

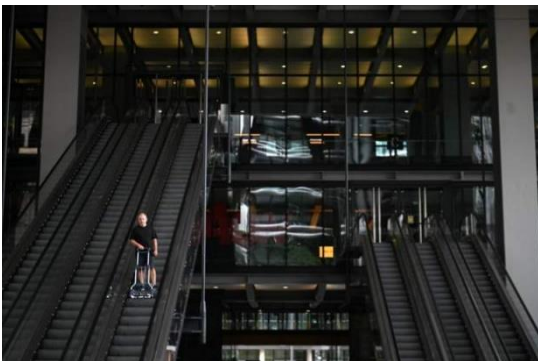


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## THE BIGGER PICTURE

... Back to Work ? ...



Source : The BBC

### POINTS OF VIEW

Last week we had the DNC, high on aspiration but low on policy, and this week we had the RNC, high on everything and totally detached from reality. The Democrats are saddled with a leader so weak and dreary that they will struggle to win in November, while the Republicans have allowed the GOP to be hijacked by a family cult, the head of which is delusional and divisive, but loved by his base. Competitors of the West look on agog as a proud and successful country tears itself apart. The actions of the current US president have gifted China and Russia great geopolitical opportunities they can only have dreamt of while rogue states like Iran, North Korea and Venezuela survive, wounded but united in their rejection of US sanctions. The Taliban is back in Afghanistan while Iran's influence extends from Pakistan and Afghanistan, to its east, through Iraq and Syria to Lebanon, to its west. Introspection, and an absence of US leadership and authority, has seen disputed territory in the South China Sea effectively annexed by China without any resolute challenge, up until now that is. This week, we learnt that the US Commerce Department has imposed visa and export restrictions on 24 Chinese state-owned companies, including five subsidiaries of China Communications Construction Company, that have cooperated in the development and militarisation of reclaimed islands in the South China Sea. It also singled out CCCC as one of the leading contractors used by Beijing in its One Belt One Road strategy, now known as the Belt and Road Initiative, to develop global trade through new infrastructure developments. It referred to 'debt trap diplomacy' in countries ranging from Malaysia and the Philippines to Sri Lanka, Kenya and Tanzania. On Wednesday, State Department's Mike Pompeo said that "the PRC must not be allowed to use CCCC and other state-owned enterprises as weapons to impose an expansionist agenda." Sino-US relations have just deteriorated even further.<sup>^</sup>

Regardless of the outcome of the US election, not much is likely to change in US trade policy in the near term, leaving shipping to engineer its own recovery from a drastic fall in global demand in Q2 of this year. The signs are quite promising, as two-thirds of the way through Q3 demand is evidently rebuilding, and all the uncertainty caused by Covid-19 and rapid technological change has largely put the brakes on orders for new ships. The US and China are involved in a war of words over the origins of the coronavirus and the UK and Australia have been dragged into the dispute by supporting the US in calling for an independent investigation. All three countries have pledged to strip Huawei products from their telecommunication systems, on security grounds, regardless of the negative impact it will have on their 5G rollout schedules. The US and China are already imposing tat-for-tat tariffs and other measures while the UK is braced for some form of backlash. China has stopped buying beef from four large Australian processors and has slapped 80% anti-dumping and anti-subsidy duties on Australian barley, mainly premium malting barley for brewing. As China buys up to 70% of Australian barley exports, so Australia must find new buyers in more distant markets. It is displacing Argentina in the Saudi feed barley market, but at lower 'camel' prices, while Argentina displaces Australia in China for feed and malting barley, often at higher 'beer' prices. All good for ton-miles.

China is still buying vast quantities of Australia's iron ore despite shutting out its barley. On Tuesday, the US and China reaffirmed their commitment to the phase one trade deal, a decision that was due 15 August, 6 months after the deal was struck. China has been importing record volumes of US crude oil after prices collapsed earlier in the year; and it is buying large quantities of next season US soybeans and corn, which will start moving next month, and record quantities of US beef and pork. China's key import commodities over the first 7 months of 2020 were all up year-on-year. Total imports of iron ore were up 11.8% to 659mt, soybeans were up 18% to 55mt, crude oil was up 11.5% to average 11.0m-bpd, and coal was up 6.8% to 200mt. Much of the record buying was opportunistic, based on price weakness, as well as for restocking purposes. China was the first in and first out of Covid-19. We can only hope that the rest of the world manages its virus control, returns to work, and joins lonely China in making a positive contribution to demand recovery. Expectations are running high for Q4 and for 2021.

