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SUB: LIQUID/DRY COMMODITIES SCENARIO/PORT AND OTHER DEVELOPMENTS –INDIA

We give below our report on the subject for your kind info and record:

A) LIQUID COMMODITIES SCENARIO

1) INDIA, CHINA TO DRIVE LNG DEMAND IN ASIA FOR THE NEXT 15 YEARS

Global demand for liquefied natural gas will grow at 2 percent a year for the next 15 years, the chief executive of Qatar Petroleum said at the LNG2019 conference in Shanghai on Tuesday. Growth in developed markets such as Japan and South Korea will be moderate, while there will be some growth in Europe after years of stagnation, said Saad Al-Kaabi, Qatar's minister of state for energy affairs as well as president and chief executive of Qatar Petroleum. "China, along with India, will continue to lead Asia as the main drivers behind the growth of global LNG demand," Al-Kaabi said at the conference, according to a press release later issued by Qatar Petroleum. Qatar has shipped more than 50 million tonnes of LNG to China, more than 22 percent of China's imports of the fuel over the past ten years, he said. Al-Kaabi said demand for gas will continue to rise due to the growing concerns over the environment and climate change, and widespread moves towards using cleaner and more cost-effective fuels. "While some see natural gas as a transition fuel, we believe it is a destination fuel. It is the cleanest of all fossil fuels. It is reliable, affordable, and the fuel of the future," he said. Qatar Petroleum also said in the press statement that it has awarded a number of contracts related to its LNG expansion project aimed at increasing LNG production capacity from 77 million tonnes a year to 110 million tonnes a year by 2024. Main invitations for the engineering, procurement and construction contracts for the onshore facilities will be issued by the end of the month, according to the statement. Qualified shipyards will be invited to take part in a tender for building the LNG ships that will be required for its fleet for the expansion project, it also said. It has also begun construction at its joint-venture 16 million tonnes-a-year Golden Pass LNG export project in Texas in the United States, along with project partner Exxon Mobil Corp. The project is expected to be in operation by 2024.

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2) OIL RISES ON IRAN SANCTIONS THREAT, VENEZUELA SHUTDOWN

Oil prices rose to fresh highs for the year on Tuesday, after a U.S. official said Washington is considering more sanctions on Iran and a key Venezuelan export terminal halted operations. Price were also underpinned by a Reuters survey showing OPEC oil supply sank to a four-year low in March, and positive data from the world's biggest economies, the United States and China. Brent crude rose 26 cents, or 0.4 percent, to $69.27 a barrel by 0025 GMT, having earlier touched $69.29, a new high for 2019. U.S. West Texas Intermediate (WTI) futures rose 28 cents, or 0.5 percent to $61.87 a barrel, earlier reaching $61.89, also a new high for 2019. WTI closed up 2.4 percent on Monday. The U.S. government is considering additional sanctions against Iran that would target areas of its economy that have not been hit before, a senior Trump administration official told reporters on Monday. The official also suggested that the U.S. may not extend waivers from sanctions on Iranian oil exports to a group of eight importers that expire next month. "That, I think, is where we're headed," the official said. Venezuela's Jose crude export terminal has halted operations due to a lack of electricity supply, two sources with knowledge of the situation said, after restarting on Friday following a prolonged blackout. Production cuts from the Organization of the Petroleum Exporting Countries (OPEC) helped push the group's supply to a four-year low in March, a Reuters survey found. The world's biggest exporter, Saudi Arabia, over-delivered on the group's supply-cutting pact while Venezuelan output fell further due to U.S. sanctions and earlier power outages. Markets also rallied on Monday after upbeat economic numbers from the United States and China eased worries about slowing global growth.

B) DRY COMMODITIES SCENARIO

1) INDIAN COKING COAL IMPORTS IN 2018-19 UP BY 14%

Indian Ports Association showed that Indian coking coal imports moving through 12 key state-controlled ports rose by 14.25% YoY in fiscal year 2018-19 beginning in April as steel capacity expansions lifted volumes. The total volume of coking coal handled by the ports from April 2018 to March 2019 was 57.5 million tonne, up from 50.34 million tonne for the same period a year earlier. The IPA data do not include a breakdown of which countries exported the coal to India. Only nine of the 12 ports covered by the IPA data received coking coal shipments in the 2018-19 fiscal year. The port of Kolkata handled the single largest share of coking coal imports during the period at 20.44 million tonne, a 52.5% increase from 13.4 million tonne in the previous year. This included 17.13 million tonne received at Haldia and 3.31 million tonne arriving at the Kolkata dock system.

