The 1st Quarter of 2023 Management Discussion and Analysis

"The unleashed power of the atom has changed everything save our modes of thinking and we thus drift toward unparalleled catastrophe."

Albert Einstein,
In a 1946 telegram warning American leaders and politicians.

Our Key Performance Indicators

1st Quarter 2023 Financial Performance (US Dollar Terms)

The results, reviewed by EY Office Ltd., show you the latest financial position of Precious Shipping Public Company Limited and its subsidiaries ("the Company"). The earnings per day per ship during the first quarter came in at USD 10,022. Please look at the Market Segmentation report that shows you the relative performance of the PSL fleet's earnings per day per ship compared to the Index ships. Our daily operating costs per ship were USD 5,231, which is lower than our target of USD 5,500 for the year although higher than the actual daily cost per ship of USD 4,914 during the same period last year. We achieved an EBITDA of USD 12.47 million and a net profit of USD 2.31 million, while our earnings per share were Baht 0.05.

THE HARD FACTS	Q1 2022	Q1 2023
Highest earnings per day per ship in USD	46,000	25,411
Average earnings per day per ship in USD	21,995	10,022
Av. earnings per day per Handy size ship in USD	20,313	9,852
Av. earnings per day per Supramax ship in USD	21,053	9,842
Av. earnings per day per Ultramax ship in USD	27,049	10,671
Av. earnings per day per Supramax/Ultramax ship in USD	23,875	10,232
Operating cost per day per ship in USD	4,914	5,231
EBITDA in million USD	49.21	12.47
Net Profit (Loss) in million USD excluding exchange gain (loss) and non-recurring items	39.04	1.59
Net Profit (Loss) in million USD	39.03	2.31
Earnings (Loss) Per Share in Thai Baht excluding exchange gain (loss) and non-recurring items	0.83	0.03
Earnings (Loss) Per Share in Thai Baht	0.83	0.05

Consolidated Financial Performance (Thai Baht Terms)

For the quarter that ended 31 March 2023, the Company earned a net profit of Baht 78.69 million as compared to a net profit of Baht 1,293.92 million in Q1'2022. The main reasons for the changes are as follows:

- The Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) in Q1'2023 is 51% lower than the Net Vessel Operating Income in Q1'2022. This is due to a decrease in the average earnings per Vessel per day which decreased from USD 21,995 in Q1'2022 to USD 10,022 in Q1'2023. The fleet size as of 31 March 2023 was 38 vessels.

- Vessel running expenses in Q1'2023 are 15% higher than the figure in Q1'2022 mainly due to higher stores/spares expenses. When measured in US Dollars, the average Vessel operating expenses (Opex) per day per Vessel (including depreciation/amortisation of Drydocking/Special Survey expenses) increased from USD 4,914 for Q1'2022 to USD 5,231 for Q1'2023.

- Administrative expenses (including management remuneration) for Q1’2023 came in Baht 19.81 million lower than the figure in Q1’2022, due to a decrease in variable compensation expenses.

- Finance costs for Q1’2023 were Baht 21.77 million higher than the figure in Q1’2022, due to an increase in LIBOR/SOFR benchmark rate.

- Exchange gain for Q1’2023 of Baht 24.56 million, was mainly on account of changes in the US Dollar equivalent figure of our Thai Baht liabilities.

Update on the Chayanee Naree drug smuggling incident

Since the last report, there has not been any significant development in the case. The trial against the Vessel and the 10 crew members commenced in the Federal High Court of Nigeria in July 2022. The Company continues to work closely with its insurance company and legal counsel to ensure that the case is fully resolved as early as possible.

Market Segmentation

During Q1, The Baltic Handy Size Index (BHSI) averaged 539 points, derived from an average Time Charter (TC) rate of USD 9,702 per day. In comparison, our Handy size fleet earned USD 9,852 and outperformed the BHSI TC rate by 1.55%. The Baltic Supramax Index (BSI) averaged 925 points, derived from an average TC rate of USD 10,169 per day. In comparison, our Supra/Ultra fleet average earnings were USD 10,232 per day and outperformed the BSI TC rate by 0.62%. Please keep in mind that our Handy ships are 25%, and our Supras are 10%, below the standard index ships.

The next SET Opportunity Day will be virtually held at 15:15 hours on the 10th of May 2023 via the SET live web casts. We hope that many of you will attend this event electronically where the Company will get a chance to thoroughly discuss Q1 results. The number of online participants attending PSL’s live presentation for Q4 2022 results on 15th of February 2023 were 295 on the SET website/YouTube views and 34 on Facebook, for a grand total of 329.

Long Term versus short term Charters

The long-term charters, about 1 year or longer, are shown in the chart below. Our forward four-year rolling book is at 22% with a visible revenue stream of USD 176.23 million.

Year	2023	2024	2025	2026
Total Available Days	13,870	13,908	13,870	13,870
Fixed T/C Days*	6,725	2,091	1,825	1,825
% age Fixed T/C Days	48%	15%	13%	13%
Av. T/C Rate/Day in USD**	13,799	14,507	14,550	14,550

Year	2023	2024	2025	2026
Contract value in million USD	92.80	30.33	26.55	26.55

**This comprises charters on 5 ships on fixed rate charter and 16 ships on variable rate charters*

***Average T/C Rate/Day for the variable rate charters is estimated based on actual earnings for Q1 2023 and an estimated rate based on rates prevailing in April 2023 for the period thereafter.*

It is our intention to continue to charter out our ships on long term period time charters whenever practical and economically viable.

BDI Developments and our read of the market

- As usual, it will be supply and demand factors that will determine the strength of the freight markets. 20+ year ships as a %age of the existing fleet at 8.07% is higher than the forward order book as a ratio of the existing fleet of 7.16% at the start of 2023. At the start of Q2 these figures had further improved to 8.11% (20+ year old fleet) and 6.85% (forward order book.) Supply-demand has been in perfect balance since the middle of 2021, supply growth appears benign for the next few years, and growth in demand seems to be reasonable, that should lead to good years in 2023 and beyond.
- According to Clarksons Ton-mile demand growth was down by -1.69%, net supply growth was at +2.86%, yet rates in 2022 were just marginally below that in 2021.
- The section ‘Differences between 2003-2009, 2010-2020, 2021, 2022, and 2023’ gives a comprehensive explanation of the dynamics driving the dry bulk freight markets.
- The section ‘The Inverted Yield Curve’ explains why there will be no recession in the USA by Harvey Campbell, the person who discovered this relationship.
- In Q1 2023, the Capesize TC index averaged $ 9,144/day (-38% y-o-y), started the quarter at $ 13,561, reached a trough of $ 2,246 on 17th February, a peak of $ 17,500 on 14th March, and then closed out the quarter at $13,806. The Panamax (82k) index in Q1 averaged $ 11,326/day (-51% y-o-y), started the quarter at $ 12,944, reached a trough of $ 7,277 on 20th February, a peak of $ 15,912 on 15th March, and then closed the quarter at $ 14,718. The Supramax index in Q1 averaged $ 10,169/day (-60% y-o-y), started the quarter at $ 10,646, reached a trough of $ 6,874 on 13th February, a peak of $ 14,703 on 22nd March, and then closed the quarter at $ 13,175. The Handysize index in Q1 averaged $ 9,702/day (-60% y-o-y), started the quarter at $ 11,051, reached a trough of $ 7,763 on 27th January, a peak of $ 12,703 on 22nd March, and then closed the quarter at $ 12,358. Please keep in mind that Capes spend 74% of their time on iron ore and 19% of their time on coal. When you have that much of concentration risk of the type of cargoes carried, and with a single dominant customer China, accounting for over 60% of all iron ore imports, you are setting yourself up for volatility.
- When 4 times as much DWT is delivered (2012, 2016, and 2020) as is ordered in any year, then the BDI has increased in the subsequent year (+31% in 2013, +70% in 2017, and +176% in 2021). In 2021 37.62 MDWT was delivered, while 37.65 MDWT was ordered, so the 4X rule should not apply, and the BDI in 2022 was -34% less than 2021 average. In 2022 31.64 MDWT was delivered, while 27.37 MDWT was ordered, so the 4X rule should not apply, and the BDI in Q1 23 was -50% less than Q1 22 average.
- The uncertainty from the Russian-Ukraine war is still with us as is the Covid-19 pandemic, while facing stubbornly high inflation levels in the ROW. The missing cargoes from Russia and Ukraine will, to the extent possible, be substituted from further away sources and thereby increase ton-mile demand. The fear is that the ROW will fall into a recession with QE taper

combined with much higher interest rates strangling economic growth. That outcome must be avoided.

