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THE BIGGER PICTURE

... The African Union HQ, Addis Ababa ...



Source: African Union

POINTS OF VIEW

“Ethiopia is one of Africa’s fastest growing economies and the continent’s second most populous country after Nigeria”, according to a Politico article written in early March this year and updated in early June. It is also at the centre of a strategic influence contest being waged between China and the West. John Hopkins University estimates that Beijing lent over \$16bn to Ethiopia between 2000 and 2018, accounting for nearly half of its external debt, although it has been tapering these loans in recent years. China Export Import Bank put up \$2.9bn of the \$3.4bn cost of a railway linking the landlocked county to the port of Djibouti in the Horn of Africa. The loan was apparently called before completion of construction. Other examples include funding Ethiopia’s first six-lane highway, a hydropower dam, the metro system, several downtown skyscrapers and a 62,000-capacity national sports stadium in the heart of Addis Ababa’s commercial centre. Since April 2018, the new prime minister, Abiy Ahmed, has been trying to reduce Ethiopia’s dependence upon China and modernise its economy via debt reduction and privatisation of state-owned companies. Last December, Ethiopia secured a \$9bn package of financial aid from western donors, the IMF and the World Bank that intentionally put China and the West in competition with one another. As the Djibouti railway line is allegedly failing to generate sufficient revenues, turning to western investors for refinancing may assist Ethiopia in avoiding a classic BRI debt trap. The stage is thus set for increased competition between the West and China, not just in Africa, but globally.

The above narrative feeds into two related stories, the first being the beautiful African Union HQ in Addis Ababa, Ethiopia’s capital. In 2006, Beijing pledged \$200m to build the HQ. It was completed in January 2012 having been custom-built by the Chinese, China being Africa’s largest economic partner. In March 2019, the BBC reported that Le Monde Afrique revealed in January 2018 that the AU’s computer system had been compromised. Citing multiple sources, it said that for five years, between midnight and 2am, data from the AU’s servers was transferred to servers 8,000km away in Shanghai. Microphones and listening devices were discovered in the walls and desks of the building following a sweep for bugs. Both AU and Chinese officials condemned the report as false and sensationalist, characterising it as an attempt by the western media to damage Sino-African relations. Le Monde Afrique suggested that AU officials were concerned just how dependent they were on Chinese aid, implying a reluctance to speak out. The main telecoms equipment supplier to the AU was Huawei, although there was no suggestion that the company was complicit in any theft of data. Huawei claimed that the data centre facilities that it provided had no storage or data transfer functions as it vigorously rejected allegations of impropriety on its part. In a Trumpian world of fake news and alternative facts - and of Roger Stone PR advice to deny everything, admit nothing, and counter attack - it is hard for Joe Public to know who to believe. Anyway, we are all aware that Huawei finds itself an unwitting punchbag sitting in the middle of China’s dispute with the US and the UK.

The other related story is that of Covid. Calls by the US, UK and Australia to investigate the origins of the virus have further strained relations with China. The US is already engaged in a trade war and has now asked China to vacate its Houston consulate by today. The UK’s offer of citizenship to Hong Kong holders of BNO passports led Beijing to threaten withdrawal of recognition of this passport. China slapped 80% tariffs on Australian barley and stopped meat imports from four Australian suppliers. An advance WHO team has arrived in China only to be quarantined for 14 days. Access to certain facilities in the Wuhan area is likely to be restricted. Dr Tedros Ghebreyesus, the WHO Director-General, is Ethiopian and may not oppose restricted access for fear of any repercussions back home, just as AU officials did not care to make too much fuss about data breaches. This month, at a session of the UN Human Rights Council in Geneva, 53 out of 80 nations backed Beijing’s national security law for Hong Kong, 43 of which have significant BRI debt. Thus, one could argue that the BRI is doing what was intended of it, despite making for bumpy international relations. Covid complicates what is already a challenging backdrop for shipping. But all this uncertainty is constraining ship supply while ship demand is already returning. We just need to look past our present difficulties.

