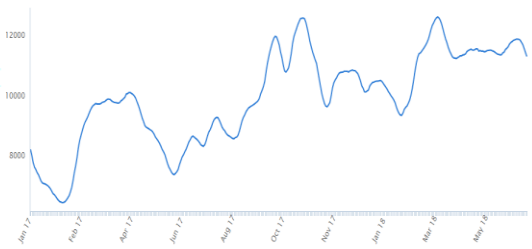
MEDI SUPRA POOL
Management Limited

November Market Report
07-12-2018

General Comments
The trade war has already taken a toll on large chunks of the global economy. China, the world's second-largest economy after the United States, is growing at its slowest rate in nearly a decade. The export-driven economies of Japan and Germany, the third and fourth biggest economies in the world, respectively both contracted in the third quarter. The United States has so far avoided this, thanks in part to a burst of deficit-fueled stimulus, a large chunk from the tax cut, the American economy this year is on track to grow at its fastest pace since 2005. The national unemployment rate is 3.7 percent, a near 50-year low. Corporate profits and wages are growing at their fastest pace in years. For much of 2018, results like that helped Wall Street stand out even as major stock benchmarks around the globe tumbled. Chinese stocks are down more than 20 percent this year, and shares in Germany are down 16.5 percent. In Japan, stocks are down about 5 percent, and in Britain they're down more than 10 percent. The question remains where to from here, if w re to beleive the sentiment its negative, however we have seen time and time again that the geoploitical nature that is driving these markets make it more and more unpredictable.



Trade Flow Update
Iron Ore - Representatives from Rio and Baowu signed a heads of agreement to reinforce the partnership at a ceremony in Shanghai. The Bao-HI JV has achieved sales of more than 180 million tonnes of iron ore since it was created in 2002. The JV incorporates the Eastern Ranges mine, part of the 24 million tonne per annum Greater Paraburdoo operation. . Baowu, created in 2016 via the consolidation of Baosteel Group Corporation and Wuhan Iron & Steel (Group) Corporation, is the world's second largest steel producer and Rio's largest Chinese customer. Rio holds 54% of the JV with Baowu holding the balance.

Grain - Cash premiums for cargoes in Brazil's soybean market ticked higher on Thursday, as the real firmed against the dollar and good demand was seen from Mexico and Bangladesh due to higher premiums in the US. The Brazilian real versus the dollar firmed 1.8% on Thursday, which typically sees sellers command higher premiums in dollar terms, while good demand for cargoes loading March through June was reported. Premiums for cargoes loading in the summer months on an FOB Paranagua basis were 3-5 cents higher on the day, with March bid at 42 cents per bushel over March futures and April bid at 37 cents over may futures. "The rest of the world is coming to Brazil since China decided to overpay for US beans for political reasons," said one market source amid estimates that between 500,000-700,000 mt had been bought in the past few days "I heard yesterday there were some sales to Bangladesh for February through April loading," a second market source confirmed, adding that he had heard some sales to Mexico. Typically, Mexico is a big importer of US soybeans, importing 90% of its needs with 80% of that coming from across its northern border from the US. However, US cash prices have spiked over the past few days on Chinese state-sponsored buying. And with a big crop coming in Brazil, Brazilian-origin beans are cheaper to source than the US.

Coal – While global coal demand looks set to rise for the second year in a row in 2018, it is forecast to remain stable over the next five years, as declines in Europe and North America are offset by strong growth in India and Southeast Asia, according to the IEA.. Air quality and climate policies, coal divestment campaigns, phase-out announcements, declining costs of renewables and abundant supplies of natural gas are all putting pressure on coal. As a result, coal's contribution to the global energy mix is forecast to decline slightly from 27% in 2017 to 25% by 2023. But coal demand grows across much of Asia due to its affordability and availability. India sees the largest increase of any country, although the rate of growth, at 3.9%/yr, is slowing, dampened by a large-scale expansion of renewables and the use of supercritical technology in new coal power plants. Significant increases in coal use are also expected in Indonesia, Vietnam, Philippines, Malaysia and Pakistan. Coal in China accounts for 14% of global primary energy, the largest around in the world. Developments in the Chinese coal sector have the potential to affect coal, gas and electricity prices across the world, for instance through inter-fuel substitution or regional arbitrage. This puts China's coal sector at the centre of the global energy stage. While China accounts for nearly half of the world's coal consumption, its clean-air measures are set to constrain Chinese coal demand going forward. The IEA forecasts Chinese coal demand to fall by around 3% over the period. Meanwhile, in a growing number of countries, the phase out of coal-fired generation is a key policy goal. But market trends are proving resistant to change. For many countries, particularly in South and Southeast Asia, it is looked upon to provide energy security and underpin economic development. This is why the IEA sees technologies like carbon capture, utilisation and storage (CCUS) as essential tools to bridge current and future energy needs with global and national climate ambitions. To help build a new momentum behind the technology, the IEA and the UK government recently co-chaired an international summit where ministers, senior governmental officials across the world, CEOs from major energy companies and the financial community came together to identify practical steps to accelerate investment and deployment of CCUS.