<sup>^</sup>This week, China test fired its DF-21D 'carrier killer' anti-ship ballistic missile after a US U2 spy plane overflew the aircraft carrier Shandong.

\*For the past decade, China has been Australia's largest trading partner, accounting almost 33% of its total exports led by iron ore, coal and gas.

## Dry Cargo Chartering

The **BDI** closed this week at 1,488 points up 7 points from last week. The **cape** market gained \$476 from last week, closing play today at \$18,394. The usual Dampier to Qingdao ore run was fixed with Rio Tinto at 170,000mt 10% on the *Ocean Confidence* at low mid 8's usd/pmt. Uniper fixed the *Capricorn Sigma* Oldendorff relet at 170,000mt 10% from Tubarao to Qingdao at \$18.50. The *Cape Globe* from Uming rumoured to have fixed an NYK cargo of 180,000mt 10% iron ore from Itaguaí to Qingdao on a late September laycan at \$18.50. Another charterer Musa was heard to have fixed tonnage for their Brazil to China cargo laycan at low \$18's, owner not disclosed.

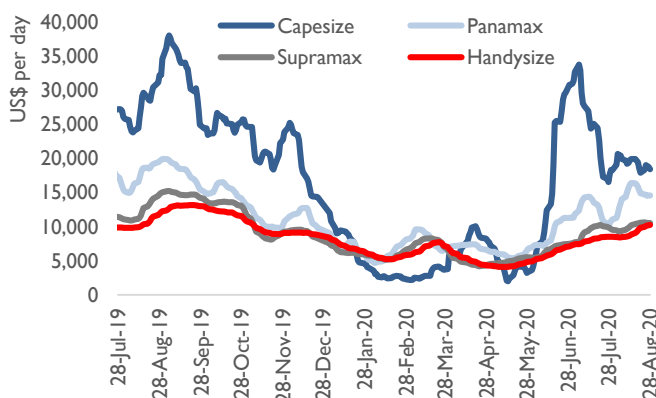
The **panamax** market dipped ever so slightly this week, closing play at \$14,549 down \$327 from last week. Norden took the *Summit Success* (82,922-dwt, 2005) delivery Manila for a trip via Indonesia redelivery Philippines at \$13,000. Cargill fixed several vessels for East coast South America trips to the Far East, namely the *BBG Endeavour* (82,023-dwt, 2013) delivery Tuticorin at \$14,650 and the *Alma* (81,947-dwt, 2017) delivery Krishnapatnam at \$15,000. The same charterers were also active in the Atlantic, fixing the *Bulk Croatia* (81,000-dwt, 2020) delivery North coast South America for a trip to the Continent at \$22,700. Cofco took the *Ocean Eagle* (74,082-dwt, 2001) delivery East coast South America to Singapore-Japan at \$14,900 plus a \$490,000 ballast bonus, and Averton fixed the *Coral Amethyst* (78,092-dwt, 2012) delivery Passero via the Black Sea to the Philippines at a strong \$27,000. SAIL fixed numerous TBN vessels for 75,000 mtons 10% coal stems next month from East coast Australia to East coast India with rates ranging from \$15.70 pmt to \$16.40 pmt.

The **supramax** market lost its firm ground with activity level dropping. The BSI closed at \$10,537, up from last weeks \$10,586. In the Atlantic, the *Anatoli* (63,467-dwt, 2018) fixed delivery Danietta for a prompt trip via Black Sea redelivery South East Asia at \$25,000 by Meadway, the *SBI Libra* (63,679-dwt, 2017) fixed delivery Port Talbot for a prompt trip via Baltic redelivery Turkey at \$15,500 by Aquavita. In Indian Ocean, the *Searider* (62,653-dwt, 2015) was fixed for a trip delivery Richards Bay redelivery Arabian Gulf-West coast India range for \$13,200 plus \$320,000 bb. The *Silvia Ambition* (56,880-dwt, 2011) fixed for a trip delivery Kandla via Arabian Gulf redelivery Bangladesh-East coast India range at \$13,800 by Mainline. In the Pacific, the *SFL Hudson* (56,636-dwt, 2009) fixed delivery Map Ta Phut for a prompt trip via Indonesia redelivery Thailand at \$9,000 while the *Papayiannis* (51,029-dwt, 2001) fixed delivery Kaosiung for a prompt trip via Indonesia redel Taiwan at \$8,500 by Chun An.

