14 August 2020

HARTLAND
SHIPPING SERVICES

WEEKLY COMMENTARY

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THE BIGGER PICTURE

… Fealty to the Boss …

Source : FT / Reuters / Kevin Lamarque

POINTS OF VIEW

The November presidential election approaches and the mood seems to have changed. There is a dawning realisation within the GOP that Republicans face defeat and risk losing control of the Senate, their jobs and the perks of office. Mitch McConnell is primed for a classic 'Et tu, Brute?' moment, turning on his failing boss. A deal is needed, try the Middle East. Wall Street is getting twitchy, flooding money into the opposing Biden campaign. Wall Street likes tax cuts as much as it dislikes regulation, but there comes a point when it must stand up for the democratic principles that are under full frontal assault by a Trump-doting political clique of family, friends and cronies. The vote is reduced to either for or against Trump, rendering the gaffe-prone Biden somewhat irrelevant. Sensibly, he has been in hiding, keeping silent, letting Trump hog the limelight and put his foot in it. The choice is between continued disruption and the off-chance of a return to a less fractious normality. This administration has treated coronavirus as a political tool rather than the global humanitarian tragedy that it is. In a desperate effort to regain lost ground, Trump is touting the idea of a cut in capital gains tax, something that would favour the rich, including himself, and might normally help get him re-elected. Of note, h. e has stopped talking about the soaring but asymmetric stock market, as the unemployed either do not own shares or are having to sell them to buy food. Meanwhile, the money men have calculated that they face higher personal and corporate tax rates under any rational leader, and that all roads lead to higher taxes once the final invoice for Covid-19 comes due. Voters are moving against the current White House incumbent, even if it means replacing him with someone with the stiffness and charisma of a shop window mannequin. Mail-in votes, a Covid-19 precaution, are unpopular with Trump as they favour Democrat votes, so he is now trying to nobble the US Postal Service.

Biden's choice of Kamala Harris as his running mate is seen as a safe but good choice. A woman of colour, she sets a potential bear trap for Trump who is known for his attacks on women and non-whites. She has political form at both the state level and in the Senate, so she cannot be accused of political inexperience, unlike Trump himself. She was a renowned tough prosecutor, as DA of San Francisco and AG of California, so she does not fit the president's narrative of Biden being weak on crime and wanting to defund the police, itself a false assertion. Neither she nor Biden are radical left-wingers, they are centrists, thus disarming the president's characterisation of the Democrats as rampant socialists. Naturally, Biden and Harris must espouse social policies that help the majority of Americans to counteract Trump's bias towards the rich and disdain for the poor. At 55, she is young, which dilutes the fact that Biden is old at 77. She is a great debater, so she is well able to handle the vice-presidential debate and take on the president's deputy, the lapdog Mike Pence. She is not gaffe-prone, so that helps to make up for her partner.

You might be asking what has all this got to do with shipping? Well, a lot actually. The outcome of the November US presidential election will set the tone for global trade for the next four years. If Trump wins, he may double down on his efforts to reduce the US trade deficit with China and Europe by increasing tariffs even more. He may also be emboldened to ratchet up sanctions on Iran, Venezuela, North Korea, Russia and China which is causing a polarity in global geopolitical relations. A Biden victory may lead to unwinding tariffs in exchange for concessions and to rowing back sanctions in the hope that diplomatic engagement may be an easier route to solutions. The public has not been given a clear line on assertions of Russian cyber interference in our democratic process, so we are left only with media speculation. We are told that Huawei and TikTok are being targeted as they represent genuine security threats, but we are given no evidence, as it is classified. So, are they security threats or are these just trumped-up charges that aim to get even with China because it is getting so far ahead of the West in 5G, IT and AI? Looking at the US sanctions list, it would seem that the US, UK and Europe should be teaming up with Japan, South Korea, Taiwan and Singapore in pooling our technology resources to combat the sanctioned aggressors. Now is the time for teamwork.

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HARTLAND SHIPPING SERVICES

Dry Cargo Chartering

The **BDI** closed today at 1,595 points a small gain of 91 points from last week.

