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THE BIGGER PICTURE

... The Next Big War? ...



Source: The Times

POINTS OF VIEW

President Trump was in India this week attempting to make progress on a stalled trade deal that has been under discussion for over two years. In Prime Minister Modi, he has met his match: a populist who favours protectionism as a mechanism for saving jobs, and a shared disdain for multilateral institutions. India is reluctant to lower barriers to certain American products in exchange for restoring its tariff-free access to the US. Not even a mini deal was possible, so the president left empty-handed.[^] The timing was poor, as the US-China Phase I deal is stumbling given the extent of its ambition and the intervention of Covid-19. Smaller countries like South Korea, Japan, Canada and Mexico have been cajoled into small or revised deals, but not India. Simmering trade wars with the UK and EU have been postponed until after the November election. So, where are all the great trade deals that were promised? Global equities shed over \$3 trillion in value this week. Trump needs rising markets and a growing economy to support his MAGA claims, a status endorsed by his base, but not by many foreign countries that see a diminution in America's standing abroad. His re-election is still likely as the Democrats fail to field a credible candidate, or viable policies, while attacking each other. Plunging stock markets and a weakening economy, battered by the virus and sapped by trade wars, still may not dislodge him.* However, his downplaying of Covid-19, while blaming Democrats and cable news for overstating the threat, will leave him exposed if it breaks out in the US. Meanwhile, he is purging his enemies in Washington, just as BoJo is doing in Whitehall, as both leaders manoeuvre to secure complete control with minimal accountability.

On other fronts, little progress is being made either. Maduro remains in power in the chaos that is today's Venezuela. The US has extended sanctions to Rosneft Trading that has been acting as an intermediary in overseas oil sales that prop up the regime. Kim Jong-un remains in situ in North Korea and no progress has been made in limiting his missile testing and progression to long-range nuclear weapons capability. In Iran, the maximum pressure campaign has undermined the moderate regime of Rouhani after the US pulled out of the 2015 nuclear accord in 2018. Far from achieving the goals of 1) getting Tehran to renegotiate the nuclear deal, 2) ending its support for regional militias and, 3) curbing its missile programme, Tehran has intensified all three. The hardliners are back in charge, after a weak and disinterested 42.5% voter turnout, and ordinary Iranians find themselves squeezed in a vice between the US economic siege and a brutal hardline regime. In Libya, the Trump-endorsed Haftar opposition has locked in 1.1 m-bpd of crude oil in the east, cutting cash flows to Tripoli.[^] In the Gulf, Saudi-led Opec has cut output by around 2.2m-bpd in response to rising US exports. This is despite the negative impact on global oil demand growth of Covid-19 and weaker global economic growth caused, in part, by US-originated trade wars. The US is being tough on 'rogue' regimes in Caracas, Moscow, Pyongyang, Tehran and Tripoli - and on Riyadh, its lead buyer of US weaponry in the Middle East - as it asserts itself in bilateral wrestling matches. Having shut in huge volumes of competing oil, US crude now flows freely to end-user markets in Asia.

The mayhem of US foreign policy is matched by the absence of an EU-wide opinion on anything important as Germany suffers a rudderless government and flirts with recession. Covid-19 has hit northern Italy hard and yet EU-27 protocol demands that imperilled Schengen 'open borders' be observed, thus guaranteeing the free movement of people, goods, services and now viruses. It will make it much easier for migrants and IS fighters to leave Libya's long 1,100km shoreline bound for all places European. The consensus of forecasters was that the virus will reduce global oil demand growth from 1.2m-bpd to a 0.8m-bpd baseline in 2020, although in the worst case this could drop to 0.4m-bpd. That would temporarily negate the big ton-mile benefits of Atlantic crude from the US, Brazil, Norway and Canada flowing to Asia in lieu of shut-in crude oil from the MEG. For now, tanker rates are well off their recent peaks. According to SIN data, a 2015-built eco, but non-scrubber-fitted VLCC, was earning \$33,500 last week, down from \$104,000 daily in the first week in January. A same vintage scrubber-fitted unit was earning \$41,000 last week compared with \$121,000 per day in the first week of this year. It is a big drop, but these earnings are still acceptable. We can expect a decent bounce back when the global pandemic is contained and pent-up demand is unleashed. 'When' is the critical word.

