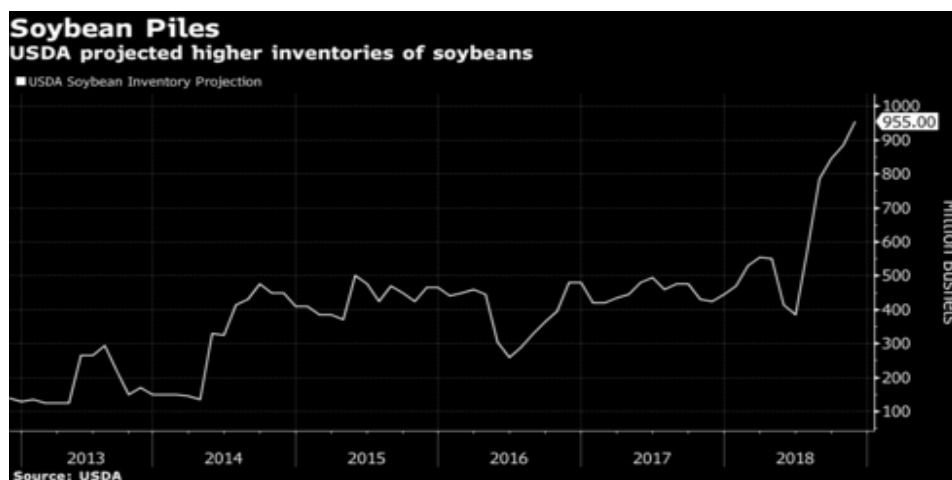




U.S. Crop Giants are Doing More Brazil Deals Thanks to Trade War

Some of the most iconic names in U.S. agriculture just agreed to do more business with China. But it's coming at the expense of American farmers as the companies agree to ship more soybeans from Brazil amid Donald Trump's trade war with Beijing.

Cargill Inc., the biggest privately-held U.S. company, as well as its century-old rivals Archer-Daniels-Midland Co. and Bunge Ltd., among others, inked soybean deals with China's state-owned grain buyer this week, the Beijing-based company said on its official wechat account. Under the agreement, the crop will be sourced from South American countries including Brazil, Argentina and Uruguay.



China slapped a retaliatory 25 percent tariff on American-grown supplies of the oilseed in July. This week's agreement shows how the largest agricultural trading houses are working through the trade war. It also reflects the measures that China, the largest global soy importer, is willing to take to avoid U.S. beans.

It's all adding up to bad news for American farmers. On Thursday, the U.S. Department of Agriculture's World Agricultural Supply and Demand Estimates report showed domestic inventories will be bigger than projected last month as it cut its outlook for exports.

While that's "incrementally negative for U.S. farmers" and the companies that sell them equipment, it's "generally positive" for the processors like Cargill and ADM, Ann Duignan, an analyst at JPMorgan Chase & Co. in New York, wrote in a report Thursday.

Cargill didn't immediately respond to messages seeking comment. ADM didn't immediately comment. Bunge declined to comment.

<https://www.bloomberg.com/news/articles/2018-11-08/u-s-crop-giants-are-doing-more-brazil-deals-thanks-to-trade-war>

How Toshiba Lost \$806 Million Buying Into America's LNG Boom

Buy high, sell low and guarantee a loss. It's not exactly what Toshiba Corp. planned when it dipped its toes in liquefied natural gas trading.

Yet that's exactly how it turned out, as the Japanese industrial giant capped off its five-year misadventure in LNG Thursday by paying ENN Ecological Holdings Co. \$806 million to take its interest in a U.S. export venture off its hands. The Chinese gas distributor gets the right to liquefy and sell 2.2 million tons a year at the Freeport LNG plant in Texas, in addition to the cash.



The deal marks Toshiba's second exit from a troubled energy business this year, after it sold claims in its Westinghouse U.S. nuclear unit in January. Toshiba said in a statement that the LNG business was no longer a core focus and it wanted to exit to eliminate the risk from changing market conditions.

