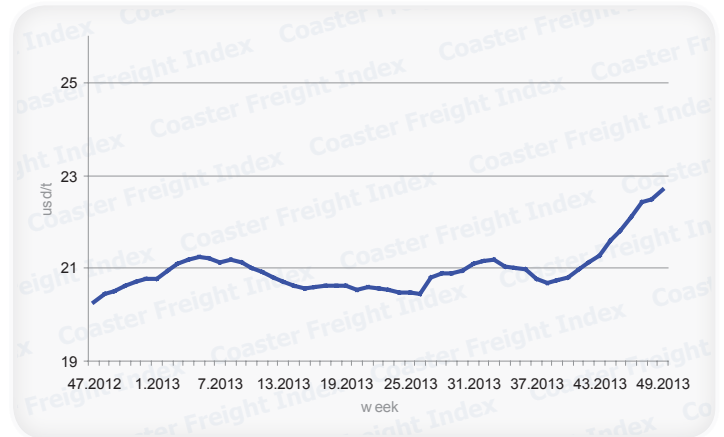


COASTER FREIGHT INDEX

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The traffic keeps growing gradually in the Indian Ocean in early December. However, if increasing cargo flow had no effect on small-tonnage freight rates in November, the coaster shipping fees for main cargoes have risen this week. The Indian Ocean CFI has added slightly less than 2%.

There is a similar situation in the Southeast Asia. The demand both for large- and small-tonnage vessels has strengthened in the region this week. As a result, the CFI of SE Asia has risen by 1%. The Far Eastern freight market has recovered for the first time in two months, as a result, some freight rates have gone up. The Far Eastern CFI has barely grown (by 0.2%). The index of the whole Asia-Pacific region has added 0.9%.

There have been no major changes in the Baltic and the North Seas this week. The shipowners keep insisting on further freight hike, though a shortage of coasters in the basin allows the charterers to keep the fixtures stable. The CFIs of the Baltic and North Seas as well as the North Atlantic index have not changed much over the week.

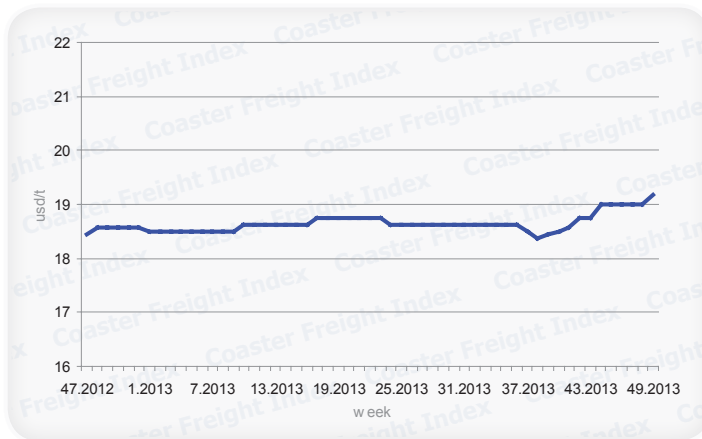
The Mediterranean Sea freight market has remained largely stable, only the freight rates for the delivery of construction materials to Libya have dropped slightly - the buying interest remains weak there. The CFI of the Mediterranean Sea has decreased by 0.5%. At the same time, the freight rates have inched up again in the Black Sea, though not as much as during the previous weeks. A shortage of spot vessels in the region allows the shipowners to push certain freight quotes up further. The Black Sea CFI has added 1%, while the Azov Sea one has gained 2% this week. The CFI of the whole Mediterranean region has come up just by 0.6%.

The global CFI has risen by 0.7% due to a slight growth of the indexes in three out of four major regions. It should be noted that the global market CFI is increasing gradually since the end of September, having added almost 10% during eleven weeks.

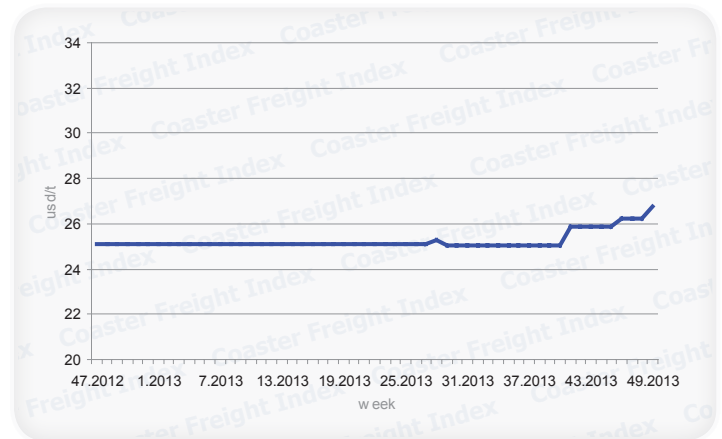
Coaster freight rates on main trade routes

Cargo	Lot	Loading port	Country	Discharging port	Country	Rate, \$/tonne	w-o-w
steel products	10,000t	Dalian	China	Busan	South Korea	8	=
steel products	3,000t	Barcelona	Spain	Algiers	Algeria	21	=
steel products	3,000t	Izmir	Turkey	Alexandria	Egypt	19	=
flat steel products	15,000t	Mariupol	Ukraine	Adriatic Coast	Italy	25	=
flat steel products	5,000t	Oktyabrsk	Ukraine	Marmara Sea ports	Turkey	18-19	+0.5
flat steel products	3,000t	St. Petersburg	Russia	Rotterdam (Antwerp)	Netherlands (Belgium)	€21-22	=
square billets	10,000t	Mumbai	India	Taiwan	China	36-37	=
square billets	10-20,000t	Shanghai	China	Dubai	UAE	27-29	=
aluminium	5,000t	Vanino	Russia	Yokohama	Japan	23	+2
pig iron	3-5,000t	Riga	Latvia	Rotterdam (Antwerp)	Netherlands (Belgium)	€16-17	=
coal	10,000t	Samarinda	Indonesia	Guangzhou	China	19	+1.5
coal	5,000t	Mariupol	Ukraine	Marmara Sea ports	Turkey	19	+0.5
fertilizers	10,000t	Jakarta	Indonesia	1 port	Vietnam	21-22	=
fertilizers	3-5,000t	Klaipeda	Lithuania	Southern ports	Spain	€30	=
urea	6-7,000t	Yuzhny	Ukraine	Ravenna	Italy	31	=
rice in big bags	5,000t	Kandla	India	Dubai	UAE	23-24	=
wheat	7,000t	Kolkata	India	Chittagong	Bangladesh	20	=
wheat	3,000t	Stralsund	Germany	Setubal	Portugal	€24-25	+1
maize	3,000t	Nikolayev	Ukraine	Marmara Sea ports	Turkey	24-25	+1
grain	3,000t	Azov	Russia	Black Sea ports	Turkey	27-28	+1
wooden chips	8-10,000m3	Qui Nhon	Vietnam	Zhanjiang	China	25-26	=
saw log	3,500m3	Nakhodka (Vladivostok)	Russia	East Coast	Japan	19-20	=
cement in big bags	7,000t	Antalya	Turkey	Tripoli	Libya	19-20	-1
cement in big bags	6,000t	Hai Phong	Vietnam	Yangon	Myanmar	29	=