- According to Clarksons end Mar report, ton-mile demand will increase from earlier projection of 1.59% to 1.92% in 2023 and 2.26% in 2024 compared to net supply growth of 2.7% and 0.6%, respectively. While EEXI and CII will reduce bulker fleet supply by 2.0-2.5% per annum across 2023-24, through slower speeds and retrofit time.
- China's exports have surged in March, confirming that their expansionary policies are working, and more importantly, the ROW is not in recession and needs Chinese goods.
- China announced on the 11 Apr 23 an infrastructure led stimulus of $1.8tr, that brought the dry bulk market and demand back to life with time charter rates moving up.
- China imported 294.3 MMT of iron ore in Q1 23, a new all-time high, 3.8% above the previous record in Q1 21, and about 9% higher than the last 5-year average.
- China imported 101.8 MMT of coal in Q1 23, 96.5% above Q1 22, a new all-time high, 6% above the prior record in Q1 20, and about 39% higher than the last 5-year average.
- China's Q1 23 GDP growth was 4.5%. The Chinese government have taken several measures to stimulate their economy and we should see sustained demand for dry bulk.
- China's economy came roaring back in 2M 2023 as fixed-asset investment was up 5.5% and consumer spending rebounded.
- 19% of Chinese iron ore imports came from Brazil (56.5 MMT) up +15.3% and 67% from Australia (196.5 MMT) up +14.2% in Q1 23 (estimated by Drewry). As longer ton-mile from Brazil replaced shorter ton-mile from Australia, it positively affected the Capes in Q1 23.
- World steel production reached 459.3 MMT in Q1 23, down -0.1% from Q1 22.
- China's PMI index was 51.5 during Q1 23.
- China's GDP growth rate for 2023 will increase to 5.2%, which is 0.8% higher than the last update from the IMF, great news for dry bulk! Major American banks say that China will outperform the IMF GDP forecast by 100 to 150 bps!
- China licensed 106 GW of coal fired power plants in 2022 (6 times more than the ROW), 50 of which are already under construction. China is importing coal from Australia. The 4-week moving average of coal imports in tonne-miles is up 90% YOY (3-month moving average: +50%).
- Shipments of specialized ores required for renewable energy and battery production will provide additional ton-mile demand for the smaller size ships.
- The geopolitical spat between China and Australia has all but disappeared, and coal has started to be shipped to China. However, Australia continues to ship coal to EU and other destinations resulting in increased ton-mile demand.
- According to a report from Australia's Office of the Chief Economist, Global Steel production is forecast to grow by 3% in 2023 to 1,930 MMT, and by 2% in 2024 to 1,967 MMT. Global Iron ore exports will grow by 2% to 1,594 MMT and by 3% to 1,639 MMT in 2024. Thermal coal will remain relatively stable in these two years. All good news for dry bulk markets!
- Ukraine had completed 97% of its harvest at 53.2 MMT of grain by 2 Feb 23.
- Ukraine exported 38.5 MMT of grain in the Jul22-Jun23 export season.
- In March 2023 Brazilian iron ore exports were up 10% y-o-y at 27 MMT and soybean exports up 25% y-o-y at 15 MMT.
- A Bloomberg headline suggests cost to rebuild around 1 million homes destroyed in the Turkish earthquakes would exceed $100b.
- India's coal production was up 14.65% between Apr-Mar 2022-23 to 892 MMT.
- India is expected to be the next China in economic powerhouse terms. Much as we would like that to happen (it would have a huge positive boost in demand for dry bulk), we need to temper our expectations based *on this article* that explains how the Indian economy has progressed, and *this article* that explains what went wrong and needs correcting, for India to reach its full potential.
- The FBX index measures spot container rates over 12 trade lanes, hit a record of 11,137 points on 9 Sep 21, was 82% below its peak at just below 2,000 points by end Jan 23.

- Maersk Line made a full year 2022 EBIT of $30.9b, a 57% y-o-y increase.
- Hapag-Lloyd made a full year 2022 EBIT of $18.5b a 67% y-o-y increase.
- Uniper, the nationalized German energy company, lost $20.2bn in 2022.
- Russia exported 250 MMT of cargoes from the Black Sea in 2022, according to Ukrainian officials.
- In April 2022, IMF revised down world GDP growth to 2.8% for 2023, and 3% for 2024.
- The IMF projections show that the UK economy will contract the most amongst the G20.
- IMF warned that its 5-year economic growth forecast was the weakest in 30 years. The cause: geopolitical tension and tighter monetary policy.
- The orderbook to fleet ratio at the start of Q2 23 for the dry-bulk sector was 6.85% (7.61% for the geared sector and 6.44% for the gearless sector) one of the lowest readings for over two decades!
- During Q1 23 1.66 MDWT of ships were recycled across the dry bulk fleet compared to 1.24 MDWT (up by +33.87%) in Q1 22. The existing age profile at the start of Q2 23 of 79.08 MDWT or 8.11% (12.27% in the geared segment and 5.85% in the gearless segment) of the world fleet being 20 years or older, together with low levels of the order book to fleet ratio of 6.85% (order book up to end 2026 compared to net supply at the start of Q2 23), should result in the world dry bulk fleet growing at a much slower pace.
- PSL's exposure to the smaller geared segments means that we will be exposed to growth in net supply of 1.9% in 2023, with minor bulks growing at 1.28%, according to Clarksons.
- Ships 20 years or older, comprising 79.08 MDWT or 8.11% of the existing fleet (42.18 MDWT of the geared fleet or 12.27% and 36.90 MDWT of the gearless fleet or 5.85%) at the start of Q2 23 would be ideal candidates for recycling in 2023/2024.
- If net supply growth is affected by inefficiencies and slow speed, then 2023 and 2024 should be good years as world GDP growth rates of 2.8% in 2023 and 3% in 2024 are projected by the IMF.
- Healthier recycling is expected during 2023 due to the large number of 20+ year old ships in the world fleet, pressures from BWTS, Special Survey costs on these older ships, and additional regulatory pressure from adoption of EEXI & CII regulations on 1st January 2023, that will force some of them to early recycling.
- Failed banks SVB, Silvergate, Signature, and now First Republic, have been bailed out by US regulators. In the US, 'no bank is too small to let fail.' And then there is Credit Suisse, absorbed by UBS after an emergency decree passed by the Swiss parliament on Sunday 19th March, as it was 'a bank that was too big to let fail'.
- PacWest, Western Alliance, Comerica, Zions Bancorp, and Metropolitan Bank Holding have all seen massive reduction in their market caps during the first week of May, with depositors withdrawing large sums from each of them. One of them could be the next dominos to fall.
- As expected, the Fed raised interest rates by 25 bps on the 3rd of May and said that they would pause further hikes but would keep rates at current levels. US stock markets slumped in reaction.

Differences between 2003-2009, 2010-2020, 2021, 2022 and 2023:

Differences in 2003-2009, 2010-2020, 2021, 2022, 2023 and the future

Daily average Time Charter rate	2003 – 2009	2010 – 2020	2021	2022	Q1 2023
Capesize	67,101*	14,924***	33,333**	16,177**	9,144**
Panamax	32,793*	10,965***	26,898**	20,736**	11,326**
Supramax	28,013^^	10,765***	26,768**	22,152**	10,169**
Handysize	18,753^^	8,789***	25,702**	21,337**	9,702**
Demand Billion Ton-miles per year	+5.4%	+4.2%	+3.48%	-1.69%	1.92%
Average Speed (knots)	13.5^^^	11.5^^^	11.4	11.2	11.0
Chinese Stimulus	China enters WTO 2001	USD 578 bn (2009)	$667 bn (mid year 2020) (ROW $20 trillion+)	$2.3 trillion^	$1.8 trillion^
Orderbook/Fleet ratio per year (start of each year)	+36.02%	+26.23%	+7.03%	+6.88%	+7.16%
Annual average % of 20-year-old (start of each year)	+18.38%	+11.27%	+6.25%	+7.26%	+8.07%
Annual average net supply growth	+6.8%	+6.4%	+3.55%	+2.86%	+2.7%

2023 & The Future

At the start of 2022, for the first time this century, the 20+ year old fleet was larger than the forward order book, and at the start of Apr 2023 it was still 8.11% versus 6.85%, respectively.

*Note: *BCI 172K (4TC), BPI 74K (4TC), BSI 52K (6TC), BHSI 28K (6TC).*
***BCI 180K (5TC), BPI 82K (5TC), BSI 58K (10TC), BHSI 38K (7TC)*
****Combine of above two classification*
^Bloomberg calculated Chinese stimulus at $ 5.3 trillion in 2022!, Bloomberg reported $1.8 trillion of construction stimulus in Apr 2023
^^1 Yr. TC 32K, 1 Yr. TC 52K used for years where there was no BHSI (2003-2006) or no BSI (2003-2005).
^^^Average speed in 2008-2009 and average speed in 2012-2020

Source: Clarksons Index Timeseries, Clarksons World Seaborne Trade Timeseries, Clarksons Speed Timeseries and Clarksons World Fleet Register as on 31 Mar 2023, End'23 Fleet Capacity from Clarksons Mar 2023 DBTO

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If you look at the time charter rates for the period 2003-2009 it was the highest for the Capes compared to all the other periods. For Panamax and Supras, during 2003-2009, rates were almost 3X higher than in the 2010-2020 period but marginally higher than rates in 2021 and 2022. For the Handy size, 2021 was 3X higher than in 2010-2020 and almost 1.5X higher than in 2003-2009. However, demand growth rate in ton-miles in the four periods had a clear declining trend with the lowest rate in 2022. What was different was, of course, the average orderbook to fleet ratio being highest in 2003-2009 dropping by 27% in 2010-2020, by 80% in 2021, by 81% in 2022, and by 80% at the start of 2023. The other significant difference was that the orderbook to fleet ratio was 2X the 20-year-old fleet in 2003-2009, 2.3X in 2010-2020, 1.1X in 2021, 0.95X at the start of 2022, 0.89X at the start of 2023, with the figure dropping to just 0.84X at the start of Q2 2023! This indicates weak supply growth in the future and indicates good markets could continue for a few years.

