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THE BIGGER PICTURE

... Saudi Aramco : easily the world's most valuable company at \$2 trillion ...



Source: The FT

Opec+ will raise its output cuts from 1.2 to 2.1m-bpd for 3 months to squeeze up prices, with KSA making by far the largest contribution. On Aramco's Wednesday debut its shares traded 10% limit up, shifting its market cap up from \$1.7 to \$1.9tn, closing in on MbS's target of \$2tn. On Thursday, the second day after the listing, the \$2tn target was met.

*A poll of polls, FiveThirtyEight, shows a change in Americans' view of impeachment in the past 3 months from 53.3% in Sep to 43.6% in Dec opposed and from 38.3% in Sep to 47.9% in Dec in favour.

^At the midweek point, over the past 3 months, the BCI-5TC has fallen 41% from \$35,161 to \$20,645 pd while the VLCC-TCE has risen 548% from \$11,009 to \$71,351 pd.

Over the same 3-month timeframe, the MR Atlantic Basket has risen 199% from \$8,149 to \$24,379 pd while the spot rate for a 174,000-cbm LNGC has gone up 45% from \$79,000 to \$115,000 pd.

POINTS OF VIEW

It has been a busy week. On Tuesday, the Democrats issued articles of impeachment accusing the president of committing "high crimes and misdemeanours" by abusing his power and obstructing Congress. This initiative may pass the House but will almost certainly be blocked in the Senate, thus tarnishing the president but not toppling him.* It may even strengthen his base, particularly as the Democrats are unable to field a credible opposition candidate for the presidency. Voting will be divided on strictly partisan lines with no room for matters of principle. This contrasts with Thursday's UK election where party members have been switching sides or going independent as they rebel against the party position on Brexit and other issues. Neither Johnson nor Corbyn are trusted while the Conservative and Labour manifestos are viewed as works of fiction and fantasy. For example, Johnson's dismissal of the Northern Ireland border issue is shameful, while Corbyn's plan to seize 10% of all UK listed firms will cost them £67bn. Bojo promises to get Brexit done – well, maybe in ten years' time. Voters are left to make their least worst choice. Trump and Johnson share a disconnect with the truth and a dislike of any form of criticism as illustrated by Trump's frequent attacks on the Washington Post, the New York Times and CNN and Johnson's threats against the BBC and Channel 4.

On Tuesday, the USMCA was finally passed some three years after Trump pulled out of NAFTA. The US, Mexico and Canada called it a "win, win, win" while the Democrats took credit for renegotiating it into an acceptable framework that will help future trade in North America while protecting worker rights. We are still being told that a phase one US-China trade deal is imminent despite the president saying that he is willing to push any agreement beyond next November's presidential election. On 15 December, the US is set to raise 15% tariffs on another \$160bn of Chinese goods imports, including consumer items, with Wilbur Ross claiming this is still on the cards. For their part, the Chinese expect the president to blink (again) and stall the tariff rise as it may backfire on his voter base. China is not in the habit of capitulation so 15 December could be seen as irrelevant. Trump's backing of Hong Kong protesters and his attacks on Huawei have probably hardened China's position, helped by the fact that China's latest manufacturing PMIs are up while the US ones are down. This contrasts the power of PRC state-backed stimulus action with the weakness of US private-backed investment inaction. However, the president may feel emboldened by last Friday's 266,000 non-farm payroll additions and by 3% annualised wage growth. He may really think that he can win this trade war.