Oil - Oil prices fell further on Friday as swelling inventories depressed sentiment despite widespread expectations that OPEC and Russia would agree some form of production cut next week. The two global oil benchmarks, North Sea Brent and U.S. light crude, have had their weakest month for more than 10 years in November, losing more than 20 percent as global supply has outstripped demand.

FFA	Current	Last report
Short Period (Pac)	10750	12500
1 Year Period (Pac)	11000	12500
Q4 FFA	11200	11500
Q1 FFA	10800	11000
Cal' 19 FFA	11400	11900

Commodities	Current	Last Report
SoybeanMeal (CBOT)	US$310/ton	US$309/ton
Fuel Oil (Sing 380)	US$343/ton	US$456/ton
Coal (Newcastle)	US$101/ton	US$108/ton
Iron Ore (London)	US$69/ton	US$75/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	11341	10564
Aug-18	11994	11159
Sep-18	11163	12135
Oct-18	11586	12300
Nov-18	10723	10603
Dec-18		

Note all the above figures are net.

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Detailed Supramax Analysis

In November, we have seen the Pacific market ease considerably. We have arrived at the end of the Nickel ore season, we are missing the Nopac grain and there has been a slow down the coal as the majority of the quotas have been used up. The demand for period has along with the two main pacific drivers diminished and the hunger from the operators has eased and now the bid is with a discount for the 1st 30/40 days. The Nopac grain remains inactive and rates are USD 7,500-8,500 ex China. Aussie grain is still present but slow and the underlying premium of USD 1,000 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 eased slightly and is hovering usd 6.25-6.50pmt. The Bhaul market is stable and the activity is consistent, as we continue to see very little cement and steel leave asia-pacific. The levels are presently around USD 3,000-4,000 per day for trips into WAfrica, while the trips to the USGulf are around USD3,000-3,500. SE Asia Coal has slowed down considerably, both China and India has eased off the gas. The market is USD 9,000 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 presetly facing sourcing difficulties which is keeping this a scarce run for the timebeing, however we have started to see new sand reclamaition projects surfacing into Brunei, Male and Hong Kong. The little cargo that hits the market remains a low paying cargo that is quick and positional.

India iron ore exports are back and market is moving. Rbay is firm and there is strong demand from India and Pakistan and Rbay will remain tight. Rates ex India are at USD 11,000 - 13,000 dop for trips to China or SAfrica back to India or China.

In the Atlantic, ECSA in November has remained steady and we have seen strong demand for Ultra's. Ultras continue to be the primary mover, rates are now around USD 14,500 DOP WAfrica for trips within the Atlantic and for trips to Fareast USD 15,500 + 550K BB APS. The US Gulf remains strong. Rates are now at USD 27,000 fhaul market and the TA at USD 23,000. The USGulf 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 16,000 for redelivery Atlantic. The Med has continues to stay 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 10,500 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 into January.

The Continent has remained uneventfull and the lack of demand from Turkey for scrap is weighing its toll. Scrap is paying USD 12-12,500 for trips into the Med and Fhauls altough very limited at USD 18,000. The Baltic RV has picked up the market is USD 10/11,000 but limited.

Pool View Strategy and Positioning

In the month of November we have had no major off hire to report.

As ever we are came off substaintially, Ultramax are now fetching USD12,750-13,000 for 9-12 months, the Atlantic basin is still comanding a small premium of USD 500 - 1,000 for 8-13months. Period rates are around USD 11,250-11,500 in the Pacific(Tess58), provided you are flexible on the terms and optionality.
In November we have not taken any new vessels 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 2019 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 Bhaul trades. Similarily to a year ago the COA's offered for Cal 19 are undervalued and below paper levels and as such we have not taken any new COA. Similarily 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. We would highlight that there continues to be a hold of from the charterers view the 2020 regulations and how to price.

In November we have not hedged any bunkers and we have not taken any FFA in November.

Some cargoes booked in November: N/A.
Tonnage fixed in for more than 2 legs in November: N/A.
Tonnage fixed out for more than 2 legs in November: Tess 58 at USD 12500, Mes 56 at USD 12000, Umax at USD 14500 redel atl and 1 Ultra at USD 16750 redel atl.