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Source : The FT / Reuters

POINTS OF VIEW

The head of the Centers for Disease Control and Prevention (the CDC) remarked to the Senate Appropriations Committee this week that a vaccine might be “generally available to the American public” by late Q2 or Q3 2021. He was quickly contradicted by President Trump who said that he had spoken to CDC director Robert Redfield and that he was obviously confused about the timeline. The president said that a vaccine will be ready in October, or a little bit later.* How convenient. White House press secretary, Kayleigh McEnany, said that a vaccine “will be widely available by the end of the year”. For this administration, the trouble with experts is that they are far too candid and they are unable or unwilling to look on the bright side, exaggerate and inflate. That makes them unreliable and of little political use. If a magic vaccine should arrive just before election day then about half of Americans will avoid it like the plague.^ Maybe best to let the president test it first? Redfield also said that if all Americans wore masks then the virus could be brought under control in six to 12 weeks. This view is also unpopular with the president and his base. As Covid-19 flares up around the world in a second phase we may not expect a return to ‘normal life’ until vaccines are widely available, and widely taken. Politicisation of vaccines risks undermining public trust while any public reluctance to vaccinate will hinder efforts to achieve herd immunity. A realistic timetable for widely available vaccines will guide us as to when global demand may begin to normalise.

The resurgent pandemic is having a more noticeable impact on tankers than on bulkers and containers as oil trades stall and inventories build up. Oil traders are struggling to sell crude oil and so floating storage is becoming an option once again. Trafigura is reported to have chartered as many as 13 VLCCs this month on periods of 4-15 months at rates of \$25-42,000 per day. A second storage play is not a given as the contango in the oil price curve is shallow making the charter rates needed to make such trades work too low to gain widespread appeal. Lloyds List quotes Trafigura as saying that crude oil stockpiles have reached multi-year highs with China alone having added 800m barrels, effectively doubling its inventories from early 2019 levels. It estimates that it will take China at least two years to exhaust these excess stocks. Brent is up 8% this week to \$43 a barrel but Platts reckons oil prices need to fall below \$40 on a delivered China basis to tempt buyers, so current prices look vulnerable. OPEC+ may want to put the brakes on easing its output cuts. Vitol is said to be of the opinion that, even if a vaccine becomes available from the middle of next year, a combination of excess buffer drawdown and demand recovery will only return us to end 2019 pre-pandemic global oil demand levels by 2022. So, as with all things in shipping, patience is not just a virtue, it is a must. But, then again, events have a habit of turning the most logical predictions on their heads.

On Tuesday this week, the European Parliament voted to include shipping in the EU bloc’s Emissions Trading System. Emissions allowances will be allocated by open auction covering all voyages to and from European Economic Area ports including legs in non-EEA waters possibly thousands of miles away. The risk is that other jurisdictions impose rules of their own as they also seek to tap shipping for fund-raising purposes.** The IMO is already working on long-term decarbonisation goals for shipping and, in November, it intends to restart negotiations on short-term greenhouse gas reduction. The IMO is the appropriate global regulator of shipping and, as we all know too well, it has been busy implementing carbon and other pollution reduction measures for many years. It should not allow nation states to treat shipping as a piggy bank and raise already prohibitively high regulatory compliance costs. The ETS extension to shipping has to be negotiated with the European Commission and the Council of the EU before becoming law. Lloyds List reports that the EC is expected to develop an impact assessment before rolling out its proposal for a revamped ETS, that will include shipping, by mid 2021. So, there is still time to influence the debate. Shipowners are already doing their bit to reduce their carbon footprint by investing much capital into more efficient and eco-friendly ships; to deprive them of their own funds will most likely prove to be counter-productive.

*Limited first release will go to frontline workers, e.g. in healthcare, but October/November still seems unduly optimistic.

^A Pew Research Group poll of 10,093 Americans taken 8-13 Sep found only 51% willing to take a vaccine. Science has been undermined.

**Intertanko estimates that the proposed ETS scheme could cost shipping over \$4 billion a year based on €25 per tonne of CO2 emitted.

Dry Cargo Chartering

The **BDI** ended the week at 1,296, up a fraction from last week's 1,267.

