

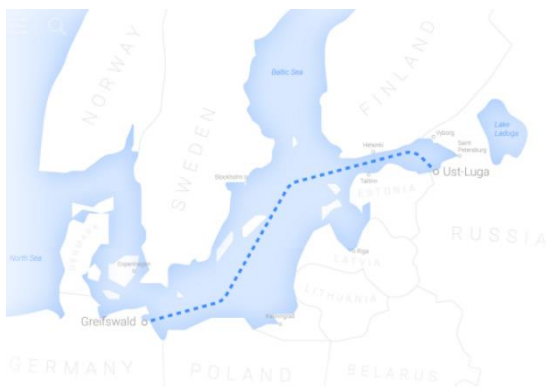


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THE BIGGER PICTURE

... Nord Stream 2 – in the balance ...



Source : Gazprom

POINTS OF VIEW

On the other side of the pond, it would appear that Joe Biden's lead in the polls, despite their proven unreliability, is narrowing. His problem is small pockets of unrest in many Democrat controlled cities where fringe elements of the BLM movement are rioting, looting and attacking the police. Reports suggest that Democrat mayors have not done enough to contain the violence as the party line is that they support the BLM movement while at the same time being critical of heavy-handed policing. This enables President Trump and the Republicans to divert attention away from the pandemic, on which they have a woeful track record, and to present themselves as the party of law and order. Never mind that nationwide insurrection is happening on a Republican watch. Trump is accusing Democrat mayors of defunding law enforcement and of failing to support the police in ending the unrest that threatens public safety and family-owned businesses. This led to Trump sending in federal agents to 'mediate' between radical left-wing rioters and right-wing armed vigilantes, relegating local and state police to the status of bystanders. Biden finally spoke up on Monday when he said about Trump: "He can't stop the violence because for years he's fomented it." Biden has yet to come up with a response to Trump's continuing use of the Roger Stone playbook of 'lie, deny, blame, counter-attack and self-congratulate'. Done repetitively and even people beyond his hardcore base start to believe it. Yesterday, Biden belatedly went to Kenosha to pitch himself as national 'healer' to Trump's national 'divider'. To be sure, if Democrat mayors do not regain control of their cities then "four more years" will become a reality.[^]

In the November 4 presidential election, Russia is backing Trump, as it did in 2016, while China and Iran are backing Biden, their only chance of getting relief from tariffs and sanctions. The intelligence community, Facebook and Twitter claim to have evidence of Russian attempts to brief against Biden to promote Trump. Trump used to fire up his base by talking about a 'deep state', a politicised national security apparatus, that was out to get him. Now, his brazen politicisation of the intelligence services and the justice department see him creating a deep state of his own to boost his chances of re-election. A-G William Barr has picked a friendly prosecutor to look into FBI and special counsellor assertions that Russia interfered in the 2016 election. He reserves the right to release the findings ahead of the election, allowing just two months for an investigation, the outcome of which we suspect we already know, granted by an A-G who likes brevity as much as he dislikes evidence. Covid and chaos provide cover for many things. The latest novichok poisoning, that of Putin's* main political opponent, Alexei Navalny, demands a strong and concerted western response, and yet Trump remains silent. One day we will learn exactly what kompromat^{^^} Russia holds while, in the meantime, the UK and the Bundestag urge Merkel to terminate the almost complete Nord Stream 2 gas Russia to Germany pipeline.** It provides an alternative route to the Ukraine for Russian gas into Europe, but it has the potential to undermine future European energy security.

The next two months will provide hour upon hour of jawdropping entertainment, far better than House of Cards or West Wing, that we could all use in a Covid-constrained world. Tankers continue to suffer as demand remains weak after China finished its buying splurge. Onshore and offshore stocks are being drawn down worldwide, obviating the need for fresh seaborne imports. Fearnley Securities estimates that VLCC volumes over the past three months were down 26% year-on-year on all main trade lanes and down one third out of the MEG alone. VLCC rates are falling towards opex levels although a 6-12 month time charter might still pay up to \$35,000 daily. This hefty premium over spot implies an expectation that the market will improve going into 2021. Strong Chinese steel demand alone cannot help capesize bulk carriers that are currently earning around \$17,000 daily, which is not so bad, although their fortunes have really improved since the end of Q2. The same applies to the panamax class, which is earning about \$14,000 a day, supported by a 9% year-on-year rise in agriprod exports in 1H20 from the US, Brazil and Argentina with volumes rising from 136.8mt to 148.6mt. It is no surprise that China is the main driver. All told, there are patches of promise in an otherwise dull market.

