argusmedia.com

Argus Freight

Daily international freight rates and market commentary

Issue 20-126 | Monday 29 June 2020

DIRTY TANKERS

Mideast Gulf VLCC rates remain steady

Rates for VLCCs from the Mideast Gulf held steady on Monday, but chartering activity was slow and tonnage availability is gradually increasing.

The Mideast Gulf to east Asia freight rate closed flat at WS34. South Korea's SK energy took the Dht Hawk from the Mideast Gulf to South Korea, loading from 11-13 July at WS34.5 over the weekend, while PetroChina's shipping arm Glasford sought a VLCC from the Mideast Gulf to east Asia and loading from 14-16 June. Glasford reportedly received interest from a number of vessels, leading it to bid for lower rates. The first third of the Mideast Gulf program has been mostly covered already with at least 20 vessels still available. Higher vessel availability is likely to increase competition for the future cargoes, which could weigh on rates in the short term. This is particularly true for later dates, for which more vessels are available.

The west Africa to China rate closed flat at WS37.5. Over the weekend BP took the Agitos from west Africa to China, loading from 20-22 July at WS39. The market softened further on Monday, although there were no cargoes available on the specific route. Petrobras took the Xin Run Yang from Brazil to China, loading from 27-28 July at WS36, which set a baseline on negotiations for east bound shipments from west Africa at the assessed rate. As in the Middle East, the availability of vessels for shipments from west Africa is high, which could weigh further on freight rates, a market participant commented.

European; African Suezmax rates close flat

Chartering activity for Suezmax vessels out of Europe and west Africa was muted on Monday and freight rates remained stable despite a decrease in vessel availability.

The west Africa to the UK continent/Mediterranean rate closed flat at WS42.5. Several charterers still had cargoes available from last week but no additional cargoes were

CONTENTS

PRICES

Dirty freight rates

Route	Size ’000t	Daily Worldscale	±	$/t
Middle East and Asia-Pacific				
Mideast Gulf-East (double hull)	270	34	nc	7.97
Mideast Gulf-Singapore	270	36.5	nc	5.54
Mideast Gulf-UKC/Med	280	25	nc	7.37
Mideast Gulf-US Gulf	280	23	nc	8.80
Mideast Gulf-East - fuel oil	80	57.5	nc	8.69
SE Asia-EC Australia	80	55	-2.5	10.02
Red Sea-China	80	62.5	nc	16.29
Indonesia-Japan	80	57.5	-2.5	8.35
Kozmino-Yosu*	100	350,000	nc	3.50
Kozmino-north China*	100	450,000	nc	4.50
Kozmino-Chiba*	100	450,000	nc	4.50
Kozmino-Singapore*	100	490,000	nc	4.90
Northern Europe				
North Sea-northeast Asia*	270	5,250,000	nc	19.44
UKC-US Gulf	260	47.5	nc	9.63
Cross UKC	135	60	nc	4.38
UKC-US Gulf	135	40	nc	8.11
Cross UKC	80	75	nc	4.55
UKC-US Atlantic coast	80	50	nc	7.63
Primorsk-UKC	100	45	nc	4.14
UKC-US Gulf fuel oil	55	55	-2.5	11.43
Baltic-UKC fuel oil	30	122.5	+2.5	11.28
Baltic-Med fuel oil	30	117.5	+2.5	19.35
West Africa				
West Africa-US Gulf	260	42.5	nc	9.49
West Africa-China	260	37.5	nc	13.81
West Africa-Singapore	260	42.5	nc	12.32
West Africa-W coast India*	260	3,500,000	nc	13.46
West Africa-India*	130	1,750,000	nc	13.46
West Africa-US Gulf	130	37.5	nc	8.37
West Africa-UKC/Med	130	42.5	nc	7.37

*$ lumpsum

made available out of west Africa. Cepsa, Total and Chinese state-controlled Unipec were the charterers still in the west African market as Unipec's had a cargo destined for east Asia while the rest had shipments destined for the UK continent/Mediterranean. Negotiations did not conclude during the day and there were no fixtures. The rush of bookings last week has depleted some of the available vessels in the region and there are now fewer available compared to previous weeks. The fall in ship availability could potentially allow owners to push for higher rates this week especially for cargoes with more prompt loading dates, a market participant said.

The cross-Mediterranean and the Black Sea to the Mediterranean rates closed flat at WS47.5. Demand has been persistently low and did not follow west Africa's pattern of a rush of new cargoes last week. But the two regions both have a fairly small surplus of available ships tighter, which has made the supply/demand balance tighter than in previous weeks — although it remains in favour of charterers.

In the north of Europe, demand for Suezmaxes was very limited although Lukoil's trading arm Litasco did book the Meltemi from Murmansk to China, loading from 10 July at $2.9mn for the only reported in the region.

East of Suez Aframax rates mixed

Freight rates south of the Pacific dropped as healthy tonnage allowed a cargo to be covered below the last done rate, while rates for Middle East and Kozmino routes held steady amid muted chartering activity.

The Mideast Gulf to east Asia rate remained unchanged from Friday and closed at WS57.5. Tonnage continued to tighten steadily in the Mideast Gulf region according to participants, but the remaining tonnage was still ample and tonnage ballasted from the Singapore-Indonesia area also added to charterers' options as heavy competition for cargoes in southeast Asia kept shipowners keen to consider any Mideast Gulf cargoes to secure employment.

Healthy tonnage in southeast Asia allowed Vitol to take the 2011-built Suvorovsky Prospect for its 80,000t cargo from East Malaysia to Australia's Geelong, loading from 7 July at WS55, which led the southeast Asia to east coast Australia route to close at the rate. Monday's close marked the record low since *Argus* began assessments on the route. The Indonesia to Japan rate also tracked the route and closed lower at WS57.5 from WS60 Friday.

Lumpsum rates across Kozmino routes remained unchanged and the more active Kozmino to north China route kept to its Friday close of $450,000. Although tonnage has also tightened slightly in the north Asia region, charterer-offered ships remained readily available with an early July 100,000t Trafigura cargo loading from 11 July from Kozmino to north China having been covered with such. Trading firm

Dirty freight rates

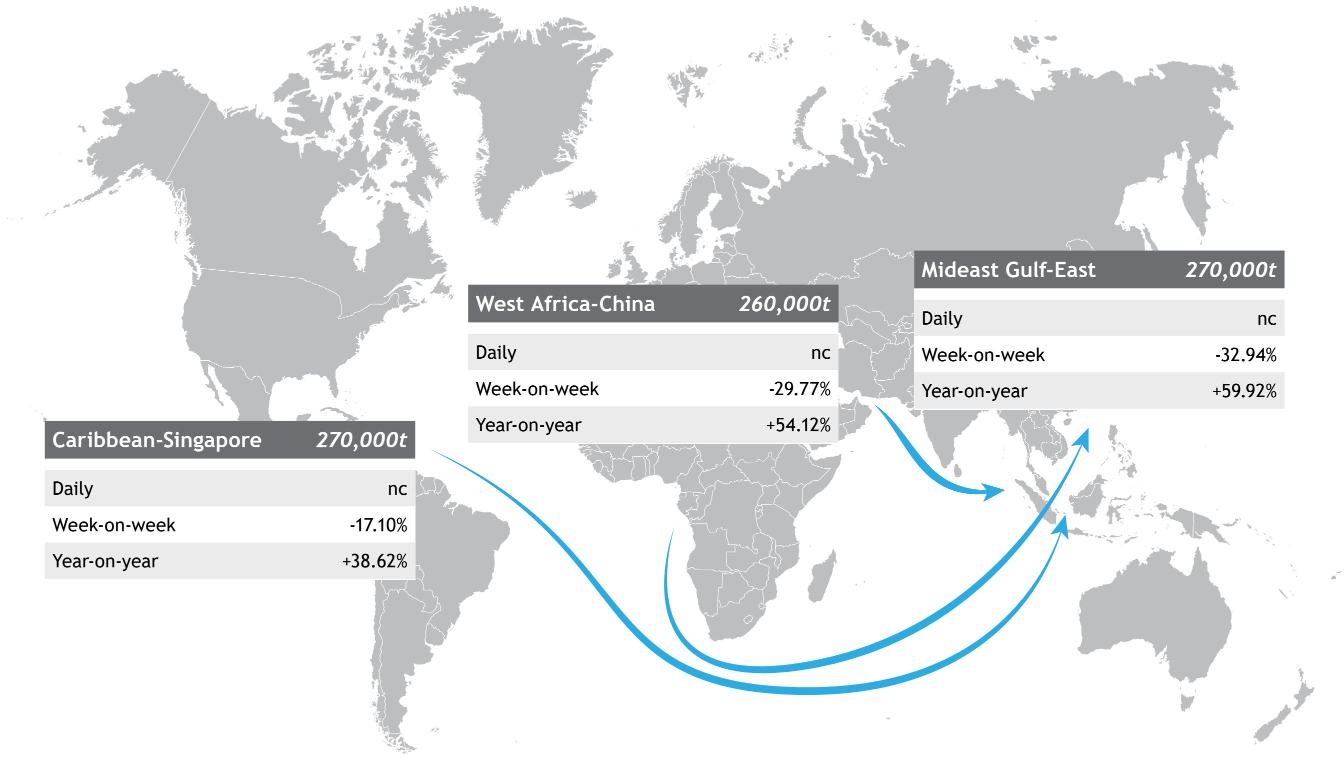
Route	Size '000t	Daily Worldscale	±	$/t
Black Sea and Mediterranean				
Novorossiysk-Med	140	45	nc	4.55
Black Sea-Med	135	47.5	nc	4.74
Cross Med	135	47.5	nc	3.03
Med/Black Sea-US Gulf	135	40	nc	9.01
Med/Black Sea-East*	135	2,500,000	nc	18.52
Cross Med	80	57.5	+2.5	4.23
Black Sea-Med	80	57.5	nc	5.73
Med/Black Sea-US Gulf	80	50	+2.5	11.56
Med-US Gulf fuel oil	55	55	-2.5	13.02
Cross Med fuel oil	30	105	nc	7.04
Black Sea-Med fuel oil	30	115	nc	11.66
Americas				
Caribbean-China*	270	6,000,000	nc	22.22
Caribbean-Singapore*	270	5,000,000	nc	18.52
Caribbean-WC India*	270	4,500,000	nc	16.67
USGC-China*	270	6,000,000	nc	22.22
USGC-Rotterdam*	270	3,350,000	nc	12.41
USGC-Singapore*	270	5,000,000	nc	18.52
USGC-South Korea/Japan*	270	6,000,000	nc	22.22
USGC-WC India*	270	4,500,000	nc	16.67
Brazil-China	260	36	-1.8	15.03
USGC/Caribs-Singapore*	130	2,950,000	-50,000	22.69
USGC-China*	130	3,600,000	-50,000	27.69
USGC-Europe	150	45	nc	9.51
Caribbean-USGC	130	67	+2	6.06
Caribbean-UK continent	150	45	nc	8.15
Caribbean-Panama	130	77	+2	3.43
Caribbean-US Gulf	70	65	nc	6.50
USGC-east coast Canada	70	72.5	nc	10.30
USGC-Europe	70	67.5	nc	14.29
East coast Mexico-USGC	70	65	nc	3.45
Caribbean-UK continent	70	67.5	nc	12.26
Caribbean-US Gulf	50	75	nc	7.50
Ecuador-USWC	50	235	nc	31.21
East coast Mexico-USGC	50	75	nc	3.49
USGC Aframax reverse lightering*	-	225,000	-	-

