High-Frequency Commodities at Sea Data Shows Chinese Imports Drop Persisting, No Significant Signs of Normalcy Yet

Crude Oil Imports Recover in Late February, Iron ore, Coal, Minor Bulks Seeing Double Dip

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Commodities at Sea: A Real-time Commodity Trade Flow Intelligence Solution

Real-time commodity demand supply fundamentals built upon a combination of Big Data, Data Science, Market Expertise and Commodity Intelligence.

Big Data + Market Intel

- We combine our vast portfolio of the *industry's most official datasets* on ships, berths and AIS-detected voyages with 3rd party-sourced cargo intel (fixtures, lineups, inspection records) to identify and tag each shipment

Market Expertise

- Our model outputs are enhanced by our knowledge partners: experts and established researchers in the major globally-traded commodities
- Our results are tested rigorously for quality against benchmarks and the careful eye of our industry experts

Machine Learning

- Our model is trained daily on thousands of data points to create better predictions of Cargo Volume, Destinations and ETAs
- When appropriate, we make *intelligent inference on cargo type* based on 3rd party intel, commodity mapping by berth and our experts

APIs & Interactive Decision-support tools

- Individual and Aggregated cargo flow intelligence – with predictive vessel itineraries and flow forecasts
  - API Feeds
  - Dashboards
  - Twice daily updates
Commodities at Sea Gives a Real-time Peek into Chinese Economic Activity

- Chinese imports of Crude Oil recovered quickly after falling down to 4 Mn b/d in Week 07, but demand is still dramatically down.
  - Crude oil shipments heading for China have remained below 8 million b/d since mid-Feb.
  - Chinese demand is still estimated to be rather low. Floating storage is expected to start increasing.

- Since the n-Cov19 outbreak, still visible stress on dry bulk vessel discharges at the hundreds of Chinese ports.
  - Seasonally adjusted, post-CNY, dry bulk vessels discharging in China has nosedived ~ 30% from average levels (~611 vessels recorded weekly discharge in China in the week ending 07th Mar vs 900 vessels on average).

- Chinese iron ore discharges (8-week moving average) is at 19mt, 6% lower than previous year levels. For March 2020 iron ore arrivals are calculated at 76.1mt.

- As per CAS data, thermal coal arrivals in the month of March 2020 are calculated at 15.2mt, which is at almost previous year levels. However on back of restrictions actual discharges may be less than the calculation.

- CAS reveals China is still prioritizing larger vessels to discharge amid limited personnel availability at ports.

- China is the world’s biggest importer of bulk commodities such as Iron ore, Crude Oil, Coal and is the demand driver of major globally-traded commodities.

- Tracking vessel discharges in real time in Chinese ports provides superior visibility into Chinese industrial activity levels before after-the-fact government reports.

- CAS model runs twice a day and provides immediate activity capture for vessel activity down to the port level.
Chinese Imports of Crude Oil Recovered Quickly After Falling Down to 4 Mn b/d in Week 07, But Demand is Still Dramatically Down

- Average weekly volumes of crude oil discharged in China have returned closer to normal levels.
- Seaborne imports fell to 4.7 million b/d during Week 07 (starting 9th Feb), much lower than the typical activity which usually surpasses 8 million b/d.
- Loading activity has returned to levels observed before the drop in Chinese imports, but demand is still estimated to be rather low. Floating storage is expected to start increasing.
- It seems that after the big drop observed in mid February, Chinese companies had no other option since other nearby importers could not absorb much more in such a short period.
Crude Oil Shipments Heading for China Have Remained Below 8 Million b/d Since Mid-February

Source: IHS Markit, Commodities at Sea

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Other Far Eastern Importers Absorbed More in 1HFeb, While Saudi Exports More to Rest of World as China’s Market Share Declines

- Number of ships discharging in different countries have been highly affected during week 7, with China down by around 43% against average levels since early 2020, while Taiwan went up 208%, with a much moderate increase observed in ports of South Korea and Japan, 10% and 20% respectively.

- As long as China’s demand for crude oil remains low, Saudi will need to export more to other importers, such as India and other Far East. Meanwhile, the oil war between Saudi Arabia and Russia could have a huge impact on current flows direction over coming weeks, with US exports to feel the impact as well.

Source: IHS Markit, Commodities at Sea
Dry Bulk Vessels Discharging in China Down ~ 30% in Early March

- Since the n-Cov19 outbreak there are now visible stress on dry bulk vessel discharges at the hundreds of Chinese ports.

- Seasonally adjusted, post-CNY, dry bulk vessels discharging in China has nosedived 34% from average levels.