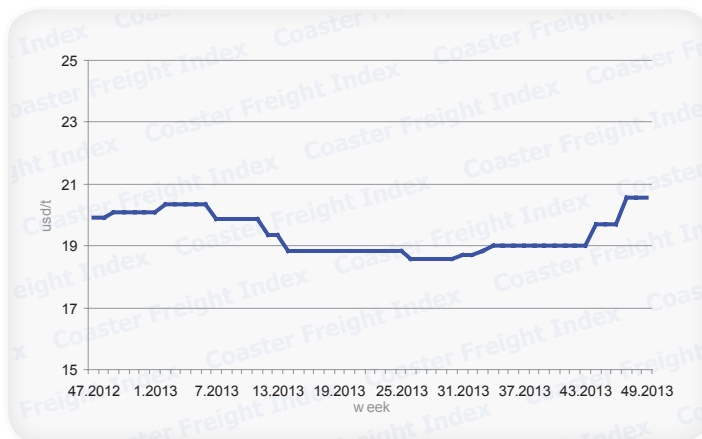
Asia-Pacific Region



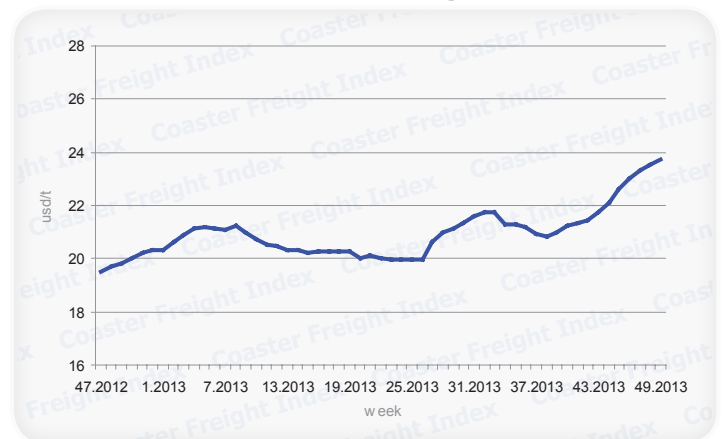
Indian Ocean



North Atlantic



Mediterranean Region



Asia-Pacific Region

The transportation volumes keep growing in **Southeast Asia** this week. In particular, Capesize deliveries have inched up further. We remind that the interest in such dwt ships has faded in October - November due to freight rates soaring in the first half of autumn. However, the demand for this tonnage is improving now, and the relevant quotes have started to grow again. So, the shipowners have managed to raise the transportation costs of coal and iron ore carried by such vessels by \$1-2.5/t in early December. Thus, the delivery cost of 160,000 t of iron ore from Tubarao to Qingdao has gone up by \$2.5/t to \$23.5-24/t, a 150,000 t lot is now carried from the western ports of Australia on the same route at \$11.5-12/t (also \$2.5/t up). The shipping fees for 170,000 t of the cargo from Subic Bay to northern China have added \$1/t to \$5-6/t. A 150,000 t lot of coal is delivered from Newcastle to Qingdao at \$14/t, from Dalrymple Bay to Gangavaram - at \$18-19/t (\$2/t up in both cases).

Moreover, Panamax shipments of coal from Indonesia and Australia have become brisker on all routes. A decreasing number of the relevant vessels has pushed the freight rates slightly up (by \$0.5/t). The transportation cost of 70,000 t of the fuel from South Kalimantan to the east coast of India has risen to \$10-11/t, to southern China - to \$8-8.5/t. A 80,000 t lot of the material is now carried from Hay Point to the northern ports of China at \$16/t. Also, the shipping fees for the same lot of iron ore from Tubarao to Qingdao have gone up to \$25/t.

Nevertheless, Handysize/Handymax and Supramax deliveries have remained the most dynamic in the regional freight market. Mostly bauxites and nickel ore are being carried in such lots on traditional routes. The shipping volumes of Indonesian and Australian coal to India and China have also grown this week. As a result, the shipowners have managed to raise the delivery costs of these cargoes by \$1.5/t. Now, 55,000 t of nickel ore are transported from Sulawesi to Rizhao at \$18-19/t, from Surigao - at \$15-16/t. Carrying 40,000 t of bauxites from Indonesia to Qingdao is now quoted at \$14.5/t on average. Shipping 50,000 t of coal from Gladstone to Kandla costs \$24-25/t, from South Kalimantan to Qingdao - \$16-17/t. At the same time, a 40,000 t lot of iron ore is still delivered from Indonesia to Shanghai at \$13.5-14/t.

Grain is being steadily exported from the Gulf of Mexico ports, northwest coast of the United States and Brazil at stable tariffs. A 55,000 t lot of the product is carried from New Orleans to Qingdao at \$51.5/t on average. The transportation of 60,000 t of grain from Santos to Chinese ports still costs some \$56/t.

The volumes of steel product shipments are moderate, the cargo from Southeast Asia is in demand mainly in the countries of the Persian Gulf. The freight rates for 10,000-20,000 t of square billets shipped from Shanghai to the UAE have stayed at \$29-30/t. A 10,000 t lot of steel products is transported from Dalian to Busan at \$8/t.

The cargo traffic will most likely grow further in the Southeast Asian freight market next week, that may push the freight rates up.

The cyclone that hit the Khabarovsk and Primorsky regions last week has calmed down in early December, and the weather has stabilized. As expected, the number of foreign vessels has decreased somewhat in the **Far East basin** because of temperature drop. Meanwhile, due to the transfer of coasters and sea-river vessels from rivers to the sea ports the competition among the owners of such ships has sharpened. It should be noted that the Amur river is now almost completely covered with ice.

The regional freight market has become slightly brisker due to an increase in shipments of some cargoes, pushing the corresponding freight quotes up.

A seasonal recovery of coal supplies on all routes has allowed the owners of over 10,000 DWT vessels to raise the freight rates by \$1/t. Now, a 20,000 t lot of the fuel is carried from Vladivostok to Caofeidian at \$12.5/t on average. The shipping fees for 70,000 t of the material from Vostochny to Taicang have gone up to \$7/t, to the Japanese ports - to \$7-8/t. However, the cost of coal delivered in smaller lots has held steady. For example, a 5,000 t of the fuel is still transported from Nakhodka to Pohang at \$12-13/t.

Moreover, there have been some offers of aluminium in small lots (3,000-5,000 t) to be delivered from Vanino to Japan and China, that has pushed the relevant freight rates up by \$2/t. The shipping fees for 3,000 t of the cargo from Vanino to Fukui have risen to \$22/t, a 5,000 t lot of metal is now carried to Qingdao at \$24/t. At the same time, the delivery of 10,000 t of aluminium from Vanino to northern China is still quoted at \$16-17/t, that of 4,000 t from Nakhodka or Vladivostok to Yokohama - at \$23/t.

The shipments of other cargoes are being steadily made at stable tariffs.

The transportation costs of 3,000 cu m of saw timber from Nakhodka to the west coast of Japan stand still at \$20/cu m. A 3,000-5,000 cu m lot of saw log is carried from Sovetskaya Gavan to Incheon at \$26/cu m.

The freight charges for 16,000 t of slabs from Vladivostok to Manila are \$20/t. Carrying 15,000 t of steel scrap (sf 65-70`) from the same port to Pohang is quoted at \$16/t; a 3,000-5,000 t lot of the material is shipped from Vanino to Incheon at \$27-28/t.

The deliveries of 5,000 t of rice in big bags from Bangkok and Ho Chi Minh to Nakhodka cost \$41-42/t and \$38/t respectively.

The transportation volumes of main cargoes may grow in the Far East basin next week as many market participants have to execute their current contracts until the end of the year. This may cause a slight increase in relevant shipping costs.

Indian Ocean

The cargo flow is still on the rise in the **Indian Ocean** in early December. Handysize/Handymax ships and Supramaxes have remained the most popular vessels in the region. The number of such dwt ships is still limited in the basin. The demand for Capesize tonnage is increasing gradually, while Panamax shipments are moderate.

Active deliveries of iron ore, bauxites and coal in up to 60,000 t lots have let the shipowners raise the relevant freight rates by some \$1.5-2/t this week. Carrying 35,000-40,000 t of iron ore from Iran to Rizhao now costs \$27/t (\$2/t up), The shipping fees for 50,000 t of iron ore from the east coast of India to Tianjin have gone up by \$1.5/t to \$16/t. The same lot of bauxites is delivered from Bhavnagar to northern China at \$18/t (\$1/t up). A 50,000-55,000 t lot of coal is shipped from Richards Bay to the western ports of India at \$23/t (\$1.5/t up).

Capesize transportation costs of iron ore have grown only on European routes - a 170,000 t lot of the cargo is now carried from Saldanha Bay to Rotterdam at \$10-11/t (\$2/t up). The shipping fees for 150,000 t of coal from South Africa to the Netherlands and Spain have also increased by \$2/t to \$11-12/t. The freight rates for fuel shipments to the Indian ports have inched up just by \$1/t. A 150,000 t of the product is now transported from Richards Bay to Gangavaram at \$10/t. Meanwhile, 150,000-160,000 t of South African iron ore and coal are still carried to Qingdao at \$15-16/t.

Panamax delivery costs of the same cargoes have gone up just by \$0.5/t. Carrying 90,000 t of iron ore from Vizag to Ningbo is now quoted at \$9/t. A 75,000 t lot of coal is shipped from South Africa to Rotterdam at \$11/t, to Fangcheng - at \$18-19/t.

