MEDI SUPRA POOL
Management Limited

April Market Report

11-05-2018

General Comments

Since the last report we have seen the US re-implement sanctions towards Iran and the EU openly disagree with these sanctions. All the 28 members of EU have gathered together in support of salvaging the 2015 deal that promised Iran economic benefits in return for a promise that it would limit its nuclear program. If the EU can't guarantee continued trade and investment, Iran has little incentive to play ball. Iregardless of any efforts by the EU we have seen a massive pull out from Iran through all sectors in Shipping.

Also last month IMO members agreed that shipping will set a target 2030 target of a 40% decrease in its CO_2 emissions compared to 2008 levels, to be allowed by a 50-70 % decrease by 2050. This agreement in turn sets deadline for formulating a plan to achieve these goals by 2023, with an initial review scheduled for 2028. This means just 7 years to implement a 40% decrease in shipping CO_2 emissions.

Trade Flow Update

Iron Ore - Chinese nickel imports rose sharply in March as Indonesia continues to release surplus lower grade product to the export mark et. The 1.36mt was the largest monthly shipment since 2013 when Indonesia brought in the original export ban on unprocessed mineral ores and indeed is the leading exporter so far in 2018 having shipped 3.3mt to China in Q1. Since 2014 the Philippines has dominated this trade exporting more than 29mt to China in 2017; Q1 always sees a lull in shipments from Philippines due to the rainy season, and there remains talk of government curbs to exports, so Indonesia's decision to resume exports in significant volume will be welcomed by China. The return of Indonesia as a volume exporter may well be detrimental to New Caledonia's planned nickel ore expansion plans (they exported 0.34mt to China in Q1 – up 62% yoy) due to falls in nickel ore prices, and rumours abound that Vale, who control their production, may consider mothballing them in the coming months

Grain - China has unexpectedly dropped an anti-dumping investigation into US imports of sorghum amid trade talks with the US, sending soybean futures climbing 1%. China's Ministry Of Commerce said in a release Friday that it was terminating the investigation and any collected deposits would be returned in full. "Anti-dumping and countervailing measures against imported sorghum originating in the United States would affect the cost of living of consumers and would not be in the public interest," the ministry said in a statement. The ministry also said taxing sorghum would have a negative impact on farmers as the price of domestic pork has fallen recently.

The decision comes amid high level trade talks between the US and China that aim to resolve a trade spat between the two that has threatened to embroil soybeans. On Monday, Reuters reported that a deal was close between the two richest economies that could see the US ease sanctions on ZTE – a huge technology company – in return for lifting some agricultural import taxes to allow farmers greater access to Chinese markets.

In February, China said it would slap import taxes on US sorghum in retaliation for US taxes on imports of Chinese steel, with the tax coming into effect in April and requiring sorghum exporters to put up a 178.6% deposit on the value of the grain. That effectively priced US sorghum out of the Chinese market, and a few weeks later, China said it would tax soybeans if the US pushed ahead with plans to tax some Chinese technology products.

Coal – The UK has been powered without coal for three days in a row, setting a new record and underlining the polluting fuel's rapid decline.

Coal has historically been at the cornerstone of the UK's electricity mix, but last year saw the first 24 hour period that the the country ran without the fuel since the 19th century. New records were broken in April when zero power came from coal for nearly 55 consecutive hours.

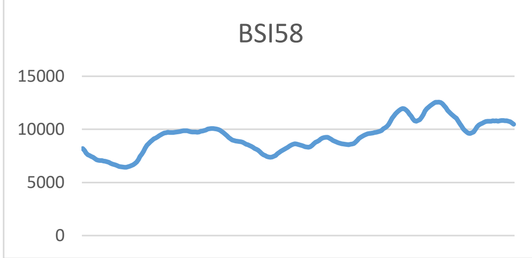
That milestone in turn was smashed on a Monday afternoon and the UK passed the 72-hour mark at 10am on Tuesday. The coal-free run came to an end after 76 hours. Without the fossil fuel, nearly a third of Britain's electricity was supplied by gas, followed by windfarms and nuclear on around a quarter each.The rest came from biomass burned at Drax power station in North Yorkshire, imports from France and the Netherlands, and solar power.

The coal-free records are a reversal from the recent highs that coal plant owners experienced during the so-called "beast from the east" cold snap earlier this year.

Two coal plant owners in the UK have said they will shut this year, which will leave the UK with six coal power stations including Drax, which has hinted it will cease burning coal before the 2025 target.

Oil - Oil prices rose yesterday on investors' concerns about dwindling Venezuelan crude supply. Front month ICE Brent settled 71 cents higher at $79.22/bbl.

US President Donald Trump signed an executive order restricting Venezuela's capability to liquidate state assets, following socialist President Nicolas Maduro's election on Sunday. Trump also had discussions with Russia and China about issuing new debt to Venezuela. It is believed the US are actively considering oil sanctions on not just Venezuela but Iran as well, with Secretary of State Mike Pompeo vowing to impose the "strongest sanctions in history" on the Persian state.