Dry Cargo Chartering

The **BDI** closed at 1317, down by 393 points from last week's close of 1,710. The **cape** market saw a considerable drop of \$7,801 to close the week at \$17,284, down dramatically from last week's high of \$25,085. Rio Tinto fixed multiple vessels for 170,000 mtons 10% iron ore stems in early August from Dampier to Qingdao. Rates ranged from \$8.10 pmt for a Genco TBN vessel to \$6.90 pmt for the *Golden Cirrus* (180,487-dwt, 2018) an ST Shipping relet. Vale fixed the *Genco Titus* (177,729-dwt, 2007) for a 170,000 mtons 10% mid-August iron ore stem from Tubarao for their usual run to Qingdao at \$16 pmt. In terms of capesize coal fixtures, very little activity was reported this week. On time charter, Richland took the *Navios Antares* (169,053-dwt, 2009) delivery Hong Kong for a prompt trip via Australis redelivery CJK at \$13,000 option redelivery North China at \$13,500.

The **panamax** market continued to soften this week, closing at \$10,786 down notably from last week's \$13,532. Rates in the North Pacific dipped slightly, with Cargill fixing the *My Vision* (81,502-dwt, 2015) delivery Ulsan for a round-trip back to the Far East at \$10,750. Staying in the Pacific, it was also reported that the scrubber fitted *Ikan Bawal* (83,454-dwt, 2012) fixed delivery Xiamen for a trip via East Australia to India option China at \$11,500. In the Atlantic, Olam took the *Flag Evi* (82,689-dwt, 2014) delivery Recalada for an August grains trip to Singapore-Japan range at \$13,500 plus a \$350,000 ballast bonus. Atlantic Coal and Bulk fixed the *Golden Empress* (79,471-dwt, 2010) delivery Rotterdam for a trip via Baltic redelivery Skaw-Safi range at \$13,250. In the Red Sea, the *Scarlet Lady* (75,336-dwt, 2001) was fixed delivery Jeddah by Al Ghurair for a trip via the Black Sea and Arabian Gulf at £11,000. Victory Shipping took in the *Irene Madias* (79,516-dwt, 2012) delivery Ennore for about 9 to 11 months at \$11,000 with worldwide redelivery. Louis Dreyfus fixed a Norden TBN vessel for a

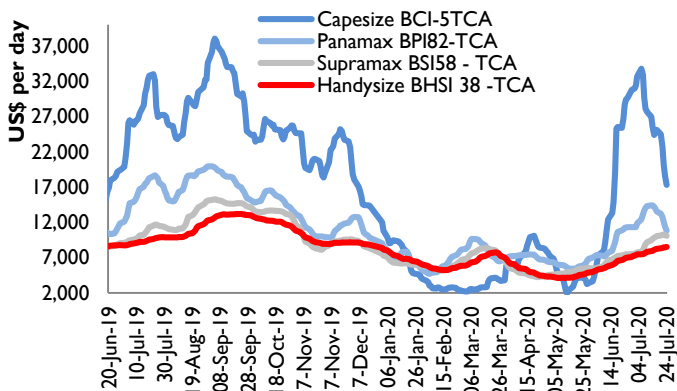
70,000 mtons 10% grain stem from Santos to Pakistan at \$21.85 pmt.

The **supramax** market kept a positive momentum with increasing demand. The BSI closed at \$10,070, up marginally from last weeks \$10,014. In the Atlantic, the *Astra Perseus* (58,512-dwt, 2012) fixed delivery Dunkirk for a prompt trip via Tilbury redelivery East Mediterranean at \$13,500, the *Nautical Georgia* (63,800-dwt, 2017) fixed delivery Constanta for a prompt trip redelivery Fazendinha with clinker at \$9,500. In the Indian Ocean, the *Chang Shun II* (56,862-dwt, 2009) was fixed by Liberty for a trip delivery Vizakhapatnam via East coast India redelivery China with iron ore at \$16,000, the *Amfitriti* (58,814-dwt, 2010) was fixed for a trip delivery Chittagong via East coast India redelivery China with iron ore at \$15,000. In the Pacific, the *Spar Scorpio* (53,163-dwt, 2006) fixed delivery Pyeongtaek for a prompt trip via CIS redelivery Singapore-Japan range at \$7,600, and the *Larus* (50,209-dwt, 2002) was fixed delivery CJK for a prompt trip redelivery Shanghai at \$8,000.