A seasonal increase in exports of Indian grain has pushed certain freight rates up. So, the delivery costs of wheat have risen by \$2/t on all routes, those of rice and maize - just by \$0.5/t. Now, 30,000-40,000 t of wheat are carried from Vizag to Chittagong at \$13-14/t, to Jakarta - at \$16-17/t. Shipping 35,000 t of rice in big bags from Kakinada to Dakar costs \$47-48/t, a 20,000 t lot of the product is transported from the west coast of India to Iran at \$25/t. A 12,000 t lot of maize is delivered from the eastern ports of India to Belawan at \$27-28/t.

The shipments of fertilizers and limestone from the ports of the Persian Gulf to India have also grown this week. Nevertheless, the charterers have managed to avoid rates' increase so far despite a shortage of available vessels in this part of the basin. The transportation of 35,000 t of fertilizers from Fujairah to Kandla is still quoted at \$11.5-12/t. A 50,000 t lot of limestone is carried from Mina Saqr to Mumbai at \$7-8/t.

The volumes and costs of steel product shipments have remained stable on steady routes. A 10,000 t lot of flats is still carried from Mumbai to Dubai at \$26.5-27/t. The delivery cost of a similar lot of hot-rolled coils from the same port to Busan has stayed at \$47-48/t.

The cargo traffic is expected to remain high in the Indian Ocean next week, the transportation costs of the most popular cargoes may inch up once again in the region.

North Atlantic

There have been no major changes in the freight market of the **Baltic** and **North Seas** this week. In general, the cargo traffic has remained at late November's level. The cargo offer and the number of available coasters and sea-river vessels are now relatively balanced in the basin. The relevant transportation costs have hold steady.

Fertilizers are being actively delivered from St. Petersburg and Klaipeda. Carrying 5,000 t of the cargo from St. Petersburg to the west coast of the UK still costs €27/t, a 3,000 t lot of the material is shipped from the same port to the west of Sweden at €18/t. The transportation of 3,000-5,000 t of fertilizers from Klaipeda to southern Spain is quoted at €30/t.

Grain is being regularly carried from the Baltic ports. The shipping fees for 3,000-5,000 t of grain from Klaipeda to Odense have stayed at €15/t, from Liepaja to Rotterdam - at €20/t.

The supply of steel products has decreased somewhat in the regional spot market. Carrying 3,000 t of flats from St. Petersburg to Hamburg is still quoted at €19-20/t, a similar lot of the cargo is delivered to the ARA ports at €21-22/t. The transportation cost of 5,000 t of slabs from Kaliningrad to the east of the UK is €18-19/t.

Steel scrap is being steadily shipped from the Russian ports (mostly from St. Petersburg), while the deliveries from the Baltic countries are less frequent. A 3,000-5,000 t lot of the material (sf 55-60`) is transported from St. Petersburg to Antwerp at €22-23/t, from Tallinn to the northern ports of Spain - at €26/t.

In the meantime, pig iron is mainly exported from Riga, while the supplies from the Russian ports are rare. For example, the delivery cost of 5,000 t of the material from Riga to Lubeck is €13/t.

The offer of timber for shipments has remained weak. Carrying 4,500 cu m of saw log from St. Petersburg to Germany costs €14-15/cu m.

The number of available Handysize/Handymax vessels has increased slightly in the region, while the freight rates have held steady so far. Shipping 25,000 t of fertilizers from Klaipeda to Brazil still costs some \$33/t, a 20,000 t lot of coal is delivered from Ust-Luga to the eastern ports of the UK at \$16-17/t.

The shipments of iron ore have become brisker on transatlantic routes this week, letting the owners of Capesize vessels raise (within \$0.5-1.5/t) the freight rates on major directions. Now, 150,000 t lot of coal is carried from Richards Bay to Rotterdam at \$12-12.5/t (\$1.5/t up). The delivery cost of the same volume of iron ore from Tubarao to Gijon has grown by \$1/t to \$12.5-13/t, that of 120,000 t of the cargo from Narvik to Hamburg has added \$0.5/t to \$7/t.

The demand for Panamax vessels is also strengthening in the Atlantic, though the deliveries of cargo in such lots are still quoted at the same level. Shipping 80,000 t of iron ore from Kokkola to Immingham is priced at \$8-8.5/t, a 70,000 t lot of coal is carried from Murmansk to Liverpool at \$9-9.5/t.

The freight rates may go up further in the Baltic and North Seas next week only if the cargo traffic from the main export ports of the region increases ahead of holidays in Europe.

Mediterranean Region

Small-tonnage and Handysize shipments have settled at a high level in the **Mediterranean Sea** freight market in early December. The spot offers of cargoes for the deliveries on the main routes are being regularly made, letting the shipowners sign new deals easily. Now, most vessels available in the basin are involved in operations. The freight rates have remained largely stable.

The transportation volumes of finished and semi-finished steel products have been growing over the second half of November. In the meantime, these cargoes have remained the most popular in the region. Shipping 5,000 t of steel products from the Marmara Sea ports to Algeria is still quoted at \$27/t, a 3,000 t lot of the cargo is carried from Barcelona on the same route at \$21-22/t.

Fertilizers are being regularly transported from Egypt, less often - from other countries of North Africa and the Middle East. Shipping 5,000 t of urea from Damietta to Seville is still quoted at \$28/t, a 3,000 t lot of fertilizers is delivered from Ashdod to Ravenna at \$23/t.

France is still a major exporter of grain in the region. The cargo is being carried in small and Handy-lots to North Africa and Southern Europe. The transportation cost of 30,000 t of wheat from Rouen to Algeria has settled at \$23/t, shipping 3,000 t of grain from the southern ports of France to the Adriatic coast of Italy is still quoted at €18/t.

The deliveries of construction materials have been the only ones to stay moderate. The demand for cement is still low after a significant drop in early November. The shipowners refrain from usually cheaper transportation of construction materials amid a wide range of more attractive offers. The freight rates for the delivery of cement in big bags to Libya have fallen by \$1/t this week. For example, the shipping fees for 7,000 t of this material from Antalya to Tripoli have decreased to \$19-20/t, while a 3,000-5,000 t lot is still carried from Volos to Algeria at \$24/t. The same lot of marble blocks is delivered from Marina di Carrara to Tunisia at \$12/t.

The demand for Capesize vessels keeps growing both in the global market and in the Atlantic due to increasing iron ore exports from South America. As a result, the corresponding freight rates have inched up by \$1.25/t. Now, 150,000 t of coal are shipped from Puerto Prodeco to Spain at \$12-13/t. The demand for Panamax vessels is also strengthening, though the relevant shipping fees have held steady. For example, carrying 70,000 t of the fuel from Drummond to La Spezia still costs \$19/t.

The cargo traffic is likely to stay stable in the Mediterranean Sea in the short term, coaster and Handysize transportation costs will remain unchanged. Trading is expected to weaken in the region only by the end of the month due to the holidays in Europe.

The traffic has remained high in the **Black Sea** region. Although the offer of cargoes for shipments from the main export ports has been stable since mid-November, there is still a shortage of available small-tonnage vessels in the spot market that allows the shipowners to push certain quotes up. There are very few sea-going ships of up to 4,000 dwt, while the sea-river ones operate mainly from the Russian ports of the Azov Sea.

The freight rates for the delivery of the most popular cargoes (such as grain and steel products) have added another \$0.5-1/t this week. So, the transportation cost of 3,000 t of maize from Nikolayev to the Marmara Sea ports has risen by \$1/t to \$24-25/t, a 5,000 t lot of grain is now carried from Odessa to Alexandria at \$33-34/t (\$0.5/t up). The shipping fees for 5,000 t of steel from Oktyabrsk to the ports of Marmara Sea have grown by \$0.5/t to \$18-19/t, while a similar lot of the cargo is delivered from Novorossiysk to the same part of Turkey at \$17/t. The freight rates for 2,000-3,000 t of steel scrap (sf 65-70') exported from Nikolayev to Nemrut Bay have gone up by \$1/t to \$32/t.