[^]Not before he praised Modi for his commitment to religious freedom even as Modi was promoting an anti-Muslim, Hindu-first agenda.

*Over the last 3 years Trump has taken personal credit for rising stock markets and an expanding economy. It may come back to haunt him.

^{^^}The US is trying to stay out of this one, but Trump praised Haftar last year, while official US policy supports the UN in backing Sarraj's GNA.

Dry Cargo Chartering

The **BDI** closed today at 535 points, a 38 point improvement from last week. The **cape** market fell a further \$513 from last week, closing today at \$2,274. On voyage, the usual 170,000mt 10% stem from Port Headland to Qingdao ore runs were fixed at approximately \$5.85, notably the *Pacific Century* fixing with BHP Billiton. Rio Tinto booked three TBN ' 170,000mt 10% vessels from Dampier to Qingdao freight ranging from \$5.50-\$5.65. Meantime, Cargill fixed the *Amorito* 170,000mt 10% from Tubarao (option West Africa) to Qingdao at \$12.50. The *Cape Buzzard* fixed 170,000mt 10% from Teluk Rubiah to Qingdao at \$4.00 with Vale. In the North Baltic, Salzgitter fixed an Oldendorff TBN' 130, 000mt 10% from Narvik to Hamburg at \$3.25. There were no period or time charter fixtures reported.

This week the **panamax** market closed at \$8,147, up \$1,060 from last week's closing of \$7,087. In the Pacific, Caravel took the *Pantelis* (74,020-dwt, 2000) for a spot trip delivery Longkou via North Pacific to Singapore-Japan range with grains at \$5,000. Meanwhile in the Atlantic, Meadway fixed the *Four Coal* (76,822 dwt, 2014) delivery Canakkale for a trip via Black Sea, redelivery Egyptian Mediterranean at \$6,000. Also the *Anastasia K* (78,882 dwt, 2011) was fixed for a mid-March grains trip by Omega, delivery East-coast South America via Argentina to Indonesia at \$13,000 plus \$300,000 bb.

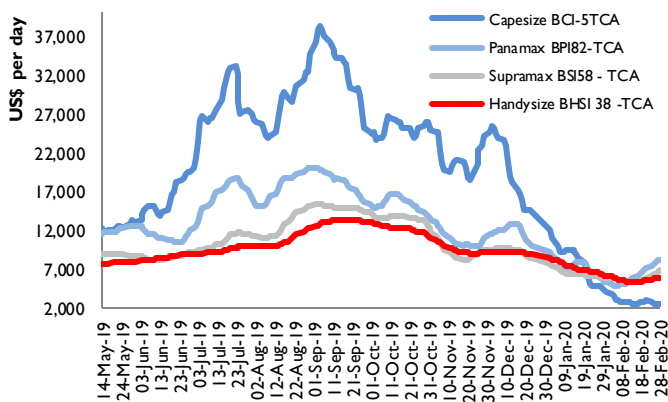
The **supramax** market this week is going strong in all basins, the BSI closed at \$6,667 up from last weeks \$5,764. In the Atlantic, SSI *Majestic* (55,694-dwt, 2010) fixed delivery Recalada for a trip redelivery Algeria intention grains at \$12,500. The *Thor Insuvi*

(52,489-dwt, 2005) fixed delivery South-West Pass for a trip redelivery Atlantic Colombia at \$11,000, while the *Syros Island* (63,008-dwt, 2015) fixed delivery Santos for trip redelivery Turkey at \$12,750. In the Indian Ocean, *Rowen 2* (53,100-dwt,2009) fixed delivery East coast India for trip redelivery China at \$6,750. The *Yasa Satum* (61,082-dwt, 2019) fixed delivery Richards Bay for trip redelivery Pakistan-West coast India range at \$12,200 plus \$220,000 bb. In the Pacific, *Mykonos Seas* (56,840-dwt, 2011) fixed delivery South Kalimantan for a trip redelivery East coast India at \$7,100. The *Guo Tou 101* (56,936-dwt, 2010) fixed delivery Haikou for a trip via Campha redelivery North China at \$5,750. The *Bulk Venus* (63,371-dwt-2017) fixed delivery Yeosu for trip via North pacific redelivery South East Asia at \$7,800.