On the US-China trade front, as a conciliatory gesture, China issued tariff waivers on the purchase of US soybeans and pork, which has provided some fizz to bulker and reefer shipments, while it is already busy importing similar Brazilian and Argentinian products. In October, Beijing waived 30% tariffs on 10mt of US soybeans and, after that was almost used up, it offered waivers on another 1mt. Last month, Chinese imports of US soybeans rose 54% to 8.3mt from 5.4mt in November 2018. China's November copper imports rose 12% MoM to 0.48mt, the highest since September 2018, based upon an unexpected improvement in the manufacturing sector. China's crude oil imports rose almost 4% MoM in November to a record 11.1m-bpd from 10.7m-bpd in October, and up 16% YoY from 9.6m-bpd. In Jan-Nov 2019 it imported 462mt, or an average of 10.1m-bpd, up over 10% on Jan-Nov 2018. The latest record was driven by the teapots using up annual quotas to protect their import allocations for 2020, and by the proximity of CNY in January. China's November refined product exports rose 64% MoM in November to 7.3mt while its Jan-Nov 2019 RP exports rose 14% YoY to 60.2mt. China's natural gas imports in the same period, including LNG, rose over 7% YoY to 87.1mt. In contrast, China's iron ore imports were down 2.4% MoM in November to 90.7mt from 92.9mt, but still up 8% YoY. Jan-Nov 2019 imports were down less than 1% to 970.7mt but are still on course to exceed 1bt for the third year running. China would take more medium to high quality iron ore from Australia and Brazil if only they could supply it. Supply should normalise in 2020 and see China's seaborne import growth recover. China's coal imports fell 19% MoM in November to 20.8mt from 25.7mt in October, but were still up 8.5% YoY on last November's 19.2mt. Supply, environmental, quota and tariff issues have dented seaborne iron ore, coal and soybean trade - not a lack of demand - while crude, products and gas enjoy both the supply and the demand. It means that bulkers are down, tankers are up, and China is asserting its role as lead conductor of the global trade orchestra.^A

13 December 2019

Dry Cargo Chartering

The **BDI** closed the week at 1,355, this was down from last weeks close of 1,558. \$12,000's for the trip.

What goes up must come down and this is exactly what has happened with the **capes**, dropping \$5,702 from last week to finish up at \$18,002 today. Shortage of low sulphur fuel supply in European major bunkering spots has caused disturbances within the Atlantic. Heavy losses have occurred across most routes, notably the trans-Atlantic and Brazil to China C3 route. On voyage, the 170,000mt 10% West Australia to Qingdao ore run fixed at levels up to \$10.40 with BHP Billiton, however rates fell to \$8.65 by the end of the week. Glencore fixed a Newcastlemax TBN Oldendorff relet 190,000mt 10% from Seven Islands to Qingdao for January at \$24.65

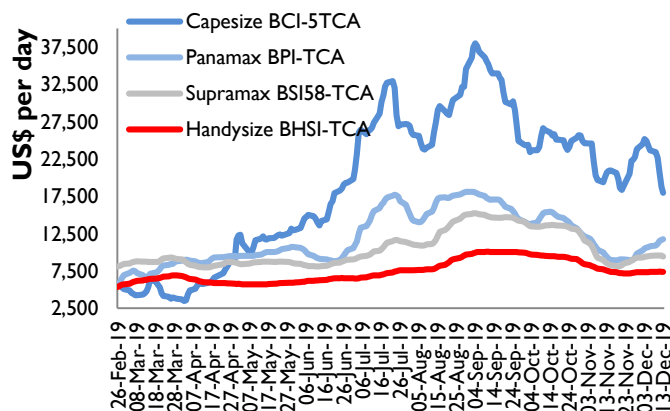
The **panamax** index closed this week at \$11,749, a gain of \$2,223 from last week. The Atlantic market was active and the rates remained steady, while heavy volumes of coal exports out of Indonesia helped to drive the rates up in certain eastern areas. In the Atlantic, the *Key Action* (82,168-dwt, 2010) fixed delivery aps East Coast South America for a trip redelivery Singapore-Japan range with grains \$14,500 plus \$450,000 bb with ECTP. The *Nord Corona* (81,600-dwt, 2019) fixed delivery aps East Coast South America for a trip basis redelivery Skaw-Gibraltar range with grains \$15,000 with Cargill. Out of the US Gulf, Ausca fixed the *Ever Imperial* (85,025-dwt, 2016) for a trip via Neo Panama redelivery China with grains at \$17,500 plus \$750,000 bb. In the Indian ocean, the *Omicron Nikos* (75,700-dwt, 2003) fixed delivery Kakinada for a trip via East Coast South America redelivery Iran \$13,500 with Tyriaki Agro. In the East the *Nord Fortune* (76,596-dwt, 2008) fixed delivery Hong Kong spot for a trip via Indonesia redelivery China intention coal for \$9,000. The *Lowlands Energy* (95,719-dwt, 2013) fixed a bauxite cargo delivery Dalian for a trip via Weipa redelivery Qingdao for \$13,400 with Rio Tinto. The *Star Luna* (82,687-dwt, 2008) open Cai Lan was placed on subjects for an Indonesia round voyage, nothing confirmed yet it was suggested the vessel was holding high

