

General Comments

Trade war or not.. The Dry Bulk market continues to strengthen Panamax and Supramaxes edging up to 12,582 and USD 12,475. We remain positive on the outlook going forward despite the nearby macro elements, Q4 US Gulf grain season being disrupted, Turkey and Argentina's economic issues. Turning our attention back to the Trade war, China has a few tricks up its sleeve. Firstly stocks of soybeans are high, secondly they can use more rapeseed/canola and thirdly they can reduce the amount of protein that the pigs eat from their feed, from 21% to about 18% - which apparently can reduce demand for soybeans by 10 Million MT. This will enable them to see out the year without buying USA soybeans (which was a 33 Million MT trade last year).

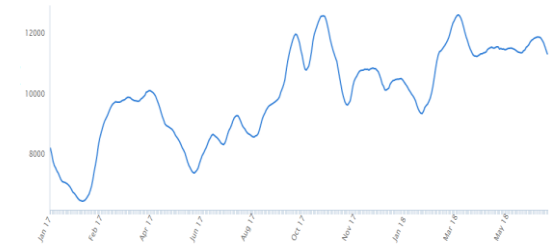
Trade Flow Update

Iron Ore - Mining giant Vale is looking at expanding its flagship iron ore project in Brazil, hoping to cash in on a growing appetite for higher-grade varieties of the commodity in its top market China. China, the world's biggest consumer of iron ore, has ramped up buying of higher-quality, less polluting grades of iron ore as it battles to clear its notoriously smoggy skies. Peter Poppinga, executive director at Vale, said at an industry conference in China that the world's largest iron ore miner was studying expanding its S11D project in the Amazonian state of Para, even though it was still being brought up to the planned capacity after it was inaugurated in December 2016. "Given all these quality trends (that are) favourable to us, we are studying to increase the project, but there are no numbers yet,". Heavy spending on the project, which churns out rich grades of ore, has driven up Vale's debt, coinciding with a sharp slide in iron ore prices. The S11D's iron ore output would be close to 90 million tons next year, up from around 60 million tons now. Vale is aiming to keep its total production at around 400 million tons, replacing low-quality iron ore with higher-grade material. Vale expects almost 90 percent of Chinese steel capacity will comply with new emission standards by 2025.

Grain - EU wheat imports are 25% higher than they were at this stage last year, racing ahead as tight availability across the continent has left the net exporter looking beyond its borders for supply. Another 34,865 mt landed in the EU this week, with Greece, the Netherlands and Slovenia all showing imports well ahead of where they would usually be at this stage of the year. Total imports now stand at 722,607 mt. After this year's heatwave cut yields and left a continent-wide shortage of feed crops, other components are seeing mixed fortunes. Soybean imports are up 11% compared to the same stage last year as another 108,535 mt landed last week as cheap US beans have displaced Brazilian-origin for the first time this year. US bean arrivals in the EU have now hit 1.47 million mt and account for 52% of total market share, with buyers in the Netherlands, Spain and Germany taking advantage of low prices. With high carryover stocks and a crop that is expected to have avoided the same fate as last year, corn imports are 9% lower than where they sat a year ago, coming to 2.99 million mt after a further 296,217 mt landed this week. On the export front, it was a familiar story for wheat sellers as tight supply, high prices and only limited demand again kept European produce off the international market, with total sales at 2.88 million mt - 41% lower than this time last year. It's a similar situation for barley, which only mustered exports of 25,341 mt in the week to September 16, although overall sales are 8% higher than at the same stage last year.

Coal - Coal imports by China held near the highest level in four years, underscoring buoyant demand in the world's largest user even as lower domestic prices and a weaker currency hurt the appeal of overseas supplies. While slumping domestic coal prices and the currency's longest run of monthly declines since 1994 would have made overseas cargoes more expensive, the strong imports suggest that concern over faltering demand in the summer months might have been overblown. Daily thermal coal use by China's major power generators averaged 769,000 tons in July to August, typically a peak demand season, slightly above the levels last year. Coal demand in China remained robust last month at the height of summer. Demand for imports could see some support from government inspections of coal mines, which would crimp domestic output. China embarked on a month-long inspection of local coal mines on Aug. 20, a move that's helped futures on the Zhengzhou Commodity Exchange rebound from a low of 573.4 yuan a ton early August to 629.4 yuan as of Friday.

Oil - OPEC oil output has risen this month to a 2018 high as Libyan production recovered and Iraq's southern exports hit a record, a survey found, although a cut in Iranian shipments due to U.S. sanctions limited the increase. The 15-member Organization of the Petroleum Exporting Countries has pumped 32.79 million barrels per day in August, the survey on Friday found, up 220,000 bpd from July's revised level and the highest this year. OPEC and allies agreed in June to boost supply as U.S. President Donald Trump urged producers to offset losses caused by the renewed sanctions on Iran and to dampen prices, which this year hit \$80 a barrel for the first time since 2014. In June, OPEC, Russia and other non-members agreed to return to 100 percent compliance with oil output cuts that began in January 2017, after months of underproduction in Venezuela and elsewhere pushed adherence above 160 percent. Top exporter Saudi Arabia, which promised a "measurable" boost in its own output, said the decision would translate into an output rise of about 1 million bpd. Even so, OPEC's adherence with supply targets has actually risen to 120 percent in August from a revised 117 percent in July, the survey found, because extra barrels from Saudi and others did not fully offset losses in Iran and declining output in Venezuela and Angola.