The **handy** market saw a slight movement this week with the index closing at \$8,473. In the Atlantic, Western Bulk took the *Aquamarine SW* (37,119-dwt, 2012) delivery Mississippi for a trip redelivery Morocco at \$12,500. Meadway took *Araya* (29,816-dwt, 2001) delivery Canakkale for trip via Black Sea redelivery Tunisia at \$8,500. There was limited activity in the Pacific similar to the previous week. CIS trips are paying in the \$6's basis Korea, slightly higher compared to last week. Further south, *Jin Da* (35,212-dwt, 2011) was fixed by Delta delivery Jakarta for a trip via East coast India to South East Asia at \$6,000. On the period front, Navison took *Miss Simona* (34,529-dwt, 2010) delivery Guangzhou for 4 to 6 months at \$7,200.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Navios Antares	169,053	2009	Hong Kong	PPT	CJK/N.China	13,000/ 13,500	Richland	Via Australia
GL La Paz	98,704	2013	Yantai	21/22 Jul	China	15,000	Richland	Via E.Australia
Flag Evi	82,629	2014	Recalada	16 Aug	Singapore-Japan	13,500	Olam	Int grains Plus 350,000 bb
Zheng Hui	81,797	2009	Jorf Lasfar	28 Jul	Stade	8,000	Oldendorff	Int Bauxite Via Kamsar
Yangtze Xing Jin	81,649	2012	Zhoushan	28 Jul	India	10,500	NYK	Via E. Australia
Nautical Georgia	63,800	2017	Constanta	PPT	Fazendinha	9,500	Centurion	Int clicker
Tomini Tenacity	63,602	2020	Wilmington	22 Jul	SE Asia	26,000	Oldendorff	Via US Gulf
Cooper	57,970	2011	Tianjin	25 Jul	CJK	7,500	CNR	Via Indonesia
Jin Da	35,212	2011	Jakarta	PPT	SE Asia	6,000	Delta	Via EC India
Mykonos Bay	32,411	2009	Paranagua	PPT	Rotterdam	11,500	Meadway	Int Grains



Exchange Rates	This Week	Last week
JPY/USD	105.92	107.17
USD/EUR	1.1601	1.1426

Brent Oil Price	This Week	Last week
US\$/barrel	43.17	43.03

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	275.0	270.0
MGO	395.0	380.0
Rotterdam IFO	250.0	255.0
MGO	364.0	358.0

24 July 2020

Dry Bulk S&P

It has been another active week in the secondhand market, with the meat of the action centred around the kamsarmax and ultramax sectors.

KM Yokohama (83,480-dwt, 2011 Sanoyas) was eventually concluded for \$15m to undisclosed interest. Having called for offers at the start of the month, we understand *Wise & Sunny Young* (82,012-dwt, 2011 Daewoo) have finally been sold to two separate Greek buyers, for \$13.75m each. It is interesting to note the price differential between the same aged Japanese and Korean built units. In an off-market deal, *Santa Rosalia* (75,886-dwt, 2008 Tsuneishi) has reportedly been sold to clients of Erasmus for \$10.8m.

A flurry of activity has beset the ultramax market over the last week or so. We have two sales to report and with further negotiations ongoing, more headlines are expected imminently. The *Doun Kisen* controlled, *Ocean Jorf* (61,269-dwt, 2016 Iwagi) has reportedly

been sold to Vita Management for \$18.85m. *MI Harmony* (61,617-dwt, 2014 NACKS) has been sold to European buyers for \$15.8m, basis BWTS fitted. Both sales setting new benchmarks for ongoing transactions and the fresh influx of redelivered PCL vessels that have recently entered the market.