Rates started out in 2021 at a low level and then accelerated to a peak on 7th October with the BDI hitting a 13 year high at 5,650 points, and since then, has fallen till February 2022 before rising once again. Why did rates oscillate in this fashion rising, falling, and rising once again, so quickly? The answer is simple: supply-demand, by the middle of 2021, was in perfect balance, and as ton-mile demand calculated by Clarksons grew at 3.48% slightly below net fleet growth at 3.55%, yet rates skyrocketed! But when China decided to reign in their out-of-control real estate sector by letting Evergrande and its brethren collapse, imposed strict anti-pollution controls on coal fired power plants post COP26 in November 2021, curtailed steel production, and insisted on blue skies during the winter Olympics during February 2022, ton-mile demand, of necessity, took a hit and rates fell for the opposite reasons that they skyrocketed to a peak on 7th October 2021. This was not helped by the central bankers of the ROW tapering QE and hiking interest rates starting in March 2022 and continuing in 2023, to combat inflation. With supply-demand being in balance, volatility increased as China continued with their Covid-zero policy locking down large industrial swathes of the country for months at a time in 2022. The combined result of Covid-zero in China and interest rate hikes and QE tapering in the ROW, was predictable. Demand started to ease and rates in 2022 slowed marginally compared to 2021. The start of 2023 was when China was not in lockdown from Covid-zero policies but instead was struggling to cope with a complete abandonment of that same policy. People did not know which way to turn, but by the end of Q1 23, China was one of two major economies that was growing strongly with GDP growth rate of 4.5% with the IMF predicting a full year GDP growth rate of 5.2%. The other is India with a GDP growth rate predicted at 5.9%.

China spent $586 billion in 2009 on steel intensive infrastructure and it pushed the BDI to a 4,221-point high that year from a low of 665 points on 6th December 2008. China allocated $667 billion on 21st May 2020 to assist Covid-19 hits to their economy. That pushed the BDI to 5,650 points, a 13-year high, in October 2021. Imagine what the recently announced $1.8 trillion stimulus in April 2023, devoted to steel intensive infrastructure development, will do to the BDI, and the dry bulk freight markets, if past Chinese stimuli and their impact are a guide for 2023 and beyond.

The geared sector, Supras and Handy sizes, had much lower volatility in rates due to the reasons expressed above but also because they had the slowest net growth rate in DWT in supply of ships in 2022 at +2.94% (Handy), +3.36% (Supras) versus +1.80% (Capes), and 4.42% (Panamax). In Q1 2023 these figures were +0.72% (Handy), +0.97% (Supras) versus +0.88% (Capes), and +1.10% (Panamax).

Key Supply Side Developments:

We started 2023 with 966.03 MDWT and have increased to 975.04 MDWT (+0.93%) at the start of Q2 2023. If we were to apply slippage of 5% (it was actually 38.39% for Q1 23) to the scheduled deliveries in the balance of 2023 and 2024 and assume scrapping reaches 8 MDWT (it was actually 1.66 MDWT during Q1 2023) we would be left with a net fleet growth of 2.90% (996.03 MDWT to 994.05 MDWT of which 340.73 MDWT to 350.79 MDWT for the geared sector +2.95%, 625.30 MDWT to 643.26 MDWT for the gearless sector +2.87%) by end of 2023 and 1.92% by end of 2024 (994.05 MDWT to 1,013.11 MDWT of which 350.79 MDWT to 360.74 MDWT for the geared sector +2.84%, 643.26 MDWT to 652.37 MDWT for the gearless sector +1.42%.) Congestion, ballasting ships, slowing speeds, especially due to EEXI/CII regulations (Clarksons estimates minus 2-2.5% over 2023-2024), will further assist in supply side tightening.

Regulations and the IMO:

The IMO must target net-zero by 2050 and impose a CO2 tax of $100 PMT starting 1 Jan 2024, increasing to $200 PMT by 1 Jan 2030. If they do so, these would be the benefits flowing out of such an action.

- Every ton of fuel oil burnt in an IC engine would cost an additional $320 as a Carbon tax.
- A universal tax would stop similar taxes being levied by the EU, China, USA, and others.
- Use this fund to conduct Research and Development into alternate fuel burning engines.

- Subsidize cost of alternate green fuels of 'first movers' to make it level with Fuel Oil prices.
- Push bunkering hubs to create land-based infrastructure for alternate fuels.
- Subsidize Island Nations that are most at risk due to Climate Change and have been demanding such a tax.
- Push shipyards to build many more alternate fuel engine ships as quickly as possible.
- A total of 100,000 fuel burning ships need to be replaced. Assuming 20 years (2030-2050) time horizon, you need to build 5,000 ZEVs every year. So, yard capacity must increase significantly.

We have been advocating that the IMO set a hard stop for IC fuel oil burning new ships by, say, 1 Jan 2030. If they do so, these would be the benefits flowing out of such an action.

- Engine makers would produce alternate fuel burning engines.
- Shipyards would purchase zero emission steel for ZEVs.
- Regulators would create safety and other rules needed for the new fuels.
- Training of ship crew to handle these alternate green fuels would be the norm.
- Bunkering hubs would create the entire land-based infrastructure needed for the alternate fuels.
- Alternate fuel manufacturers would create sufficient green fuels for the world ZEV fleet.
- Charterers would enter long-term partnership type contracts with first movers of ZEVs.
- Purchasers of cargoes moved on ZEVs would pay their Shippers an increased price per ton.
- End consumers would accept and pay the marginal increase on their consumption.

The IMO could also set a hard stop to Scrap all 20 years or older ships from 1 Jan 2035. If they do so, these would be the benefits flowing out of such an action.

- Investment in ZEVs to replace the existing world fleet would cost about $1.5 trillion.
- Ship owners will make enough profits (2030-2040), to allow funding of ZEVs.
- Shipyards get orders for ZEVs (2030) and price them reasonably for first movers.
- Shipyards become profitable, invest in mega yards, build required number of ZEVs in time.
- Regulators have created all the necessary regulations for ZEVs and their fuels.
- Trained ship crew are available in sufficient numbers to crew alternate ZEVs.
- Bunkering hubs have been created, supplied, and ready to distribute alternate fuels.
- Alternate fuel manufacturers have created sufficient green fuels for the world ZEV fleet.
- Charterers have long-term partnership type contracts in place with first movers of ZEVs.
- Cargo buyers pay their Shippers an increased price per ton for goods shipped on ZEVs.
- End consumers accept and pay the marginal increase for their goods shipped on ZEVs.

Congestion:

In Q1 2023, the average number of ships at worldwide ports, reached almost 983,039 vessels, 57,047 more than Q1 2022. The figure peaked on 31st March with 11,531 vessels, but the figure almost reached 10,309 when the BDI peaked at 5,650 points on 7th October 2021. The figure as of the 21 April 2023 is 11,731 ships.