The **cape** market remained stable this week, despite a slight negative sentiment being felt as we look to September. The cape index had a marginal increase of four dollars from last week, to end today at $19,916. The *Fellowship* (179,701-dwt, 2010) rumoured to have fixed for 170,000mt 10% iron ore from Tubarao to Qingdao 11-20 September at $19.00 to Panocean. Rio Tinto took a couple of TBN's 170,000mt 10% ore stems from Dampier to Qingdao at low mid 8's usd/pmt. Ore & Metals took a TBN 170,00mt 10% from Saldanha Bay to Qingdao at $13.53. On time charter, the *Pelopidas* (176,006-dwt, 2011) fixed delivery Taicang spot for a trip via Australia redelivery Singapore-Japan range at $20,500 with Daelim.

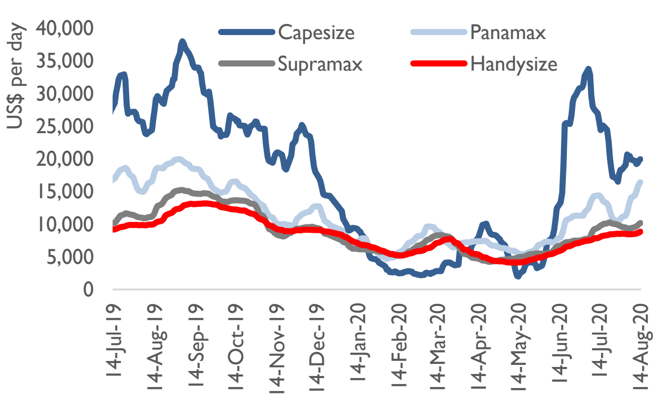
The **panamax** market closed the week at $16,415, up from last weeks close of $14,070. In the Pacific, Allainz fixed the *Panther Max* (81-283-dwt, 2012) delivery Kakinada for 2 laden legs redelivery Singapore-Japan range at $13,750. The *RB Jake* (81,039-dwt, 2016) fixed delivery Xinsha for a trip via Australia redelivery Japan at $15,500. In the Atlantic, Oldendorff fixed the *Yasa H Mulla* (83,482-dwt, 2011) delivery Rotterdam for a trip via Baltic, redelivery Continent at $22,500. ACB fixed the *Green K-Max 4* (80,856-dwt, 2020) for the same trip at $25,000. On period, Crystal Seas fixed the *Tai Kudos* (81,670-dwt, 2017) delivery CJK for 5/8 months redelivery worldwide at $14,000.

The **supramax** market continued to have positive gains across both basins with numerous fixtures recorded, notably in the Mediterranean. The index strengthened $786 from last week to close today at $10,194. The *Doric* (58,514-dwt, 2013) fixed for a trip from Ilyichevsk to Chittagong at $24,500 to Agrocorp. *The Olympus* (57,274-dwt, 2013) was failed for a trip from Oran to Nigeria at $20,000. An ultramax rumoured to have fixed for a trip delivery Black Sea to south east Africa at around $20,000. The *LMZ Pluto* (56,705-dwt, 2011) fixed delivery South Africa for a prompt trip redelivery south east Asia at $12,000 + $200,000 ballast bonus to Glencore. The *Skyfall* (63,057-dwt, 2016) fixed delivery Vietnam for a prompt trip via east coast India redelivery China at $12,500. The *Meraklis* (50,926-dwt, 2001) fixed delivery Fujairah for a spot trip via Black Sea redelivery China intention with hbi at $11,100. On period, the *La Tonda* (61,241-dwt, 2016) was fixed for 4-6 months at $10,500.