"Toshiba benefits by not having to deal with a business they never really felt comfortable with," said Nicholas Browne, an analyst with Wood Mackenzie Ltd. in Singapore. "It's one more item of housekeeping by Toshiba to clean house of long-term obligations and follows the writedown of the Westinghouse acquisition."

Toshiba shares fell as much as 2.8 percent in Tokyo on Friday after surging 12 percent the previous day when the company announced the sale and reinstated dividends. ENN shares in Shanghai gained as much as 4.8 percent Friday.

When Toshiba struck the tolling agreement with Freeport in September 2013, the outlook for profit seemed bright. Gas sold in Asia, mostly linked to \$100-a-barrel oil, was priced at a significant premium to U.S. gas made cheap by abundant supplies from shale fields.

Toshiba agreed to contracts that required it to pay for space in pipelines and the liquefaction plant regardless of whether or not it used them. Toshiba never disclosed its costs, but Wood Mackenzie estimated its fixed costs at about \$360 million a year, or a \$7.2 billion liability for the life of the 20-year contract.

That was fine back then when the profit margin was wide. But in 2014, global oil prices crashed, bringing down the cost of LNG contracts linked to it. For much of the past four years U.S. LNG, after adding in tolling and shipping costs, would have had to be sold at a loss in Asia.

The tolling agreement may also be hard for a tech-focused company without much experience in commodity trading like Toshiba to manage by itself. Toshiba would potentially need to source its own feed gas, figure out pipeline shipping logistics and even charter vessels for export. While the company said it recently signed binding sales agreements for LNG shipped from Freeport, it never announced the name of the buyers.

As well, falling costs for renewable power has slowed global demand for gas-powered turbines, hurting any plans Toshiba had of offering gas supply coupled with power generation equipment, according to Zhi Xin Chong, an analyst with IHS Markit in Singapore.

As a second wave of prospective U.S. exporters began offering lower costs for tolling fees, Toshiba would have been forced to grant extra incentives to make its deal look more favorable.

“Some new U.S. LNG projects are offering more competitive cost structures than were on offer during the first U.S. LNG wave, leaving some legacy U.S. LNG contracts out of the money,” said Saul Kavonic, an energy analyst with Credit Suisse Group AG.

Ironically, as Toshiba completed the deal, U.S. LNG is once again competitive in Asia, thanks to a rally in oil prices. Adding liquefaction, shipping and other costs to a December 2020-delivery U.S. natural gas futures contract, the price is almost identical to the same volume of gas in a typical Brent-linked cargo.