FFA	Current	Last report
Short Period (Pac)	13000	12500
1 Year Period (Pac)	13000	12500
Q4 FFA	12700	12450
Q1 FFA	11500	11500
Cal' 19 FFA	12250	12200

Commodities	Current	Last Report
Soybean Meal (CBOT)	US\$313/ton	US\$334/ton
Fuel Oil (Sing 380)	US\$465/ton	US\$446/ton
Coal (Newcastle)	US\$113/ton	US\$107/ton
Iron Ore (London)	US\$66/ton	US\$68/ton

Pool Performance	Pool	Index
Jan-18	8752	9786
Feb-18	10856	9423
Mar-18	11989	11400
Apr-18	10699	10838
May-18	10830	10893
Jun-18	11662	11047
Jul-18	11519	10564
Aug-18	11406	11159
Sep-18		
Oct-18		
Nov-18		
Dec-18		

Note all the above figures are net.

Detailed Supramax Analysis

In August, we have seen the Pacific mirror July and only at the very end of the month did we start to see some positive signs. As in previous months the main drivers continue to be the Nickel ore, coal, Nopac grain and period. The demand for period remains consistent and rates have slightly improved. The Nopac grain remains inactive and rates are USD 10-11,000 ex China. Aussie grain is still present but slow and the underlying premium of USD 1,500-2,000 above a normal Aussie round view the cleanliness remains. Steel exports are slow and the majority being trips to SEAsia. China Coastal coal freight rate has remained flat steady and is hovering USD 7-7.50pmt. The Bhaur market is stable and the activity is on the low side as we continue to see very little cement and steel leave Asia-Pacific. The levels are presently around USD 7,000-7,500 per day for trips into WAfrica, while the trips to the US Gulf are around USD 5,000-5,500. SE Asia Coal is at present quiet and we have seen a decline in the activity into China and India. The market is USD 10,000 dop Singapore. The India market is still commanding a premium of USD 1,000 to the SEAsia market.

Sand into Singapore is very quiet and Singapore is presently facing sourcing difficulties which is keeping this a scarce run for the time being, however we have started to see new sand reclamation projects surfacing into Brunei and Male. The little cargo that hits the market remains a low paying cargo that is quick and positional.

India iron ore exports are starting resurface as we near the end of the monsoon. Rbay is trundling along, there is still strong demand from India and Pakistan and with the ZAR weakening we expect Rbay to remain tight. Rates ex India are at USD 10,000 - 10,500 dop for trips to China or SAfrica back to India or China.

In the Atlantic, ECSA August we have seen the market breathe and regain any lost ground towards the end of the month so we are status Quo in ECSA. Ultras have been the primary mover, rates are now around USD 11,500 DOP WAfrica for trips within the Atlantic and for trips to Far East USD 15,500 + 550K BB APS. The US Gulf remains strong. Rates are now at USD 23,000 fhaul market and the TA at USD 18,000. The US Gulf period market has remained sporadic at best and the main takers going for 3/5 months and the main takers continue to be operators with cargo on the books being squeezed to take numbers between USD 16,500-17,000 for redelivery wwide basis 3-5 months and USD 15,000 for redelivery Atlantic.

The Med has stayed busy and Blacksea remains strong. The rates ex Black Sea are now around USD 22,000-23,000 ex Canakkale for front hauls and for trips out of the Med USD 9,500 to USA dop with 1 or 2 days ballast and USD 15,000 to WAfrica. We expect the market in the Blacksea to continue to be strong until November.

The Continent has remained uneventful and with all the problems in Turkey we have seen the scrap market dwindle. Scrap is paying USD 13-14,000 for trips into the Med and Fhaults although very limited at USD 19,000. The Baltic RV has picked up the market is USD 11/13,000 but limited.

Pool View Strategy and Positioning

In the month of August we have had 18.18 days of off hire for the pool which are related to the dry dock of the MV GOLDEN GLINT and the special survey of the MEDI BANGKOK.

As ever we are working on rebalancing two basins presently and looking at the fleet distribution, the Pacific Ocean (13) and Atlantic (3) vessels and we have fixed 10 out on short/medium period, as strategic hedging. However we will receive 6 vessels back in Q3 2018.

The period market in August has stabilized some and started to look more positive, Ultramax are now fetching USD 13,250-13,750 for 9-12 months, the Atlantic basin is still commanding a small premium of USD 500 - 1,000 for 8-13 months. Period rates are around USD 12,250-12,750 in the Pacific (Tess58), provided you are flexible on the terms and optionality.

In August we have taken one new vessel for period. We are still keen to lengthen a little more provided we get big spreads and flexibility on the cargo/trading. We are still overall long for 2018 and are happy with the position and will continue to take coverage when we see the right opportunities.

In respect of cargo we continue to focus on the nearby and at present only see merit in taking cargo unless they are niche trade or Bhaur trades. Similarly to a year ago the COA's offered for Q4 and Cal 19 are undervalued and below paper levels and as such we have not taken any new COA. Similarly to last month we remain bullish on the market and as such the focus is on Tonnage and not cargo at the moment, this could of course change subject to geopolitical trends.

In August we have not hedged any bunkers nor sold or bought any FFA.

Some cargoes booked in August: N/A

Tonnage fixed in for more than 2 legs in August: a MES 56 at 10,000.

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