Inflation:

- Deglobalization, friend shoring, and near shoring, will make goods and services much more expensive than they are, leading to higher and more permanent inflation. The question to ask: is our fight against inflation for real? If it is, then we must stop this nonsense of deglobalization.
- 2022 started with a war between Russia and Ukraine, with the ROW weaponizing sanctions and declaring a boycott of Russian oil, gas, and other products. Consequently, oil prices averaged $95 per barrel, with food prices shooting off the charts during 2022, leading to inflation.
- The sanctioned commodities must now be sourced from a much further distance (increased ton-mile means freights rates are also moving upwards), and then the ROW wonders why they had inflation in 2022!?!?
- Meanwhile, ExxonMobil made their highest profit of $55.7b, Shell made a record $40b, BP made a record profit of $28b, and Aramco made the highest profit ever of $161.1b, all in 2022, thanks to the sanctions on Russian oil exports, pushing oil prices ever higher.
- One of the unintended consequences of weaponizing sanctions against Russia is that Indians, Chinese, and Russians are pricing discounted oil (prewar prices less 25%) in Rupees, Yuan and Ruble, a win-win for each of them.
- The cause of our current problems, are of course, politicians who mishandled Covid; mishandled climate change by literally having no clue as to what they are, or should be, doing; mishandled geopolitics leading to an unnecessary Russia-Ukraine war. These are all self-inflicted goals.
- The solution by the Fed, and most other central banks, is to raise interest rates rapidly to reduce inflationary pressures, with the cure of higher interest rates likely to kill the economy, if not the common man, and killing SVB, Signature, Silvergate, First Republic, and Credit Suisse!
- Please prepare for one more interest rate hike in May, before a pause, to stave off the looming recession. The FDIC thinks more banks may go under as it plans to hit the bigger banks with multibillion dollar demands to shore up its liquidity to secure smaller US banks.
- Interest rate hikes, leading to bank failures, have made big banks gain $120b in deposits while small banks lost $109b in a week in March.
- SVB was the 16th largest bank, and the 2nd largest bank to collapse in US history. If proof was needed that hiking interest rates is problematic, has unintended consequences, and results in contagion, then SVB is the example. So far, Silvergate and Signature banks have collapsed, and are also connected to the Tech space. Now First Republic has gone under.
- Citadel founder Ken Griffin compared using high interest rates to cure inflation like doing surgery with a blunt knife.
- Jay Powell's testimony to Congress on 7th March pushed the yield curve past a negative 100 bps. The last comparable time was in 1981.
- Academics and economists indicate that the Fed could push rates to 6.5% to tame inflation, as reported by Bloomberg.
- Despite the captioned article at the start of this section, the Fed only halved interest rate hikes, while promising to go 100bps higher than market expectations, and to stay stronger for longer. This destructive policy will benefit the rent seekers, help destroy the lower middle-income groups in the developed world and reduce most of the middle-income group in the developing world into poverty and penury.
- According to the Economist, inflation is far from dead and interest rates will stay stronger for longer as unemployment figures remain the lowest this century, in most developed economies.

The Inverted Yield Curve:

Since 1969, the inverted yield curve has reliably predicted each ensuing recession. But Campbell Harvey, the discoverer of this economic 'law' says that the current yield curve inversion may be flashing a false positive for three reasons. Firstly, the employment situation is very different with unemployment at 40-year lows of just 3.5%. Secondly, the housing market, after rising like a rocket, has started to fall. This should be a warning sign of impending bad news, but as homeowners have much lower leverage today, it isn't. And finally, this yield curve inversion has been in the news for so long, almost a year, that corporates have acted by reducing capex, reducing leverage, and keeping their man-power resources lean and mean. The one caveat to avoiding a recession is the Fed. If they do not stop raising interest rates, you will have a recession. If they pause and then reverse direction the yield curve will change its signal from an impending recession to 'business as usual'. *This podcast* gives you the details in Campbell Harvey's own words.

Turkey's Massively Destructive Earthquakes:

- On Monday 6th February at 4.17am, while people were asleep, a 7.8 magnitude earthquake struck Southwestern Turkey, adjoining Syria. This was followed by a 7.5 magnitude quake at 1.24pm the same day, resulting in over 45K+ deaths (including Syria totals 51K+), countless injuries, homelessness, hunger, and destruction of livelihoods.
- At least 156,000 buildings have collapsed or are so damaged as to render them unsafe, with areas of cities impacted by the quakes reduced to rubble.
- To understand the extent of the destruction, Bloomberg suggests the cost to rebuild about 1 million homes would exceed $100b.
- Ship owners have stepped up by arranging relief accommodation onboard passenger ships, and in thousands of empty containers; a field hospital flown in from France.
- The EU had organized a donor conference on 20th March for the victims of this earthquake.

The Russia-Ukraine war:

- According *to an article in CNN*, Jaime Dimon claimed that the war in Ukraine was the most serious geopolitical issue since WW II; it resulted in fuel, fertilizer and food shortages with corresponding price hikes; supply chain disruptions; inflation; painful interest rate hikes; and increased tensions between USA and China covering microchips, balloons and Taiwan.
- This is a 'must' watch *21-minute video* to understand the Russia-Ukraine war. And another *shorter explanatory video*.
- The lessons spelt out 300 years ago, have still to be learnt. On 1 Feb 23, TV media posed inconvenient questions about war profiteers. Please *look at this 10-minute video* that asks inconvenient questions.
- *This article By Alan MacLeod* in MintPress News, asking the reader why the mainstream media were ignoring Seymour Hersh's bombshell report that the US, aided by Norway, destroyed the Nord Stream pipelines, is worth reading. Also worth reading is *the original article by Seymour Hersh*, the award-winning investigative journalist who brought such exposes as the My Lai massacre to the world. Both these articles clearly show that the quote of 300 years ago, captioned at this section, is still applicable today.
- Another *article from Seymour Hersh* dismantling the coverup story pushed by certain agencies on both sides of the Atlantic.

- *Another article* shows how corporates are already involved in the reconstruction of Ukraine. Even before the war ends the profits from reconstruction are being claimed by these entities.
- An article titled '*Who's winning and losing the economic war over Ukraine*?' posits that poor people lost out big time, especially in the Global South dependent on imported food, fertilizers, and energy; the EU had to subsidize energy with $850bn; India will maintain its 2022 growth rate of over 6%, in 2023 and 2024; China benefited from a trade increase with Russia of 30% in 2022; Western oil companies banked $200bn in 2022 profits; US suppliers sold LNG at 4 times US prices to the EU; Norway was rewarded with high price sales of LNG to the EU; in the US, multi-year, no-bid-contracts, to replenish weapons sent to Ukraine, outstrip amounts shipped by 500 to one, profiting Lockheed Martin, Northrop Grumman, Raytheon, and General Dynamics from arm sales, with 2022 stock price increases of Lockheed Martin +37%, Northrop Grumman +41%, Raytheon +17%, and General Dynamics +19%.

Inequality:

- The richest man in the world got richer, LVMH's Bernard Arnault's wealth increased to $210bn!
- According to Reuters, CEO James Gorman of Morgan Stanley got a 13% bump in his annual salary to $39.4m for 2022, a personification of inequality.
- ExxonMobil just bumped up their CEO's pay to $35.9m for 2022 after reporting their highest ever profit due to the Ukraine-Russia war.
- Beverly Gologorsky, in this article states 'For a country [USA] that projects itself as the richest in the world, hunger remains hidden by design. It's true that the US doesn't have the in-your-face version of malnutrition seen in countries like Somalia and Afghanistan (to name just two of the food-desperate lands in this world). Yet according to the USDA, in 2020, more than 34m people in the USA, including 9m children, were food insecure, including 1,280,000 adults 65 or older who lived alone.'
- According to Marc Andreessen, co-founder of venture capital Andreesen Horowitz, in sectors where technology is 'used extensively or forbidden', we will have smart TVs covering our entire wall costing just $100 but to get a 4-year college degree will cost $1.0m. Inequality, at its peak.
- EU Central Bankers accepted that inflation was profiting corporates while workers and consumers were paying the price.
- Bernie Sanders took to Twitter, writing: "With exploding technology and increased worker productivity, it is time to move toward a four-day work week with no loss of pay. Workers must benefit from technology, not just corporate CEOs."
- Inequality is increasing instead of decreasing. The rich are getting richer and the poor getting poorer if that was even possible. The Oxfam report, or at least its major findings, must become compulsory reading for everyone.
- Retirement ages will keep rising as pension fund requirements soar. In 1980 outstanding pensions accounted for 5.5% of GDP in the developed world, and by 2040 will almost double to 10% of GDP.
- Those born between 1981-1996 earn 20% less than the baby boomers did at their age.
- Those between the ages of 28-38 had the lowest net wealth to income ratio than any previous generation.
- The top 1% grabbed ~67% of the $42tr of wealth created between 2020 and 2022, almost twice as much as the bottom 99%.

Climate Change:

- US methane polluters must spend $426m if they wish to avoid penalties.
- 11 people died of sunstroke in the outskirts of Mumbai while attending an awards ceremony.
- Drought is the reason why the IMF has lowered their forecast for Argentina's GDP growth rate from 2% to 0.2%. That is the economic damage that climate change can do to a country!
- Europe is going through its second consecutive drought with parched soils, slimmed rivers, in France, Greece, Italy, Spain, and UK. Catalonia in Spain had the hottest year in 2022 since records were maintained in 1917 and was 2.7 Celsius above the average in 1960-90. This is the worst drought in 500 years in most of Europe.
- If we continue with business as usual, then in the mid-east and north-Africa heat related death tolls will rise 60-fold by the end of this century.
- Wind and Solar generate more electricity than all nuclear power plants. But they need to grow at twice their current speed to have the same impact as nuclear power had in the 1970/1980ies. The good news is that they can/will expand at the required speed.
- India is experiencing heat waves and temperatures, with the hottest Feb since 1901, that threaten human survival.
- 3.8m hectares of tropical forests were destroyed in 2021.
- Tropical Cyclone Freddy has killed more than 400 people in Africa, at least 10 people were killed in Southern Turkey due to flash floods, the exceptionally wet winter will likely keep California drought free this summer for the first time in 3 years, and Italy will approve $8.32b to tackle a severe drought they are facing.
- Less than 1% of planet Earth has a safe level of 2.5 particulate matter in the air.
- China will add a record 95-120 GW of solar power in 2023.
- China licensed 106 GW of coal fired power plants in 2022, 6 times more than the ROW, 50 of which are already under construction. China has more coal fired power plant capacity than the ROW combined.
- India is predicting hotter weather in the next few months, and will need greater power generation, requiring more coal imports.
- Plants, trees, soil, and the oceans absorb 55% of all CO_2 produced by mankind.
- The world is struggling with plastic waste at 400 MMT produced annually compared to just 2 MMT in the 1950ies.
- Ski resorts are facing challenges due to elevated temperatures, insufficient snowfall, and the inability to produce artificial snow.
- Did you know that the temperature of the Earth's inner core and the surface of the Sun are identical at about 6,000 degrees C?
- Italy faces new drought alert as Venice's canals run dry.
- France eyes 'unprecedented' water curbs after driest winter in 64 years.
- Jimmy Carter, POTUS between 1977-1981 crafted the USA's first comprehensive energy policy which stated that by 2000 renewables must be 20% of the energy mix, a target that is close but has not yet been met in 2023! He also commissioned a report in 1977 that presciently asked global temperatures to be limited to a maximum rise of 2 degrees Celsius in 1977, some 38 years before it was adopted at the Paris COP 2015 meeting.
- A new report from the IEA claims that fossil fuel subsidies doubled in 2022 to reach a record $1.1tr.
- The IEA claims 260bn CBM of gas is either flared or released every year, more than the pre-war annual gas imports of Germany from Russia.
- In 2022 the global energy industry released 135 MCBM of Methane, responsible for a third of the rise in global temperatures, higher than 2020/2021 but just below the record set in 2019.
- The Thwaites Glacier in Antarctica is melting faster than expected as warm waters seep into its weak spots, increasing the melt.
- A recent report indicates a rise of sea water by 6.6 feet, expected in 400 years, would put most of Bangkok under sea level, contrary to earlier reports that indicated Bangkok would survive. The full article can be read here.

- During 2022 Shell spent $3.5b on renewables but spent more than twice that on fossil fuels at $8.1b.

Shipping News:

The bulker fleet stood at 972 mdwt at the start of 2023, up 2.8% y-o-y. A combined 30.9 mdwt was delivered into the sector in 2022, down 19% y-o-y, while just 4.7 mdwt was scrapped, down 9% y-o-y. Contracting remained subdued, with 23.9 mdwt ordered in 2022. The bulker fleet growth appears historically moderate, with the orderbook at 7.4% of fleet capacity at start-2023. Deliveries are projected to grow to 33 mdwt in 2023 and decline to 25 mdwt in 2024, whilst scrapping is projected to rise to 16 mdwt in 2023 on the back of weaker markets and the introduction of new regulations (e.g., CII, EEXI), though uncertainty remains. (Clarksons – 30 Jan 23)

India Is the world's second largest importer of coal after China, accounting for 17.2% of the global coal market in 2022. Total coal imports into India in 2022 reached 203.8 MMT. This was up +13.6% y-o-y from 179.5 MMT of 2021. About 60% of coal imports are delivered to the East coast of the country. Most of the rest is discharged in the North-Western state of Gujarat, India's most industrialized state, which alone accounts for 30% of total imports. (Braemar – 3 Feb 23)

According to the Ukrainian note on 15 February, traffic volume through Russian seaports in the Azov and Black Seas increased to more than 250 MMT in 2022. (TradeWinds – 15 Feb 23)

The Russia-Ukraine war 'amplified' pressures on the global seaborne trade network, which was already facing significant Covid-related disruption. By May 2022, our global 'deep sea' port congestion index rose to a near record high of c.33% of capacity 'at port'. Policies and sanctions have cut Russia-Europe energy trade, with significant volumes of Russian oil and coal 'redirected' to Asia (notably India and China). European buyers have had to look further afield for energy supplies, increasing imports of e.g., crude and LNG from the US and Middle East, and coal from South Africa, Australia, and Indonesia. As a result, the average 'haul' of seaborne coal is on track to increase by 4% between 2022 and 2024. With demand headwinds and reduced congestion, bulker and boxship markets 'normalized', while tanker markets saw further gains. (Clarksons – 24 Feb 23)

Seaborne dry bulk trade is projected to rebound by 2.2% in ton-miles in 2023, with coal trade projected to grow by 2% on EU and Indian demand. The bulker supply backdrop looks supportive, with fleet growth projected at a modest 1.9% in 2023. Uncertainty over future fuel choices has caused hesitation to place new orders amongst bulker owners. Soft markets have seen bulker speeds fall significantly and our time series was down 3% y-o-y in January. Impacts from emissions regulations will absorb some supply, scenarios vary, but we estimate compliance with EEXI and CII could reduce available bulker supply by 2.0-2.5% per annum across 2023-24 through slower speeds and retrofit time. With the potential for increased demolition ahead, bulker owners will appreciate the underlying supply backdrop looks supportive. (Clarksons – 27 Feb 23)

The recent announcement that China is lifting the import ban on Australian coal signals an attempt by the government to facilitate the post-pandemic demand recovery which could imply more Chinese imports. Our AIS data shows the 4-week moving average of Chinese seaborne coal imports in tonne-miles up 90% YOY (3-month moving average: +50%), which should provide support to the dry bulk space. (DNB Markets – 27 Feb 23)

In 2022, iron ore loadings declined by -2.3% y-o-y to 1,518.2 MMT, from 1,554.4 MMT in 2021. Volumes were almost at par with the 1,525.6 MMT shipped in 2019, but below the 1,557.2 MMT shipped in 2018. Exports from Australia increased by +1.4% y-o-y in 2022 to 896.3 MMT, above 2020 levels, and a new record high. Exports from Brazil, declined by -2.1% y-o-y in 2022 to 339.7 MMT. In 2022, Brazil accounted for 22.4% of iron ore shipments, after Australia's 59.0%. (Banchero Costa – 5 Mar 23)

Quantifying the potential impact of EEXI/CII on markets is hugely complex and uncertain. But we are now factoring into our supply/demand modelling an “effective” supply reduction basis period of slower steaming (and a little off hire time to de-rate engines or fit ESTs). This could represent 2-4% of fleet supply over the next few years but perhaps more critical may be the removal of the flexibility to speed up in tighter markets, introducing a “straitjacket” around the supply/demand markets of shipping. We have introduced speed indices to track trends. (Clarksons – 10 Mar 23)

Australia is now the second largest exporter of coal worldwide, with 28.2% of global coal exports last year, having been overtaken by Indonesia which had a 32.2% share in 2022. The top destination is Japan, with 35.1% of Australia’s coal exports, with India 15.8%, Korea 14.1%, Taiwan 9.2%, and the EU at 7.7%. (Banchero Costa – 19 Mar 23)

Brazilian dry bulk exports were robust in March, with iron ore exports up by 10% y-o-y at 27 MMT and soybean exports up by 25% y-o-y at 15 MMT amid expectations of a record harvest. The redistribution of trade flows in response to the Ukraine conflict has introduced a clear “kicker” on ton-mile growth with Coal trade seeing an average haul ‘bonus’ of 4% in tonne-miles vs 2% in tonnes. (Clarksons – 31 Mar 23)

Australia’s Office of the Chief Economist has released the latest Resources and Energy Quarterly, which forecasts a 3% YOY increase in world crude steel production to 1,930 MMT in 2023, followed by a 2% YOY rise to 1,967 MMT in 2024. The report suggests that China's contribution is expected to be marginal in 2023, and to decline slightly in 2024. Instead, the EU, India and the US are anticipated to contribute the most to the rise in production. Iron ore exports are expected to increase by 2% YOY to 1,594 MMT in 2023, and then by 3% YOY to 1,639 MMT in 2024, aided by higher volumes from Australia and Brazil. Chinese iron ore imports will slide somewhat from 2022 to 2024. Coal trade is expected to remain relatively stable between 2022 and 2024, with faltering Chinese imports being offset by increased Indian imports. (DNB Markets – 4 Apr 23)

Ukraine's grain exports for the 2022/23 season (Jul22-Jun23) were at 38.5 MMT as of April 5, the agriculture ministry data showed on Wednesday. The volume included about 13.2 MMT of wheat, 22.7 MMT of corn and 2.29 MMT of barley. (Reuters – 5 Apr 23)

Chinese iron ore imports in March came in at 100.1 MMT, up c15% YOY and c10% YOY YTD. YTD imports are at a new all-time high; 3.8% above the previous all-time high from 2021. Iron ore imports YTD are c9% above the 5-year average, reflecting improving economic activity despite a macroeconomic slowdown, and is constructive for the dry bulk market as the country emerges post-Covid. Chinese coal imports YTD came in at 101.8 MMT, which is double the 2022 figure. This is also the highest import figure for the period ever recorded, coming in c6% higher than the previous all-time high in 2020. March imports came in 41.2 MMT, versus 16.4 MMT in 2022, which is 70% higher than the 5-year average. We see the news in unison of China reactivating after years of stringent lockdowns and Chinese officials announcing earlier this year it will “maximize the use of coal in coming years” to ensure growth and energy security. (DNB Markets – 13 Apr 23)

