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THE BIGGER PICTURE

... Armenia Street, Beirut ...



Source: BBC / Nadia Hardman

POINTS OF VIEW

On Monday, we heard of the tragedy that befell the port and people of Beirut after 2,750 tonnes of ammonium nitrate exploded having been held in storage for six years after confiscation. The cargo came off a Russian ship that was abandoned in Beirut on route from Batumi to Beira. It is rumoured to have been kept in very poor condition and may have been ignited by a welder repairing the warehouse, accidentally setting off fireworks stored nearby. The video footage of the twin explosions attests to the enormous damage caused by the blast waves. Ammonium nitrate, potassium nitrate and sodium nitrate are one man's fertiliser and another man's bomb-making material. One recalls fixing a ship some 25 years ago to lift 44,000 tonnes of sodium nitrate from Chile to China. 16-times the quantity involved in Beirut, it was to be used to make firecrackers for Chinese New Year celebrations. Such cargoes can be safely carried, handled and stored but, in this case, none of the safety criteria were met. Ammonium nitrate was the weapon of choice when the IRA blew up the Baltic Exchange in 1992 (our trading floor) and 99 Bishopsgate in 1993 (our former office), both in the City of London, and it was also used in the Canary Wharf bombing in London's Docklands in 1996. This tragic and wholly avoidable accident has hit Lebanon just as it struggles with Covid-19, corruption, economic crisis, political turmoil and regional instability while it hosts 1.5m Syrian refugees.* The death toll is at least 157 with some 5,000 injured and about 300,000 left homeless. International aid is being provided by the likes of Saudi Arabia, UAE and Israel and by the US, EU, UK, Italy and France as any political differences are rightly suspended at this time of crisis.

This US president is not known for empathy, looking instead to exploit every situation for personal gain, and his first comment on Beirut was that it looked like an attack as opposed to an accident. In contrast, the Pentagon's response was promptly to arrange to send three C-17 Globemaster aircraft to Beirut with pallets of food, water and medical supplies. The first has already arrived with the other two expected to arrive from Qatar today. There is less than three months to go before the US presidential election on Tuesday 3 November after the president's idea of delaying it was rebuffed by Democrats and Republicans alike. An historian named Professor Allan Lichtman predicted Trump's win in 2016 and his subsequent impeachment. He is now ready to call this one. Biden may be well ahead in the polls, but so was Clinton in 2016. In 1980, Lichtman developed a presidential prediction model that retrospectively accounted for 120 years of US election history. Over the last 40 years he has accurately predicted all the presidential winners since Reagan in 1984 using binary true or false answers to 13 keys to winning the White House. If six or more keys generate false answers then the White House incumbent is said to be on his way out. The keys are: 1) Midterm Gains? 2) No Primary Contest? 3) Incumbent Seeking Re-election? 4) No Third Party Challenger? 5) Strong Short-term Economy? 6) Strong Long-term Economy? 7) Major Policy Change? 8) No Social Unrest? 9) No Scandal? 10) No Foreign Military Failure? 11) Any Foreign Military Success? 12) Charismatic Incumbent? 13) Uncharismatic Challenger?

Lichtman scores it 7-6 in favour of False, meaning that Trump will be leaving the White House. The answers are on the left^ and the explanations are in the New York Times. Why does this matter? It matters a lot. Many people might agree that he was right to take a strong line on China over IPR and trade and in sanctioning Iran, North Korea and Venezuela. But he was wrong to side with strongmen autocrats and in not calling out Russia for cyber interference in western elections (unsurprisingly). One could say that his unilateral foreign policy approach and distaste for multilateral institutions has backfired, weakening western alliances and opening the door to the likes of China, Russia and Turkey. Pulling troops out of Afghanistan, Iraq and Germany is appealing but creates a vacuum for others to exploit and it risks nullifying decades of work and trillions spent. His policy of divide, conquer and intimidate has polarised American politics and society and raised social, racial and economic tensions. His global trade and tariff wars are acts of self-harm, causing unnecessary pain to all parties. A Democrat president might not change everything, but a start would be to re-engage and redeploy the art of diplomacy.

*According to sources, Syrian refugees alone are estimated to make up 22% of the 6.8m total population of Lebanon.

^F, T, T, T, F, F, T, F, F, T, F, F, T = 7F and 6T.