Subtle gains were seen in the **capsize** market this week, rising by \$513 from the previous week to close at \$15,761. Rates for the Port Hedland to Qingdao iron ore route ranged from \$6.95 pmt to \$7.50 pmt, with BHP, FMG, and Rio Tinto all taking vessels for the end of the month and early October. Ningbo Marine took a TBN vessel for a 165,000 mtons 10% coal stem from Gladstone to Liuheng at \$ 8.33 pmt for early next month. Several vessels were fixed for Tubarao to Qingdao runs for the second half of October at \$16.50 pmt. No timecharter fixtures were reported.

The **panamax** market stabilised this week, closing at \$11,835, a gain of just \$18. In the Pacific, Bunge fixed the *Anna G* (81,004-dwt, 2014) delivery Mizushima for a North Pacific round trip at \$12,250, while Klaveness took the *Alpha Charm* (81,800-dwt, 2018) delivery Qingdao for a similar trip at \$13,000. Over in the Atlantic, the *Flag Mette* (81,200-dwt, 2016) was fixed by Nordic for a trip delivery Dunkirk via the Baltic to ARAG at \$10,500, and Norden fixed the *SBI Reggae* (81,214-dwt, 2016) for a trip delivery East coast South America to the Far East at a strong \$15,350 plus a \$535,000 ballast bonus. It was reported that the *Zeus* (93,200-dwt, 2010) was taken on for 3/5 months short period at \$14,000 redelivery Skaw-Gibraltar range. A Hyundai Glovis coal tender of 78,000 mtons 10% from Gladstone to Dangjin was fixed at \$10.44 pmt for early next month.

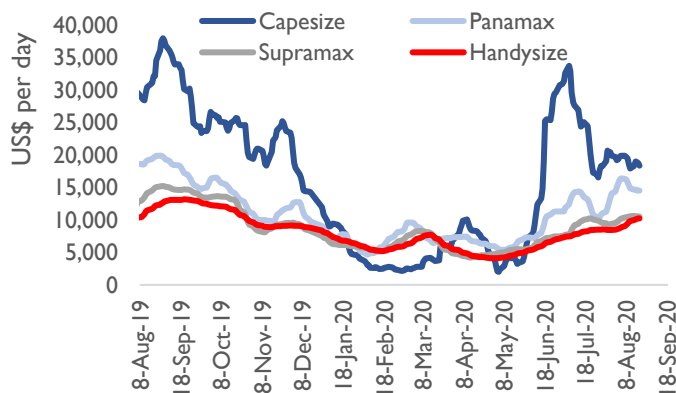
The **supramax** market regained ground in the Pacific region this week due to a shortage of tonnage supply. The BSI closed at \$10,351, up from last weeks \$10,092. In the Atlantic, the *Baltic Panther* (53,361-dwt, 2009) was fixed by XO Shipping delivery Gijon for a prompt trip redelivery east Mediterranean at \$15,000, and the *Sea Pioneer* (55,779-dwt, 2016)

was fixed delivery Hamburg for a prompt trip via the Baltic to Nemrut Bay with scrap by Whitelake Shipping at \$16,500. In the Indian Ocean, the *Sheng Ping Hai* (56,564-dwt, 2012) was fixed for a trip delivery Navlakhi for a prompt trip to East coast India-Bangladesh range at \$12,000, and the *Jacob H* (57,001-dwt, 2011) was fixed for a round trip delivery Chittagong via Indonesia at \$8,000 by Seaking. In the Pacific, the *Swan* (53,487-dwt, 2006) fixed delivery Manila for a trip via Indonesia redelivery West coast India at \$9,000 by Delta, and the *Bumblebee* (55,628-dwt, 2011) fixed delivery Bahodopi for trip via Indonesia to Thailand at \$11,500.