The **handysize** market continued to gain steady traction this week closing at \$10,258. Rates remained firm in the Atlantic and it was rumoured that the *Texas Harmony* (38,501-dwt, 2018) fixed delivery Dordrecht for a prompt scrap trip to Nemrut Bay at an astonishing \$20,000. Additionally, Ultrabulk took the *Nordic Malmoe* (35,843-dwt, 2012) delivery Aliaga for a trip to the Caribbean at \$14,400, while Meadway fixed the *Outrider* (33,190-dwt, 2016) delivery Brazil to Montoir with grains at \$12,500. In the Indian Ocean, the *Team Bravo* (33,642-dwt, 2012) fixed delivery Chittagong via East coast India to South Africa with steels at \$7,750, while rates over in the Pacific remained relatively flat. We also heard that the Polish vessel *Ina* (17,096-dwt, 2012) fixed Yali Island to Botlek on voyage basis at €14.50 pmt.

## Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Belo Horizonte	81,681	2012	Singapore	29 Aug	Singapore-Japan	\$14,500	Comerge	Via EC South America
Princess A	81,468	2020	Ravenna	27/29 Aug	China	\$25,700	Cargill	
Hua Sheng Hai	81,232	2017	Bilbao	PPT	Skaw-Gibraltar	\$14,500	Quadra Commodities	Via NC South America
Peace Pearl	76,431	2013	Shanhaiguan	24/25 Aug	Singapore-Japan	\$11,500	Refined Success	Via NoPac
Ocean Eagle	74,082	2001	EC South America	1/10 Sept	Singapore-Japan	\$14,900	Cofco Agri	Plus 490,000bb
SFL Hudson	56,636	2009	Map Ta Phut	PPT	Thailand	\$9,000	CNR	Via Indonesia
King Baton Rouge	55,884	2014	Ghent	1/5 Sept	Turkey	\$16,000	Aquavita	Via Baltic
Desert Symphony	54,243	2007	Saldanha	PPT	Singapore-Japan	\$14,000	CNR	Plus \$400,000
Kite Bay	38,330	2016	Kunsan	PPT	Chittagong	\$8,400	Prima Corp	Via USWC
Strategic Savannah	35,542	2013	Tyne	PPT	WC Mexico	\$17,500	CNR	Via ContiBaltic



Exchange Rates	This Week	Last week
JPY/USD	105.29	105.87
USD/EUR	1.190	1.1766

Brent Oil Price	This Week	Last week
US\$/barrel	45.08	44.31

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	288.0	281.0
MGO	346.0	384.0
Rotterdam IFO	273.0	262.0
MGO	315.0	366.0

28 August 2020

### Dry Bulk S&P

Appetite remains healthy in the dry bulk S&P market, with a steady number of transactions to report this week.

The Kawasaki-Kisen owned Newcastlemax *Cape Vanguard* (206k-dwt, 2006 Imabari) called for offers yesterday and is believed to have seen numbers somewhere in the \$14m. At the time of writing, a sale remains unconfirmed however looks to be in line with the last similar done – the *Pacific Oak* (203k-dwt, 2005 Universal) which we reported sold to Chinese buyers last month at region \$14m.

In the Capes, the Korean built *Tete Oldendorff* (180k-dwt, 2011 STX) has been sold to Greek interests for \$19m, basis surveys due mid next year. Oldendorff purchased her as part of a package deal from Tata steal back in July that included a sister cape and a Newcastlemax, all of which came with long-term contracts attached.

In the Kamsarmax sector this week, the *Key Calla* (83k-dwt, 2010 Sanoyas) is understood to have been sold to Greek buyers for sub \$13m basis surveys due. Elsewhere, clients of Anglo-Swiss Marine have offloaded their *Adelante* (81k-dwt, 2012 SPP) for \$15.75m to undisclosed buyers – a marked increase from the last Korean built unit sold a few months ago, the *Wise Young* (82k-dwt, 2011 DSME) which achieved a price of \$13.75m (also with DD due). A reflection on the improved charter market and also perhaps on quality and maintenance between the two...

Bangladeshi owners Meghna are understood to have secured a modern Ultramax. The *Adventure III* (62k-dwt, 2019

Oshima) is understood to have been sold for US \$24.25m with delivery in November-December. It's worth noting that the vessel had previously been tied up in November last year for \$27.5m.

Activity around supra's remains strong with no sign of slowing. The Dolphin 57 design *Watford* (57k-dwt, 2010 COSCO Dalian) had seen a range of offers with the highest being \$8.5m basis surveys passed / BWTS installed, however no direction has been reported. Meanwhile the smaller Diamond 53 design *Vega Lea* (53k-dwt, 2010 Chengxi) is believed to have found a new home with Chinese buyers for \$7.7m, with surveys due and BWTS included but not installed. Both of these sales suggest a step up in pricing for Chinese built supramaxes.