The transportation costs of coal, non-ferrous metals, fertilizers, pig iron and construction materials have remained unchanged. For example, the delivery cost of 5,000 t of coal from Nikolayev to Izmir has settled at \$19/t, while the same volume of the fuel is still shipped from Kerch to the ports of Marmara Sea at \$16/t. The freight rates for the delivery of 5,500 t of fertilizers from Kherson to Iskenderun have stayed at \$31/t, a 6,000-7,000 t lot of urea is still carried from Yuzhny to the Marmara Sea ports at \$17-18/t.

There is also a strong demand for Handysize vessels in the basin, though the inflow of such ships to the Black Sea region during November let the shipowners stabilize the freight rates. Grain is now the main cargo to be delivered in Handy-lots (like in the small-tonnage segment). Shipping 25,000 t of wheat from Nikolayev to Alexandria is still quoted at \$21/t.

The cargo offer for transportation by Panamax vessels has increased in the Atlantic Ocean this week, while grain deliveries have been the only ones to add some \$0.5/t in price. Now, a 50,000-60,000 t lot of maize is carried from Yuzhny to China at \$45/t on average, while shipping 70,000 t of iron ore concentrate on a similar route still costs \$32-33/t.

The lack of sea-going ships of various dwt has even stronger effect on the situation in the **Azov Sea basin**. The freight rates for most cargoes carried in up to 15,000 t lots have risen by \$0.5/t, while the delivery cost of grain has gained \$1/t. Steel product shipments from Mariupol to the Marmara Sea ports in 5,000 t and 10,000 t lots are now quoted at \$20-21/t and \$18-19/t respectively. A 10,000 t lot of coal

is transported from Mariupol to Iskenderun at \$24-25/t. Carrying 3,000-5,000 t of grain from the same port to Ashdod costs some \$38-39/t; while 10,000-12,000 t of clay are shipped from Mariupol to Castellon at \$31/t.

Considering soon introduction of the ice dues in the ports of Rostov, Azov and Taganrog as well as possible worsening of weather conditions in the Azov Sea region in the short term, the charterers still agree on higher freight quotes. It is worth saying that there are few available ships of 3,000 dwt in the Russian ports - most grain traders enter the market with the cargoes to be shipped in such lots. The transportation costs of agricultural products, ferrous materials and timber have inched up by \$0.5-1/t, while the freight rates for coal deliveries have remained stable. The shipping fees for 3,000 t of grain from Azov to Mersin and to the ports of Marmara Sea have grown by \$1/t - up to \$45/t and \$30/t respectively. A similar lot of the cargo is carried from Yeisk to Alexandria at \$44-45/t (\$0.5/t up). The same volume of steel scrap is shipped from Rostov to the Marmara Sea ports at \$33-34/t (\$1/t up). In the meantime, the delivery of 3,000-5,000 t lot of coal from Yeisk to the Black Sea ports of Turkey still costs \$20/t.

Shipping fees for the most popular cargoes may be the only ones to go up further in the Black Sea freight market next week. Meanwhile, freight rates will hardly grow much as the owners of vessels without an ice class will gradually transfer their ships from the Azov Sea to the Black Sea basin. At the same time, quotes may keep trending upward in the Azov Sea region.

The volumes of grain transportation from the Russian ports keep tending upward in the **Caspian Sea** in early December. Moreover, saw timber deliveries from Astrakhan have become brisker. The shipowners insist on further freight hike, though only the shipping fees for grain and timber from Astrakhan have inched up by some \$0.5/t this week - despite an increased cargo traffic and introduction of the ice dues the shipowners fail to raise the quotes more significantly because of an extremely weak offer of steel products. The freight for 3,000 t of grain from Astrakhan to Amirabad has gone up to \$27-28/t, while that from Makhachkala has settled at \$23/t. A 1,500-2,000 cu m lot of saw timber is now carried from Astrakhan to Anzali at \$20.5/cu m on average. Meanwhile, a 3,000 t lot of flats is delivered on the same route at \$19-20/t.

The volumes and costs of main cargo transportation from Aktau have remained stable. A 3,000-5,500 t lot of wheat is still carried to the Iranian ports at \$19/t, shipping 3,000-5,000 t of steel products to Anzali is steadily quoted at \$13/t.

The Caspian Sea freight market will most likely stay firm next week - there are no preconditions for traffic growth in the region. The freight rates may go up only if weather worsens in the Volga-Caspian Canal, that is unlikely to happen in the near future.

Also we have freight lists divided by cargo type:

[steel products](#), [non-ferrous metals](#), [ferrous raw materials](#), [coal](#), [fertilizers and chemicals](#), [agricultural cargoes](#), [timber](#) and [construction cargoes](#).

[as well you can find bunker prices there](#)

Type of ship	Rate, \$/day	w-o-w
Mediterranean & Azov-Black Sea basins		
STK	1900-2300	+100
Sormovsky	2600-2900	+100
Volgo-Don	2900-3500	+50
Volga	3200-3800	+50
sea-going vessels, 3-4000 DWT	2300-2700	=
sea-going vessels, 5-7000 DWT	3000-3600	=
Baltic and North Seas		
Volgo-Balt	€1900-2300	=
coasters, 3,5-4000 DWT	€1900-2300	=
coasters, 5-6000 DWT	€2950-3250	=
Far East		
Sormovsky	2000-2300	-50
sea-going vessels, 5-6000 DWT	3300-3500	-100

Time-charter rates for sea-going and sea-river vessels // week 49, 2013

The cargo traffic from the ports of the **Azov-Black Sea basin** and the **Mediterranean Sea** has remained largely stable in early December, there is still a strong demand for small-tonnage sea-going ships. A shortage of such vessels in the Black Sea allows the shipowners to push the freight quotes up further, while the time-charter rates have stabilized - the charterers are unwilling to rent vessels at higher prices and predict a soon decrease in trading activity. The rates will hardly start to grow again as the inflow of ships without an ice class from the Azov Sea basin to the Black Sea and the Mediterranean Sea is expected in the short term, that will play into the charterers' hands.

A shortage of available sea-river vessels (especially those of 3,000 dwt) deepens in the regional spot market. The demand for ice-class fleet is increasing gradually in the Azov Sea. The time-charter rates for sea-river vessels have added another \$50-100/day and may grow further if the cargo traffic stays high in the basin.

Small-tonnage time-charter rates have held steady in the **Baltic and North Seas**. At present, there is a balance between the number of such vessels available in the basin and cargo volumes offered for shipments.

The time-charter rates may go up next week if transportation volumes grow in the region ahead of Christmas holidays in Europe.

In the **Far East**, worsening ice conditions on the Amur river have caused the outflow of small-tonnage vessels from rivers to the sea ports of the basin. A sharpening competition among the shipowners has pushed the time-charter rates down by \$50-100/day.

The cargo traffic is unlikely to grow in the Far East in the short term. The time-charter rates may drop slightly amid a wide offer of available vessels.

Average time-charter rates for large-tonnage ships // week 49, 2013

	Average rate, \$/day	w-o-w
Panamax 60,000 - 79,000 DWT	12000	+100
Handymax/Supramax 50,000 - 59,000 DWT	12900	+200
Handysize/Handymax 15,000 - 49,000 DWT	10600	+100

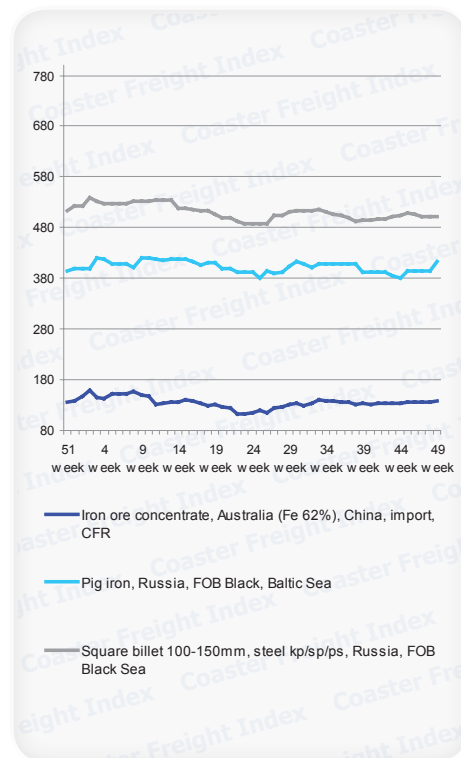
Panamax time-charter rates have inched up once again (by \$200/day) in early December. The relevant shipments keep growing gradually. As a result, there is now a shortage of such dwt ships in the Atlantic Ocean, so new deals for spot deliveries are signed for late December - early January period. Grain is being

rather frequently carried from the Gulf of Mexico. Moreover, iron ore and coal are steadily shipped on traditional routes. The cargo traffic has also become brisker in the Pacific Ocean. As a result, the number of available Panamax vessels has somewhat dropped. Indonesian and Australian coal is the most actively supplied cargo on traditional routes, iron ore from Australia is frequently exported to China.