This week the **handies** started to show signs of improvement, the index rose by \$358 to finish the week at \$5,831. The Atlantic fared best, Meadway fixed *Alinda* (34,035-dwt, 2012) delivery Gibraltar for a grain trip via Rouen to Morocco at \$7,500 while the *Beira* (40,145-dwt, 2017) was rumoured to have fixed a fertilizer trip off the Continent at \$8,000 into East coast South America. A 34k-dwt vessel rumoured to fix at \$10,000 dropping outward pilot Montoir for a Rouen to Algeria trip. Centurion fixed *Qi Xian Ling* (34,551, 2012) for a front haul ex Tampa into Singapore-Japan at \$12,500. In the Pacific, *Banglar Samriddhi* (38,894-dwt, 2018) fixed \$4,000 delivery Cam Ranh for a trip with cement into Chittagong and *Shan Hu Hai* (39,765-dwt, 2016) fixed a trip delivery Manila redelivery China via Indonesia at \$4,000. It was rumoured that a 33k-dwt fixed \$4,500 arrival pilot station, CIS for a quick trip with coal back into Japan. Very little to report on the period side of things.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Great Animation	93,203	2011	Singapore	27 Feb	Singapore-Japan	10,000	CJ International	Int grains
Archon	82,084	2018	EC South America	10/11 Mar	SE Asia	14,000	CJ International	Int grains Plus 400,000 bb
Mykonos	81,386	2013	Recalada	5 Mar	SE Asia	13,250	Cargill	Int grains Plus 325,000 bb
Four Coal	76,822	2014	Canakkale	PPT	Egypt	6,000	Meadway	Via Black Sea
NS Ningbo	72,495	1998	Hong Kong	23 Feb	Hong Kong	4,000	Hong Glory	Via Indonesia
Bulk Venus	63,371	2017	Yosu	PPT	SE Asia	7,800	Samjoo Maritime	Via NoPac
Syros Island	63,008	2015	Santos	Early Mar	Turkey	12,750	Cargill	
Yasa Saturn	61,082	2019	Richards Bay	Early Mar	Pakistan-WCI	12,200	Oldendorff	Plus 220,000 bb
Banglar Smriddhi	38,894	2018	Ho Chi Minh	PPT	Chittagong	4,000	CNR	
Alinda	34,035	2012	Gibraltar	PPT	Morocco	7,500	Meadway	Via Rouen



Exchange Rates	This Week	Last week
JPY/USD	108.69	109.72
USD/EUR	1.0988	1.0851

Brent Oil Price	This Week	Last week
US\$/barrel	50.94	56.99

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	290.0	315.0
MGO	430.0	518.0
Rotterdam IFO	270.0	295.0
MGO	375.0	464.0



28 February 2020

Dry Bulk S&P

While the equity markets seem to have identified the arrival outside China of the first horseman of the apocalypse, the physical market is a bit more measured. We will admit that we know as much about epidemiology as the guy sneezing next to us on the tube, but there seem to be a few buyers out there who figure that as swiftly as the contagion has arrived, so shall it depart.

Greek buyers have been particularly active in the kamsarmax/panamax sector. Two good quality units have changed hands. The Scorpio controlled kamsarmax *SBI Bolero* (81,210-dwt, 2015 Hudong) has been sold for \$ 18.5m to as yet un-identified Greek buyers. Overall eco-engined units have fared better in this difficult market, and the sellers have probably only conceded a few hundred thousand dollars from her value at the start of the year. Pavimar are reportedly the buyers of the panamax *Olympic Galaxy* (81,383-dwt, 2009 Universal) at about \$ 13.75m. Again, considering the pessimism in the market, this is pretty much as per the January benchmarks.

After a few failed attempts, Oman Shipping have acquired more ultramax tonnage. Details have emerged of the sale of *TR Omaha* (63,581-dwt, 2014 Hantong) at \$18.25m (and possibly a second unit has also changed hands). This is a very strong price in today's market, but as we understand the deal was fixed on subjects some months ago, it sheds very little light on current market sentiment.