**$ lumpsum*

Turkish straits delays and demurrage

Route	Units		±
Delay at Turkish straits NB	*days*	1	nc
Delay at Turkish straits SB	*days*	1	nc
Black Sea-Med Suezmax demurrage	*$/day*	25,000	nc
Black Sea-Med Aframax demurrage	*$/day*	19,000	nc

VLCC FREIGHT RATES



Ursa also reportedly covered two early-July Kozmino to north China cargoes as it took the 2011-built Aframax Libra Sun for its cargo loading from 5 July, and the 2018-built Sperchios for its cargo loading on 8 July, but rates for both bookings were unreported as of close.

European Aframax rates hold

Minimal chartering activity for the Aframax class out of Europe on Monday left freight rates unchanged for most routes.

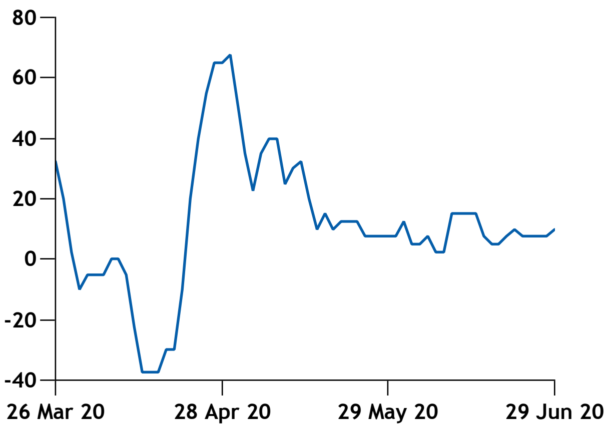
The cross-Mediterranean rate closed at WS57.5, up by WS2.5. Socar's shipping arm UML took the Marathon Ts from Ceyhan to the Mediterranean, loading from 9-10 July at the assessed rate with an option attached to the fixture for a UK continent discharge destination for WS52.5. Volatility for the cross-Mediterranean rate has been limited recently as the rate has bounced between WS55 and WS60 since 16 June. And freight rates are unlikely to move more volatile in the short term as vessel availability is still elevated, a market participant said.

Polish refiner PKN Orlen booked an SCF unnamed vessel from Sidi Kerir to Gdansk, loading from 6-8 July at a lump sum rate of $500,000 for the second and last reported fixture of the session. The Black Sea to the Mediterranean rate remained stable at WS57.5.

The Baltic to the UK continent and the cross-UK continent rates closed flat at WS45 and WS75 respectively.

Chartering demand from the class remained muted in the area and vessel availability has substantially increased on the back of slow overall demand over the past few weeks. The surplus of available vessels remains and could weigh on freight rates in the short-term if demand holds at current levels.

Dirty: Cross Med 80kt vs Black Sea-Med 135kt *Worldscale*



Dirty Americas tankers: Rates flat

Most rates in the dirty Americas tanker market were unmoved at depressed levels amid a day of subdued chartering activity in the US Gulf coast.

Koch booked a Bahri-operated VLCC for a US Gulf coast-Asia voyage from 20-22 July for $6mn lump sum, and Mercuria booked a Bahri-operated VLCC for a US Gulf coast-Asia voyage from 5-10 July for $5.85mn.

The US Gulf coast-China VLCC rate remained at $6mn, and the US Gulf coast-Singapore VLCC rate stayed at $5mn.

Petrobras booked the Xin Run Yang VLCC for a Brazil-China voyage from 27 July at WS36, lowering the rate on the route by WS1.75 to that level.

BP booked the Nordic Cygnus Suezmax for a US Gulf coast-Singapore voyage from 20 July for $2.95mn, lowering the rate on the route by $50,000 to that level. The US Gulf coast-China Suezmax rate fell by the same amount to $3.6mn.

The US Gulf coast-Europe Suezmax rate was unmoved at the last-fixture level of WS45.

Aframax rates were unmoved, as no fresh activity was heard for the vessel class in the Americas.

The US Gulf coast-Europe rate was flat at WS67.5, and the Caribbean-US Gulf coast rate held steady at WS65.

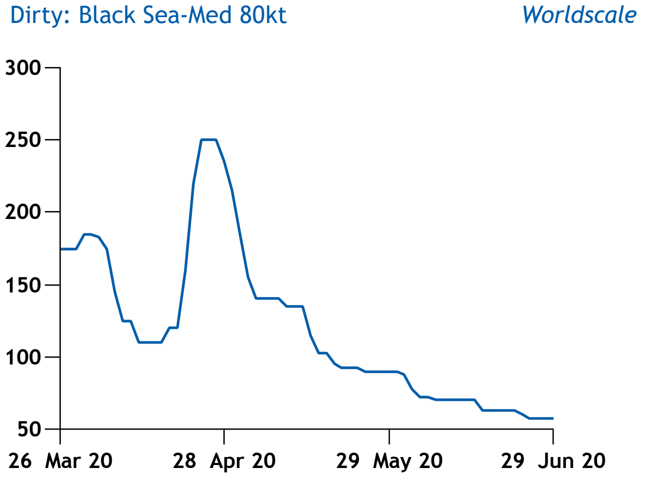
N Sea fuel oil Handysize rates rise again

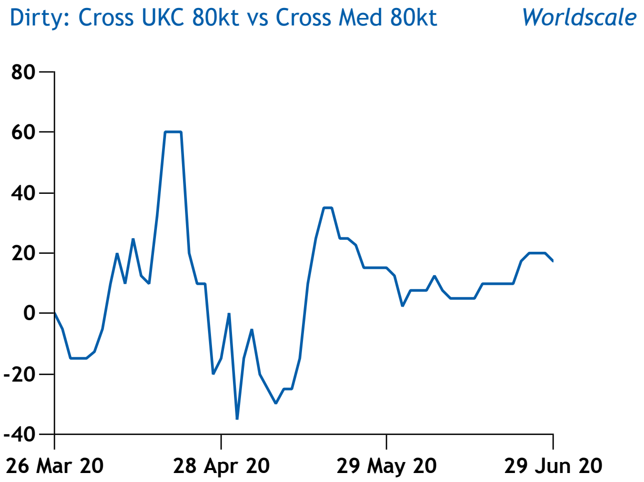
Rates for Handysize tankers carrying fuel oil rose again on Monday, after gaining throughout the second half of last week, but rates in other markets once again failed to follow.

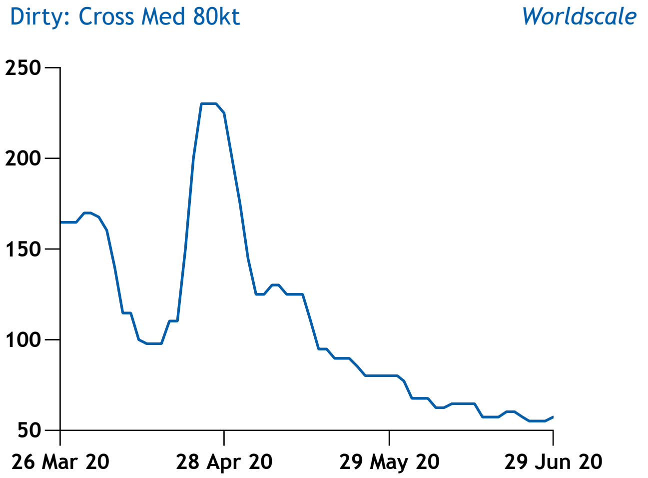
Shell put the Sky on subjects for a 30,000t cargo from Gothenburg to the UK continent, loading from 4-5 July, at WS122.5. The increase of WS2.5 compared with Friday's rate continues a recent trend, which has seen rates pick up after higher fixing activity cleared a surplus of available ships in the region.