The demand for **Handysize/Handymax** and **Supramax** vessels has remained strong in both hemispheres, letting the shipowners increase average time-charter rates (by another \$100/day and \$200/day respectively). In the Atlantic, grain is being most actively shipped by such ships from the Black Sea and the Gulf of Mexico. At the same time, metallurgical raw materials are carried from Europe to the eastern Mediterranean in previous small amounts. In the Pacific, a high cargo traffic is supported by steady deliveries of coal and ore cargoes. Nickel ore and bauxites are mainly exported from Indonesia, iron ore is supplied from India (both east and west coast) and Iran.

Large-tonnage shipments are expected to be active next week. A gradual increase in demand for Capesize vessels may strengthen the interest in Panamax tonnage. The cargo traffic may hold steady in the segment of smaller dwt ships – according to the market participants, the deliveries from Indonesia and Australia as well as grain transportation from the Gulf of Mexico will remain frequent. Considering the above, time-charter rates may go up further.

Export prices for major ferrous raw materials and steel products // week 49, 2013



	6 December	29 November	w-o-w
Metallurgical coke, \$/tonne			
Ukraine, FOB Black Sea	230 - 240	230 - 240	=
Iron ore concentrate, \$/tonne			
Russia, export to Europe, DAF Ukrainian border	95 - 105	95 - 105	=
Ukraine, export to Europe, DAF Ukrainian border	95 - 105	95 - 105	=
Iron ore fines, \$/tonne			
India (Fe 63.5%), C&F China	139 - 140*	136 - 137*	+3
Australia (Fe 61.5%), C&F China	138 - 140	135 - 137	+3
Australia (Fe 58%), C&F China	124 - 127	122 - 123	+3
Pellets, \$/tonne			
Russia, export to Europe, DAF	105 - 120	105 - 120	=
Ukraine, export to Europe, DAF	105 - 120	105 - 120	=
Steel scrap, \$/tonne			
Russia, 3A, FOB Baltic Sea	356 - 359*	353 - 354*	+4
Russia, 3A, FOB Far East	370 - 372*	370 - 372	=
Russia, 3A, FOB Black / Azov Sea	347 - 348*	346 - 349	=
Ukraine, 3A, FOB Black Sea	348 - 352	340 - 344*	+8
Turkey, HMS 1&2 (80:20), C&F	390 - 395	389 - 390	+5,5
Japan, HMS N#2, FOB	362	362	=
Pig iron, \$/tonne			
Russia, FOB Black / Baltic Sea	410 - 418	390 - 400*	+19
Russia, FOB Far East	420 - 430*	420 - 430*	=
Ukraine, FOB Black Sea	390 - 397	380 - 390*	+8,5
Square billet 100-150mm, \$/tonne			
Russia, FOB Black Sea	500 - 502	500 - 505	-1,5
Russia, FOB Far East	498 - 510	505 - 515*	-6
Russia, FOB Caspian Sea	505*	505*	=
Ukraine, FOB Black Sea / Azov Sea	500 - 502*	500 - 505	-1,5
Turkey, FOB	525 - 530*	520 - 525*	+5
Cast slabs, \$/tonne			
Russia, FOB Black / Baltic Sea	495 - 500	-	-
Russia, FOB Far East	490 - 495	-	-
Hot-rolled coil 2-8 mm, \$/tonne			
Ukraine, FOB Black / Azov Sea	540*	515 - 525	+20
Russia, FOB Black Sea	545*	545*	=
Russia, FOB Baltic Sea	535 - 545*	525 - 540*	+7,5

	6 December	29 November	w-o-w
Russia, FOB Astrakhan	550 - 555*	-	-
China, FOB	525 - 550	525 - 545	+2,5
Rebar, \$/tonne			
Ukraine (12-25 mm), FOB Black Sea	555 - 595	555 - 575	+10
Turkey (10-22 mm), FOB Mediterranean Sea	585 - 590	580 - 585	+5
China (16-25 mm), FOB southern ports of China	510 - 520	505 - 510	+7,5
* - indicative price			

At the beginning of this month the trading activity in the Chinese **iron ore** market has increased since many steel mills are securing shipments for work in December – January. The suppliers have raised offer prices amid the strong spot demand.

As before, mostly Australian iron ore is in demand in China. The major exporter Rio Tinto has sold 170,000 tonnes of Australian Pilbara 61.5% Fe fines at \$138.4/t C&F Qingdao and 50,000 t of South African 60% Fe iron ore concentrate at \$130.5/t C&F. Another large miner – BHP Billiton has sold several lots of 62% Fe and Yandi 58% Fe material from Australia at \$137-139.4/t and \$124.4-127/t C&F Qingdao respectively. Moreover, this supplier has signed a deal to supply 100,000 t of Newman 63% Fe fines from Australia at \$141.25/t C&F Qingdao. Chinese customers are interested in Brazilian product; the major mining company Vale has concluded deals to deliver 108,000 t of 63% Fe and 44,000 t of 64% Fe material at \$138.69/t and \$146/t C&F Qingdao respectively. Indian 63.5% Fe fines are available at \$139-140/t C&F northern ports of China, but no sales have been made.

The demand for imported **steel scrap** has somewhat risen in Turkey because many steelmakers need to replenish stocks. Buyers agree on higher prices (compared to the last week). At the end of November a supplier from the EU sold HMS 1&2 (75:25) and HMS N°1 scrap at \$380/t and \$400/t C&F Turkey respectively, while Ukrainian 3A grade material was bought by importers at \$377/t C&F. At the beginning of December a steel mill from Turkey has purchased US-origin HMS 1&2 (80:20) scrap and P&S product at \$394/t and \$408/t C&F Turkey respectively. European supplier has sold a mixed cargo of HMS 1&2 (75:25) and P&S material at \$384.5/t C&F Turkey. Russian 3A grade scrap is offered at \$382/t C&F, but no deals have been heard of.

The buying activity in the Far East is moderate; the majority of consumers from South Korea are ready to sign contracts with Japanese suppliers only if the discounts are given – this week Hyundai Steel has bought around 40,000 t of HMS N°2 material at \$362/t FOB Japan. Exporters from the USA are offering HMS N°1 scrap to South Korea at \$409-410/t C&F, whereas Russian 3A grade product is available at \$398/t C&F. Taiwanese buyers have succeeded to get discounts from American suppliers; a purchase of HMS 1&2 (80:20) scrap has been signed at around \$365-367/t C&F.

Exporters of **pig iron** from Ukraine and Russia are raising offer prices for importers from the EU on the back of strengthening steel scrap costs in Western Europe. Buyers, in their turn, are not in a hurry to sign new deals and wait for discounts. Ukrainian material is available to Italian mills at \$420-422/t C&F, whereas Russian pig iron can be purchased at \$435-440/t C&F western ports of EU. Many American steelmakers have limited stocks of pig iron, but do not conclude new contracts – Brazilian material is currently available at \$410-415/t C&F New Orleans, whereas Russian and Ukrainian suppliers have made no offers for this market. Buyers from South Korea and Taiwan can purchase Russian pig iron with the shipment from the Far Eastern ports of Russia at \$440/t and \$450/t C&F respectively, though no sales have been reported.

The demand for **square billet** from the CIS is moderate at the beginning of this month. Mainly Egyptian buyers and trading companies are interested in semi-finished products from Ukraine, Belarus and Russia. Suppliers finish selling December output material and soon will start offering January production billets. This week Byelorussian semis have been purchased by a trader at \$492-495/t FOB Odessa, while a sale of Russian billets has been made at around \$500-502/t FOB Novorossiysk. Ukrainian billets are available at \$500-502/t FOB Black Sea / Sea of Azov. Exporters from Turkey are offering semis for foreign markets at \$525-530/t FOB, but no deals have been concluded.