Deliveries of bulkers in 2023 will increase to 29.19 MDWT, based on the orderbook, after accounting for slippage. In Q1 23, deliveries totaled 9.30 MDWT, +7% y-o-y from 8.67 MDWT in Q1 22. Demolition will total 5.12 MDWT, based on the age profile and recent trends. In Q1 23, demolition reached 2.01 MDWT, +65% y-o-y from 1.22 MDWT in Q1 22. Net fleet growth for bulkers over 20K DWT will continue at +3% y-o-y in 2023, and at +2% in 2024, based on the order book, expected slippage, and demolition. The fleet expanded by a net +3% y-o-y in 2022. Contracting slowed down last year. The order book-to-fleet ratio, however, is still just 6.4% in DWT. Trade is positive so far in 2023. In Q1 23, iron ore loadings increased by +4.0 % y-o-y to 366.8 MMT. Iron ore from Australia increased by +3.8% y-o-y, and from Brazil up by +3.4% y-o-y. In Q1 23, coal loadings increased by +20.5% y-o-y to 310.8 MMT. Coal loadings from Indonesia +61.3% y-o-y, from Australia -5.0% y-o-y, from Russia +23.8% y-o-y, from USA +28.8% y-o-y, from South Africa +0.1% y-o-y. (Banchero Costa – 14 Apr 23)

1 year charter rate for a 6,500 ceu vessel sat at a record $110,000/day in March, up from $17,000/day in late 2019 and more than double the previous Q2 '08 record. In April 2023, the car carrier orderbook passed 1m ceu for the first time since 2009 equivalent to 26% of the fleet. (Clarksons – 14 Apr 23)

The EU is now the fifth largest importer of coal in the world, after China, India, Japan, and South Korea. In 2022, the EU accounted for 9.8% of global coal shipments. The EU's coal imports in 2022 surged by +33.8% y-o-y to 116.5 MMT. This followed an equally strong increase of +30.1% y-o-y in 2021, when the total was 87.1 MMT. EU accelerated its coal imports last year as a direct reaction to the threat of a reduction in gas supply from Russia, reversing a long-term trend in cutting down on coal use. In Q1 23, coal imports into the EU further increased by +15.1% y-o-y to 28.4 MMT, again the highest since the 30.3 MMT in Q1 19. The EU was, and still now remains, heavily dependent on Russia. The second largest supplier to EU is Australia, accounting for 19.7% of the EU's imports in 2022. In 2022, imports from Australia increased +42.3% y-o-y to 20.9 MMT. In Q1 23, the EU imported 7.4 MMT from the USA, up +74.2% y-o-y from 4.3 MMT in Q1 22. From Australia, volumes surged by +97.6% y-o-y in Q1 23 to 6.6 MMT, from 3.3 MMT in Q1 22. (Banchero Costa – 17 Apr 23)

In Q1 23, the BSI TC equivalent averaged 10,151 USD/day, -59.6% y-o-y, whilst the BSHI TC equivalent averaged 9,705 USD/day, -59.7% y-o-y. Deliveries of Handy and Supras will decline in 2023 to 8.95 MDWT. In Q1 23, deliveries of Handy & Supras totaled 2.80 MDWT, +11% y-o-y from 2.52 MDWT in Q1 22. Demolition will increase in 2023 to a total of 1.09 MDWT. In Q1 23, demolitions totaled 0.38 MDWT, +770% y-o-y from 0.04 MDWT in Q1 22. Net fleet growth in the 20K-64,999 DWT will continue at +3% y-o-y in 2023, and at +3%in 2024, and grew by +3% y-o-y in 2022. Contracting has slowed throughout 2022 after a strong 2021. The orderbook-to-trading ratio is a modest 7.5% in DWT terms. (Banchero Costa – 25 Apr 23)

Economic News:

Shell made a record profit of almost $40b in 2022, more than double what it raked in the previous year after oil and gas prices soared following Russia's invasion of Ukraine. (CNN – 2 Feb 23)

Ukrainian farms had harvested 53.2 MMT of grain in bunker weight from 97% of the area as of Feb 2, the agriculture ministry said on Friday. (Reuters – 3 Feb 23)

BP reported on Tuesday a record profit of $28b for 2022. (Reuters – 7 Feb 23)

ExxonMobil saw record annual profits of $55.7b in 2022. (USA Today – 10 Feb 23)

Uniper lost a whopping $20.2b last year, due to fallout from Russia's war in Ukraine. The German government bailed the company out last year to keep it afloat, nationalizing it in the process. (FT – 17 Feb 23)

New data showed inflation still falling if only slightly, but for January consumer prices rose again, potentially that could push the Fed to raise rates for longer. Still, the overall economy remains robust, with more blowout job numbers, resilient spending, and skyrocketing credit card debt. (Bloomberg – 17 Feb 23)

Sen. Bernie Sanders said on Twitter that it is time for a four-day work week. He referenced new findings from a UK-based four-day work week pilot program that found that workers in the shorter week were faring better, and companies were making more money. (Business Insider – 22 Feb 23)

Prominent Wall Street economists and academics said the Fed may need to raise rates as high as 6.5% to beat inflation. (Bloomberg – 27 Feb 23)

A report by the Centre for Research on Energy and Clean Air shows China allowed a total of 106 GW of new coal power plants in 2022, reaching the highest level since 2015. 50 GW of coal power capacity started construction in 2022, a more than 50% increase from 2021. Many of these projects had their permits fast-tracked and moved to construction in a matter of months. (DNB Markets – 27 Feb 23)

China’s PMI shot up to 52.6 from 50.1 in January. Julian Evans-Pritchard, head of China research at Capital Economics said, "We had been expecting a rapid near-term rebound, but the latest data suggest that even our above-consensus forecasts for growth of 5.5% this year may prove too conservative." (Reuters – 1 Mar 23)

Saudi Arabia’s oil giant Aramco on Sunday reported a record net income of $161.1 billion for 2022, the largest annual profit ever achieved by an oil and gas company. (CNBC – 12 Mar 23)

US authorities launched emergency measures to shore up confidence in the banking system after the failure of Silicon Valley Bank threatened to trigger a broader financial crisis. Regulators said the failed bank’s customers will have access to all their deposits. (Reuters – 13 Mar 23)

China's economy rebounds from a covid slump as fixed-asset investment jumps by 5.5%, and consumer spending rebounds. Core US consumer prices rose in February more than forecast, complicating the Fed's position as it tackles inflation without adding to banking chaos. (Bloomberg - 15 Mar 23)

Ukraine has won IMF backing for a $15.6b loan, the first loan to a nation at war in the IMF’s 77-year history. (Bloomberg - 21 Mar 23)

The US FDIC, facing almost $23b in costs from recent bank failures, is considering steering a larger-than-usual portion of that burden to the nation’s biggest banks. The agency said it plans to propose a special assessment on the industry in May to shore up a $128b deposit insurance fund that is set to take hits after the recent collapses of SVB and Signature Bank. That would add to what already may be multibillion-dollar tabs for JPMorgan, Bank of America, and Wells Fargo. (Bloomberg - 29 Mar 23)

India's coal output rose 14.65% on the year to 892.21 MMT in the financial year 2022-23 (Apr-Mar), federal coal minister Pralhad Joshi said on his Twitter account March 31. (Platts – 3 Apr 23)

The IMF has warned that its five-year outlook for economic growth is the weakest it’s been in more than three decades, with geopolitical tensions and tighter monetary policy to blame. (Bloomberg – 6 Apr 23)

Chinese provinces plan to boost spending on major construction projects by almost a fifth this year to $1.8tr as Beijing continues to rely on infrastructure to spur an economy being hindered by consumers still bruised from years of pandemic restrictions. (Bloomberg – 11 Apr 23)

Certainly, Thursday's news of a surprising surge in China's exports last month eased concerns about world demand and some fears about the strength of the recovery in the world's second largest economy. (Reuters – 13 Apr 23)

IMF projections published earlier this week showed Britain's contraction this year is set to be the biggest among the Group of 20 economies. (Reuters – 13 Apr 23)

China's GDP grew at a faster-than-expected 4.5% y-o-y in Q1 23, faster than the 2.9% in the previous quarter. The end of strict Covid curbs lifted businesses and consumers out of crippling disruptions, but headwinds from a global slowdown point to a bumpy ride ahead. (Reuters – 17 Apr 23)

The biggest threat to the economic outlook is a credit squeeze that has not finished filtering through the financial system, a senior official at Fidelity Investments told a European equities conference on Wednesday. (Reuters – 19 Apr 23)

US regulators seized First Republic Bank and a deal agreed to sell the bank to JPMorgan, in what is the fourth major US institution to fail in two months. The Wall Street bank will take most of First Republic's assets and all the deposits, including uninsured ones. (Reuters – 1 May 23)