In contrast, and after a relatively busy period last week, there was very little activity in the Mediterranean and Black Sea regions. Eni were responsible for the only cargo in the market with a 30,000t cross-Mediterranean shipment, but negotiations were not heard concluded before the end of the day in London.

It was confirmed that Lukoil subsidiary Litasco had put the Commander on subjects for a Mediterranean to US Gulf voyage for WS55 late last week. The market for transatlantic voyages was reportedly very quiet, with no major chartering interest in the market.







CLEAN TANKERS

East of Suez tanker rates decline

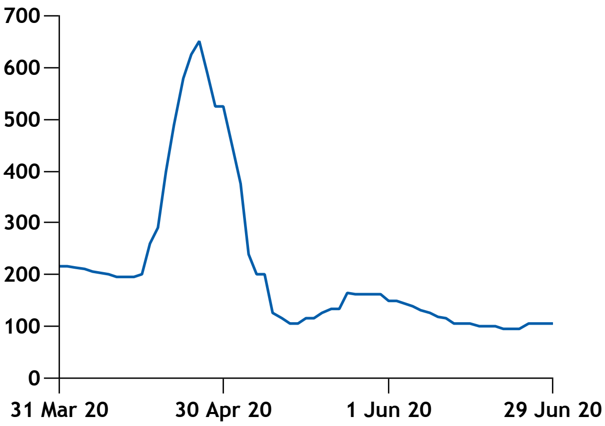
A build-up of available vessels in the east of Suez region caused tanker rates to tick down on Monday, amid slow demand.

MR rates out of the Mideast Gulf have decreased further since last week, with limited fresh cargo requests circulating. A recent decline in the volume of floating storage globally has also led to vessels returning to the spot shipping market, adding to tonnage supply. The Mideast Gulf to east Africa MR decreased to WS95 from WS105. Shell picked up the Clearocean Music on subjects at WS95 for a 35,000t shipment from the Mideast Gulf, with east Africa as one of the discharging ports, loading from 4-5 July. South Africa's Engen booked the Pacific Quarts at WS90 for a 35,000t shipment on the longer voyage from Sohar to south Africa, loading from 11 July. The fast decrease in rates for Africa-bound MR shipments also dragged down the market for shipments to the Asia-Pacific. Mideast Gulf to Japan MR rates fell to WS85, from WS87.5 on Friday, with no bookings reported.

LR rates out of the Mideast Gulf remained unchanged from last Friday. Exxon booked the Hafnia Beijing at WS80 for a 55,000t shipment from Sikka to Japan, loading from 6 July. The freight was in line with another Hafnia booking from last week, in which Shell put the Hafnia Europe on subjects for a shipment from Mideast Gulf to Japan, loading from 2 July.

Chinese exports of clean petroleum products rose in June, compared with May, but they remained lower than in June last year, according to data from oil analytics software Vortexa. China's state-controlled refiners Petrochina and Sinopec expect their export sales of refined products to return to pre-coronavirus levels by August, with improving export economics for fuel. But there was little impetus to move freight rates in the Asia Pacific at teh start of this

Clean: Cross Med 30kt



Clean freight rates

Route	Size '000t	Daily Worldscale	±	$/t
Black Sea and Mediterranean				
Med-Japan*	80	2,000,000	nc	25.00
Med-Japan*	60	1,600,000	nc	26.67
Cross Med	30	105	nc	7.56
Black Sea-Med	30	120	+5	13.39
Med-UKC	30	115	nc	15.10
Med-US Atlantic coast	37	80	+5	14.13
Med naphtha premium	30	0	nc	-
Med gasoline premium	30	0	nc	-
Med jet premium	30	0	nc	-
Cross Med naphtha	30	105	nc	7.56
Cross Med gasoline	30	105	nc	7.56
Cross Med jet	30	105	nc	7.56
Med-UKC naphtha	30	115	nc	15.38
Med-UKC gasoline	30	115	nc	14.19
Med-UKC jet	30	115	nc	14.19
Middle East and Asia-Pacific				
Mideast Gulf-UKC*	90	2,150,000	nc	23.89
Mideast Gulf-Japan	75	77.5	nc	19.41
Mideast Gulf-Japan	55	80	nc	20.04
Mideast Gulf-UKC*	65	1,400,000	nc	21.54
Mideast Gulf-Singapore	55	97.5	nc	14.12
Mideast Gulf-Singapore	35	125	-2.5	18.89
Mideast Gulf-Japan	35	85	-2.5	21.03
Mideast Gulf-East Africa	35	95	-10	11.38
Singapore-Japan	30	107.5	-2.5	13.39
South Korea-Singapore*	35	275,000	nc	7.86
South Korea-USWC*	35	800,000	-15000	22.86
SE Asia-EC Australia	30	125	nc	21.49
Northern Europe				
UKC-US Atlantic coast	37	80	nc	12.24
UKC-east coast Mexico	37	70	nc	14.25
UKC-South America	37	92.5	nc	17.93
UKC-West Africa	60	90	nc	16.25
UKC-West Africa	37	92.5	nc	16.70
Cross UKC	22	110	nc	6.12
Cross UKC	30	85	nc	4.73
Baltic-UKC	30	95	nc	8.60
Others				
ARA-Walvis Bay	-	-	nc	20.47
ARA-Durban	-	-	nc	24.62
Mideast Gulf-Walvis Bay	-	-	-2.2	20.67
Mideast Gulf-Durban	-	-	-1.6	14.65

**$ lumpsum*

week. BP fixed the Seaways Athens at WS107.5 for a 35,000t shipment from Singapore to Australia, equivalent to WS125 for a 30,000t cargo, loading from 5 July.

Clean Americas tankers: Rates firm

Rates in the clean Americas tanker market increased because of strong oil product export demand in the US Gulf coast.

Mena Energy booked the Navig8 Success for a US Gulf coast-Caribbean voyage from 9 July for $390,000 lump sum, lifting the US Gulf coast-Pozos rate by $40,000 to the level of the deal.

ExxonMobil sought an MR tanker for a US Gulf coast-Chile voyage from 7-9 July, and a second MR tanker for a voyage out of the US Gulf coast from 5-7 July with discharge option in Chile and Peru. The US Gulf coast-Chile rate increased by $75,000 to $1.1mn, and the US Gulf coast-Peru rate increased by the same amount to $900,000.

Marathon booked the STI Marvel for a US Gulf coast-Brazil voyage from 4-5 July at WS97.5, lifting the US Gulf coast-east coast South America rate by WS2.5 to that level.

The US Gulf coast-Europe rate increased by WS5 to WS65, although no fresh activity was heard on the key route.

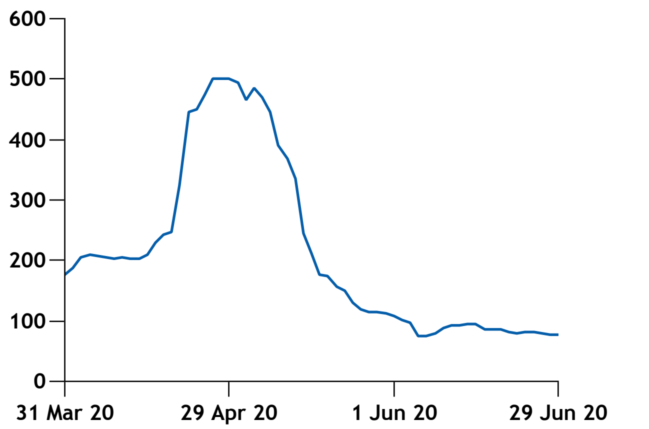
PMI booked an MR tanker for a US Gulf coast-east coast Mexico trip from 5-7 July. The rate on the route firmed by $15,000 to $175,000.

Rates were unmoved on the Pacific coast of the Americas amid continued chartering inactivity. The US west coast-Chile rate stayed at $950,000, and the US west coast-Rosarito rate remained at $287,500.

