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The South Korea Anomaly

As we examined back in our May 7th Weekly Dry Bulk Report, the last several months of data from South Korea's Ministry of Finance and Strategy have showed that South Korean industrial production has contracted on a year-on-year basis during five of the last six months. Of note more recently is that electricity data released last week also showed that a year-on-year contraction in electricity production has now been seen as well (South Korean electricity data lags behind other data). According to the Korea Electric Power Corporation, South Korea produced approximately 23.3 billion kilowatt hours of electricity in March which marked a year-on-year contraction of about 200 million kilowatt hours (-1%). The previous four months saw consistent year-on-year growth in electricity production that averaged 3%.

Overall, ongoing weakness in South Korea continues to stand out from many other major industrialized nations. As we have examined often before and most recently in our May 7th Weekly Dry Bulk Report, synchronized growth remains in effect throughout much of the world's major economies -- but South Korea is not enjoying the same type of strength that is being seen elsewhere. For the dry bulk shipping market, though, this is only a minor issue compared to several other very encouraging issues continuing to be seen worldwide (including peak South American grain export season remaining in full effect, Vale maintaining its very robust 2018 iron ore production target, China's lending growth continuing to far exceed 2017's growth, and Northern Hemisphere summer electricity demand season fast approaching).

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