The **supramax** index closed the week at \$9,430, down from last weeks close of \$9,526. In the Pacific, Sugih Energy fixed the *Evans* (53,507-dwt, 2009) delivery Fujiarah for a trip via Mina Saqr to Chittagong at \$10,250. *Chang Hang Han Hai* (58,023-dwt, 2012) fixed delivery Guangzhou for a trip redelivery North China with bauxite at \$10,500. In the Atlantic, Norden fixed the *Ning Jing Hai* (63,573-dwt, 2017) delivery Auginish for a trip with scrap, redelivery Turkey at \$12,500. Norton fixed the *Feng Li Hai* (63,424-dwt, 2017) delivery Liverpool for a trip to the East Mediterranean also at \$12,500. Meadway fixed the *NM Cherry Blossom* (60,494-dwt, 2015) delivery Diliskelesi for a trip via Black Sea redelivery South East Asia at \$12,000 plus \$280,000 bb.

The **handy** market closed the week at \$7,390. Slightly down from last weeks \$7,367. It was a fairly quiet week in the Atlantic with most settling into their Christmas parties. Ultrabulk fixed the *Interlink Equality* 38k-dwt for a trip ex SWP to the Continent with woodpellets at \$12,000. Across the pond, Norden fixed the *CS Candy* (37,459-dwt, 2012) delivery Canakkale for a trip via Black Sea redelivery Continent at \$7,500. On the Continent we heard a 32k-dwt fixing \$9,500 delivery Rotterdam for a trip via the Baltic into South Spain. Little was reported ex East Coast South America although rates remained firm in this area. A relatively flat week in the Pacific, with little movement either way in the run up to Christmas. In the north, NoPac remained quiet with the majority of cargoes on the market being CIS round voyages, with rates discussed in the 6's basis Busan delivery. Further south, it was rumoured that a 31k-dwt fixed an Australian round voyage basis Singapore at \$7,500 and a large handy grabber fixed inter south east Asia trip with coal via Indonesia at \$9,500. On the period side of things, there was a fair amount of discussion however very few reported fixtures. *Martha Promise* (37,187-dwt, 2012) was fixed for short period by One Bulk, however no further details were disclosed.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Lowlands Energy	95,719	2013	Dalian	13/14 Dec	Qingdao	13,400	Rio Tinto	Int bauxite
Artvin	82,231	2011	Gibraltar	20/22 Dec	Auginish	14,000	Cargill	Int bauxite
Pedhoulas Trader	82,214	2006	EC South America	09 Jan	SE Asia	14,500	D'Amico	Int grains Plus 450,000 bb
Star Planet	76,812	2005	Inchon	11/12 Dec	China	10,250	Rio Tinto	Via Australia
Omicron Nikos	75,700	2003	Kakinada	12/13 Dec	Iran	13,500	Tyriaki Agro	Via EC South America
Feng Li Hai	63,424	2017	Liverpool	PPT	E Med	12,500	Norton	
NM Cherry Blossom	60,494	2015	Diliskelesi	16/21 Dec	SE Asia	12,000	Meadway	Plus 280,000 bb
Eternity SW	58,098	2011	CJK	10/12 Dec	China	8,000	CNR	Int metcoke
CS Candy	37,459	2012	Canakkale	PPT	Continent	7,500	Norden	Via Black Sea
Daiwan Glory	35,531	2015	Indonesia	PPT	Singapore-Japan	9,900	CNR	Via Australia



Exchange Rates	This Week	Last week
JPY/USD	109.56	108.56
USD/EUR	1.1171	1.1088

Brent Oil Price	This Week	Last week
US\$/barrel	64.76	63.03

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	363.0	290.0
MGO	600.0	567.0
Rotterdam IFO	270.0	245.0
MGO	575.0	504.0

Dry Bulk S&P

The market has been fairly quiet this week. The majority of owners are seemingly preoccupied with a combination of Christmas festivity and the imminent regulatory and logistical challenges presented by IMO 2020. Despite this, there are still some noteworthy sales to report.