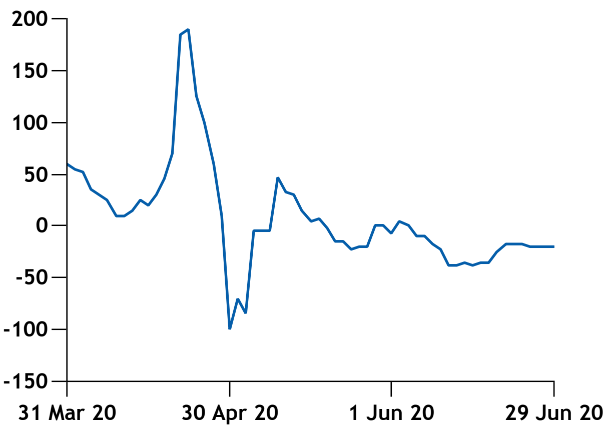
Clean freight rates - Americas

	Size '000t	Rate	±	$/t
Worldscale				
Caribbean-USAC	38	100	nc	10.44
USAC-UKC	38	60	+5	9.45
USGC/Caribbean-UKCM	38	65	+5	11.80
USGC-east coast South America	38	97.5	+2.5	
USGC-north Brazil	38			16.43
USGC-south Brazil	38			21.78
USGC-Argentina/Uruguay	38			25.45
USGC-east coast Canada	38	97.5	nc	12.87
Lump sum				
EC Canada - USAC	38	300,000	nc	7.89
USGC-Chile (not south of Coronel)	38	1,100,000	+75,000	28.95
Quintero diff	38	-50,000	nc	-1.32
Caldera diff	38	-100,000	nc	-2.63
Mejillones/Antofagasta diff	38	-125,000	nc	-3.29
USGC-Dominican Republic	38	340,000	+40,000	8.95
USGC-east coast Mexico	38	175,000	+15,000	4.61
USGC-Ecuador	38	800,000	+75,000	21.05
USGC-Guaymas	12	-	-	27.37
USGC-Japan	38	1,200,000	nc	31.58
USGC-Las Minas	38	340,000	+40,000	8.95
USGC-Lazaro Cardenas	38	850,000	+75,000	22.37
USGC-Peru	38	900,000	+75,000	23.68
Callao/Conchan diff	38	-50,000	nc	-1.32
USGC-Pozos	38	390,000	+40,000	10.26
USGC-Rosarito	38	1,000,000	+75,000	26.32
USWC-Chile (not south of Coronel)	38	950,000	nc	25.00
Quintero diff	38	-50,000	nc	-1.32
Caldera diff	38	-100,000	nc	-2.63
Mejillones/Antofagasta diff	38	-125,000	nc	-3.29
USWC-Guaymas	12	-	-	15.90
USWC-Lazaro Cardenas	38	437,500	nc	11.51
USWC-Rosarito	38	287,500	nc	7.57
USWC-Topolobampo	19	-	-	10.72
Demurrage				$/day
Atlantic coast Americas MR	38	-	-	17,000

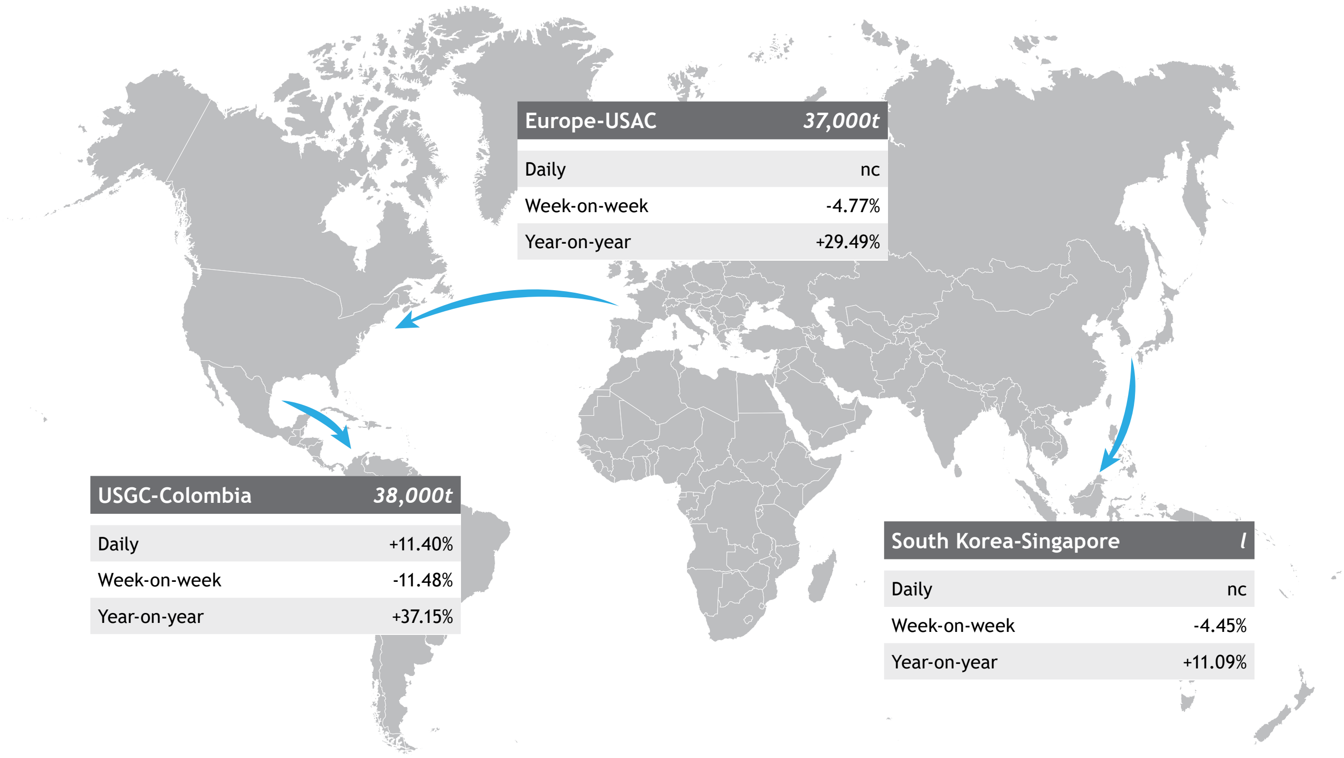
Clean: MEG-Japan 75kt *Worldscale*



Clean UKC-USAC 37kt vs Caribs-USAC 38kt *Worldscale*



MR FREIGHT RATES



Europe-USAC	*37,000t*
Daily	nc
Week-on-week	-4.77%
Year-on-year	+29.49%

USGC-Colombia	*38,000t*
Daily	+11.40%
Week-on-week	-11.48%
Year-on-year	+37.15%

South Korea-Singapore	*l*
Daily	nc
Week-on-week	-4.45%
Year-on-year	+11.09%

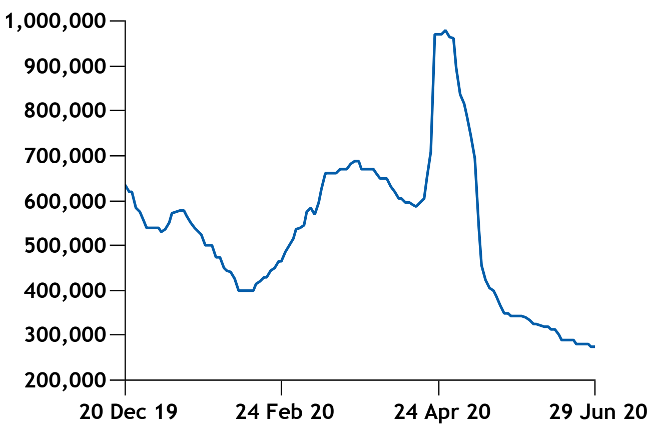
MR rates stable despite storage bookings

Clean tanker charterers returned to the market with several enquires for short-term floating storage on Monday, along with several new standard cargoes, but a long-established surplus of available tonnage prevented upward momentum.

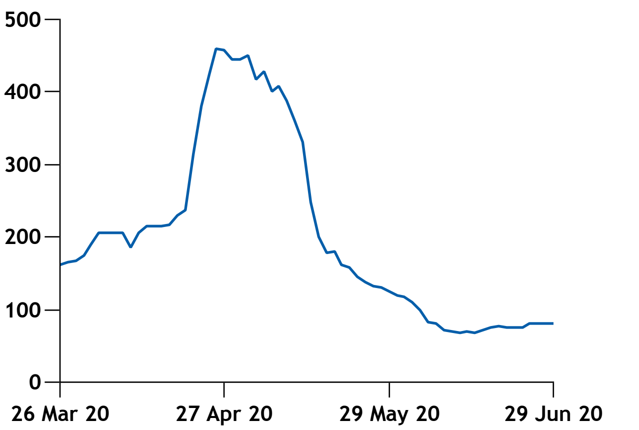
In the north of Europe, BP reportedly picked up the MR vessel Pacific Diamond for 14-15 days floating storage at \$12,500/d, and refiner Petroineos reportedly put the Sea Horizon — another MR — for either 30-90 or 25-45 days storage at \$12,750/d. Several other charterers have also reportedly made enquiries about short-term floating storage. But MR rates in the region remained steady despite several fixtures as the supply of available vessels maintained pressure on the market.

The price for UK continent to US Atlantic coast MR freight was flat at WS80. ST Shipping booked the Agioi Fanendes for a longer transatlantic voyage from Ust Luga at WS87.5, which was at a premium because of the longer distance, as well as reportedly because the cargo was naphtha. Gunvor subsidiary Clearlake may have also booked a vessel

Clean 35,000t South Korea-Singapore *\$ lump sum*



Clean: MEG-Japan 55kt *Worldscale*



at WS90 on the same Baltic to US east coast voyage, but this could not be confirmed. Shell and Exxon both made bookings which subsequently failed. BP and Shell were both still in the market seeking vessels, but these two cargoes alone may not be enough to buoy rates.