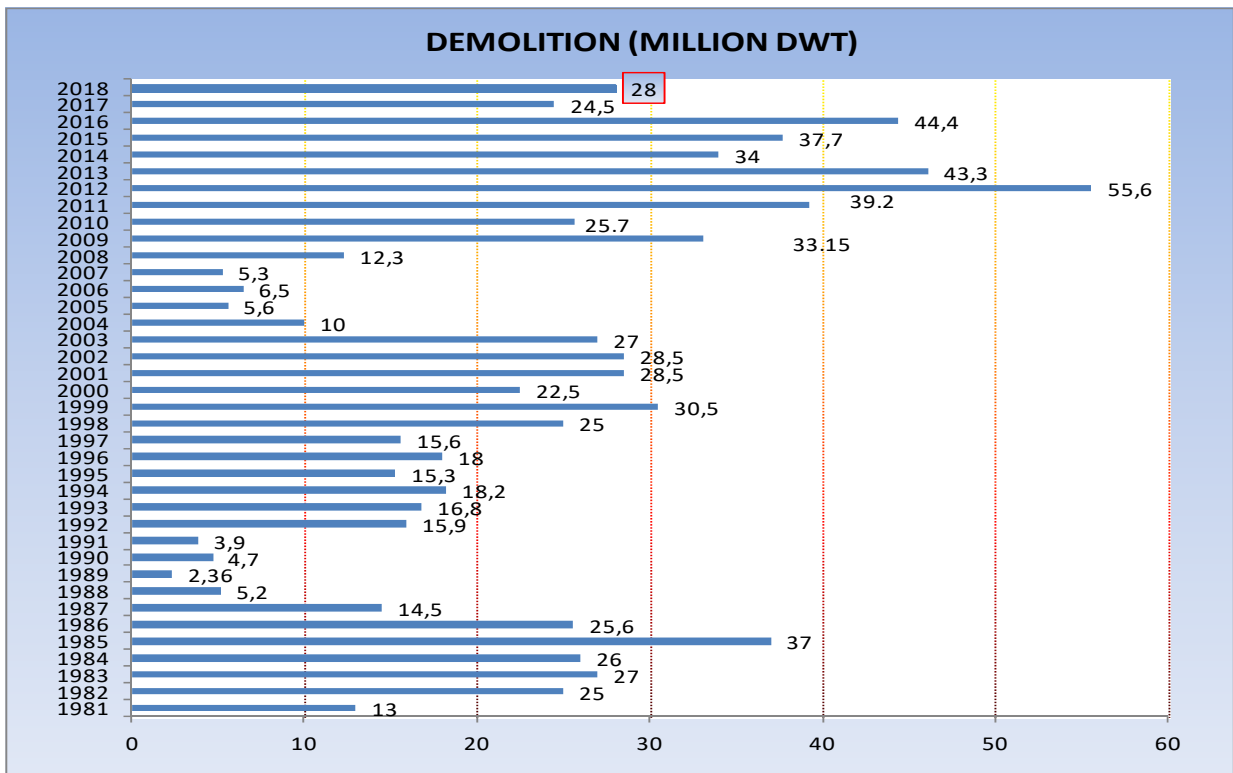
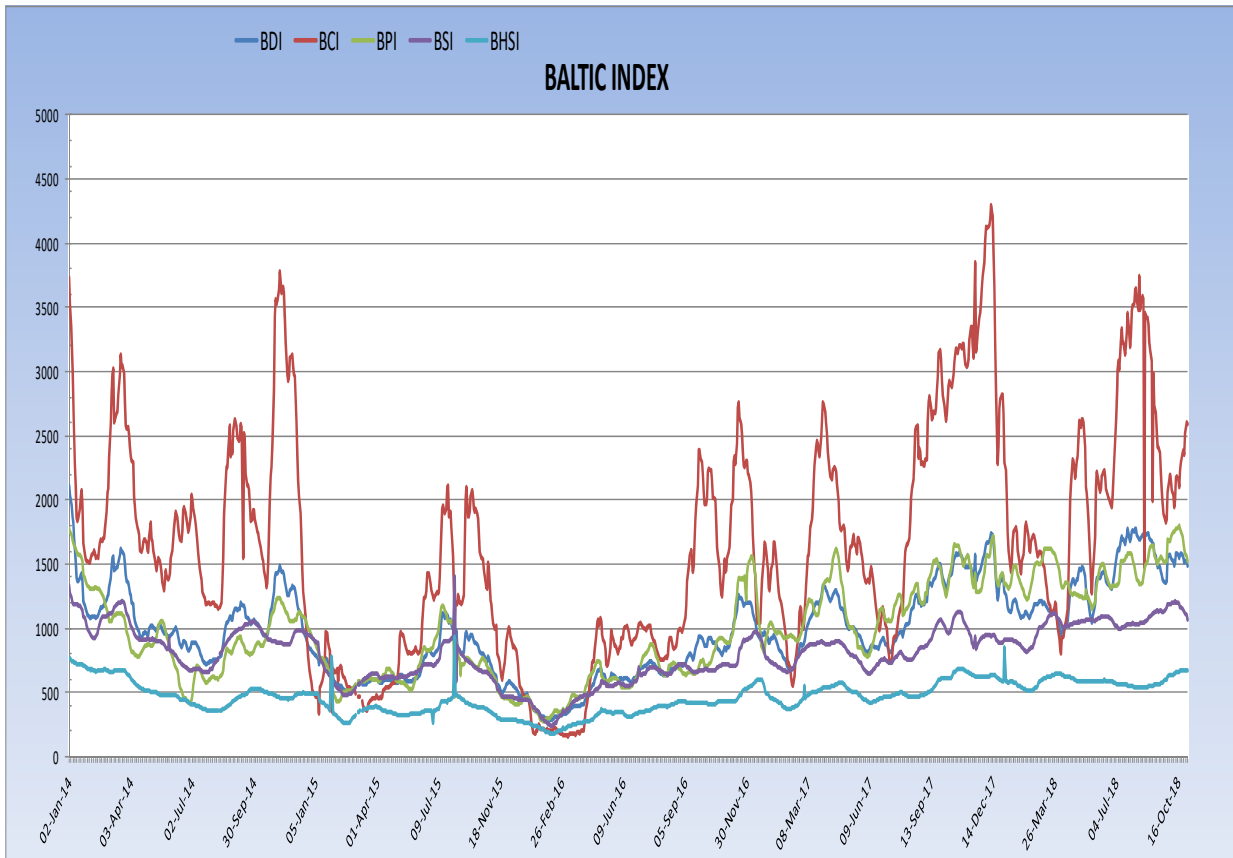
“U.S. LNG can be competitive against LNG oil-indexed contracts,” IHS’ Chong said. But “commodity arbitrage was a secondary consideration for Toshiba.”