[^]The Trump campaign is portraying a few blocks of violent protests in Portland as evidence of nationwide anarchy to scare voters.

*Some estimates of Putin's wealth put it at over \$300 billion, putting him far ahead of Amazon's Jeff Bezos at only \$200 billion.

^{^^}At a minimum, efforts from Nov 2015 to Jun 2016 to secretly negotiate a Moscow Trump Tower during the presidential primaries.

**Former German Chancellor, Gerhard Schroeder, approved Nord Stream 2 in 2005, and is now chairman of the project.

Dry Cargo Chartering

The **BDI** closed today at 1,362 points down 126 points from last week.

A slow and quiet week in the **cape** market as the indices closed today at \$16,252, a decline of \$2,142 from last Friday. The usual 170,00 mton 10% ore stems from Port Headland to Qingdao were fixed with Jiangsu Steamship at around \$8 pmt. Rio Tinto fixed a Ming Wah TBN vessel for a 170,000 mton 10% ore stem from Dampier to Qingdao at just under \$8 pmt. The 2012 built *Aquasalwador* fixed 160,000 mton 10% from Puerto Drummond to Eren at \$10.50 pmt with Cosco. On time charter, the *Stella Hope* (180,007-dwt, 2016) RWE relet fixed delivery retro sailing Dandong end August for a trip via Australia redelivery China at \$22,500 with Daelim.

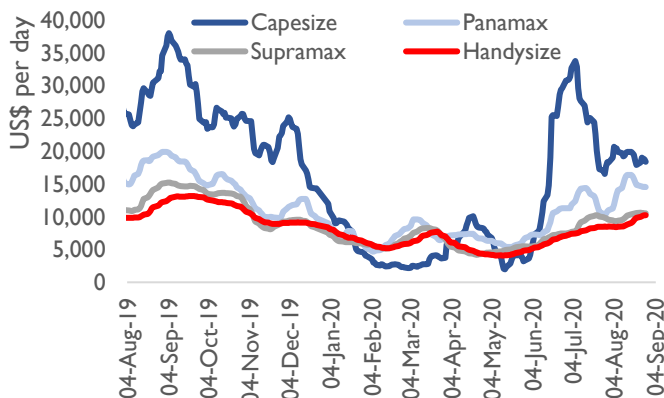
This week the **panamax** market continued to dip closing at \$13,260, down from last week's \$14,549. Front haul rates in the Atlantic remained strong however, as Evomarine fixed the *Golden Empress* (79,471-dwt, 2010) delivery Yuzhny redelivery South China at \$28,100, while Cargill took the *SBI Lynx* (82,012-dwt, 2018) delivery Gibraltar for a trip via US East coast to Japan at \$26,500. Over in the Pacific, U-Ming took the *Rong May* (85,003-dwt, 2017) delivery retro sailing Lanshan via East Australia to Taiwan at \$15,250 and it was reported that the *Golden Arion* (82,188-dwt, 2011) fixed for a trip delivery Baoshan via Australia back to the Far East at \$13,700. On the period front, Cobelfret took in the *Socrates Graecia* (82,000-dwt, 2020) delivery Busan for 7/9 months at \$13,400 with worldwide redelivery. A Hyundai Glovis TBN vessel was also fixed for a 75,000 mton 10% Kepco coal tender from Balikpapan to Dangjin at \$7.20 pmt.