The momentum in Mediterranean Handysize market carried through from last week, with rates creeping higher. The cost of freight between the Black Sea and Mediterranean rose by WS5 to WS120. Vitol too the Aegeas at this level on the route, loading from 3 July, and with an option to discharge in the UK continent instead for WS130. Litasco had booked the Histria Prince earlier in the day slightly lower at WS115.

LPG

VLGC rates gain again

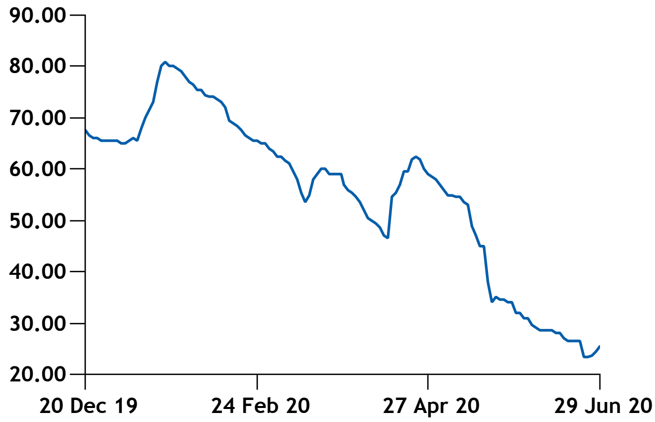
After a hectic week last week for VLGC fixtures out of the US, Monday was a more muted affair with action largely focussed on the Mideast Gulf.

A pair of vessels were heard on to have been placed on subjects from the Mideast Gulf, but details were kept under wraps. The rate on the bellwether Ras Tanura to Chiba route firmed by $1/t to $25.50/t. The price of this route has now risen by $2/t in the last three trading days.
The list of available vessels for regional northwest European coasters remains long. Just two cargoes were in the market at the start of the week, with Repsol looking to cover a 2,000t parcel from Cartagena to Porto Torres and Exxon looking for a ship for a cargo from Slagen.

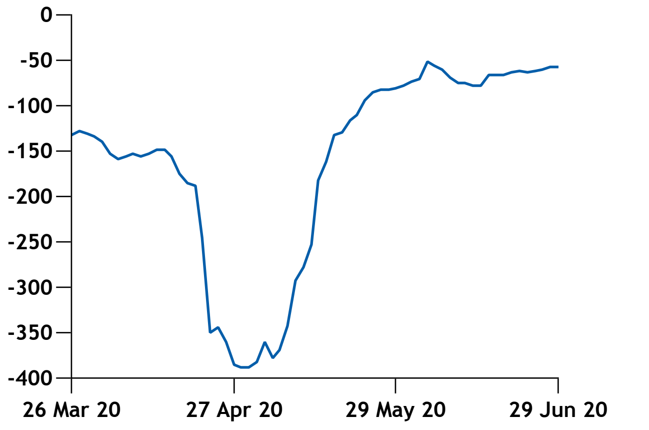
LPG freight rates

Route	Size	$/t
Mideast Gulf-Japan	VLGC	25.50
Houston-Chiba	VLGC	65.00
Houston-east coast Mexico	Handy	30.00
Houston-Flushing	VLGC	39.00
Tees-Lisbon butane	1,800t	55.00
Tees-ARA	1,800t	16.50

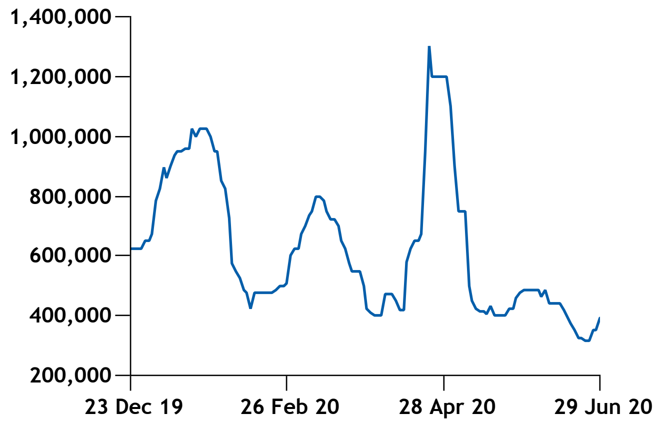
LPG Mideast Gulf-Japan VLGC freight $/t



Clean: MEG-Japan 55kt vs MEG-Japan 75kt *Worldscale*



Clean 38,000t US Gulf coast-Pozos freight $/t



DRY BULK

Australian Capesize rates step higher

Capesize freight rates pushed higher in the Pacific basin to start the week, while the market in the Atlantic stagnated with charterers and shipowners remaining in a standoff.

The cost of freight between west Australia and north China rose by 55¢/t to $10.25/t, with charterers picking up a range of ships at this level. The Australian maritime authority has declared it will now halt vessels from leaving the harbour if sailors have been kept on board for more than 14 months, and will require an actionable plan from owners if the sailors have been on board between 11 and 13 months. This could potentially wreak havoc in the west Australian Capesize market given how challenging crew changes have been across the world during the Covid-19 pandemic. One participant indicated that several owners have started looking to carry out crew changes already this week, which might be linked to Australia's decision.

The cost of freight in the north Atlantic continued to rally, with very few available ships. The rate between Puerto Bolivar and Rotterdam rose by 70¢/t to $10.80/t. There were no cargoes on this specific route, but charterers were looking for vessels to cover cargoes from Sept Iles, Canada, which helped to pull the whole north Atlantic market higher. There are few cargoes available in the market, but tight vessel availability means that time charter equivalent rates for those that are there have climbed above 30,000/d.

Meanwhile, the south Atlantic market remained largely in a stand-off, with the cost of freight between Tubarao and Qingdao was stable at $21.50/t. Discussions for cargoes loading in the second half of July ranged up to $22/t, but cargoes for August loading were reportedly discussed at $20/t or below, which reflects higher vessel availability for August loading dates.

Dry bulk vessels scrapped in 2020

Class	Total	Average age	Total DWT
Very Large Ore Carrier (VLOC)	7	1,994,890	27.14
Capesize	19	3,178,363	20.95
Post-Panamax	0	0	0.00
Panamax	4	300,119	30.75
Supramax	2	109,275	17.50
Handymax	8	359,211	28.50
Handysize	8	230,003	27.38
Total	**48**	**6,171,861**	**24.85**

Last updated 19 May 2020

Dry bulk freight rates

Route	Size '000t	$/t	±
Panamax			
Murmansk-Rotterdam, coal	70	6.10	+0.30
Richards Bay-Rotterdam, coal	70	8.20	nc
Puerto Bolivar-Rotterdam, coal	70	9.10	nc
EC Australia-Japan, coal	70	10.20	nc
EC Australia-S Korea, coal	70	9.90	nc
EC Australia-S China, coal	70	11.20	nc
EC Australia-EC India, coal	70	13.20	nc
Indonesia-S China, coal	70	6.50	nc
Indonesia- EC India, coal	70	6.90	nc
Indonesia-Japan, coal	70	6.60	nc
Indonesia-South Korea, coal	70	6.20	nc
Capesize			
Richards Bay-Rotterdam, coal	150	9.70	+0.60
Puerto Bolivar-Rotterdam, coal	150	10.80	+0.70
EC Australia-S China, coal	150	11.25	+0.10
Richards Bay-S China, coal	150	14.85	nc
Richards Bay-Krishnapatnam, coal	150	10.15	nc
Saldanha Bay-Qingdao, iron ore	160	15.75	nc
WC Australia-N China, iron ore	160	10.25	+0.55
Tubarao-Antwerp, iron ore	160	10.90	+0.50
Tubarao-Qingdao, iron ore	160	21.50	nc
Queensland-Rotterdam, coal, 23 Jun	160	15.10	+5.90

Weekly Americas coal rates 29 Jun

Route	Size '000t	$/t	± 22 Jun
Panamax			
US east coast-ARA	75	11.00	+0.50
US east coast-Japan	75	30.00	-1.00
US east coast-India	75	29.00	-1.00
West coast North America-ARA	60	14.25	-0.25
West coast North America-Japan	75	13.25	-0.25
US Gulf-ARA	70	14.00	+0.50
Capesize			
US east coast-ARA	140	12.25	+2.00
US east coast-India	140	32.25	+3.75

Petroleum coke freight rates

Route	Size '000t	$/t	±
US Gulf-ARA	40-50	12.75	nc
Venezuela-ARA	45-50	11.75	nc
US Gulf-Turkey	45-50	15.25	nc
USWC-Japan	60	13.75	nc
US Gulf-Brazil	45-50	10.75	nc
US Gulf-China	45-50	31.00	nc
US Gulf-east coast India	45-50	30.75	nc
EC Saudi Arabia-west coast India	45-50	8.50	nc

NEWS

Aust to detain crew contract concern ships

The Australian Maritime Safety Authority (AMSA) is clamping down on shipowners that keep crew on board their vessels past their contracted dates, and could stop vessels from leaving port if they are breach of these regulations.

Crew changes have been severely restricted across most of the world by the Covid-19 pandemic, and many seafarers have now been onboard ship far in excess of their original contracted time.

Any crew member that has been onboard for more than 14 continuous months without leave must be repatriated, AMSA said, unless repatriation is impossible and the seafarer has provided written agreement. If the vessel cannot meet safe manning requirements after this repatriation then it will not be allowed to leave port.