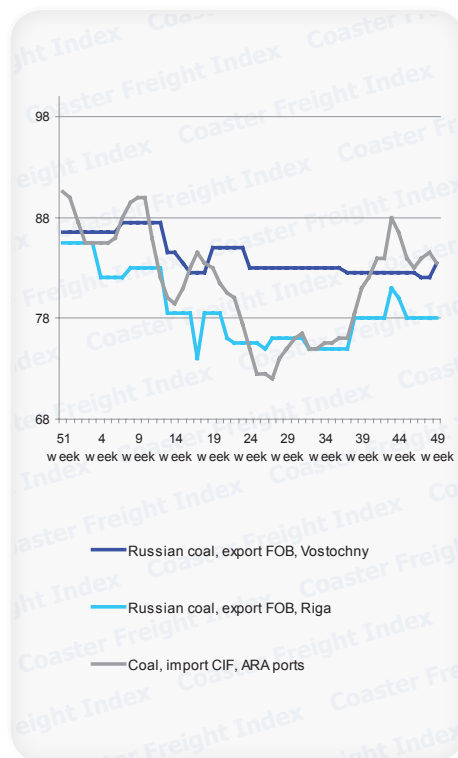
The trading activity in the billet market of the Far East has decreased since many regional buyers (particularly from Thailand and the Philippines) have already purchased sufficient volumes. Russian billets are in demand in Taiwan – a batch of material produced by Evraz Holding has been bought at \$510/t FOB Nakhodka. Another Russian supplier Amurmetall has sold billets at \$498/t FOB Vanino this week. Some importers from the Philippines are still interested in Chinese semis – the deals have been concluded at \$525-530/t C&F. South Korean square billets are offered at \$550/t C&F SE Asia, but no sales have been heard of.

Suppliers of **hot-rolled coils** from Ukraine and Russia start offering January rolling material for some markets, exporters are raising their asking prices as compared with the previous month. At present Ukrainian HRCs of Metinvest are being offered to Turkish buyers at \$540/t FOB Black Sea / Sea of Azov, but no sales have been reported. Polish importers can buy Ukrainian HR coils at around \$560-565/t DAP. Russian coils of Severstal are available for the Turkish market at \$535-545/t FOB St. Petersburg, while offers for Iran stand at \$550-555/t FOB Astrakhan. The demand for hot-rolled coils in Western Europe is currently quite weak due to the upcoming holidays in this region; offers of Indian HRCs are coming at €435/t C&F ARA.

In the Far East, buyers are interested mostly in Chinese hot-rolled coils. Many Chinese steel mills are raising offer prices due to higher iron ore costs. This week a batch of Chinese HR coils has been sold to Vietnam at \$522-523/t FOB China; the contracts with consumers from Pakistan have been signed at \$520-540/t FOB. Japanese HRCs are available to customers from Southeast Asia at \$555-560/t FOB, though buyers consider this level too high. South Korean coils can be purchased at \$550-560/t FOB.

Ukrainian **rebar** is in demand mostly in Lebanon – this week small lots have been sold to the buyers from this country at \$555-560/t FOB Black Sea. Offers from the Iraqi market are currently at \$595/t FOB, but no sales have been heard of. The demand for Turkish material is now moderate, but suppliers are trying to increase prices. This week a sale of rebar to Egypt has been made at \$595/t FOB, while a buyer from Iraq has signed a deal at \$600/t EXW. Chinese exporters are raising prices for rebar due to strengthening domestic market; according to the preliminary data, at the beginning of December the importers from Singapore have bought rebar at around \$525/t C&F.

Coal export prices // week 49, 2013



	6 December	29 November	w-o-w
Thermal coal*, \$/tonne export			
Russian coal, FOB Riga	78	78	=
Russian coal, FOB Vostochny	83 - 84	80 - 84	+1,5
South Africa, FOB Richards Bay	81 - 84	83 - 85	-1,5
Australia, FOB Newcastle	84 - 86	84 - 85	+0,5
import			
Europe, CIF ARA	83 - 84	84 - 85	-1
Turkey, CIF Marmara	95 - 98	95 - 98	=
Japan, CIF East Coast of Japan	101 - 102	100	+1,5
Anthracite, \$/tonne, export			
Ukraine**, FOB Mariupol	131 - 155	131 - 155	=
Ukraine***, FOB Mariupol	110 - 121	110 - 121	=
Coking coal, \$/tonne, export			
Australia, FOB Gladstone	135 - 139	140 - 143	-4,5
Canada, FOB Vancouver	135 - 140	135 - 140	=
USA, FOB Norfolk	142 - 146	142 - 146	=
Russian coal, FOB Vostochny	140	140	=
Russian coal****, DAF Ukraine	150 - 165	150 - 165	=
* 6000-6300 kcal/kg coal;			
** anthracite of rank AK;			
*** anthracite of rank AM;			
**** coal of rank K and Zh			

At the beginning of December the trading activity in the West European thermal coal market has significantly fallen. The majority of buyers have enough material in stock and do not sign new spot deals now. Moreover, many importers insist on discounts since they think that the disruptions with coal supplies from Colombia in Q1'2014 are hardly possible. At present Colombian material is shipped to the European customers under the previously concluded contracts (spot freight rate for coal shipment by a Capesize vessel is hovering around \$13/t). This week 50,000 t of thermal coal for January delivery have been sold at \$84/t DES ARA, while December shipment material is available at \$83-83.5/t DES.

Australian high-CV thermal coal has slightly risen in price. This material is in demand mostly in Japan. Two lots of coal for January delivery (25,000 t each) have been sold at \$84-85.75/t FOB Newcastle, while 25,000 t of material for February shipment and the similar volume for March delivery have been purchased at \$85.75/t and \$86/t FOB. The demand for lower grade coal (with a CV of 5500-5800 kcal/kg) from Australia remains strong in the PRC. Chinese buyers are interested in purchases of this product due to higher energy consumption in winter. At the beginning of December Capesizes of Australian 5500 kcal/kg material have been sold at \$83-83.5/t C&F China. Moreover, according to the preliminary data, Chinese buyers have purchased 50,000 t of Russian coal of the similar quality at \$85/t C&F. Power generation companies from South Korea are interested in Russian thermal coal as well – the large genco Korea East-West Power has signed a deal, according to which it will annually receive 390,000 t of Russian 5600 kcal/kg material.

Suppliers of South African thermal coal with a CV of 6000 kcal/kg are giving minor discounts in order to conclude new deals, though the contracts are signed only by large trading companies. This week 50,000 t of December loading material have been sold at \$80.75/t FOB Richards Bay, while 150,000 t of January shipment coal have been purchased at \$82.75-83.5/t FOB. Moreover, importers have purchased 100,000 t of February delivery material at \$83.5/t FOB Richards Bay. There is stronger demand for South African 5500 kcal/kg thermal coal – a Capesize of this cargo has been sold to India at around \$85-86/t C&F. Offers of this coal to China stand at \$84/t C&F, but no sales have been reported.

Tenders of the week:

South Korean power utility Korea East-West Power signed a deal for the procurement of 5600 kcal/kg thermal coal during four years, starting from March 2014, at around \$81/t C&F. According to the contract, every year 390,000 t of Russian material will be shipped to the importer from the port of Vostochny.

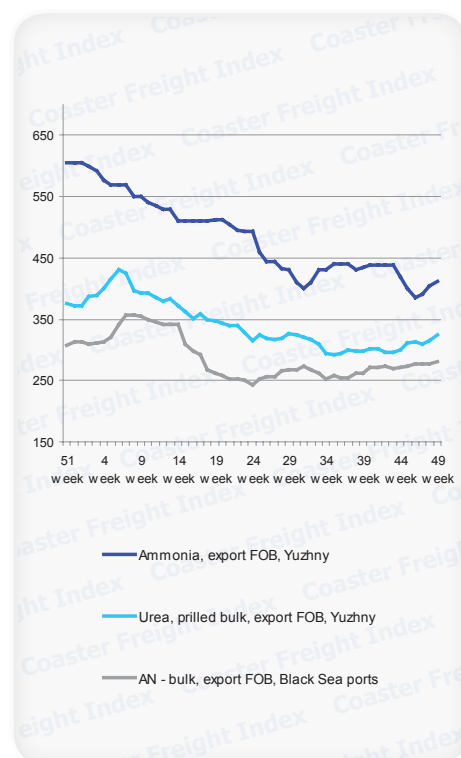
Taiwanese state-run power genco Taiwan Power (Taipower) purchased 11 Panamax (75,000 t each) of Indonesian thermal coal with a CV of 5000 kcal/kg for March – June shipment. AVRA Commodities will deliver 5 lots of material, Berau – 4, while traders Noble and Right Link will ship 1 Panamax each.