FFA	Current	Last report
Short Period (Pac)	13000	13000
1 Year Period (Pac)	13000	13000
Q3 FFA	11800	11600
Q4 FFA	12300	12200
Cal' 19 FFA	11500	11100

Commodities	Current	Last Report
SoybeanMeal (CBOT)	US$377/ton	US$386/ton
Fuel Oil (Sing 380)	US$461/ton	US$390/ton
Coal (Newcastle)	US$94/ton	US$96/ton
Iron Ore (London)	US$67/ton	US$64/ton

Pool Performance	Pool	Index
Jan-18	8789	9786
Feb-18	10891	9423
Mar-18	11965	11400
Apr-18	10736	10838
May-18		
Jun-18		
Jul-18		
Aug-18		
Sep-18		
Oct-18		
Nov-18		
Dec-18		

Note all the above figures are net.

(2017 Pool 8749, Index 8892)

Medi Supra Pool Management **Company Reg. No.** 559002**Address** The Anchorage 1. 7-19 Sir John Rogerson's Quay, Dublin, Ireland **Contacts** P +353 1 674 0100 F +353 1 677 0212

Detailed Supramax Analysis

In April, we have continued to see an active Pacific market, the main drivers continue to be the Nickel ore, coal and period. 2018 has so far yielded a strong pull in the period segment and April is no exception and the demand for period tonnage is still strong and continues to be a big driver in the market. The Nopac grain has been very active and continues to pay well, some USD 12-13,000 ex China. Aussie grain has stayed active and we have seen operators stuck being forced to take period or pay up substantially, the cargoes there are still commanding USD 1,500-2,500 above a normal Aussie round view the cleanliness required. Steel exports remain stable and the majority being trips to SEAsia, April was a strong month on steels. China Coastal coal freight rate has stayed strong and remains busy, keeping the Chinese flagged vessels of the international market. The Bhaul market is stable and we continue to see charterers have to pay up for vessels, as the Atlantic is the basin underperforming and most owners prefer to take the period rates rather than a spot TC. The levels have increased to around USD 7,500-8,500 per day for trips into WAfrica, while the trips to the USGulf have slightly iimproved to some USD 3,500-4,500. SE Asia Coal remains strong and we have seen a sustained activity into China and India. The market is USD 13,000-14,000 dop Singapore. The India market is still commanding a premium of USD 1,500-1,750 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 timebeing, however the little there is remains a low paying cargo that is quick and positional.

India iron ore exports are still moving thus keeping the WC & EC busy. Rbay is also busy and market is firming again with increased enquiry from India and Pakistan. Rates ex India are at USD11,000 dop for trips to China or SAfrica back to India or China. However with the new Sanctions I fear the market will ease considerably.

In the Atlantic, ECSA for April has eased on all sizes, rates are now around USD 10,000 DOP WAfrica for trips within the Atlantic and for trips to Fareast USD 14,000 + 400K BB APS. The US Gulf co ntinues to stay volatile and the dips we see are short term. Rates are now at USD 20,000 fhaul market and the TA at USD 16,000. The USGulf period market has remained flat and the main driver continues to be operators with cargo on the books being squeezed to take numbers between USD 14,500-15,500 for redelivery wwide basis 4-6 months and USD 14,000 for redelivery Atlantic.
The Med has been flat and inactive in terms of volatility. The rates ex Black Sea fetching USD 17,000-18,000 ex canakkale for front hauls and for trips out of the Med USD 6,000 to USA dop with 1 or 2 days ballast and USD 11,000 to WAfrica.

The Continent has started to show signes of weakness like elsewhere in the Atlantic. Scrap is paying USD 14,000 for trips into the Med and Fhauls altough very limited at USD 19,000. The Baltic RV is USD 8,500 but extremely limited.

Pool View Strategy and Positioning

In the month of April we have had 0.12 days of off hire for the pool and nothing major to report.

We are working on reblancing two basins presently and looking at the fleet distribution, the Pacific Ocean (11) and Atlantic (3) vessels and we have fixed 14 out on short/medium period, as strategic hedging. However we will receive 2 vessels back towards the end of Q2 2018.

The period market in April has been relatively flat, Ultramax are fetching USD 13,500-14,000 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 12,500-13,000 in the Pacific(Tess58), provided you are flexible on the terms and optionality.
In April we have taken one 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 Bhaul trades. Similarily to a year ago the COA's offered for Q3 & Q4 are undervalued and below papaer 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 day not cargo at the moment, this could of course change.

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

Some cargoes booked in April: N/A.

Tonnage fixed in for more than 2 legs in April: A MES 56dwt for 3-5 months, dely pacific.
Tonnage fixed out for more than 2 legs in April: DACC TIRRENO, dely PG 14500 for 5/7 mths.