The **handy** market showed some signs of improvement towards the end of the week, boosted by positive sentiment in the Atlantic, as the index closed at \$10,049. In the Atlantic, the *Aquitania* (35,938-dwt, 2012) fixed delivery Suapa for a trip into the Black Sea at \$14,500. Pacific Basin took the *Nordloire* (37,212-dwt, 2013) delivery Milos for a trip redelivery ARAG at \$9,850, while the *Great Cosmos* (38,649-dwt, 2018) was fixed delivery Norway for a trip via the Baltic to East coast South America at \$15,000. We continued to observe a two-tier market in the Pacific, with AMSA-fitted vessels earning premiums over others. In the North Pacific, vessels were seeing mid \$6,000s delivery Far East for CIS round voyages. Further south appeared to be slightly more positive with a 32k-dwt fixing high \$7,000s delivery South Vietnam for a short trip. Additionally, the *Portmann* (43,596-dwt, 1994) was fixed passing Busan for a trip via CIS redelivery South Korea at \$7,500 and we heard a 38k-dwt fixed delivery CJK at \$8,000 for a round voyage to Australia. On the period front, activity has been slowing down with most owners looking to cover Chinese New Year, but operators are reluctant to oblige. However, we did hear that a 32k-dwt fixed at \$7,500 delivery Hong Kong for short period.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Indus Prosperity	92,988	2011	Kaohsiung	17/21 Sept	E.Australia	\$12,750	Refined Success	
SBI Samba	84,867	2015	Pozzalo	17/18 Sept	Cigading	\$22,000	Polaris	Via Port Cartier & COGH
SBI Raggae	81,214	2016	EC South America	End Sept	Singapore-Japan	\$15,350	Norden	Plus \$535,000 bb
Bellamys	76,286	2005	Zhanjiang	17/21 Sept	Taiwan	\$12,750	Rio Tonto	Via Australia
BBG Forever	63,268	2018	Fangcheng	PPT	India	\$11,000	Oldendorff	Via Indonesia
Elsa	61,612	2015	Fregli	PPT	S.Korea	\$23,500	Cargill	
Metsovo	57,593	2015	Rotterdam	12 Sept	E.Med	\$15,500	CNR	
New Venture	53,378	2009	Hong Kong	18 Sept	Singapore-Japan	\$11,000	CNR	2 laden legs
Portmann	43,596	1994	Busan	PPT	S.Korea	\$7,750	CNR	Via Vanino Int Coal
Carolina Bolten	37,567	2015	Constanta	PPT	US Gulf	\$10,000	CNR	Via Black Sea Int Grain



Exchange Rates	This Week	Last week
JPY/USD	104.6	106.2
USD/EUR	1.186	1.185

Brent Oil Price	This Week	Last week
US\$/barrel	43.53	39.96

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	275.0	252.0
MGO	349.0	339.0
Rotterdam IFO	262.0	247.0
MGO	317.0	310.0

18 September 2020

Dry Bulk S&P

Another active week, with a wide range of sales to report.

The most active sector has been the supramax. We have seen a number of Chinese-built units sold in recent weeks at strengthening prices, but have not seen any Japanese mid-market tonnage sold since the end of July. From this week's sales it would seem that prices are also responding for Japanese built tonnage. *Global Phoenix* (56k-dwt, 2010 Mitsui) with surveys passed and BWTS fitted is reported sold to Graham Shipping, Greece for \$11.2m – probably a 3-4% increase on last done levels. Two other similar units have been negotiated this week but are not yet sold. *Bulk Chile* (55-dwt, 2009 Kawasaki) we understand is sold to Indonesian buyers for something in the \$10.2-10.5m range – again a probable 2-4% rise on last done. *Sea Iris* (58k-dwt, 2010 Tsuneishi Cebu) was still negotiating at the end of the week somewhere in the low to mid 11s. Finally the more modern *Tenwa Maru* (57k-dwt, 2017 Tsuneishi, Japan)

invited offers this week. We understand three buyers were competing for her, but it as yet unclear what she has seen.

Chinese-built tonnage continues to be hunted by Chinese buyers. *Asia Emerald II* and *Asia Emerald III* (57-dwt, 2010 Zhejiang) are reported sold to A Star Shipping, Shanghai for \$7.8m, while *Southampton* (56,975-dwt, 2009 COSCO Dalian) is reported sold at \$7.8m.