<https://www.bloomberg.com/news/articles/2018-11-08/how-investing-in-the-american-lng-boom-backfired-on-toshiba>

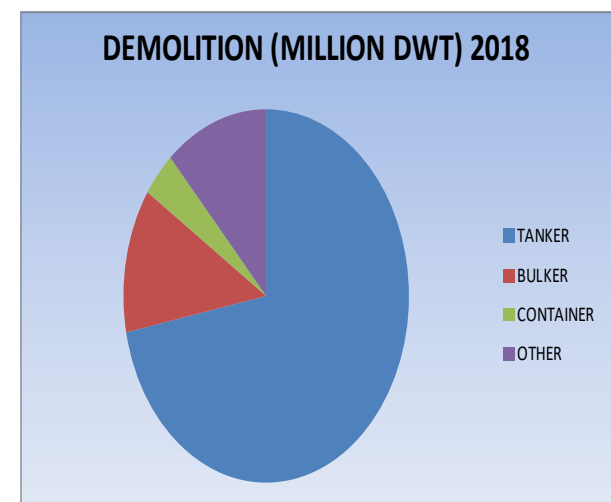
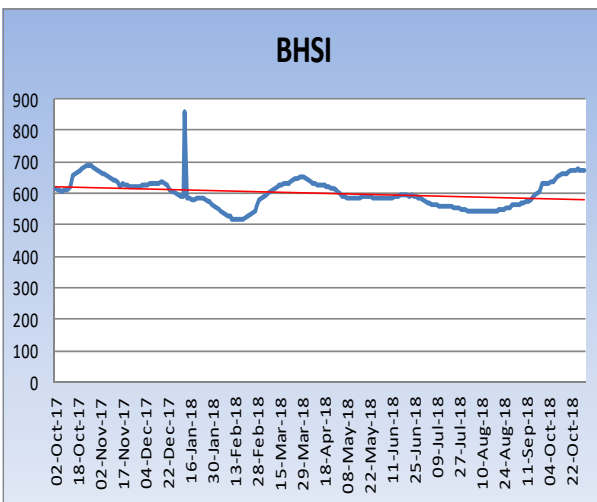
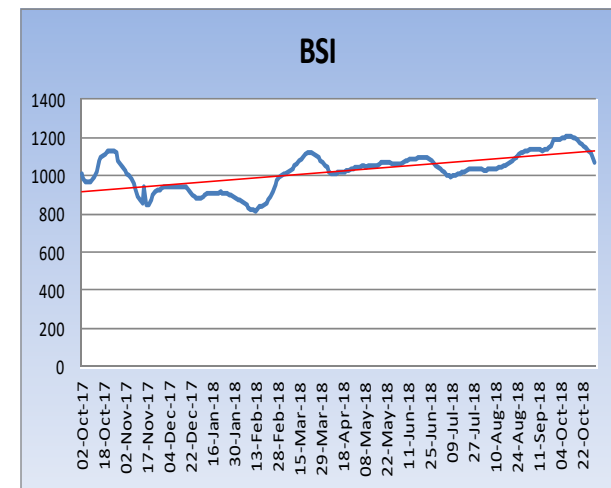
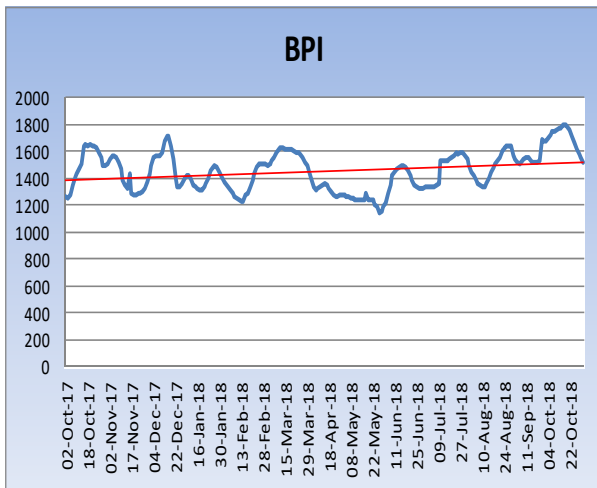
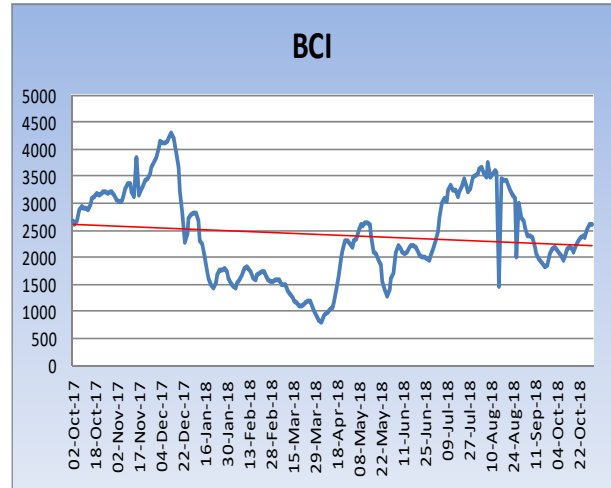
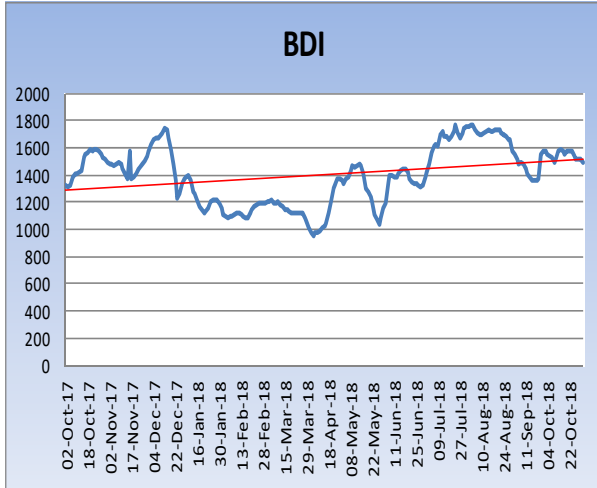
SALE & PURCHASE							
BULK CARRIER	DWT	BLT	PLACE	M/E	BUYER	\$ Mil	\$/dwt
FRONTIER AMBITION	180.253	2010	KOYO MIHARA	MAN-B&W	CLIENTS OF ZODIAC	29.000.000	161
SCANDINAVIAN EXPRESS	93.038	2010	COSCO DALIAN SHIPYARD	MAN-B&W	GREEK BYRS	15.500.000	167
ARCHON	82.084	2018	JIANGSU NEW YANGZIJIAN	MAN-B&W	CHINESE BYRS	20.000.000	244
PRIME LILY	81.507	2012	SPP SHIPBUILDING -	MAN-B&W	HELLAS BASED BYRS	21.000.000	258
TAURUS OCEAN	78.819	2008	SANOYAS HISHINO	MAN-B&W	UNDISCL. BYRS	14.500.000	184
TC GOLD	58.096	2011	TSUNEISHI HEAVY CEBU	MAN-B&W	GREEK BYRS	16.400.000	282
U NOBLE	57.000	2012	XIAMEN SHIPBUILDING	MAN-B&W	CHINESE BYRS	12.800.000	225
TRON LEGACY	56.444	2012	QINGSHAN SHIPYARD	MAN-B&W	CHINESE BYRS	13.500.000	239
NEW KOSMOS	56.011	2005	mitsui TAMANO	MAN-B&W	UNDISCL. BYRS	Region 11.000.000	