Dry Cargo Chartering

The **BDI** closed the week at 1,501 points, up 151 points from last week.

A topsy-turvy week in within the **cape** market this week, closing at \$19,912 up \$1,616 from last week. A multiple of the usual Dampier to Qingdao ore runs were fixed with Rio Tinto this week, notably the *Sapientza* and the *Calliope P* both fixing 170,000mt 10% runs at \$8.55 & \$8.45. NYK fixed the *Erato* at 170,000 10% again from West Australia to Qingdao at similar levels. In the Atlantic, a CSE Newcastlemax vessel rumoured to have fixed to Louis Dreyfus Commodities at 190,000mt 10% iron ore stem from Brazil to China at approximately \$17.20 region. RYE fixed TBN' 170,000 10% from Tubarao (option West Africa) to Qingdao at \$18.00.

The **panamax** market recorded string gains with a multiple of fixtures being closed, the BPI ended the week at \$14,070, up \$3,025 from last Friday. The Atlantic the *Yasa H Mehmet* (83,482-dwt, 2011) fixed delivery Santos for a trip redelivery Singapore-Japan range at \$15,250 plus \$525,000 bb with Cargill. The *Olympic Gemini* (82,992-dwt, 2006) delivery East Coast South America for another front haul trip redelivery Singapore-Japan at \$15,300 plus \$530,000 bb. ADMI fixed the *Yangtze Xing Hua* (81,678-dwt, 2012) delivery Itaguaí for a trip redelivery China intention grains at \$14,650 + \$465,000 bb. On the Continent, the *Navios Gemini* (81,704-dwt, 2018) fixed with Cargill delivery Ijmuiden for a trip via Baltic option Murmansk redelivery Skaw-Gibraltar inc Jorf Lasfar at \$13,500. Oldendorff fixed the *Sea Vision* (77,154-dwt, 2015) delivery Rotterdam for a trip via Murmansk. redelivery Jorf Lasfar at \$12,000, while the *Agios Nikolas* (76,390-dwt,2004) fixed also out of Rotterdam for a trip via US east coast redelivery Skaw-Gibraltar incl Jorf Lasfar at \$12,000. In the East, the *Mondial Success* (82,010-dwt, 2017) fixed delivery Gangavaram for a trip via East Coast South America redelivery Singapore-Japan \$14,000 with Comerge. The *Zheng Heng* (81,948-dwt, 2012) delivery Hazira for a trip via East Coast South America option US Gulf redelivery Singapore-Japan range at \$13,200

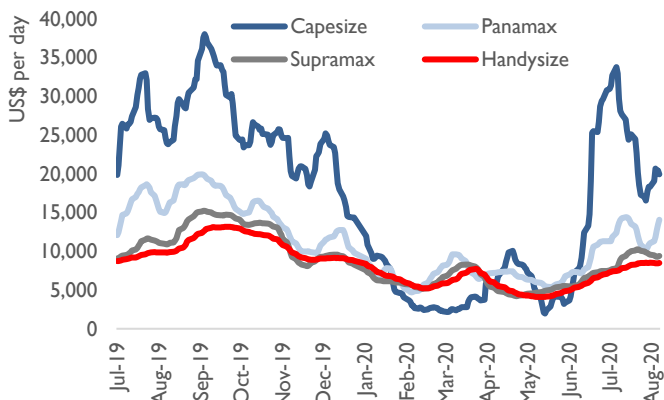
with Olam Intl On period, the *Aeolian Fortune* (82,099-dwt, 2011) fixed delivery Hazira for 9/13 months redelivery worldwide at \$12,500 with Cargill.

The **supramax** market remained largely stable this week, falling slightly to close at \$9,408 down from last week's \$9,565. In the Atlantic, Aquavita fixed the Nomikos vessel *Noni* (61,631-dwt, 2015) delivery Rotterdam for a prompt trip to India at \$21,000, while the *Dublin Eagle* (63,594-dwt, 2015) was fixed for a petcoke cargo out of the US Gulf to Japan at an impressive \$28,000. Some felt the East coast South America market was softening but this didn't stop the *SBI Orion* (63,328-dwt, 2015) open Lagos fixing in the low \$14's plus a \$400k ballast bonus for a trip to the Far East via Santos. Over in the Pacific, AMC took the *Imperial Fortune* (53,505-dwt, 2006) delivery Ningde for a nickel ore trip via Philippines to South China at \$8,000, option North China at \$8,500, and in the Indian Ocean the *Annita* (53,688-dwt, 2005) fixed at \$14,000 for an iron ore trip from Haldia to China. Little activity was reported in terms of period tonnage.