A couple of handies have been sold. Turkish buyers are said to have bought *Baltic Wind* (34,409-dwt, 2009 SPP) for \$7.75m, a softer price considering she has passed surveys recently and fitted BWTS. Long term market resident *Apuana D* (31,962-dwt, 1998 Saiki) is sold to Chinese buyers at \$3.45m.

Demolition activity continues briskly. We report another caper this week. This week's alarming photos of the listing VLOC *Stellar Banner* can only help speed the remnants of the 1990s built fleet up the beach.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Percival	177,065	2010	New Times	-	Chinese	34 enbloc	
Lancelot	177,028						
Olympic Galaxy	81,383	2009	Universal	-	Pavimar	13.75	BWTS and SS/DD Passed
SBI Bolero	81,210	2015	Hudong-Zhonghua	-	Greeks	18.5	
TBN	63,581	2015	Jiangsu Hantong	C 4x30	Oman Shipping	35 enbloc	Long subs, deal concluded before Christmas
TR Omaha		2014					
Audacious	46,683	2004	Toyohashi	C 4x30	undisclosed	Low 6	
Baltic Wind	34,409	2009	SPP	C 4x35	Turkish	7.75	BWTS and SS passed
Apuana D	31,962	1998	Saiki	C 4x30	Chinese	3.45	

Tanker Commentary

Tanker values, unlike earnings, have so far been immune to the downturn caused by the COVID-19 virus. That appears to have changed this week with several MRs reportedly sold at levels considerably less than last done. Global uncertainty led by the largest fall in equities since 2008 is rapidly erasing confidence in the tanker market despite earnings remaining at palatable levels. Buyers are naturally taking a step back anticipating better value opportunities may be not be far away. Clients of MK Centennial Singapore are understood to have committed the *Eagle Melbourne* (50k-dwt, 2011 Onomichi) on subjects for \$18.4m. It is interesting to note that the last 2011 Onomichi type sold was back in October for \$21.5m. A more dramatic correction is evidenced by the reported sale of *Jal Anant* (46k-dwt, 2009 Naikai) in the region of \$15.5m which is over \$1m down on the last done which would beg questions about the vessels condition. An older handy tanker, the *Baltic Commodore* (37k-dwt, 2003 Hyundai Mipo) has been sold at \$8.4m with Indonesians Waruna being mentioned as buyers.

With crude earnings coming off, in the VLCC sector, Sinokor are understood to have sold the *Mediterranean Glory* (319k-dwt, 2004 Hyundai Samho) for a price of \$31.5m to Greek interests. This comes off the back of them also selling out 3 x DSME resales to Euronav for \$93.5m each.

In the Aframax sector, Atlas Maritime have sold the *Atlas Voyager* (115k-dwt, 2003 Sanoyas) to undisclosed interests at \$15.5m – it is understood that the deal is still on subjects.

Elsewhere, Chembulk have sold 3 of their stainless steel IMO2/3 handy tankers in an enbloc deal to MT Maritime. The Chembulk *Lindy Alice* (33k-dwt, 2008 Kitanihon) along with sisterships *Chembulk Minneapolis* (2007 built) and *Chembulk Westport* (2005 built) achieved a price of \$45m enbloc, which can be broken down to \$16m, \$15.5m and \$13m respectively.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Atlas Voyager	115,482	2003	Sanoyas	undisclosed	15.5	on subs
Eagle Melbourne	50,079	2011	Onomichi	Greek	18.4	on subs
Jal Anant	46,646	2009	Naikai	undisclosed	Mid 15's	
Baltic Commodore	37,343	2003	Hyundai Mipo	Waruna	8.4	
Bow Hector	33,649	2009	Shin Kurushima	Norwegian	19.2	
Chembulk Lindy Alice	33,674	2008				
Chembulk Minneapolis	33,682	2007	Kitanihon Zosen	MT Maritime	45 enbloc	
Chembulk Westport	32,044	2005				
Rio Daytona	12,835	2010	STX	Borealis	6	

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