GEMINI PIONEER	55.624	2008	mitsui TAMANO	MAN-B&W	GREEK BYRS	13.600.000	244
NEW DESTINY	53.554	2007	IWAGI	MAN-B&W	UNDISCL BYRS	High 11.000.000	
MAEMI SPIRIT	53.482	2008	IWAGI	MAN-B&W	GREEK BYRS	Region 11.000.000	
CIELO DI TOCOPILLA	39.202	2014	YANGFAN GROUP CO LTD	MAN-B&W	CLIENTS OF REDERI GOTLAND	20.000.000	510
NEW EVEREST	35.065	2009	SHIKOKU DOCKYARD	MAN-B&W	GREEK BYRS	Region 11.000.000	
OCEANIC HAWK	29.027	2010	SHIKOKU DOCKYARD	MAN-B&W	UNDISCL. BYRS	9.200.000	317
LOVELAND ISLAND	28.316	2010	IMABARI IMABARI	MAN-B&W	UNDISCL. BYRS	9.500.000	335
OLGA	18.319	1996	SHIKOKU DOCKYARD	B&W	UNDISCL. BYRS	3.000.000	164
TANKER	DWT	BLT	PLACE	M/E	BUYER	\$ Mil	\$/dwt
DS VIDA	299.097	2003	NANTONG COSCO KHI SHIP	B&W	GREEK BYRS	22.800.000	76
SHAMROCK	156.516	2011	JIANGSU RONGSHENG	MAN-B&W	EUROPEAN BYRS	31.000.000	198
DHT SOPHIE	112.045	2003	HYUNDAI SAMHO HEAVY	B&W	CLIENTS OF HORIZON TANKERS	24.300.000	
DHT CATHY	111.928	2004	HYUNDAI SAMHO HEAVY	B&W			
ADS OSLO	107.127	2003	IMABARI SAIJO	B&W	NORWEGIAN KS FUND	11.700.000	109
NORD INNOVATION	47.981	2010	IWAGI	MAN-B&W	UNDISCL. BYRS	16.900.000	352