The **handysize** market improved this week $8,846 slightly up from last weeks $8,475. In the Atlantic, the *Orient Trader* (33,757-dwt, 2010) open Tuzla was fixed for a trip via the Black Sea to the Mediterranean at $10,500 while *Ivory Gull* (32,929-dwt, 2009) delivery east Africa was fixed for a trip to the US Gulf at $6,500. In the Pacific, we heard at 32k-dwt fixed $6,000 North Vietnam for a short trip to South China while further up north, a 32k-dwt fixed mid $5,000s Japan to West Coast India. From the Indian Ocean, *Zhe Hai 2* (35,104-dwt, 2012) delivery Kandla was fixed for a trip via the Red Sea to South Korea at low $8,000s. On the period front, Norden took *Lady Demet* (30,449-dwt, 2012) delivery Haiti for 4 to 6 months trading redelivery Atlantic at $9,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Pelopidas	176,006	2011	Taicang	13 Aug	Singapore-Japan	20,500	Daelim	Via Australia
Leading Glory	93,729	2012	Yuhuan	13-14 Aug	China	14,000	Pacific	Via E Australia
Yasa H Mulla	83,482	2011	Rotterdam	PPT	Continent	22,500	Oldendorff	Via Baltic
Xenia	82,019	2016	Brest	PPT	Gibraltar-Skaw	21,500	Cargill	Via Murmansk
Yu Peng Hai	75,486	2010	Zhuhai	8 Aug	Singapore-Japan	12,000	CNR	Via E Australia
Artemissio	63,505	2017	Fazendinha	Mid Aug	Spain	14,250	CNR	
APEX	63,403	2017	Kashima	5 Aug	Singapore-Japan	11,750	Bunge	Via USG
Mykali	56,131	2011	Port Elizabeth	23/25 Aug	China	12,500	Klaveness	plus 250,000 bb
Cielo di Valparaiso	39,232	2015	Liverpool	PPT	Turkey	13,000	POLA	Via Baltic
Ivory Gull	30,929	2009	E Africa	PPT	US Gulf	6,500	CNR	



Exchange Rates	This Week	Last week
JPY/USD	106.63	105.64
USD/EUR	1.1815	1.1811

Brent Oil Price	This Week	Last week
US$/barrel	44.94	44.62

Bunker Prices ($/tonne)	This week	Last week
Singapore IFO	281.0	280.0
MGO	384.0	382.0
Rotterdam IFO	262.0	260.0
MGO	366.0	362.0

Dry Bulk S&P

Bearing in mind it is mid-August, the secondhand market continues to sizzle away nicely. For a second consecutive week, there are a healthy number of sales to report. With numerous Japanese owned vessels all calling for offers next week, activity looks to be set fair for the remainder of the month.

The headline sale of the week, is the open loop, scrubber fitted, *Jubilant Excellence* (181,415-dwt, 2013 Koyo), reportedly sold for $24.5m. All the traditional names have been associated with the deal, however the buyers remain unknown. It's interesting to note, that no added value has been attributed for the scrubber. The deal falls in line with the last done, *Graceful Madonna* (180,242-dwt, 2010 Koyo) non scrubber fitted, sold for $20.5m back in June. *China Steel Growth* (175,775-dwt, 2002 CSBC) is rumoured sold to Hong Kong based buyers for $9m. A step up from the sister (China Steel Excellence), sold back May for $8m.

The BWTS fitted, *Giovanni Corrado* (81,994-dwt, 2020 Oahima) has reportedly been tied up on subjects, to Chinese interest for $31m. *Ecomar G.O.* (75,093-dwt, 2008 Hudong) has been sold to undisclosed Greek interest for a rumoured $9.5m. A good number if correct.