It added that all seafarers must have a valid seafarer employment agreement signed by all parties (owners, seafarer etc) and must have served on board for fewer than 11 months. For crews that have been on board for 11-13 months, the shipowner must have a repatriation plan, signed by the vessel's flag state. If this plan is not in place, the authority will prevent the vessel from leaving port.

It is unclear how many vessels may be affected. The deadline for the most recent contract extension agreement between shipowners and unions expired on 15 June, with the situation seemingly still unresolved. The world's largest shipping registry, Panama, gave the go-ahead last week for seafarers' contracts on vessels that carry its flag to be extended for a further three months.

Impact on dry bulk

If vessels start to be detained in numbers, it could hit the bulk carrier market particularly hard.

Australia is the largest exporter of iron ore in the world and one of the biggest exporters of coal, along with other dry cargo commodities.

So far in 2020, an average of 382 ships per month have left the west coast of Australia carrying iron ore, while a further 330 vessels per month on average sailed from the east coast of Australia carrying thermal and coking coal. Halting even a small percentage of these ships could have a major impact on dry bulk freight rates, if charterers are forced to secure replacement ships to export their iron ore and coal cargoes. Dry bulk rates are already at a peak for the year so far.

Stranded seafarers

The International Transport Workers' Federation first agreed to a 30-day contract extension on 17 March as the pandemic reached a crisis point and numerous countries entered lockdown.

Lockdowns are easing in many places, but not yet widely enough to allow crew changes to return to normal, and many seafarers have been on board ever since. Contract lengths vary but all must be less than 12 months under the Maritime Labour Convention. The International Chamber of Shipping recently estimated that there are more than 400,000 stranded seafarers, half of whom are waiting at ports to embark on a new journey, with the other half overrunning their contracts.

By John Ollett

PetroEcuador offers July-Sept sour crude

State-owned PetroEcuador will accept bids for 3.6mn bl of Oriente crude on 29 June.

The medium sour crude will be exported in 10 shipments of 360,000 bl between July and September. The first export windows are 26-28 July, 28-30 July and 29-31 July.

PetroEcuador invited 56 pre-qualified bidders to take part in the tender. Bids are to be based on West Texas Intermediate.

The tender follows the early-June repair of PetroEcuador's 360,000 b/d Sote heavy crude pipeline, which has been hit by heavy rains and mudslides since April.

The company's March sales tender for Oriente went unawarded, reflecting oversupply and uncertainty in the oil market. A February tender was awarded to Phillips 66 at a \$2.78/bl discount to Nymex WTI.

By Patricia Garip

US crude in floating storage begins to clear

Two very large crude carriers (VLCCs) that were designated as floating storage during the early demand destruction of the Covid-19 pandemic are now signaling new destinations after months of lingering off the US Gulf coast.

The VLCC *Eliza*, which loaded 7-9 April at the Louisiana Offshore Oil Port (LOOP), is now heading toward eastern Canada with an expected arrival around 7 July, according to vessel tracking data.

The similarly sized *Maran Apollo* loaded 4-7 May and exited the US Gulf of Mexico over the weekend for Rizhao, China, where it is expected to arrive 18 August.

Both tankers were time-chartered by Shell.

One other Shell-chartered VLCC, the *Maran Corona*, loaded 28-30 April and is still positioned near LOOP without a final destination declared.

At least 4.78mn bl of US crude is still in floating storage offshore China, Chile, South Africa and the US, down from an estimated 8.78mn bl last week.

By Amanda Hilow

August N Sea benchmark crude loadings to fall

Loadings of the North Sea's five benchmark crude grades will drop to a four-month low in August, when increases in

Oseberg and Ekofisk are offset by a slowdown in Brent and Forties.

Combined loadings of Brent, Forties, Oseberg, Ekofisk and Troll will average 832,000 b/d in August, a drop of 7pc from July according to the latest loading programmes. This is 8pc below the 2019 average and 9pc lower than in the first half of this year. August is typically a weak month for North Sea production, when fields close for seasonal maintenance.

The drop in August will be driven by a shorter loading programmes for Brent and Forties. Just three Brent cargoes are scheduled to load at a rate of 58,000 b/d, down from 97,000 b/d in July. And only 13 Forties cargoes are scheduled for August at 252,000 b/d, down from July's 329,000 b/d and the lowest monthly figure since October last year.

Oseberg loadings are scheduled at 116,000 b/d on six cargoes, a rise of 20pc from July; 14 cargoes of Ekofisk will load at 271,000 b/d, up by 17pc from July. Troll loadings will be unchanged from July, with seven cargoes at 135,000 b/d.

Loadings of non-benchmark grade Grane will drop to their lowest since November 2016, with just nine cargoes for an average of 174,000 b/d. This is 18pc lower than July and 26pc below the 2019 average.

By Michael Carolan

Adnoc keeps crude nomination cuts in August

Abu Dhabi's state-owned Adnoc will continue to apply 5pc cuts to client nominations for August-loading volumes of the company's four main grades, in line with July restrictions.

The August reductions will be applied to supplies of Upper Zakum, Das Blend, Umm Lulu, as well as flagship grade Murban, according to a source familiar with the matter. Nominations for all four grades are already set to be lowered by 5pc in July.

Adnoc will retain nomination cuts in August, even as Opec+ production constraints are set to relax slightly that month. Under the latest Opec+ agreement, the UAE pledged to cap its output at 2.446mn b/d until the end of July, but can produce up to 2.59mn b/d over August-December. The UAE joined Kuwait and Saudi Arabia in volunteering further declines this month, which should limit its production to around 2.35mn b/d in June.

Murban and Upper Zakum nominations were tightened more sharply in the first two months of the Opec+ deal, at 15pc in May and 20pc in June for each stream. Abu Dhabi informed customers of its July nomination cuts on 28 May, prior to the 6 June Opec+ decision to extend the May-June production ceiling of most participants — implying that Adnoc could have to satisfy some July customer requirements from storage.

Argus estimates that the UAE produced 2.48mn b/d in May.

By Nader Itayim and Ruxandra Iordache

August seaborne ESPO Blend exports to ease

Seaborne exports of ESPO Blend crude from Kozmino in Russia's far east are scheduled to fall in August to 2.6mn t or about 622,000 b/d, according to the preliminary loading programme.

The August planned Kozmino exports will be the lowest in nine months on a b/d basis. July ESPO Blend exports from Kozmino are scheduled at 2.64mn t or about 632,000 b/d.

There are 26 ESPO Blend cargoes of 100,000t each due to be exported from Kozmino in August. Russian producer Surgutneftegaz will load eight cargoes, down from nine in July. Rosneft will take six cargoes, unchanged from July. Paramount Energy will load eight August cargoes. Gazpromneft and Lukoil will each load two cargoes.

August-loading ESPO Blend cargoes had traded earlier in June at premiums as high as $3.74-3.85/bl to benchmark Dubai, on a fob Kozmino basis, the highest premiums since mid-February. But premiums subsequently fell to slightly above $3/bl amid waning buying interest, as many Chinese independent refiners have used up their crude import quotas. They are waiting for a new batch to be issued, expected in July.

It is unclear for the reason for the lower planned August Kozmino loadings, as existing Opec+ output quotas have been extended by just one month to the end of July. Russia is committed to cap its crude production at 8.5mn b/d in June and July.

By Yvette Choo

Rosneft offers jet fuel

Rosneft has launched a tender for up to 80,000t of TS-1 jet-kerosine exports in July-August.

Product from the company's 340,000 b/d Ryazan and 190,000 b/d Novokuibyshev refineries, as well as the 360,000 b/d Yaroslavl plant — co-owned with Gazpromneft — was offered on a cpt any port or dap any border basis. Bids were accepted until 25 June and the tender should be awarded by 3 July. Rosneft has held several export tenders for jet-kerosine earlier this year, but no buyers were selected, traders say. It offered 500,000t of jet fuel for export in April-December from Ryazan, Yaroslavl and the 268,000 b/d Angarsk refinery in late March, and 30,000t of Ryazan product in May. Seaborne jet-kerosine exports from Russia were up by more than 8pc compared with full-month May at more than 3,900 t/d (93,930t) on 1-24 June, according to data from oil analytics company Vortexa. The Baltic port of Ust-Luga is the key outlet for jet fuel, while Finland and Sweden are the main destinations in June — accounting for more than 78pc of total seaborne exports.

Adnoc to shut Bab field for July maintenance

Abu Dhabi's state-owned Adnoc will shut in production from its 420,000 b/d capacity onshore Bab oil field for maintenance for the majority of July.

Adnoc said the field "will enter a planned shut-down for maintenance at the end of June" that it expects "to last for approximately four weeks." Adnoc said that the entirety of the field's production, which it put at "over 370,000 b/d," will be offline for the duration.

The outage will coincide with the final month of the first and deepest phase of the Opec+ production cuts, in which the UAE is a participant. Under the agreement, the UAE pledged to cap its production at 2.44mn b/d in May-July, and 2.59mn b/d in August-December. The UAE joined Kuwait and Saudi Arabia in volunteering further declines this month, which should limit its production to around 2.35mn b/d in June.

The shut-in could explain why Adnoc will continue to apply 5pc cuts to client nominations for August-loading volumes of the company's four main grades, in line with July restrictions.