The **supramax** market remained flat in general as the BSI closed at \$10,481 down from last weeks \$10,537. In the Atlantic, the *Star Zeta* (52,994-dwt, 2002) fixed delivery Valencia for a prompt trip redelivery Turkey with scrap at \$13,000, and the *Ilia* (58,018-dwt, 2009) fixed delivery Ushant for a trip redelivery East Mediterranean with scrap at \$15,000. In the Indian Ocean, the *Belcargo* (58,729-dwt, 2008) was fixed for a trip delivery Mundra via Salalah redelivery East coast India at \$15,750, while the *Great Century* (61,441-dwt, 2017) was fixed delivery Tuna for a prompt trip via the Arabian Gulf redelivery East coast India with urea at \$17,000 by Pacific Basin. In the Pacific, the *Neutrino* (58,612-dwt, 2012) fixed delivery Manila for a trip via Indonesia redelivery China at \$12,000, and the *Knossos* (56,762-dwt, 2011) fixed delivery Subic Bay for a trip via Indonesia redelivery Thailand at \$9,250

The **handy** market took a slight tumble this week with the index closing at \$10,246, down marginally by \$12 from last week. In the Atlantic, the *Lord Nelson* (28,653-dwt, 2005) was fixed delivery Casablanca for a trip via the Continent to Durban at \$10,300. Weco took the *Bright Star* (34,529-dwt, 2011) delivery Rio de Janeiro for a trip to Portugal at \$10,750. A 37-dwt was rumoured to have fixed from the East Mediterranean to ARAG at \$11,000 delivery Canakkale. The Pacific market was slightly quieter this week with fewer new spot cargoes on the market. The *Sakura Ocean* (38,239-dwt, 2011) open Manila was fixed for a trip to South China in the high \$7,000's. On the period front, we heard a 33k-dwt fixed mid-\$7,000s delivery Japan for 2-3 legs while a 32k-dwt fixed in the low \$8,000's in Southeast Asia for 2-3 legs as well.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Stella Hope	180,007	2016	Dandong	PPT	China	\$22,500	Daelim	Via Australia
Aquabridge	177,106	2005	Iskenderun	15 Sept	China	\$45,000	Pegasus	
Clia	92,968	2012	Butterworth	1 Sept	Singapore-Japan	\$16,250	Swire	Via South Africa
Nord Venus	80,655	2011	Itaqui	17 Sept	Skaw-Spain	\$18,000	Oldendorff	
Coral Amber	78,072	2012	Gibraltar	PPT	Singapore-Japan	\$20,500	Cofco Agri	Via US Gulf & COGH
Qing Yun Shan	63,442	2016	EC South America	PPT	Singapore-Japan	\$15,150	CNR	Plus \$510,000 bb
Neutrino	58,612	2012	Manila	PPT	Indonesia	\$12,000	CNR	
Baltic Jaguar	53,474	2009	Norfolk	Mid Sept	Mediterranean	\$12,500	CNR	
Lady Mickey	29,517	1997	Samsun	1/3 Sept	Colombo	\$13,500	Freight Force	Int Grains
Lord Nelson	28,653	2005	Casablanca	PPT	Durban	\$10,300	CNR	Via Continent



Exchange Rates	This Week	Last week
JPY/USD	106.15	105.29
USD/EUR	1.184	1.190

Brent Oil Price	This Week	Last week
US\$/barrel	44.17	45.08

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	277.0	288.0
MGO	358.0	346.0
Rotterdam IFO	265.0	273.0
MGO	335.0	315.0

4 September 2020

Dry Bulk S&P

The story of the week on S&P was the punchy sale of Lowlands Kamsar (82,206-dwt, 2010 Tsuneishi) to Chinese Buyers for \$15m. There was genuine competition on her with 7-10 offers on the vessel. The majority of the interest was from Greek Buyers however we gather the Chinese Buyers who picked her up were significantly above the next best offer. If the next kamsar of this vintage goes at a similar price we can declare more confidently that values have increased as opposed to it being a one off.

Interestingly, a similar outcome happened a month ago with the sale of two very modern Kamsarmaxes to different Chinese Buyers, facing competition from Greeks they paid well above the competition, and last done levels to secure the units (*Giovanni Corrado* 82k-dwt, 2020 Oshima for \$30.6m and sister ships *Xing Le Hai* & *Xing Huan Hai* 81k-dwt, 2017 Namura for \$27m).