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1) INDIAN COKING COAL IMPORTS IN 2018-19 UP BY 14% (Contd)

Paradip imported the second-largest volume of coking coal in 2018-19 at 12.71 million tonne, but this was down from 13.17 million tonne in the previous year. Shipments to Mormugao in Goa state similarly fell to 6.07 million tonne from 8.51 million tonne previously. Coking coal imports at the port of Vizag were flat at 6.19 million tonne during the twelve-month period, but imports at Chidambaranar in Tamil Nadu rose by 72.5% to 4.64 million tonne. April-March volumes at Mumbai and New Mangalore were 4.09 million tonne and 1.51 million tonne, respectively. The port of Ennore received 1.08 million tonne of coking coal in 2018-19, while the port Deendayal imported 818,000 tonnes, but the ports of Chennai, Cochin and Jawaharla Nehru did not take any coking coal imports during the 12-month period.

C) CONTAINER SERVICES

1) NMPT STRIVES TO GIVE FILLIP TO CONTAINER TRAFFIC WITH 2-PHASE TERMINAL

New Mangalore Port handled 99,856 TEUs of container from April to December 2018 as against 81,503 TEUs in the same period in 2017, registering a growth of 23% is striving to give a further push to the same. The port that aims to handle 1.2-lakh TEUs by end of this fiscal is betting on the two-phase expansion of its container that will see the container traffic handling capacity go up to 3.5-lakh TEUs. The request for proposal to mechanise berth 14 (container terminal) will be issued shortly and the proposal send for mandatory SFC clearance. This will enhance capacity of the berth by 6.02 million metric tonnes and entail an investment of Rs 280.71 crore in two-phases. While phase one will be completed in 18 months, the second phase will take up to five years. Gantry cranes of higher capacity will be installed to facilitate handling of container traffic. M T Krishna Babu, chairman, New Mangalore Port Trust said the port is aiming to improve this (container) traffic further through better concessions including greater offloading time from the present 1 to 3 days and also by reducing congestion in backup area. There is also a proposal to increase the (container) offloading period to seven days, Babu said, adding the port has also offered up to 40% rebate on vessel charges to the operators.

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2) CONTAINERS HANDLED AT MAJOR PORTS UP 8% AT 9.876 MILLION TEUS IN FY19

India's 12 state-owned ports loaded a combined 9.876 million 20-foot equivalent units or TEUs in the year to March 2019, 8.08 per cent more than the previous year. In FY18, the dozen major ports handled 9.138 million TEUs. Containers handled at major ports are expected to cross the 10 million TEU mark this fiscal. Jawaharlal Nehru Port Trust (JNPT), India's biggest container port, retained the pole position among the major ports in container handling, ending the year with a volume of 5.133 million TEUs against 4.833 million TEUs in FY18, followed by Chennai Port Trust with 1.620 million TEUs against 1.549 million TEUs in FY18. Kolkata Port Trust held the third spot with 830,000 TEUs from 796,000 TEUs in FY18. The total cargo, including containers handled by the 12 ports, rose 2.9 per cent to 699.048 million tonnes from 679.371 mt in FY18.

D) PORT DEVELOPMENTS

1) VPT HANDLES 1.76 MILLION TONNES MORE THAN LAST FISCAL

The Visakhapatnam Port Trust handled a volume of 65.30 million tons of cargo in just concluded fiscal as against 63.54 million tonnes handled during 2017-18. The port has achieved growth by an incremental volume of 1.76 million tonnes. The VPT continued on growth trajectory for the third year in succession from 2015-16. The Cargo volume registered a CAGR (compounded annual growth rate) of 5 percent during the last 3 years and the port has ranked second on the East Coast in terms of traffic handled. Major cargoes that contributed to the increase in cargo volume are steam coal by 3.11 million tonnes, container cargo by 1.12 million tonnes. The container cargo handled 7.96 mt during 2018-19 (4.50 lakh Twenty Equivalent Units) as against 3.89 lakh TEUs handled during 2017-18. This is the best ever performance achieved in container handling. A quantity of 6.79 million tonnes of Iron Ore pellets was handled during 2018-19 as against 6.20 million tonnes handled during 2017-18. This is the highest ever volume handled at the port. The VPT railways have moved a volume of 27.53 million tonnes of cargo during 2018-19.

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2) KOPT CARGO HANDLING GROWS 10%

The Kolkata Port Trust (KoPT) created a record by handling 63.7 million tonnes of cargo in 2018-19. This was a nearly 10% growth over the 57.9 million tonnes handled in 2017-18. With this performance, KoPT is now ranked the 5th largest port in the country as far as cargo handling is concerned. The port of Kolkata is also the second fastest growing in the country. "Haldia Dock Complex (HDC) handled its highest ever throughput of 45.2 MT in the year, surpassing the previous high of 43.6 MT in 2007-08. As compared to last year's handling of 40.5 MT, this is an impressive growth of 11.6%. Kolkata Dock System (KDS) also posted its highest traffic handling of 18.5 MT in 2018-19 compared to last year's figure of 17.4 MT. This was a growth of 6.6%," a KoPT official said. KoPT surpassed the 8 lakh TEU mark in container handling in 2018-19.