The Bab field was the first to produce the light, sour Murban crude, which has a gravity of about 40.5°API, and 0.8pc sulphur content. Abu Dhabi had expected to begin selling this Murban crude through a new futures contract in the first half of this year. But the Intercontinental Exchange (Ice), which Adnoc selected in November to host the contract, said in May that it had been forced to delay the launch due to "the ongoing situation with Covid-19." It is unclear when it will launch.

As of early this year, Murban production was around 1.65mn b/d, with exports at 1.1mn b/d.

Adnoc said late last year that it plans to raise long-term crude production capacity at the Bab field to 485,000 b/d by the end of this year, or early 2021.

By Nader Itayim

Saudi says it 'forced' Iran boats from waters

Saudi Arabia’s navy fired on three Iranian vessels in Saudi territorial waters late last week, forcing them to leave, according to a spokesman for the Saudi maritime border guard.

“The Saudi maritime guard detected three Iranian vessels that entered Saudi waters, immediately tracked them and warned them repeatedly to stop, but they refused to respond,” the spokesman said in a statement to the state-run Spa news agency. “Warning shots were fired, which caused them to leave.”

The Saudi statement was issued late yesterday, despite it saying that the incident had occurred at 18:30 local time on Thursday [25 June]. It did not specify whether the Iranian vessels were military or civilian.

The incident comes amid heightened tensions in the region, not least after Saudi Arabia intercepted several drones loaded with explosives and missiles that it said were fired by Yemen's Iran-aligned Houthi rebels at the southern city of Jizan and the capital Riyadh.

The Houthi rebels claimed responsibility for last year's attacks on the Khurais field and Abqaiq crude processing facility, which temporarily shut in around 5.7mn b/d of Saudi crude production. But Riyadh said the drones and missiles had come from a northern direction rather than from Yemen, and that they were Iranian-made.

By Samira Kawar

Covid-19 slows Japan's bunkers consumption

Sluggish economic activity caused by the Covid-19 pandemic has reduced Japanese bunkers consumption this month, as many shipowners faced slower voyages by their vessels.

Japanese shipowners forecast their bunkers consumption in June to drop by 20pc from the same month last year, on the back of reduced operating rates of their customers. Japan's bonded bunker sales in June 2019 were 327,779 kilolitres (2mn bl), according to data from the trade and industry ministry.

Some vessels faced loading and unloading suspensions, along with slower voyage times with requests for delayed arrivals.

Operations of car carriers dropped by 40-50pc in June compared with a year earlier, Japanese shipowners said, as all the country's auto producers cut production from April because of a sharp fall in new vehicle sales.

The shipowners also saw an about 20pc drop in operations by iron ore carriers, with the slowing vehicle production forcing steel mills to cut output. Inventories of steel feedstocks at steel mills built up, with vessels occasionally given no other choice to wait waiting offshore ports for the mills to create sufficient space for new supplies.

Oil tankers were also forced to slow down their voyage speeds to give sufficient time for refineries to reduce stocks to be able to accept arriving cargoes. Japanese refiners cut runs between 50-60pc from the start of May in response to weaker oil product demand.

By Maiko Nakashima

Libya's eastern Mesla field poised to restart

Limited crude production could resume in eastern Libya as early as this week, over five months after blockades of oil infrastructure shut in most of the country's output. But the supplies will be earmarked for domestic refining, not exports.

The Mesla field — which is operated by state-owned NOC subsidiary Agoco and had been producing 60,000-80,000 b/d — could restart this week or next, according to a Libya-based source. Agoco has yet to receive written instructions from NOC approving the restart, suggesting that the timeline could be subject to change.

If it does restart, the field will supply the 10,000 b/d Sarir refinery. None of the anticipated Mesla volumes are slated for export. Mesla crude is typically mixed with supplies from the Sarir field and exported from the Marsa el-Hariga terminal. Agoco's total output — comprising production from the Sarir, Mesla, Nafoora, Hamada and al-Bayda fields — has previously reached up to 300,000 b/d.

Technical difficulties arising from the prolonged shutdown could hamper the resumption of Agoco's production, despite regular maintenance, according to a Libyan source. Agoco's assets, along with all other fields and oil terminals in eastern Libya, have been shut since January under the instruction of Khalifa Haftar's Libyan National Army (LNA), which has been trying to wrest control of the capital city Tripoli from the UN-backed Government of National Accord (GNA) since April last year. Talks among Libyan factions are set to take place today to discuss a potential reopening of terminals in eastern Libya.

Meanwhile, most oil fields in western Libya have been halted by regional tribal militia and branches of the Petroleum Facilities Guard (PFG), which previously protected NOC assets but have been affiliated with Haftar. NOC restarted the El Sharara and El Feel fields in western Libya on 6-7 June, but the resumption was short-lived, with both fields forced offline again by 10 June. Since the end of January, Libya's crude output has been mainly confined to production from the offshore Al Jurf and Bouri fields, which typically export up to two 600,000 bl cargoes of sour crude each a month.

NOC reported last week that "Russian and other foreign mercenaries" infiltrated the El Sharara field on 25 June to meet with PFG representatives. Libyan sources have told *Argus* that the Russian faction is the private military contracting agency Wagner Group, which has previously been connected with supporting Moscow's objectives in conflict areas but also undertakes private assignments. Russia, the UAE and Egypt have been backing Haftar's military campaign.

Turkish reinforcements have helped the GNA win a string of battlefield victories in the last couple of months that have destabilised Haftar's positions and pushed his forces back to the east of the country, setting the stage for an encounter at Sirte and Jufra. Egypt has warned that it has a "legitimate right" to intervene if the GNA advances into the region.

NOC said today that it has been in discussions to lift the oil blockades, which have cost the country over $6bn in oil revenue. "NOC confirms ongoing negotiations over the past several weeks with the GNA, UN, US and regional countries to resume oil production," the company said. "We are hopeful that those regional countries will lift the blockade and allow us to resume our work for the benefit of all the Libyan people."

By Ruxandra Iordache

Diesel-laden VLCC leaves Mideast Gulf for NWE

A very large crude carrier (VLCC) has loaded diesel in the Mideast Gulf and is heading to northwest Europe.

The *Landbridge Wisdom* loaded via ship-to-ship (STS) transfers offshore Fujairah, UAE, and is destined to discharge in Rotterdam on 2 August, according to oil analytics firm Vortexa. It is carrying around 290,000t of diesel and gasoil, and is chartered by BP. The tanker was previously going to discharge in west Africa.

The arrival of diesel from east of Suez into Europe will add pressure to prices in the latter market, which are already being weighed down by sluggish demand and ample supply. European diesel prices have been weak enough that most cargoes loading from the Mideast Gulf in recent weeks have gone east to Asia-Pacific. The Ice gasoil contract has priced mostly at a discount to front-month Singapore gasoil swaps since April, and French diesel cracks sank to $5.50/bl on 26 June, the lowest since 12 June.

The *Landbridge Wisdom* is one of several VLCCs that have loaded middle distillates in recent weeks. The *CSSC Liao Ning* — chartered by trading firm Trafigura and carrying around 250,000t of diesel and 40,000t of jet fuel — left Indonesia on 4 June and is heading around the Cape of Good Hope on its way to the Bahamas. It could divert to Europe, although the weak European diesel market may discourage such a journey.

A third tanker, the *Hunter Disen*, is moving towards the UAE port of Jebel Dhanna. It may be carrying a small diesel cargo and is chartered by Trafigura. But it is probably intended to load crude, rather than a further distillate cargo, according to traders.

By Harry Riley-Gould

Norden orders four new bulkers from NACKS

Danish shipowner Norden has ordered four new 61,000dwt dry bulk carriers from Chinese shipbuilder Nantong Cosco Khi Ship Engineering (NACKS), for delivery in 2022.

Norden chief executive Jan Rindbo said that the decision to purchase the ships — which will fit into the Ultramax vessel class — came about because global demand is "gradually returning to normal" and the pipeline of new vessels on order is low.

Uncertainty about how to prepare for the International Maritime Organisation's target to reduce CO2 emissions from shipping by 40pc by 2030, and a lack of available investment capital in the current climate, have been blamed for the limited number of orders for new commercial vessels in recent months.

Data from brokerage BRS show the global tanker order book at 59.2mn t at the end of 2019, 25pc lower than the average for the previous five years.

The new vessels will join the core fleet of Norden-owned and long-term leased tanker and dry cargo vessels, and will be managed by Norden's asset management unit.

Ultramax vessels are versatile and used to carry a variety

of cargoes, including iron ore, coal, fertilizers and grain.
By Will Collins

China Saudi crude imports top 2mn b/d in May

China imported a record 2.16mn b/d of crude from Saudi Arabia in May and resumed imports from the US for the first time since November, customs data show.

Saudi imports were up by 71pc from April and surpassed the previous high of 2mn b/d in November last year. The surge enabled Saudi Arabia to replace Russia as China's top supplier in the latest month.

Deliveries from Russia edged up to 1.82mn b/d, up by 4pc from 1.75mn b/d in April. Scheduled ESPO Blend loadings to China rose by 17.7pc to 670,000 b/d over the period, with state-controlled refiner Sinopec taking almost a third or 215,000 b/d, the most on record, according to *Argus* data.

China's imports from Iraq rebounded sharply to 1.64mn b/d from a 10-month low of 973,000 b/d, in April. Imports from sanctions-hit Iran continued to drop, to 60,000 b/d in May.

