



Dry bulks outlook: setting the scene Serafino Capoferri

Macquarie Commodities Strategy
Macquarie Capital (Europe) Ltd
28 Ropemaker Street
London EC2Y 9HD, UK

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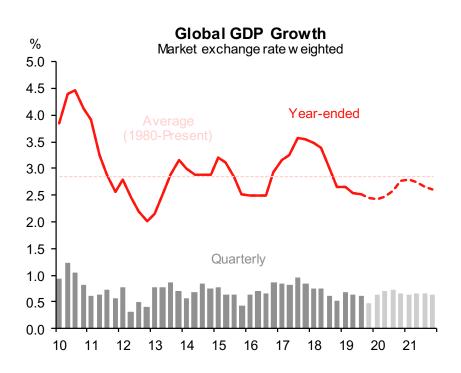


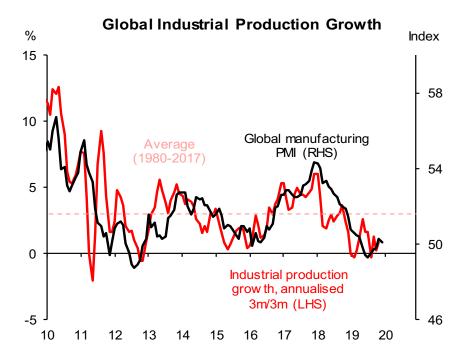
Five key themes for the year ahead

- → Modest recovery but global GDP growth will struggle to get above historic trend (2.9% post 1980)
- → US-China deal trade diversion likely
- → China stimulus or not stimulus?
- → Steady demand for iron ore as inventories need to be replenished
- → Coal "Asia pivot" to continue



Global growth to accelerate, but modestly so

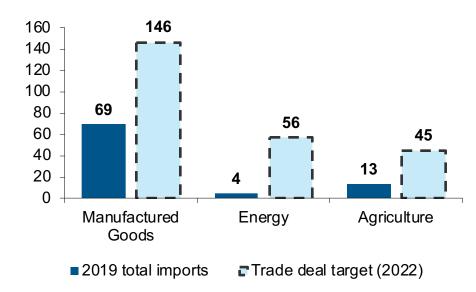






China-US deal: tough targets, trade diversion likely

China's total imports from the US, \$Bn



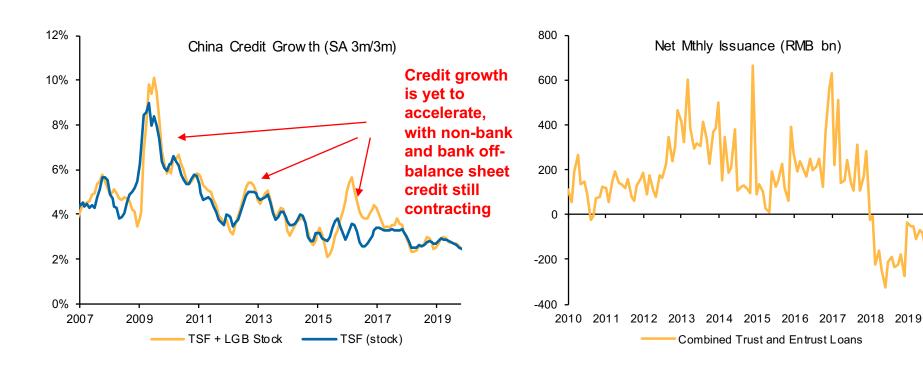
TOTAL \$200Bb in additional imports

- Low hanging fruits include an increase in oil and LNG imports from US given the ramp up of new projects. Regional arbs need to open and wet freight rates will probably rise as longer voyages tighten up the tankers market
- Increase in soybeans and met coal also likely
- Main manufactured exports to China include machinery and vehicles but limited spare capacity makes it hard to see how the target can be met without a net reduction in US exports to other countries

Source: IMF,IHS,, Macrobond, Bloomberg, Macquarie Strategy, January 2020

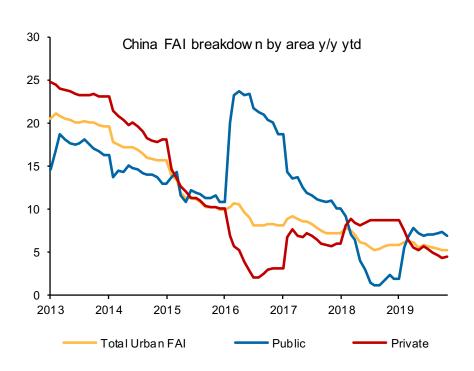


No signs of large scale stimulus in China





But stronger infra and housing completions to support steel demand this year

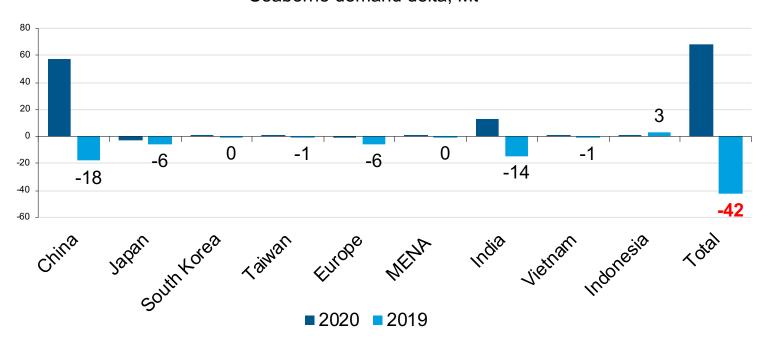






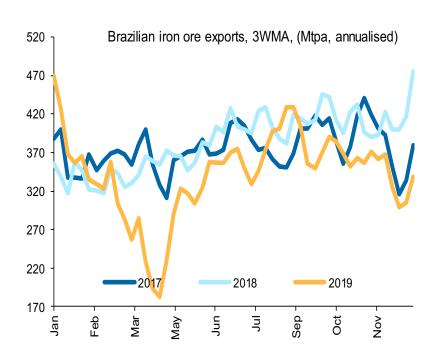
Iron Ore: a tight market with low inventories

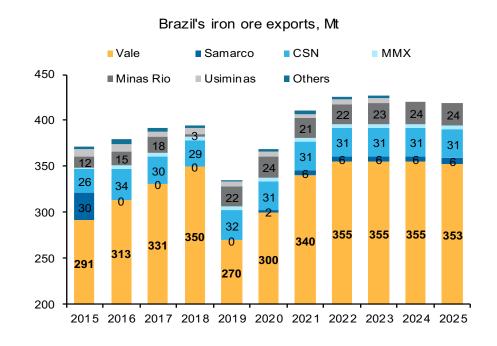






Main risk for Capes is another weak year for Brazilian iron ore exports





Source: Thurlestone, IHS, Macquarie Strategy, January 2020



Coal: Asia's pivot opens up "new" trade flows

YoY change in seaborne supply, Mt (2020)