3) GMB PORTS HANDLE 400 MMT OF CARGO IN 2018-19

Gujarat Maritime Board (GMB) ports handled a new high of 400 million metric tonnes (mmt) of cargo in the just-concluded 2018-19 fiscal, as against 371 mmt in 2017-18, it is learnt. As reported earlier, Mundra Port registered a throughput of 137 mmt, including 4.54 million TEUs. DP World Mundra handled 8,15,700 TEUs. Deendayal Port's volumes in 2018-19 were a record 115.40 mmt, including the 5.7 mmt handled at Tuna Port which is operated by Adani.

E) OTHER DEVELOPMENTS

1) 'MV COSTA VENEZIA' MAKES MAIDEN VISIT AT MORMUGAO PORT

The Mormugao Port hosted luxury cruise liner 'MV Costa Venezia' of Costa Cruises, which was on maiden visit to Goa on Wednesday, bringing in 3,738 guests involving 2,497 tourists and 1,241 crew. Till date from September 10, 2018 with the kick start of cruise liners to the state, Mormugao Port has hosted 30 luxury cruise liners for the current season. 'MV Costa Venezia' which was on a maiden visit to Mormugao Port has brought the tourists from different nations like China (276), Hong Kong (268), Switzerland (244), Germany (214), Brazil (162), Italy (150), France (143), and Britain (130). The cruise liner has arrived from Khor Al Fakan Port in Sharjah in the Persian Gulf on Wednesday morning and it sailed on its onward voyage to the Cochin Port later in the evening. They were extended a warm welcome by the master of the cruise liner Capt Tihomir Muzic. A plaque exchange ceremony was held on board the cruise liner, being the maiden call of the cruise ship to the Mormugao Port.

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2) IMPACT OF SC RULING ON RBI CIRCULAR: DIGHI PORT COULD SLIP OUT OF JNPT'S HANDS

Jawaharlal Nehru Port Trust's (JNPT) plan to buy the debt-laden Dighi Port Ltd could fizzle out after Tuesday's Supreme Court's order striking down the February 12, 2018 Reserve Bank of India (RBI) circular on stressed assets. The RBI circular mandated banks to initiate insolvency proceedings against companies with debt of above Rs 2,000 crore, in case the debt is not resolved within 180 days with the approval of 100 per cent (all) lenders. Resolution process: In January, the committee of creditors, led by the Bank of India, approved the resolution plan submitted by JNPT for Dighi port which owes around Rs 2,628.84 crore to a clutch of 16 banks. JNPT's resolution plan is yet to be approved by the National Company Law Tribunal (NCLT). The corporate insolvency resolution process of Dighi port was initiated after the RBI circular, on a petition filed by an operational creditor, DBM Geotechnics and Constructions Pvt Ltd.

F) WEATHER/STRIKE- NIL

G) INTERNATIONAL HIGHLIGHTS

1) MOL CHEMICAL TANKERS TO BUY ALL SHARES OF NORDIC TANKERS FROM TRITON

Singapore-based MOL Chemical Tankers has reached an agreement with Triton to buy 100% of shares in Danish chemical tanker company Nordic Tankers. Triton, the current sole shareholder of the company, would sell and deliver Nordic Tankers' shares together with all rights attached to them on and with effect from the closing date, which is expected at the beginning of February, 2019. Nordic Tankers would subsequently be renamed to MOL Nordic Tankers A/S (MOLNT). The move would create a company with a fleet of 75 stainless-steel deep-sea chemical tankers. MOLCT currently operates 56 chemical tankers ranging between 19,000 dwt and 37,000 dwt, while Nordic Tankers operates 19 tankers mainly in the Trans-Atlantic and Latin America trades. "We are confident enough that the collaboration between MOLCT and NT should provide better and more efficient services to all existing customers of them," Tsuneo Watanabe, Managing Director of MOL Chemical Tankers, said.

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2) IMO RULES TO CAUSE 0.6MLN BPD MARINE GASOIL DEFICIT IN 2020 – RYSTAD

The upcoming International Maritime Organization sulphur regulations for marine fuel will lead to a deficit of 600,000 barrel per day of marine gasoil in 2020, according to consultancy Rystad Energy. "We estimate that global gasoil/diesel demand growth in 2020 could reach 1.7 mln bpd, 1.4 million bpd of which is from marine bunkers, almost six times the five-year average global gasoil growth," said Bjørnar Tonhaugen, head of oil market research. The IMO has restricted sulphur content in marine fuels to a maximum of 0.5 percent, down from 3.5 percent now, from the start of 2020.

Thanks and Regards

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