- ~ 611 dry bulk vessels recorded weekly discharge in China in the week ending 07th Mar vs 900 vessels on average.

- Notice a surge in discharge in the week ending 22nd Feb and this was back of slower discharge done in the last couple of weeks and only during week ending 22nd Feb many vessels could complete their full discharge. Similarly this week again we may expect a uptick in discharge after two consecutive weak weeks. However overall trend is of decline.
Dry Bulk Discharge Parcel Size in China Surges Amid Efficiency Shift

- Post CNY the discharge activity at the Chinese terminals has nose dived, however the average parcel size discharge trend has witnessed a surge. Thus indicating that bigger vessels sizes are getting preference over smaller ones.

- In order to contain the spread of coronavirus the Chinese authorities took strict travel restrictions by placing the affected regions under strict quarantine.

- This resulted in a significant reduction in number of personnel's responsible to efficiently manage discharging operations at the Chinese terminals.
Iron Ore Sees Lower Number of Ships Volumes on back of slower arrivals

• Chinese iron ore discharges (8-week moving average) is at 19mt, 6% lower than previous year levels. Brazilian iron ore shipments were significantly reduced in the first two months of this year by heavy rains in the country, while Australian shipments were also impacted due to the cyclone activity. Chinese iron ore discharging has been more impacted by slower iron ore arrivals instead of n-Cov issues.

• As per the General Administration of Customs, Chinese iron ore imports during Jan –Feb 2020 are published at 176.8mt, up 2.5mt y-o-y. Commodity at Sea has iron ore discharges in China at 90.9mt and 79.7mt totaling to170.6mt in the first two months of this year and for March 2020 iron ore arrivals are calculated at 76.1mt.
Thermal Coal Discharging in China Down 33%

• Chinese ports have rolled out new import controls for thermal coal cargoes, despite the ongoing disruption and uncertainty arising from the coronavirus.

• With the outbreak increasingly looking like a pandemic – as cases skyrocket in South Korea, Italy, Iran and elsewhere, injecting fresh fears for the global economy – China has surprisingly moved to eliminate any doubt over its direction on import restrictions. There had been some expectation in the market that the impact of COVID-19 might lead Beijing to soften its stance on imports, to alleviate the strains arising from curtailed domestic supply.

• As per Commodity at Sea, thermal coal arrivals in the month of March 2020 are calculated at 15.2mt, which is at almost previous year levels. However on back of restrictions actual discharges may be less than the calculation.
Coking Coal Discharges Holding up on Back of Mongolian Rail/Road Disruptions

- Coking coal discharges have been strong at the Chinese terminals. It is lifting the (8-week moving average vessel arrival) 14pc higher than the previous year levels.

- Trucking movement from Mongolia has been halted further till 15 March (vs earlier planned 02 March) as the border between China and Mongolia is closed in order to restrict the spread of coronavirus. This could further lead to more purchases of coking coal from Australia.

- As per Chinese customs data, total coal imports surged in January-February are published at 68.1 mt, up 33% from 51.1 mt last year. Commodity at Sea coal discharges in the first two months of this year are calculated at 21mt and 21.3mt, resp. CAS has calculated 19.4mt discharges for March 2020.
Bauxite Vessels Discharging in China Down 40% in Recent Weeks

• Seaborne bauxite arrivals had been healthy this so far year but shipments have dropped significantly since mid-Feb 2020.

• As per Commodities at Sea, seaborne bauxite flows to China in 2019 totalled at 89 million tons, out of which share of Guinea was 49%.

• During mid-Feb, Chalco received its first shipment of its inaugural batch of bauxite ore on M/V Qu Shan Hai from Boffa mines in the West African country of Guinea. The control on supply chain from mine to port to plant will help Chinese Aluminum industry to cope up with logistics issues such as n-Cov. Boffa mine has a projected yearly output of 12 million metric tons of bauxite ore per annum.
Nickel Ore Vessels Discharging in China Down 80% in Recent Weeks

• Nickel discharges at the Chinese terminals have slowed down significantly this year. The vessel arrivals 8-wk moving average has nosedived by more than 80pc over the previous year average levels. The decline in the arrivals is more of supply side shock from Philippines as well as Indonesia.

• Since November 2019, flows of nickel ore has slowed down significantly. The decline is on back of regional government order in September 2019 to suspend nickel ore mining at the southern Philippines which is the hub of high-grade nickel ore from Philippines. And similarly nickel ore exports are drying from Indonesia as the ban on Nickel ore exports was brought forward from 2022 to January 2020.