Speculation continues to circulated around the EPS vessel, *Devongate* (61,517-dwt, 2014 DACKS). The latest rumours suggest she's finally been sold for $16.2m (BWTS fitted, ME engine) to undisclosed Greek interest. A good resulted for EPS compared to the $15.8m recently paid for *MI Harmony* (61,617-dwt, 2014 NACKS), which was also BWTS fitted and ME engine. *Ikan Salmon* (61,380-dwt, 2012 Iwagi) has reportedly been sold to undisclosed buyers for $13.75m, with prompt delivery. Surveys freshly passed, BWTS fitted. Elsewhere, *Sam Hawk* (57,200-dwt, 2013 STX Changwon) obtained a very respectful $10.7m under the hammer. The buyers reportedly Turkish.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Jubilant Excellence	181,415	2013	Koyo Dockyard	Gearless	undisclosed	$24.50m	Scrubber fitted/BWTS fitted
China Steel Growth	175,775	2002	China Shipbuilding	Gearless	Hong Kong	$9.00m	
Giovanni Corrado	81,994	2020	Oshima	Gearless	Chinese	$31.00m	BWTS fitted. On subs
Ecomar G.O.	75,093	2008	Hudong-Zhonghua	Gearless	Greeks	$9.50m	
Devongate	61,517	2014	Dalian COSCO	C 4x30T	undisclosed	$16.20m	
Ikan Salmon	61,380	2012	Iwagi Zosen	C 4x31T	undisclosed	$13.75m	Ppt delivery
Sam Hawk	57,200	2013	STX Offshore	C 4x30T	Lavera, Turkey	$10.70m	Auction Sale

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price $	Delivery
Ore Sud	285,771	1992	Daewoo	Bulk	32,664	$337.00	Pakistan
Ever Deluxe	55,635	1998	Mitsubishi HI	Cont	21,700	$315.00	'As is" Taiwan
Green World	49,673	1996	Imabari	Bulk	10,600	$360.00	Pakistan
Caribbean Highway	17,866	2002	Tsuneishi	RoRo	13,107	$321.00	India
Atlantic Highway	17,232	2002	Imabari Shipbuilding	RoRo	15,000	$321.00	India
Uni-arise	15,477	1997	China Shipbuilding	Cont	5,129	$290.00	'As is' Taiwan

HARTLAND SHIPPING SERVICES

Tanker Commentary

As western Europe is blessed with the long awaited petrichor, while struggling to shake off the remnants of the pandemic, the Chinese continue to import crude at elevated levels, in July China imported 12.1m-bpd which is an increase of 25% YoY, and refineries are at full capacity. Port congestion at Chinese ports now accounts for around 40% of all crude floating storage. China is vigorously adding to its land based storage, with plans to add just under 14 million cubic meters of capacity within 2020. This equates to roughly 88 million barrels of oil, the equivalent to 44 fully laden VLCC's.

In the suezmax sector, the destocking of crude inventories has had a softening impact on tanker values. Sonangol have sold their *Sonangol Kizomba* (159,165-dwt, 2001 Daewoo) which sold this week for something in the mid to low $12m to Chinese buyers. Even allowing for Sonangol Kizomba having surveys due, this is a significant step down in values when compared to the *SKS Sinni* (159,385-dwt, 2003 Hyundai HI) which was sold in May for $20.2m.

Chinese-built, very modern and resale chemical carriers, controlled by Ocean Tankers, are reported sold this week. Three prompt, phenolic epoxy coated, resales have changed hands – a 23k-dwt unit has been sold to European buyers for $25m and Fujian Chang Changfa Shipping are reported to have picked up 2 x 11k-dwt built 2020 for $12m each.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Sonangol Kizomba	159,165	2001	Daewoo Shipbuilding	Chinese	$12.30m	
NB x1	23,500	2020	Fujian Mawei	European	$25.00m	Phenolic epoxy
NB x2	11,000	2020	Fujian Mawei	Fujian Chang Changfa Shipping	$12.00m each	Phenolic epoxy coated/ del. Aug

Should you have any queries about the content of this report or require any services of Hartland Shipping Services, please contact:

Hartland Shipping Services Ltd, London
Tel: +44 20 3077 1600
Fax: +44 20 7240 9603
Email: chartuk@hartlandshipping.com
Email: snpuk@hartlandshipping.com
Email: consult@hartlandshipping.com

Hartland Shipping Services Ltd, Shanghai
Tel: +86 212 028 0618
Fax: +86 215 012 0694
Email: snpcn@hartlandshipping.com

Hartland Shipping Services Pte. Ltd, Singapore
Tel: +65 6702 0400
Email: chartops.sg@hartlandshipping.com