MAERSK MISAKI	47.980	2011	IWAGI	MAN-B&W	UNDISCL. BYRS	16.700.000	348
DOXA	47.065	2001	ONOMICHI	B&W	UNDISCL. BYRS	6.500.000	138
CHALLENGE POLARIS	45.988	2010	SHIN KURUSHIMA	Mitsubishi	CLIENTS OF PERTAMINA	16.100.000	350
CHALLENGE PARAGON	45.920	2009	SHIN KURUSHIMA	Mitsubishi		16.100.000	351
ARDMORE DEFENDER	37.764	2015	HYUNDAI MIPO DOCKYARD	MAN-B&W	CLIENTS OF YIELD	51.000.000	675
ARDMORE DAUNTLESS	37.764	2015	HYUNDAI MIPO DOCKYARD	MAN-B&W			675
RAMIRA	16.979	2008	TUZLA GEMI	MAN-B&W	UNDISCL. BYRS	13.500.000	795
MASALLI	13.030	2007	KRASNOYE SORMOVO	Wartsila	RUSSIAN BYRS	5.450.000	418
AZUR	2.835	1999	DENIZ ENDUSTRISI	Alpha	UNDISCL. BYRS	1.750.000	875
CONTAINER	DWT	BLT	PLACE	TEU	BUYER	\$ mil	\$/dwt
ARGOS	49.842	2012	JIANGSU NEW YANGZIJIAN	4.249	UK BYRS	14.700.000	295
BIRK	8.015	2003	ZHEJIANG YANGFAN SHIP	657	UNDISCL. BYRS	Undiscl. Price	
Ro-Ro / MPP / Ferry / Reefer	DWT	BLT	PLACE	TYPE	BUYER	\$ mil	\$/dwt
PEGASUS 01	7.083	1994	SHIN KOCHI	Gen. Cargo	UNDISCL. BYRS	Undiscl. Price	
KINE	3.000	1996	SLOVENSKE	Gen. Cargo	CLIENTS OF WILSON	11.200.000	
ANNE	2.800	1995	TILLE KOOTSTERTILLE	Gen. Cargo			
KRISTIN D	2.780	1997	TILLE KOOTSTERTILLE	Gen. Cargo			
BERIT	2.518	1996	SLOVENSKE	Gen. Cargo			
TOVE	2.517	1996	SLOVENSKE	Gen. Cargo			
DEMO	TYPE	DWT	BLT	LDT	\$ LT / ldt	\$	PLACE
KYRIAKOS	BC	29.926	1997	7.244	428	3.100.432	BANGLADESH
STELLAR FAIR	BC	266.629	1990	32.563	468	15.239.484	
SINAR BELAWAN	CONTAINER	15.428	1994	4.965	0	0	AS IS SPORE
ROTHORN	CONTAINER	14.587	1996	5.780	335	1.936.300	
BELLA J	CONTAINER	24.370	1995	8.642	455	3.932.110	AS IS HONG KONG
PETALIDI	CONTAINER	14.100	1993	3.724	472	1.757.728	INDIA
MAGNAVIA	CONTAINER	30.620	1996	10.312	478	4.929.136	AS IS SPORE
AKINADA BRIDGE	CONTAINER	71.366	2001		486	0	SUB CONT
CIELO DI AGADIR	CONTAINER	22.984	1996	7.855	392	3.079.160	INDIA
SENTOSA STAR	CONTAINER	17.781	1996		450	0	AS IS SPORE