Two more regional banks, PacWest, and Western Alliance led the big selloff in regional lenders as trading in both triggered multiple volatility halts. PacWest fell 28% to close at a record low while Western Alliance tumbled 15%. Beverly Hills-based PacWest tumbled 58% in late New York trading, as investors retreated from regional bank stocks following JPMorgan’s deal for the failed First Republic Bank. Comerica and Zions Bancorp each tumbled more than 10% while Metropolitan Bank Holding dropped 20%. The KBW Regional Bank Index dropped 5.5%, the most since the crisis began back in March. (Bloomberg – 2/3 May 23)

The US Fed did what everyone said it would do, raising interest rates by 25 bps and hinting it could be the final move in the most aggressive tightening campaign since the 1980s. With a slight tweak to its language, the central bank let the world know that the time to step back and watch may have arrived. (Bloomberg – 3 May 23)

Turkey’s Earthquake News:

The cost of rebuilding Turkish cities, about 1 million new homes, could exceed $100 billion. (Bloomberg – 10 Feb 23)

The 1,000 bed MSC Aurelia, carrying 60 pallets of medical supplies, food, hygiene items, warm clothing, blankets, and children’s toys, headed for Iskenderun to provide accommodation and remain at the Turkish authority’s disposal. Fifty boxes of thermal shirts donated by the Vatican are also onboard. 15 vessels have completed humanitarian voyages to Iskenderun and Mersin since a wave of deadly earthquakes struck the area. MSC said it is arranging the transport of thousands of empty containers in Turkey and Syria to accommodate displaced families. Five days after the earthquakes struck, CMA CGM sent an aircraft to Turkey at its own cost, lifting a field hospital to be deployed by French civil security. Neptune Okeanis deviated to Iskenderun with 250 cubic meters of blankets, bedding, heaters, and medicines collected by Greek donors. (TradeWinds – 17 Feb 23)

Ocean Network Express (ONE) has donated $100,000 to charity and is providing container services to support the victims of the recent earthquake in Türkiye and Syria. The company said it donated SGD40,000 through the Singapore Red Cross and $60,000 through the Turkish Red Crescent Society. (Seatrade – 27 Feb 23)

The Feb 6 earthquake and aftershocks left at least 156,000 buildings either completely collapsed or damaged to the point where they require demolition, Turkish authorities said, with whole areas of cities reduced to shattered concrete and steel. (Reuters – 3 Mar 23)

The EU will be organizing a donor conference for the victims of February's earthquake in Turkey and Syria on March 20. (Reuters – 17 Mar 23)

Inflation News:

The battle with inflation is far from over. Six of the big, rich G7 countries enjoy an unemployment rate at or close to the lowest seen this century. It is hard to see how underlying inflation can dissipate while labor markets stay so tight. Many economies are on course for inflation that does not fall below 3-5% or so. That would be less scary than the turbulence of the past two years, but it would be a problem for central bankers, who are judged against their targets. And it would blow a hole in investors' optimistic vision. (The Economist – 16 Feb 23)

The 10-year closed flat on the day to send its discount to two-year yields past 100 basis points for the first time since 1981. (Bloomberg – 7 Mar 23)

Billionaire Ken Griffin argues the groundwork for a recession has been laid, given the Fed's need to raise rates further. But the founder of Citadel said the Fed is limited in how much it can fight rising prices with rate increases, likening the tool to "having surgery with a dull knife." (Bloomberg – 7 Mar 23)

The Fed raised interest rates by 25 bps and indicated there may be more hikes to come. In doing so, the Fed signaled that, banking turmoil or not, its battle against inflation must go on. (Bloomberg – 22 Mar 23)

Weekly data collected by the Fed showed that large banks gained $120b in deposits while smaller ones lost $109b. (Bloomberg – 27 Mar 23)

Inequality News:

The richest 1% grabbed nearly two-thirds of all new wealth worth $42 trillion created since 2020, almost twice as much money as the bottom 99% of the world's population. (Oxfam – 16 Jan 23)

The recession is over for the richest. The 1,000 richest people on the planet recouped their COVID-19 losses within just nine months, but it could take more than a decade for the world's poorest to recover from the economic impacts of the pandemic. The world's ten richest men have seen their combined wealth increase by half a trillion dollars since the pandemic began. (Oxfam – 25 Jan 23)

In the past it was the case; soon it may be again. Public finances are buckling as State pension costs in developed economies are projected to soar. In 1980, pensions consumed about 5.5% of GDP, and by 2040 that could top 10%. Yet despite near-universal agreement from economists that we will all need to work longer, save more, or receive less, reform efforts are in trouble. (Bloomberg – 10 Feb 23)

A report shows that those born from 1981 to 1996 earn 20% less than baby boomers did at their age. Another survey found millennials age 28-38 had a lower net-wealth-to-income ratio than any previous generation. (Bloomberg – 17 Feb 23)

EU Central Bankers faced the cold fact: companies are profiting from high inflation while workers and consumers foot the bill. (Reuters – 2 Mar 23)

Marc Andreessen is not worried about artificial intelligence taking people's jobs. The way he sees it, technological innovation isn't allowed to disrupt much of the economy anyway. "We are heading into a world where a flat-screen TV that covers your entire wall costs $100, and a four-year college degree costs $1 million, and nobody has anything even resembling a proposal on how to systemically fix this." (Fortune – 6 Mar 23)

Morgan Stanley CEO James Gorman's total compensation rose ~13% to $39.4 million in 2022 versus a year earlier, according to a filing Thursday. (Reuters – 7 Apr 23)

Bernard Arnault's wealth soars to $210 billion, leaving Musk in the dust. (Bloomberg – 13 Apr 23)

ExxonMobil handed its chief executive a 52% pay increase to $35.9m for 2022 after the oil company reported its highest ever profits amid Russia's invasion of Ukraine. (Guardian – 14 Apr 23)

Climate Change News:

Livestock is responsible for roughly 14.5% of global greenhouse gas emissions, according to the UN. A lot of that is for human food, and some of that is for pet food. How much? One study, from 2020, found that the global production of pet food emits annual greenhouse gases on par with the Philippines. (Bloomberg – 6 Feb 23)

It was a big year for the oil majors, doubling profits to roughly $220 billion, but in some ways more monumental for BP than others, as the company announced it would boost spending in both oil and gas and renewables, signaling that it is taking a slower approach on energy transition. That puts it more in line with US majors like Exxon Mobil and Chevron, who make no bones about their intentions, than Shell or Norway’s Equinor. (Reuters – 9 Feb 23)

January 2023 was 2.2C hotter in Europe than the 1991-2020 average, according to Copernicus, the European Earth observation agency. (Bloomberg – 9 Feb 23)

Africa produces just 4% of global GHG emissions but is suffering the worst consequences of climate change. Yet investment in renewable energy in Africa fell to an 11-year low in 2021. Electricity shortage in South Africa has been declared a disaster, allowing the government there to impose measures to support businesses and food production, and roll out solar panels. (Bloomberg – 10 Feb 23)

Coastal communities in developing countries will be swamped by sea level rise sooner than projected, a new analysis of satellite data shows. More than twice as much land is vulnerable than previously thought. The new data suggest that seas 6.6 feet higher would put most of Bangkok and its 10m residents below sea level, contrary to previous projections that showed the Thailand capital would still be mostly above sea level. (ICN – 10 Feb 23)

Sea level rise could drive 1 in 10 people from their homes, with dangerous implications for international peace, UN Secretary General warns. (ICN – 14 Feb 23)

Shell spent $3.5b on its renewables and energy solutions unit in 2022. While this is a record for the company, it also invested more than twice that ($8.1 billion) in oil and gas extraction last year. Emissions in 2022 rose above 2020 and 2021 levels and were only slightly below the record amount released in 2019, despite high energy prices and surging demand for natural gas that provided extra incentives to capture methane, the report said. (Bloomberg – 14 Feb 23)

Scientists studying Antarctica's vast Thwaites Glacier, nicknamed the Doomsday Glacier, say warm water is seeping into its weak spots, worsening melting caused by rising temperatures, two papers published in Nature journal showed. (Reuters – 15 Feb 23)

China is expected to add 95 to 120 GW of solar power in 2023, or as much as 30%, a solar manufacturing association said on Thursday, which would be a record. (Bloomberg – 16 Feb 23)

Annual spending on passenger electric vehicles hit $388 billion in 2022, up 53% from the year before. That puts the total value of passenger EVs sold to date above $1 trillion. (Bloomberg – 17 Feb 23)

As Lake Powell hit a record low this week, some say it’s time for the artificial reservoir to be eliminated altogether to ease the West’s water crisis. (ICN – 17 Feb 23)

In 2022, the global energy industry released into the atmosphere some 135 million tonnes of methane, a potent greenhouse gas responsible for roughly a third of the rise in global temperatures since the industrial revolution. Methane is the main component of natural gas, so captured emissions can be sold as fuel. The energy sector accounts for about 40% of all methane emissions from human activity, second to agriculture. (Bloomberg – 21 Feb 23)