China took delivery of 130,000 b/d of US crude last month, ending a five-month hiatus amid continuing political tensions between the countries. Imports were the highest since October last year.

Imports from Venezuela stayed at zero in May for an eighth straight month amid US sanctions. Arrivals from Malaysia — where crude from other origins is blended and shipped on to China — fell to 240,000 b/d from April's 384,000 b/d.

China took its first crude from Azerbaijan for seven months, at 290,000 b/d — up by nearly 50pc compared with May last year. Pipeline imports from Kazakhstan fell by half from April to 70,000 b/d.

Total crude imports hit a record 11.29mn b/d in May, up by 18.7pc from April, according to the final customs data that confirms preliminary figures released earlier in the month. Buyers took advantage of lower prices and a rise in demand after the worst of China's Covid-10 outbreak came to an end.

The rise in May imports took the total in the first five months of this year to 10.32mn b/d, up by 4.1pc from 9.91mn b/d in the same period of 2019. Saudi Arabia was the biggest supplier in the period with 16.8pc of the total, marginally ahead of Russia's 16.7pc.

Indonesia's gasoline, gasoil recovers in June

Indonesia's gasoline and gasoil demand is starting to recover from the Covid-19 pandemic, rising to an average of 114,000 kilolitres/d (716,000 b/d) over the past few weeks, according to state-controlled refiner Pertamina.

This marks a 10pc increase from the time large-scale social restrictions were implemented to contain the outbreak, vice-president of corporate communications Fajriyah Usman said, implying that demand fell further from 113,000 kl/d (700,000 b/d) at the end of April. But demand levels are still lower from 135,000 kl/d (849,000 b/d) during January-February, when the impact of the virus on demand was still limited.

"Gasoline and gasoil consumption has begun to rise in line with the restart of public transportation, industries, offices, shopping centres and micro, small and medium-sized companies, as well as increased use of private vehicles," Fajriyah said.

Consumption is still below pre-Covid-19 levels but recovering. "Fuel consumption is now just 16pc below pre-Covid-19 levels compared with 26pc during the country's pandemic-related social restrictions," she said.

Pertamina has slowed diesel imports since March and deferred some May-delivery gasoline cargoes in response to a fall in domestic demand. But Indonesia's gasoline and gasoil consumption has risen to 78,820 kl/d (496,000 b/d) and 34,990 kl/d (220,000 b/d), respectively, since 8 June, Fajriyah said. Indonesia is Asia-Pacific's largest gasoline buyer, importing about 9mn-11mn bl each month.

All of Pertamina's businesses, from upstream to downstream, have continued to operate despite the Covid-19 pandemic and other global challenges, Fajriyah said. But even before Covid-19, Pertamina had cut its production target to 1.67mn b/d of oil equivalent (boe/d) by 2024 from a previous estimate of 2.2mn boe/d by 2025. This will be tougher to meet after the company reduced its 2020 capital expenditure plan by 26pc to $2.8bn and lowered its output forecast for the year by 3pc to 886,000 boe/d.
By Reena Nathan

China's coking coal imports fall in May

China's coking coal imports fell in May, with Mongolian imports slow to return to pre-Covid-19 lockdown levels and tighter import restrictions limiting port arrivals.

China imported 4.76mn t of coking coal in May, down by 23pc from 6.21mn t in April and down by 19pc from a year earlier, according to Chinese customs data. January-May imports rose by 3pc to 30.78mn t.

China has limited Australian coal imports to support its domestic thermal coal markets, with coking coal also affected after China's state-backed coal transportation and distribution association called for tightened restrictions.

Seaborne imports rose by 28pc to 3.1mn t in May from a year earlier, a slower pace than the more than 5mn t imports in both March and April.

Australian imports increased by 50pc to 2.07mn t from a year earlier. But these were less than half the 4.47mn t in April. January-May Australian imports rose by 76pc to 20.76mn t, already two-thirds the way to Australia's 2019 total of 30.94mn t.

The fall from April came after Chinese customs slowed clearing of cargoes at the main ports in China. Wide price premiums in China's domestic market has undermined the restrictions. Weaker ex-China coal demand has also forced Australian coking coal producers to divert sales with other key consumers such as India and Japan still affected by Covid-19 lockdowns.

The *Argus* spot price assessment for premium low-volatile hard coking coal averaged $115.06/t fob Australia in May, down by 12pc from $130.41/t a month earlier.

Mongolian imports fell by 52pc to 1.71mn t against a year earlier but more than doubled from 775,241t in April. Mongolia reopened its border in late March after halting shipments during its lockdowns.

Shipments from Canada rose from a year earlier and April to take the January-May total up by 88pc to 2.26mn t. Russian imports fell by 37pc from a year earlier and by 38pc from April. Russian imports during January-May were up by 3pc from the same period a year earlier.
By Dylan Wong

Brazil diesel demand starts to recover in May

Brazil is experiencing a rebound in diesel sales, with May volumes picking up after a sharp decline the previous month, according to Brazil's oil regulator ANP.

Sales reached 923,000 b/d in May, a 9pc rise from April, which followed a 15pc drop from March levels, according to the agency. Demand last month declined by 9pc from May 2019, after a 14pc annual drop in April, when the Covid-19 crisis and associated economic downturn intensified in Brazil.

The hike in diesel sales in May was sustained by the agricultural sector, especially in the country's center-west region, where the soybean crop supported a 2pc rise from May 2019. The northeast region registered the biggest fall, a 17pc decline from May 2019, followed by the southeast, with a 15pc decline in May, and the northern region, with a 4pc decline from a year earlier.

Gasoline demand reached 490.244 b/d in May, down by 20pc from a year earlier, which eased somewhat from a 28pc annual drop in April. But despite the year-on-year fall, consumption increased by 9pc in May from the prior month.
By Gabrielle Moreira

PdV seizing fuel stations as supply dwindles

Venezuela's state-owned PdV is taking over around three dozen service stations in an effort to tighten control over fuel sales and restructure the oil sector.

Over the weekend, PdV notified the owners and concessionaires that their fuel concessions had been revoked, giving them 72 hours to vacate their stations.

At least some of the independent stations in and outside Caracas were among a subset of 200 retail outlets that had been authorized as of 1 June to sell gasoline at $0.50/l, a move that coincided with the arrival of several Iranian fuel shipments in late May and early June. The higher-priced gasoline, which was designed to supplement limited subsidized supplies in a new rationing system, departed from years of giveaway pump prices. The US-backed political opposition said the new two-tier system would foment corruption.

The letters of notification sent to the stations were signed by PdV national market managing director Marino Jose Lugo Aguilar, who cited a 5 January 2020 economic emergency decree as grounds for the takeovers.

The Caracas Chamber of Commerce denounced the "arbitrary disregard" for legal contracts and "capricious application" of clauses and administrative powers that it says trample on the rights of concessionaires, contractors and station owners.

Venezuela has an official total of 1,568 service stations, most of which are independently owned or operated. PdV has a monopoly on production, imports and wholesale distribution, although the government recently signaled a willingness to bring in private-sector distributors.

Running on empty

The Iranian supply of gasoline and the blendstock alkylate provided Venezuela with a brief reprieve from a severe fuel shortage that has been aggravated by US oil sanctions

Following years of neglect and mismanagement, PdV's 1.3mn b/d of domestic refining capacity is nearly all collapsed, although a limited volume of low-quality gasoline is coming out of the CRP, a 940,000 b/d refining complex encompassing the Amuay and Cardon refineries.

Thanks to government-imposed pandemic restrictions, PdV has been able to stretch out the supply from Iran and its own crippled refining system.

Tehran, which is also subject to extensive US-led sanctions, has said it is negotiating with Venezuela to supply more gasoline to Caracas. Mexico's government has said it would also supply gasoline to Venezuela as a humanitarian measure, if it were asked.

Before the US imposed the oil sanctions in January 2019, PdV imported finished gasoline and components from US refiners to offset falling domestic fuel production.

ANNOUNCEMENT

All data change announcements can be viewed online at www.argusmedia.com/announcements.
Alternatively, to be added to the email distribution list for all announcements, please email: datahelp@argusmedia.com.

Argus *Freight* is published by Argus Media group

Registered office
Lacon House, 84 Theobald's Road, London, WC1X 8NL
Tel: +44 20 7780 4200

ISSN: 1751-309X

Publisher
Adrian Binks

Chief operating officer
Matthew Burkley

Global compliance officer
Jeffrey Amos

Chief commercial officer
Jo Loudiadis

Global SVP editorial
Neil Fleming

Editor in chief
Jim Washer

Managing editor
Andrew Bonnington

Editor
Will Collins
Tel: +44 20 7780 4226
freight@argusmedia.com

Customer support and sales:
support@argusmedia.com
sales@argusmedia.com

London, UK
Tel: +44 20 7780 4200

Astana, Kazakhstan
Tel: ++7 7172 72 92 94

Beijing, China Tel: +86 10 6598 2000

Dubai Tel: +971 4434 5112

Moscow, Russia Tel: +7 495 933 7571

Sao Paulo, Brazil
Tel: +55 11 3235 2700

Singapore Tel: +65 6496 9966

Tokyo, Japan Tel: +81 3 3561 1805

Argus Media Inc, Houston, US
Tel: +1 713 968 0000

Argus Media Inc, New York, US
Tel: +1 646 376 6130