The **handysize** market moved sideways this week at \$8,475, slightly down from last weeks \$8,539. In the Atlantic, a 38k-dwt was fixed high \$9k Glasgow for a trip with steel to the US gulf. Navitramp took *Apollonia* (29,944-dwt, 2002) delivery Canakkale for a trip to Turkish Mediterranean via the Black Sea at \$7,000. Activity in the Pacific remained unchanged from last week with Fareast vessels getting low \$7,000 South China for Aussie round voyage and around \$5,000 to low \$6,000 range further north for CIS trip. The only area of moderate strength was the Indian Ocean. From East Coast India, we heard *Darya Krishna* (34,874-dwt, 2016) fixed \$10,500 Chittagong back east. From PG, a 35k-dwt fixed a cool 11k into West Coast India while a 33k fixed mid-high 9k Red Sea for a trip to South East Asia. Period interest remain high in both basins with a 33k-dwt 15' built Mediterranean fixed 5/7 months for \$9,500.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Tai Chang	93,295	2010	Shanhaiguan	9 Aug	Japan	12,000	CNR	Via N.China
Panayiota K	92,018	2010	PMO	29 Jul	China	14,000	Klaveness	Int Chrome ore Via S.Africa
Yasa H Mehmet	83,482	2011	Santos	22 Aug	Singapore-Japan	15,250	Cargill	Int Grains +525,000bb
Navios Gemini	81,704	2018	Ijmuiden	8/9 Aug	Skaw-Gibraltar inc Jorf Lasfar	13,500	Cargill	via Baltic option Murmansk
Dublin Eagle	63,954	2015	SW Pass	10/15 Aug	Japan	28,000	CNR	
Heilan Rising	56,721	2012	Lanshan	10 Aug	S.China option redel N China	8,000/8,500	YND	Int Nickel Ore Via Philippines
Cas Amares	55,783	2011	Constanza	PPT	China	18,100	CNR	Via Ukraine
Madonna III	53,390	2007	KaohSiung	PPT	SE Asia	7,000	CNR	Via Indonesia
Ocean Crown	52,226	2005	Ho Chi Minh	2/4 Aug	China	8,250	CNR	Via Indonesia
Apollonia	29,944	2002	Canakkale	PPT	Turkish Mediterranean	7,000	Navitramp	Int Steel Via Black sea



Exchange Rates	This Week	Last week
JPY/USD	105.64	104.67
USD/EUR	1.1811	1.1848

Brent Oil Price	This Week	Last week
US\$/barrel	44.62	43.25

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	280.0	282.0
MGO	382.0	387.0
Rotterdam IFO	260.0	259.0
MGO	362.0	358.0



7 August 2020

Dry Bulk S&P

August is usually a very quiet period, however this has been anything but a usual year and there is much business still being done in the secondhand market. A good selection of tonnage is coming for sale, principally from Japan and turnover is at healthy levels.

Strong prices are being recorded for large modern handysizes. *Glorious Kamagari* (38,182-dwt, 2013 Imabari) is sold at a firm \$12.75m. The buyer may have been well ahead of a pack of competitors, but we understand alternative bids were still there at about \$12m. The most recent comparable sales are those of the *NY Trader I and NY trader II* (38k/37k-dwt, 2014 Imabari/Onomichi resp.) which were sold in the region of \$25/25.5m enbloc as recently as late June. The new benchmark for large Japanese handies are close to the equivalent values for supramaxes and indicate how few larger, Japanese-built handies have been available for sale in recent months. This sale has encouraged a few more units into the market this week.

Buyers' appetite for ten year old panamax continues unabated. *Faye* (76,619-dwt, 2010 Shin Kasado) is sold in an inter-Greek deal at \$12.8m with surveys passed. Her sister *Agri Marina* (76,596-dwt, 2008 Shin Kasado) is also sold at a comparable \$10.8m.