Even as European countries rolled out a suite of climate-friendly policies over the past year, they also provided an unprecedented volume of subsidies for continued fossil fuel use. Global fossil-fuel subsidies doubled last year to $1.1 trillion, a record, according to a new report from the IEA. (Grist – 21 Feb 23)

260b CBM of LNG is wasted through flaring and releases annually, according to the IEA. The volume is greater than the EU's gas imports from Russia prior to invading Ukraine. (Bloomberg – 21 Feb 23)

The Net-Zero Banking Alliance piled $269bn into fossil-fuel after the climate finance coalition was formed in April 2021. (Bloomberg – 22 Feb 23)

President Jimmy Carter crafted "the nation's first comprehensive energy policy" asper Jonathan Alter, his biographer. He had foresight in calling for renewable energy to make up 20% of the nation's energy mix by 2000, a target the US still hasn't met but is getting close to. (Bloomberg – 23 Feb 23)

France is preparing to introduce restrictions on water use in parts of the country from March, in an unprecedented move for the time of year following the driest winter in 64 years. Similar weather has raised concerns that Italy could face another drought after last summer's emergency, with the Alps having received less than half of their normal snowfall, according to scientists and environmental groups. (Bloomberg – 24 Feb 23)

The temperature of the inner core of Earth is estimated to be about 5,500-6,000 degrees Celsius, like the sun's surface temperature. (Reuters – 24 Feb 23)

Ski resorts on every continent are facing less snow, and winter temperatures are sometimes too high to spin up artificial snow. In some areas, drought has limited access to the water needed to produce fresh flakes, and record energy prices are making the entire operation more expensive. For every degree rise in the world's average temperature, snow cover globally could reduce by 8%, according to the latest report by the Intergovernmental Panel on Climate Change. (Bloomberg – 24 Feb 23)

400 MMT of plastic is produced annually. This is up from just 2 MMT in the 1950s, according to the UN Environment Program. (Bloomberg – 27 Feb 23)

30% is the share of carbon emissions that end up in plants, trees, and soil. Another 25% is absorbed by the oceans. India is already predicting heat waves. The country will face hotter weather over the coming months, risking damage to crops and further straining the power network. (Bloomberg – 1 Mar 23)

All other countries on earth combined have less coal-fired power than China. Last summer's drought and heat wave drove China's peak power demand up 230 gigawatts, more than 20% above its previous peak. China is adding coal plants not for regular demand but to provide for peaks. (Bloomberg – 2 Mar 23)

A report former President Jimmy Carter commissioned in 1977 presciently recommended limiting global average temperature to 2 degrees Celsius above pre-industrial levels, the standard agreed to 38 years later in the Paris climate accord. (ICN – 3 Mar 23)

Extreme weather caused by climate change could cost Germany up to 900 billion euros in cumulative economic damage by mid-century, a study showed, as Europe's biggest economy seeks climate adaptation measures to cut the damages bill. (Reuters – 6 Mar 23)

152 million kilometers of power lines are needed for the world to reach net zero by 2050, according to analysis by BloombergNEF. (Bloomberg – 6 Mar 23)

Less than 1% of Earth has safe levels of air pollution. About 99.82% of land is exposed to PM 2.5. (Bloomberg – 7 Mar 23)

Europe is emerging from its second-warmest winter on record, European Union scientists said, as climate change continues to intensify. The average temperature in Europe from December to February was 1.4 degrees Celsius above the 1991-2020 average for the Boreal winter season. Parts of northern China were hit by high temperatures that smashed seasonal records, with the city of Shahe hitting 31.8 Celsius official data showed. (Reuters – 10 Mar 23)

Solar installations increased by 40 gigawatts, a record in Europe, in 2022. The region has been on a wartime mission to dump Russian oil and gas. (Bloomberg – 13 Mar 23)

5.8% was the EV share of light vehicle sales in the US last year. The move to electric has been incredibly slow, but that's changing. (Bloomberg – 16 Mar 23)

Tropical Cyclone Freddy has killed more than 400 people in Malawi, Mozambique, and Madagascar since late February and hit the region a second time last weekend. At least 10 people have been killed after torrential rains triggered flash floods in Turkey's southeastern Sanliurfa and Adiyaman provinces. The mixed blessing of California's exceptionally wet winter is likely to play out this spring with somewhat heightened flood risks in a state left largely drought free for the first time in three years. Italy is preparing to approve a decree allocating $8.32 billion to tackle a severe drought that is hitting the country. (Reuters – 17 Mar 23)

Meat consumption is predicted to rise 14% in the coming decade, according to the UN. Startups are promoting lab-grown alternatives to curb methane emissions from agriculture. (Bloomberg – 17 Mar 23)

Humanity still has a chance to prevent the worst of climate change's future harms, but doing so requires quickly slashing carbon pollution and fossil fuel use by nearly two-thirds by 2035, the IPCC on Climate Change said. The UN chief said it more bluntly, calling for an end to new fossil fuel exploration and rich countries quitting coal, oil, and gas by 2040. (Boston Globe – 20 Mar 23)

3.8 million hectares of tropical forests were wiped out, at a rate of about 10 soccer fields per minute, in 2021. (Bloomberg – 20 Mar 23)

Climate change made the severe rains that caused floods in Nigeria, Niger, and Chad last summer 20% more potent. (Bloomberg – 24 Mar 23)

India, on course to becoming the world’s most-populous country, risks approaching the limit of human survival as it experiences more intense and frequent heat waves. The national weather office forecast rising temperatures after experiencing its hottest Feb since 1901. India could face $158m in economic losses from heat-induced declines in milk production between 2010 and 2039. (Bloomberg – 27 Mar 23)

The top 10 US emitters need to spend $426m combined by 2024 to reduce emissions of Methane the potent GHG to avoid fines. (Bloomberg – 28 Mar 23)

Wind and solar now generate more electricity than the world’s nuclear power plants, but to have the equivalent impact that nuclear power had in the 1970s and 1980s, they will need to grow roughly twice as fast. Research group BloombergNEF expects 316 gigawatts of solar power and 110 more gigawatts of wind power to be added this year. The two fastest-growing energy technologies of the past five decades are likely to continue their path and continue their impact too. (Bloomberg – 3 Apr 23)

Heat-related deaths will multiply 60 times in the Middle East and North Africa by the end of this century if emissions continue to rise unabated, according to a new study. (Bloomberg – 4 Apr 23)

Governments in central and western Europe have started imposing restrictions on water use to guarantee supply for millions of people as the continent goes through its second consecutive year of drought. This dry and warm winter has parched soils, shrunk snow coverage, and thinned rivers in Spain, France, the UK, northern Italy, and Greece. Catalonia, Spain, experienced in 2022 its warmest year since record keeping by the Catalan meteorological agency started in 1917. Temperatures were 2.7 degrees Celsius higher in 2022 than the average between 1960 and 1990. Catalonia is not an isolated case. About two-thirds of Europe are being hit by the worst drought in at least 500 years. (Bloomberg – 5 Apr 23)
Argentina's 2023 growth forecast for GDP dropped to 0.2% from the previous 2% forecast by the IMF due to severe drought affecting the economy. (Bloomberg – 12 Apr 23)

Tropical cyclone Ilsa smashed into Australia's northwest coast as a category 5 storm, setting new wind speed records; China's coastal sea levels hit their highest on record in 2022; US has become the first major fishing nation to ratify a deal to cut subsidies contributing to overfishing; very low groundwater levels have put France on course for a worse summer drought than last year; dozens of dead stingrays appeared on a beach in Rio de Janeiro this week, sparking confusion and concern in the fishing village’s local community. (Reuters – 14 Apr 23)

In India, at least 11 people died after suffering from sunstroke at an award function on the outskirts of Mumbai. Hundreds of thousands of people attended the event on Sunday afternoon where federal home minister Amit Shah presented an award to a well-known social activist. (Reuters – 17 Apr 23)

Think of them as speed cameras, but for methane. Just as roadside instruments are used to identify drivers breaking traffic rules, new powerful satellites are starting to catch oil and gas operators releasing the planet-warming gas into the atmosphere. At least two dozen high-resolution satellites are expected to be in orbit by the end of this year, quietly tracking the super pollutant that’s invisible to the naked eye. Their sensors can detect the natural gas component as it spews from pipelines, unlit flares, storage tanks and compressor stations around the world. The images sent back are crystal clear and leave little doubt about who is responsible for the leaks. The satellite missions include public and private efforts and are poised to deliver climate transparency on a scale never seen. Methane has more than 80 times the warming power of CO_2 during its first two decades in the atmosphere. Halting emissions of methane could do more to slow climate change in the near-term than almost any other single measure. The top 10 methane polluters in the US need to spend a combined 426m by 2024 on abatement technologies to reduce emissions enough to avoid penalties. (Bloomberg – 28 Apr 23)