Another South Korean importer – Korea Western Power (KOWEPO) has issued a tender to import 220,000 t of 5600 kcal/kg in Q2'14. MALCO Energy Limited from India is planning to buy 70,000 t of imported thermal coal for January delivery.

Indian company Sterlite Copper is going to purchase 50,000 t of thermal coal with a CV of 5500-5700 kcal/kg. The coal must be shipped within 15 days after the signing of the contract.

Formosa Plastics Group (FPG) from Taiwan is seeking 40,000 t of 5500 kcal/kg thermal coal for January shipment.

Mineral fertilizers export and import prices in main ports // week 49, 2013



	6 December	29 November	w-o-w
Urea - prilled bulk (spot), \$/tonne			
FOB Black sea	318-332	312-318	+10
FOB Baltic Sea	308-318	307-308	+5.5
FOB Middle East*	335-340	330-335	+5
FOB China (incl.current export tax)	322-324	320-325	+0.5
CFR India	339-343	339-343	=
CFR Tampico (Mexico)*	348-358	338-342	+13
CFR Brazil*	345-355	340-345	+7.5
Urea - granular bulk (spot), \$/tonne			
FOB Black Sea*	350-360	345-350	+7.5
FOB Baltic Sea	360-365	345-350	+15
FOB Egypt*	370-375	368-370	+3.5
CFR Southeast Asia	350-355	345-352	+4
CFR Brazil	358-368	353-358	+7.5
AN - bulk (spot), \$/tonne			
FOB Black Sea	278-283	275-280	+3
FOB Baltic Sea	269-274	268-273	+1
AS - bulk (spot), \$/tonne			
(white) FOB Yuzhny	135-144	135-140	+2
(standard) FOB Kherson	130-137	128-130	+4.5
(white) CFR Southeast Asia*	138-155	145-155	-3.5
(white) CFR Brazil	155-165	150-155	+7.5
UAN - 32% (spot), \$/tonne			
FOB Baltic/Black Sea	225-248	220-227	+13
CFR US East Coast	265-267	255-265	+6
DAP - bulk (spot), \$/tonne			
FOB Baltic/Black Sea*	360-365	355-360	+5
FOB China (incl.current export tax)	360-370	360-370	=
FOB Tampa	358-366	345-355	+12
FOB Morocco	380-400	380-400	=
CFR India	392-395	390-395	=
CFR Pakistan	402-405	402-405	=
CFR Latin America	405-410	410-415	-5
MAP - bulk (spot), \$/tonne			
FOB Baltic/Black Sea	370-375	365-370	+5
FOB Tampa*	366	360	+6
CFR Brazil	410-415	405-410	+5
Ammonia (spot), \$/tonne			
FOB Yuzhny*	395-430	380-430	+7.5
FOB Baltic Sea*	427	415-425	+7
FOB Middle East (spot/contract)*	435-447	435-447	=
FOB Caribbean	410	440	-30
CFR Tampa/US Gulf	450	450	=
CFR Southern Europe (duty paid)*	450-485	450-485	=
CFR North.-West. Europe (duty paid)*	455-465	455-465	=
CFR Morocco (spot/contract)*	420-430	420-430	=
CFR Turkey*	425-435	425-435	=
MOP - bulk (spot/contract), \$/tonne			
FOB Baltic Sea (standard)	257-352	258-355	-2
FOB Baltic Sea (granular)	257-276	258-296	-10.5
FOB Vancouver (standard)	290-374	290-374	=
FOB Vancouver (granular)	278-290	290-299	-10.5
CFR Brazil (granular)	310-320	315-335	-10
CFR China (standard)	400	400	=
CFR India (standard)**	375	375-427	-26

	6 December	29 November	w-o-w
CFR Southeast Asia (standard)	310-340	310-340	=
CPT Russia/China (standard)*	310-320	310-320	=
NPK 16-16-16 - bulk (spot), \$/tonne			
FOB Black/Baltic Sea	270-290	270-290	=
Sulphur - dry bulk (spot), \$/tonne			
FOB Black Sea	60-65	60-65	=
FOB Vancouver	80-90	80-90	=
FOB Middle East	110-120	105-115	+5
CFR North Africa (IIH 2013 contract)	75-83	75-83	=
CFR China	120-140	115-135	+5
CFR Brazil	120-130	120-130	=
* - reference price			
** - price with a 180-days credit			

The quotes keep growing in the **urea** market amid a lack of supply from many sources. The main reason for the above is still export restrictions in North African countries, that has also caused a jump in prices for granular product in Europe and an increase in the cost of prilled fertilizer. Meanwhile, the interest for the urea produced in Russia and Ukraine has remained moderate - the product is in demand mainly in Turkey, where the importers will keep stocking up for some time for the spring season of fertilization. At the same time, according to many market participants, selling big cargo lots to Latin America, Asia and the EU will hardly be possible at least until the end of this year. Moreover, most of the CIS exporters find it difficult to predict for how long the prices will be trending up. At present they are concerned about a possible reverse trend after the solution of the customs problems in Algeria, assignment of export quotas in Egypt and obtaining new export licenses in Libya. The current level of export rates allows Ukrainian producers only to cover their fixed costs, though it does not make sales profitable. Therefore, a complete recovery of production will be possible only in case of final market stabilization, that will hardly happen in the short term. The situation remains unsteady not only due to a probable decrease in consumption in the key import-dependent regions (Pakistan and India), but also because of the surplus of supply from Iran and China, which can offer large volumes of urea at low cost.

In the segments of **ammonium nitrate** and **ammonium sulphate**, a slight increase in quotes was caused only by growing prices for urea in the global market, though key buyers express little interest in purchasing new cargo lots. Thus, only a few small lots of Russian ammonium nitrate have been sold from the Black Sea ports to the customers from Morocco at \$285/t FOB. Egypt can also be a potential importer of this product from Russia in December - January (the demand for the material in this country is estimated at 12,000-15,000 t per month). At the same time, despite the rapid growth of urea prices (and, as a result, that of nitrogen units in the product), most Brazilian companies still refrain from purchasing ammonium nitrate, as the situation with the restrictions on its storage initiated by the Ministry of Defense of Brazil remains unclear.

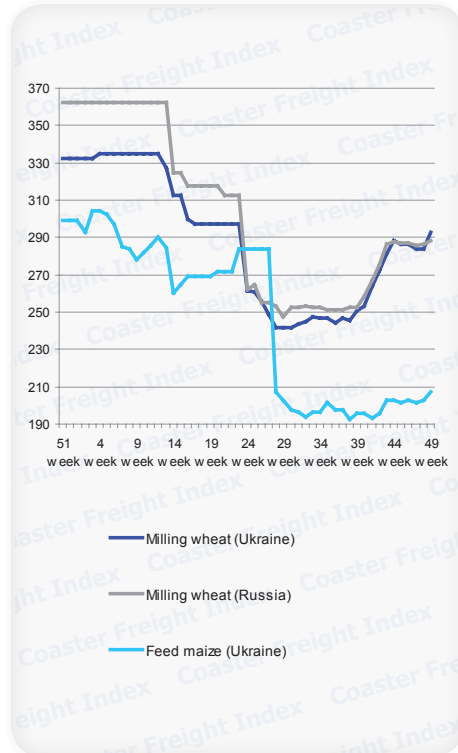
The **ammonia** market participants expected a solution of export problems in Algeria and Libya in early December and at the same time tried to compensate deferred volumes of the product by purchasing it from other suppliers. It is still unclear where traditional North African ammonia importers will look for an alternative source of the cargo in the absence of available spot volumes of ammonia in the ports of the CIS, the Baltic Sea and the Middle East. For example, the last deal for prompt delivery of the product was signed in Yuzhny two weeks ago and now NF Trading is focused on carrying previously contracted volumes of ammonia. In the meantime, Group DF is not going to resume production of ammonia for external consumers until the end of this year, assuming that exports from Algeria will be restored soon and that will push down the prices for the CIS product. Now, there is a shortage of ammonia only in the EU countries, which usually import raw materials from North Africa, while the demand for the product has remained low in North America and Asia. Considering the current cost of ammonia in Tampa, the quotes do not exceed \$380/t FOB Yuzhny and the highest offer prices are approaching to \$430/t FOB Yuzhny / Ventspils. It should be noted that the last lot of ammonia for shipment to Europe purchased by Yara from Uralchem was sold at \$425-427/t FOB Ventspils, and the deal for the substitution of 10,000 t of Algerian product by the Black Sea one was signed at \$425-430/t FOB Yuzhny.