The handysize market has recorded two sales. The Japanese controlled *Supreme Star* (36,844-dwt, 2016 Minaminippon) is sold for a firm \$16m and the Korean-built *Thomas C* (34k-dwt, 2011 SPP) is reported sold at excess \$8m to Janchart.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Alpha Century	170,415	2000	Sasebo	-	Chinese	\$8.25m	
Corona Garland	88,222	2000	Imabari	-	Indonesian	\$6.25m	
Ikan Bawal	83,454	2012	Sanoyas	-	undisclosed	\$16.00m	
Asia Emerald II	57,802	2010	Zhejiang Shipbuilding	C 4x35	A Star Shipping	\$7.80m	On subs
Asia Emerald III	57,802	2010	Zhejiang Shipbuilding	C 4x35	A Star Shipping	\$7.80m	
Southampton	56,975	2009	COSCO Dalian	C 4x30	Undisclosed	\$7.80.	
Global Phoenix	56,118	2010	Mitsui	C 4x30	Graham Shipping	\$11.20m	SS/DD passed, BWTS fitted
EJ Ocean	46,570	1998	Oshima	C 4x25	undisclosed	\$7.80m	enbloc
Ivy Ocean	45,690	1999	Tsuneishi Fukuyama	C 4x30	undisclosed		
Supreme Star	36,844	2016	Minaminippon	C 4x30	undisclosed	\$16.00m	
Thomas C	34,372	2011	SPP	C 4x35	Janchart	Xs \$8.00m	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Stellar Eagle	278,258	1993	Daewoo	Bulk	39,808	undisclosed	undisclosed
Stellar Galaxy	263,130	1993	Mitsubishi	Bulk	33,810		
Ever Decent	55,604	1997	Mitsubishi	Cont	21,731	345	As is
Halus	27,836	1995	KK Kanasashi	Bulk	6,034	361	Full subcontinent in buyers option

Tanker Commentary

The focal point of this weeks activity has been centred upon vintage crude tonnage with a number of vessels changing hands following the recent correction in values. The Minerva owned *Pantariste* (309k-dwt, 2002 Samsung HI, DD due Dec-21) has been bought by UAE based tanker players, Akron for \$26 mill. The deal had initially been agreed on subs for \$24m, however, Akron came in with a late offer and secured the purchase. Taking into account the survey position of both vessels this falls in line with the sale of the *ADS Stratus* (299k-dwt, 2002 Hitachi Zosen, Scrubber fitted, SS due) that went last week for \$25.5m.

Appetite for Aframax tonnage remains healthy and Norwegian controlled *Bergina* (105k-dwt, 2007 Tsuneishi Shipbuilding) is understood to be committed sub inspection until early next week at \$19m basis surveys passed earlier this year. No Japanese constructed Aframax younger than 15 years old has been sold within this year, so if confirmed, this sale will set a new benchmark. Elsewhere, the Diamantidis-controlled Delta Tankers are believed to sold their *Pelagos* (111k-dwt, 2005 Hyundai) for \$14.75m to Far Eastern interests. Indonesian owners Waruna have been mentioned as the buyers who have been active in recent months with these Sellers having acquired the *Deep Blue*

(111k-dwt, 2005 Hyundai) for high \$14m earlier this year as a replacement for one of their vessels lost due to a fire damage in dry dock.

Vietnamese buyers have also been on the lookout for similar aged ships, with the *Mare Tirrenum* (110k-dwt, 2004 Mitsui) and *Minerva Zenia* (105k dwt, 2002 Daewoo) being sold to separate Vietnamese interests for \$14m and \$12m respectively - one name that has been rumoured are Fgas who are understood to be expanding in this segment. Fgas are also rumoured to have purchased Martinos controlled *Minerva Astra* (105k dwt, 2001 Daewoo) in the high \$10m range last month.

In the MR2 sector, the clear out of Japanese owned pumproom tonnage continues at ever decreasing levels. This week, two pumproom MR's have found new homes: the *Ocean Laurel* (46-dwt dwt, 2010 Naikai Zosen, Epoxy) has gone to Greek owners Spring Marine basis surveys freshly passed for \$15.5m whereas the *Eagle Matsuyama* (45k-dwt, 2010 Shin Kurushima, Epoxy) is understood to have been offloaded to Vietnamese interests for \$15.75m with SS and BWTS due, 'joint stock' company VIPCO being tipped as the buyers.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Pantariste	309,287	2002	Samsung HI	Akron	\$26.00m	
Pelagos	111,775	2005	Hyundai Samho	Waruna	\$14.75m	SS/DD passed
Mare Tirrenum	110,673	2004	Mitsui	Fgas	\$14.00m	
Minerva Zenia	105,851	2002	Daewoo	Vietnamese	\$12.00m	
Resolve	74,999	1999	Halla Eng	undisclosed	\$7.20m	Trading DPP
Ocean Laurel	46,549	2010	Naikai Zosen	Spring Marine	\$15.5m	SS/DD passed
Eagle Matsuyama	45,942	2010	Shin Kurushima	Vietnamese	\$15.70m	SS/DD due in December
Ambassador Norris	45,290	2001	Minaminippon	undisclosed	\$10.00m	Zinc coated
Nala	37,263	2001	Hyundai Mipo	undisclosed	\$7.10m	

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

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