Finally three Korean-built sisters, *DD Marmara*, *DD Karadeniz* and *DD Ege* (57,100-dwt, 2010 STX) are sold at \$10m each, a value mid way between the equivalent values for Chinese Dolphin57s and Japanese Mitsui56s.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Faye	76,619	2010	Shin Kasado	Gearless	Greeks	\$12.80m	SS passed/BWTS fitted
Agri Marina	76,596	2008	Shin Kasado	Gearless	undisclosed	\$10.8m	fixed on sellers subs
DD Marmara	57,195	2012		C 4x30T		\$10.00m	
DD Karadeniz	57,157	2012	STX Offshore	C 4x30T	undisclosed	\$10.00m	
DD Ege	57,111	2012		C 4x30T		\$10.00m	
Raffles Quay	53,688	2006	New Century	C 4x36T	undisclosed	\$5.25m	
Glorious Kamagari	38,182	2013	Imabari	C 4x31T	Greek	\$12.75m	SS passed/BWTS fitted
Koznitza	32,631	2010	Liaoning Hongguan	C 4x31T	undisclosed	\$5.00m	
Maple Ocean	28,406	2012	Imabari	C 4x31T	Undisclosed	Xs \$8.00m	On 3 yr BBHP sales terms

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Suryawati	69,124	1996	Koyo Dockyard	Bulk	9,730	undisclosed	Pakistan
Green Harvest	49,580	1995	Imabari	Bulk	10,639	\$360.00	Pakistan
Kamikawa Maru	6,387	2002	Imabari	RoRo	7,327	\$232.00	'As is' Japan

Tanker Commentary

Covid cases have flared up across the globe this week, and as many countries face a second or third wave, their focus is on the immediate landscape. Economies kick into survival mode with long term strategies being shelved.

However reports indicate that China is the exception and remains fully focused, putting oil at the top of the agenda.

Under the 'Belt & Road Initiative', discussions took place a few months ago between China and Iran who had been looking to form a partnership that would see the Middle Eastern country receive close to \$400bn over a 25 year period. Whilst no deal has been agreed yet, both countries share a suspicion of the USA and are taking advantage of their respective situations: Iran's economy is on its knee's due to Trump's sanctions, so any form of investment will be welcomed with open arms, and China would have first refusal on Iran's oil at a discounted rate over the same period under this deal.

For tanker owners today, there is also an opportunity presented; the softening of asset prices.

A lower outlook on global demand for crude & products may provide little hope of upward movement for tankers for the remainder of this year, however in this cyclical market, there

will be the inevitable rebound. Those buyers that recognise this are accounting for that opportunity.

Our only straight sale/second hand tanker transaction to report is the Japanese controlled *Otowan* (302,477-dwt, 2005 Kawasaki) which called for offers this week. A handful of Greeks were rumoured to have come forward however Polemis' tanker outfit, New Shipping, are understood to have taken the vessel (basis surveys / BWTS due end 2020) at \$26.85m. To illustrate the movement in pricing over recent months, the *Olympic Leader* (309k-dwt, 2005 Samsung) was sold back in April for \$39.2m basis surveys due.

Also in the VL sector, an all-Korean enbloc deal has been concluded with SK Shipping swooping on four modern VLCC's from their neighbours Sinokor. The *V. Prosperity*, *V. Glory*, *V. Advance* and *V. Harmony* (299k-dwt, 2019-'20 Hyundai) were all sold with TC's attached (10 years at \$30,000 p/d) to GS Caltex at \$90m.

The Suezmax tanker *Advantage Sky* (156,658-dwt, 2010 Jiangsu) went under the hammer yesterday in South Africa and was sold to undisclosed buyers for \$25.25m. There have been suggestions that Greek interests are behind the purchase, however this is not confirmed.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Otowan	302,477	2005	Kawasaki	Greeks	\$26.85m	SS/DD due
V. Prosperity	299,682	2020			\$90.00m	
V. Glory	299,682	2019	Hyundai Samho HI	SK Shipping	\$90.00m	Incl TC's attached for 10 years at US\$30k p/d to GS Caltex
V. Advance	299,682	2019			\$90.00m	
V. Harmony	299,682	2019			\$90.00m	
Advantage Sky	156,658	2010	Jiangsu Rongsheng	undisclosed	\$25.25m	Via Auction in Durban

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