Despite the fact that key manufacturers and exporters of **phosphorous fertilizers** have raised the quotes for the product in early December due to a seasonal growth in demand from Latin American consumers, the market has remained rather slack. The interest for the product from major Asian importers is still low. Besides, once the deliveries of large lots to Brazil, Australia, Pakistan and some African countries are over and there will be no demand from the Indian companies, the global prices may fall again. So, the offers of DAP for shipments from Saudi Arabia to India at \$410-415/t CFR haven't found any response among the buyers, who purchased the cargo at \$390-393/t CFR last time.

Nevertheless, the quotes for the fertilizers delivery have grown in the major supplying ports this week amid the sales to Brazilian buyers with shipments in late December - January. In particular, MAP of Russian origin is offered to Brazilian consumers at not less than \$375/t FOB Baltic Sea (\$420/t CFR) - by \$15/t higher compared to previous transaction prices. The value of the product from the US and Morocco has also gained some \$15/t. So, a mixed 50,000 t lot of Moroccan MAP and DAP with shipping in December has been sold to Brazil at \$415/t CFR, while the January tonnage is already being offered at \$430/t CFR.

The cost of **potassium chloride** keeps decreasing gradually even amid a strong demand for the product in Brazil. This week, the prices for granular fertilizer for Brazilian consumers have sagged to \$310-320/t CFR (the market participants also reported on the contracts signed at \$305/t CFR), that is a historical minimum since 2007. The main reason for prices' drop amid the growth in purchases is an aggressive sales policy of the former partners of the Belarusian Potash Company - Uralkali and Belaruskali, each trying to win as big market share as possible after a breakup. The policy has a negative impact not only on the product prices but also on other suppliers, who sell less. As a result, Canadian largest potassium chloride producer - Potash Corp. of Saskatchewan (PCS) - due to weakening demand and significant reduction in prices for the product in the global market, has announced a 18% jobs cut, that will affect enterprises in Canada, USA and Trinidad. In addition, potash ore mining in Brunswick is planned to be finished in 2014.

Grain export prices // week 49, 2013



	6 December	29 November	w-o-w
Grain and grain processing products, Russia (\$/tonne)*			
Milling wheat, FOB deep-water ports	286 - 290	285 - 288	+1.5
Milling wheat, FOB Azov Sea ports	260 - 265	258 - 265	+1
Feed wheat, FOB deep-water ports	245 - 250	245 - 250	=
Feed wheat, FOB Azov Sea ports	210 - 215	210 - 215	=
Feed barley, FOB deep-water ports	240 - 245	240 - 245	=
Feed barley, FOB Azov Sea ports	227 - 232	227 - 232	=
Feed maize, FOB deep-water ports	200 - 205	198 - 202	+2.5
Feed maize, FOB Azov Sea ports	179 - 183	179 - 183	=
Grain and grain processing products, Ukraine (\$/tonne)*			
Milling wheat, FOB	290 - 295	282 - 286	+8.5
Feed wheat, FOB	250 - 260	250 - 260	=
Feed barley, FOB	235 - 245	235 - 245	=
Feed maize, FOB	204 - 210	202 - 204	+4
Wheat bran, FOB	175 - 180	170 - 175	+5
Kazakhstan, (\$/tonne)*			
3 class wheat, FOB Aktau port	227 - 250	227 - 250	=
3 class wheat, DAP Saryagash	230 - 235	225 - 235	+2.5
3 class wheat, DAP Tobol	-	190 - 195	-
3 class wheat, DAP Dina Nurpeisova	221 - 226	216 - 220	+5.5
Feed barley, DAP Saryagash	190 - 200	190 - 200	=

* - offer prices

The buying interest in milling wheat has grown slightly in the **Russian** grain export market this week and that, amid a shortage of high-quality product, has pushed the offer prices up further - by \$1.5/t (up to \$286-290/t FOB) in the Black Sea and by \$1/t (up to \$260-265/t FOB) in the ports of the Azov Sea. The demand for feed maize has also strengthened in early December. The relevant freight rates have gone up in the Black Sea ports (by \$2.5/t to \$200-205/t FOB), while those in the shallow ports have stayed at last week's level - \$179-183/t FOB. Feed wheat is still available to the importers at \$245-250/t and \$210-215/t FOB respectively Black Sea and Azov Sea ports. The value of feed barley has also remained stable - \$240-245/t FOB deepwater ports and \$227-232/t FOB Azov Sea basin.

Despite weak demand the prices for **Ukrainian** milling wheat have risen more significantly than those for the Russian product (by \$8.5/t to \$290-295/t FOB). That was caused by a limited supply of this grain both in the domestic and the export markets of the country. The cost of feed maize has also gone up to \$204-210/t FOB (\$4/t up). The prices' growth was supported not only by the demand from abroad, but also by an increase in quotes at world stock exchanges. Feed wheat and feed barley are still offered at \$250-260/t and \$235-245/t FOB respectively. Wheat bran can now be purchased at \$175-180/t FOB (\$5/t up over the week).

Wheat from the Black Sea region for March delivery is quoted at \$303.9/t FOB at the Chicago Mercantile Exchange.

The cargo traffic has dropped slightly in the **Kazakh** grain export market - many consumers replenished their stocks and just prefer to wait and see now. At the same time, the deals under DAP Dina Nurpeisova terms are being rather actively signed (according to the market sources, Russian companies purchase wheat for further re-export through Tuapse port), pushing the relevant quotes up by \$5.5/t to \$221-226/t. The prices in Saryagash have also inched up (by \$2.5/t to \$230-235/t DAP), though the corresponding purchases are now rare and this increase was mainly caused by the shortage of high-quality grain. The FOB-quotes for wheat in Aktau have stayed within \$227-250/t. The deals for the delivery of feed barley are still sporadic, the relevant offer prices have remained stable - \$190-200/t DAP Saryagash.

Tenders of the week:

According to the market participants, during the past three weeks, the Iranian state agency GTC has acquired about 300,000 t of milling wheat mainly of European origin (presumably from Germany and Poland) with the delivery in Q1'14. Moreover, the importer is having negotiations with Australian and Mexican suppliers of maize.

In early December, Algerian state agency OAIC has purchased about 300,000 t of milling wheat (most likely of French origin) to be carried in January at \$311-314/t C&F.

Tunisia has bought 100,000 t of soft wheat and 75,000 t of feed barley with shipments in January - February next year. Nidera has sold 75,000 t of wheat at \$319.83/t C&F, the remaining volume of the product has been sold by Casillo at \$319.69/t on the same basis. InVivo will deliver 50,000 t of barley at \$262.42/t C&F; another 25,000 t of the cargo will be carried by Bunge at \$264.3/t C&F.

Ministry of Agriculture, Forestry and Fisheries (Japan) has signed a deal for shipment of 161,200 t of wheat. A 106,200 t lot of Canadian grain will be delivered before March 31, 2014; 33,000 t of Australian product and 22,000 t of US-origin cargo will arrive at the destination port during the period from January 16 to February 15. The cargo value has not been disclosed. Moreover, Japan is going to buy 162,000 t of Canadian red spring wheat during a new tender (the delivery date has not been disclosed).

MFIG company from Taiwan has struck a bargain with Columbia Grain to supply 60,000 t of North American maize at \$254.72-255/t C&F. The cargo is to be shipped between February 6 and February 20 from the Gulf of Mexico ports or between February 21 and March 6 - from the northwest coast of the United States.

Taiwan Flour Millers' Association has acquired 35,000 t of milling wheat from Columbia Grain under FOB Northwest U.S. ports to be delivered between January 25 and February 8 2014. In particular, the buyer has paid \$349.35/t for 14,700 t of dark northern spring wheat and \$328.77/t FOB for a 20,300 t lot of hard winter one. The freight rate has been set at \$40.32/t.

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