There continues to be plenty of activity in the supramax sector and prices are firming. The Dolphin 57, *Watford* (57,022-dwt, 2010 COSCO Dalian), is sold for \$8.75m with SS passed and BWTS installed. The nationality of the Buyer is yet to emerge, however Greeks and Chinese have

been competing for this type of tonnage recently. There have been a few 2010s sold in the past few months, generally around the low \$7m mark. We have to go back to February this year for a Dolphin of the same age to achieve a price in the upper 8s. Chinese Buyers have jumped the queue and traditional Japanese approach to inspections and calling for offers by picking up *Global Garnet* (52,224-dwt, 2005 Oshima) for \$6.5m waiving inspection.

On the handies, some erroneous rumours started the week with suggestions *Angelic Zephyr* (37,780-dwt, 2014 Kanda) had been sold for \$16.25m which would have been a huge price. Unsurprisingly these turned out to be false and we understand she is committed to Middle Eastern Buyers for \$14.25m, in line with recent sales.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Lowlands Kamsar	82,206	2010	Tsuneishi Corp	Gearless	Chinese	\$15.00m	SS/DD passed, BWTS fitted
Tai Promotion	77,834	2004	CSBC	Gearless	undisclosed	\$6.75m	BWTS fitted
Iron Lady V	57,295	2011	STX Dalian	C 4x30	Chinese	\$8.30m	
Watford	57,022	2010	COSCO Dalian	C 4x30	undisclosed	\$8.75m	SS/DD passed, BWTS fitted
Skua	53,350	2003	Toyohashi	C 4x31	Chinese	\$5.30m	
Global Garnet	52,223	2005	Oshima	C 4x30	Chinese	\$6.50m	Waiving inspection
Explorer	47,639	1996	Oshima	C 4x25	Chinese	\$2.75m	
Angelic Zephyr	37,780	2014	Kanda Zosenho	C 4x31	Chinese	\$14.25m	SS/DD passed, BWTS fitted, Boxed, Eco
Glorious Starlight	28,236	2012	Imabari	C 4x31	Greek	\$6.75m	

Tanker Commentary

As the last of the summer crude is decanted into refineries, VLCC earnings have paid the price. On top of continued destocking of crude, OPEC cuts have kept the price of oil up, resulting in an overall negative picture for rates.

As steps are being taken to get back to the new normal we can hope that a recovery picks up demand for oil, allowing VLCC rates to show some positivity. However, with environmental protests going on in the UK, the extent to which oil will play a part in the post coronavirus recovery is uncertain. Protesters are demanding renewable energy be used to cover increased energy demand an unwind from lockdown will bring. However, the role of tankers in the global matrix is not going anywhere due to the lack of capacity in the renewable sector to power us out of the storm.

In the LRI sector, we have heard reports of the Babel (69k dwt, 1999 Namura) being privately committed to undisclosed buyers for high \$7 mill. Last comparable sale is the *Wembley* (74k-dwt, 2000 Daewoo) which was reported sold in the high \$7's, basis SS passed, to Middle Eastern buyers at the end of May. This suggests that prices are firming up, however, with very little done in the sector, it is hard to establish a clear picture of the market.

Moving down to the MR segment, Norden committed their deepwell MR tanker last week, the *Nord Andes* (49k-dwt, 2011 Onomichi, Epoxy), on subjects to Xingtong for xs US \$20 mill. The price reflects a quality a Japanese build with this pump arrangement which is not so common.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Ayse C	157,864	2020	Hyundai HI	CSSC Shipping (HK)	\$63.50m enbloc	10 year BB attached
Zeynep	157,864	2020	Hyundai HI			
Babel	69,999	1999	Namura	undisclosed	\$7.75m	
Lovely Lady	47,431	1999	Brodosplit	Chinese	\$6.50m	Epoxy coated

Reported Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Khan S	47,574	1996	Oshima	Bulk	7,585	377.5	Pakistan
GT Liberty	17,845	1990	Shin Kurushima	Tank	5,151	415	Vietnam

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