ANDAMAN STAR	CONTAINER	20.211	1993	6.989	450	3.145.050	AS IS SPORE
THANLWIN STAR	CONTAINER	20.406	1995	6.830	450	3.073.500	AS IS SPORE
PATHEIN STAR	CONTAINER	20.540	1993	6.660	450	2.997.000	AS IS SPORE
ATLANTIC STAR	CONTAINER	26.260	1997	7.626	450	3.431.700	AS IS SPORE
MARELLA SPIRIT	PASSENGER	4.217	1983	18.234	357	6.509.538	
SAFFRON	TANKER	157.406	1998	22.615	463	10.470.745	AS IS COLOMBO
OAKTREE	TANKER	46.842	1993	9.002	460	4.140.920	AS IS COLOMBO



12 MONTHS STATISTICS



LEGACY SHIPBROKING S.A.

57, Akti Miaouli

18536, Piraeus

Greece

Phone: +30 210 4292700

E-mail: snp@legacy.gr

Fax: +30 210 4292737

Url: www.legacy.gr

Capt. Takis Margaritis

Mob: +30 6944 452028

Skype: takismargaritis

Costas Karatzas

Mob: +30 6944 456325

Skype: costaskaratzas

Flora Karatairi

Mob: +30 6956 302130

Skype: flora.karatairi

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