Bucking the easterly trend once again, Allseas of Greece are rumoured to have bought another *Dolphin57, Fulham* (57,047-dwt, 2010 Cosco Dalian) has reportedly been sold to them for \$7.5m, basis SS due with BWTS ordered but not fitted. *Xenofon XL* (57,005-dwt, 2010 Cosco Zhoushan) has been sold to undisclosed buyers for \$7.2m, SS & BWTS due.

Elsewhere, *Zambesi* (34,205-dwt, 2013 Yangfan) has been sold to undisclosed buyers for \$8.75m, BWTS fitted. Achieving a slight premium to her sister, *Swakop*, sold from the same German owners towards the end of May for \$8.4m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Taipower Prosperity II	88,018	2000	China Shipbuilding Corp (CSBC)	Gearless	Chinese	xs \$10.00m	
Taipower Prosperity I	88,005						
KM Yokohama	83,480	2011	Sanoyas Hishino	Gearless	Germans	\$15.0m	
Wise Young	82,012	2011	Daewoo	Gearless	Greek	\$13.75m	
Sunny Young	81,967	2011	Daewoo	Gearless	Undisclosed	\$13.75m	
Santa Rosalia	75,886	2008	Tsuneishi Holdings	Gearless	Erasmus	\$10.80m	Hearing sold privately
MI Harmony	61,617	2014	NACKS	C 4x30T	Undisclosed	\$15.80m	BWTS fitted
Ocean Jorf	61,269	2016	Iwagi Zosen	C 4x31T	Vita Management	\$18.85m	
Fulham	57,047	2010	COSCO Dalian	C 4x30T	Allseas	\$7.50m	SS due, BWTS ordered and included in sale
Xenofon XI	57,005	2010	COSCO Zhoushan	C 4x30T	Undisclosed	\$7.20m	ss/BWTS due
Noble Halo	56,089	2008	Mitsui Eng.	C 4x30T	Undisclosed	\$7.90m	Waiving inspection
Atlantica	50,259	2001	Shanghai Shipyard	C 4x35T	Jinhui Shipping	\$4.00m	
Zambesi	34,205	2013	Yangfan Group	C 4x35T	Undisclosed	\$8.75m	BWTS fitted

Tanker Commentary

In a relatively exciting week of increased activity from previous weeks, we have seen a few sales establishing new benchmarks in the MR sector.

In a market place that has been fairly stagnant for the last few months, the Japanese controlled pumproom-type *Eagle Melbourne* (50,079-dwt, 2011 Onomichi) has been sold to European buyers for a price of \$16m.

Another Japanese controlled pumproom, the Maersk Murotsu (50,093-dwt, 2010 Onomichi) has been sold to client of Ardmore Shipping for high \$16m with her second Special Survey passed freshly and BWTS installed.

The sale shows a real adjustment of prices for 10 year old pumproom types from January this year when the same sellers sold their *Rich Wind* (47k-dwt, 2009

Onomichi) at \$16.85m.

Elsewhere in the Aframax sector, clients of Bergshav Norway have sold their 2007 owned *Bergina* (105,839-dwt, 2007 Tsuneishi) to Greek interests for \$19m, however it is understood that any sale here is subject to inspection.

Perhaps slightly against overall market fundamentals, the price is more or less in line with the recently reported sale of the 2005 built *Seapacis* (105,747-dwt, 2005 Namura *SS due) which was sold back in May for region \$16m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Bergina	105,839	2007	Tsuneishi Holdings	Greek	\$19.00m	Subj to inspection
Maersk Murotsu	50,093	2010	Onomichi Dockyard	Ardmore Shipping	\$16.0m	SS/BWTS passed.
Easgle Melbourne	50,079	2011	Onomichi Dockyard	Europeans	\$16.0m	
Norstar Biscay	11,530	2008	Torlak	Alba Tankers	\$7.95m	

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