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Global Economy Remains Concerning

For months now in our Weekly Dry Bulk Reports, we have been highlighting various contractions including last year's year-on-year contraction in Chinese iron ore imports, the more recent year-on-year contraction in Chinese coal imports, the likelihood of Brazil's soybean exports contracting this year, the sudden year-on-year contraction in global steel output seen last month, many industrial output contractions continuing to occur around the world, and US housing sales showing even greater weakness recently. While a normal seasonal uptick in dry bulk cargo supply and demand will kick in later this quarter and China also reportedly will be purchasing at least 5 million tons more US soybeans, the extent of Vale's iron ore production disruption remains in question and we also see no sign of the deterioration of the global economy coming to a quick end. The dry bulk market is likely to experience waves of support as more cargoes eventually come to the market, but for 2019 as a whole there is a very real chance that fleet growth will exceed global economic growth.

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