Firstly, *Gotia* (178,010-dwt, 2012 SWS) has reportedly been sold to undisclosed Greek interest for \$23m. The sister, *Harriette N* (176,213-dwt, 2011 SWS) was sold to Chinese buyers for \$24m back in September. The drop in price can be attributed to the fact that the physical cape market has softened from the turbocharged, supply driven levels witnessed this summer.

Menaro (81,061-dwt, 2016 Jiangsu Jinling) is rumoured sold to undisclosed buyers for \$22.75m. When you

factor in the vessel has a healthy surveyor position, ME main engine and was built at Jinling, the firm price tag starts to make more sense.

The regular turnover in Japanese's Ultramaxs continues. We understand the Coumantaros owned *Ursula* (61,453-dwt, 2012 Imabari), has been sold to Pacific Basin for \$16.75m. The price is more or less in line with the last done, *Shiny Halo* (61,496-dwt, 2011 Shin Kasado) sold for \$16.5m to Empros Lines back in October.

Elsewhere, modern Imabari 28 values continue to come under pressure. *Brazen* (28,284-dwt, 2014 Imabari) is rumoured sold to clients of Stellar Navigation BV for \$9.4m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Gotia</i>	178,010	2012	Shanghai Waigaoqiao	-	Greek	\$23.00m	
<i>Grand Thalia</i>	115,429	2011	Shanghai Jiangnan Changxing HI	-	Ukrainian	\$15.25m	
<i>Menaro</i>	81,061	2016	Jiangsu Jinling Ships	-	undisclosed	\$22.75m	
<i>Ursula</i>	61,453	2012	Imabari	C 4x31T	Pacific Basin	\$16.75m	
<i>Ms Atlantic</i>	33,200	2010	Qidong Daoda Marine HI	C 4x25T	Greek	\$5.20m	
<i>Clipper Tenacious</i>	30,634	2007				\$5.85m	
<i>Clipper Trust</i>	30,611	2007	Cochin Shipyard	C 4x30T	Vietnamese	\$5.85m	
<i>Clipper Target</i>	30,587	2006				\$6.30m	SS passed & BWTS fitted

Tanker Commentary

This week has seen a number of older ships changing hands. Clients of Teekay Tankers have sold one of their oldest suezmax tankers *Ashkani Spirit* (165,209-dwt, 2003 Hyundai Samho) to clients of Transmed, Greece for \$19.4m. In a rare move, clients of Chadris have purchased a 15 year old aframax *Cabo Tamar* (105,778-dwt, 2004 Sumitomo) for \$17.5m basis surveys passed and BWTS fitted.

Elsewhere, a flurry of older MRs deals can now be reported. The pumproom type *Sakura Express* (45,718-dwt, 2004 Minaminippon) has been sold to undisclosed interests for \$11.5m, and the *Lone Star* (47,355-dwt, 2002 Uljanik) has gone for \$8.25m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Ashkani Spirit	165,209	2003	Hyundai Samho HI	Transmed	\$19.40m	
Aegean Blue	115,878	2007	Samsung HI	Concord	\$22.0m	Old sales
Cabo Tamar	105,778	2004	Sumitomo HI	Chandris	\$17.50m	basis BWTS fitted
Speed Pioneer	70,514	2000	Namura Shipbuilding	undisclosed	\$6.10m	
Lone Star	47,355	2002	'Uljanik' Brodogradiliste	undisclosed	\$8.25m	
New Legend	47,037	2000	Onomichi Dockyard	Chinese	\$8.00m	
Liberty	46,803	2004	Hyundai Mipo	Undisclosed	\$9.00m	
Sakura Express	45,718	2004	Minaminippon Shipbuilding	Elsa Navigation	\$11.50m	

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