Elsewhere in the segment, the German controlled *Cas Avanca* (55k-dwt, 2009 Hyundai Vinashin) is reported as sold to Indonesian buyers for \$7.5m, with BWTS fitted and good survey positions.

In the handysize segment, the Chinese controlled *Transcenden Time* (32k-dwt, 2010 JNS) called for offers earlier this week and is now understood to be sold at region \$6m. This would suggest a firming in prices for Chinese 32K designs, as the last done was the *Koznita* (32k-dwt, 2010 Liaoning) for region \$5m earlier this month. The European controlled *Eastern Confidence* (28k-dwt, 2008 Imabari) was sold last week to Turkish buyers for \$5.75m, whilst Lebanese buyers have purchased the Greek controlled *Deribas* (28k-dwt, 1996 Kanda Zosensho) for \$2.6m.

#### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Tete Oldendorff</i>	180,585	2011	STX Offshore	Gearless	Greek	\$19.00m	
<i>Key Calla</i>	83,353	2010	Sanoyas	Gearless	Greek	\$12.75m	SS/DD due
<i>Andante</i>	81,615	2012	SPP	Gearless	undisclosed	\$15.75m	
<i>Adventure III</i>	62,534	2019	Oshima	C 4x30	Meghna	\$24.25m	Delivery Nov-Dec
<i>Cas Avanca</i>	55,561	2009	Hyundai Vinashin	C 4x30	Indonesian	\$7.50m	BWTS fitted, good SS/DD
<i>Vega Lea</i>	53,716	2010	Chengxi Shipyard	C 4x36	Chinese	\$7.70m	BWTS included, not fitted, SS due
<i>V Sanderling</i>	50,307	2003	Kawasaki	C 4x31	Chinese	\$5.00m	SS/DD due
<i>Zeynep</i>	33,467	2001	Hakodate	C 4x30	undisclosed	\$4.25m	MOA not signed
<i>Transcenden Time</i>	32,688	2010	JNS	C 4x31	undisclosed	\$6.00m	SS/DD passed
<i>Deribas</i>	28,665	1996	Kanda Zosensho	C 4x30	Lebanese	\$2.60m	

## Tanker Commentary

Activity on tanker S&P remains subdued this week and although this is common during the summer months, there have been a handful of active buyers.

Clients of Eastmed, Greece have sold one of their vintage afra's off market, with the *Super Lady* (105k-dwt, 2000 Sumitomo) changing hands to Middle Eastern buyers for \$11m. The Thanassis Martinos led firm has tried to offload one of their older Afra's over recent months, namely the *Ioannis* (105k-dwt, 1999 HHI), but is yet to find a new

home and remains for sale.

Elsewhere, product market players Hafnia have sold their LRI tanker *Hafnia America* (74k-dwt, 2006 Onomichi, Epoxy) for region \$12m. The last LRI sale was back in May, when the Chinese built Chemtrans *Nova* (73k-dwt, 2006 New Century, Epoxy) was sold for \$11.6m which is in line with last done and considering a slight discount for Chinese vs Japanese build.

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Super Lady	105,528	2000	Sumitomo	Middle Eastern	\$11.00m	
Hafnia America	74,996	2006	Onomichi	undisclosed	\$12.m	12 x phenolic epoxy tanks
GT Independence	30,957	1990	Minaminippon	undisclosed	\$4.8m	

### Reported Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Janice N	264,340	1995	Mitsubishi HI	Bulk	28,200	\$370	Pakistan
Parker	171,090	1996	Koyo	Bulk	21,018	\$402	undisclosed
Panamax Energy	74,083	2998	Imabari	Bulk	7,475	\$402	Pakistan
Norma	17,720	1982	Ishikawajima do Brasil	Tank	6,027	\$200	'As is' Rio De Janeiro
Taganroga	6,297	1983	Rauma-Repola	Tank	3,103	\$182	'As is' Vladivostok

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](mailto:chartuk@hartlandshipping.com)  
 Email: [snpuk@hartlandshipping.com](mailto:snpuk@hartlandshipping.com)  
 Email: [consult@hartlandshipping.com](mailto:consult@hartlandshipping.com)

**Hartland Shipping Services Ltd,  
Shanghai**

Tel: +86 212 028 0618  
 Fax: +86 215 012 0694  
 Email: [snpcn@hartlandshipping.com](mailto:snpcn@hartlandshipping.com)

**Hartland Shipping Services Pte. Ltd,  
Singapore**

Tel: +65 6702 0400  
 Email: [chartops.sg@hartlandshipping.com](mailto:chartops.sg@hartlandshipping.com)

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