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THE BIGGER PICTURE

... Trump :“Proud Boys – stand back and stand by!” ...



Source : PB merchandise removed for sale from Amazon

POINTS OF VIEW

On Tuesday night in Cleveland, Ohio we had the first of three presidential debates between Trump and Biden. Fox News moderator Chris Wallace asked the questions. It was 90 minutes long with each candidate having two minutes to reply to each question. It was an unedifying event as each talked over the other, failed to answer the question and instead pursued his own agenda with Wallace struggling to maintain control. This debate followed shortly after the New York Times released limited findings of the president's tax affairs, but enough to suggest that he is a major tax avoider as well as a suspected tax evader; also that he is subject to a 10-year IRS audit over a disputed \$73 million tax refund he received for questionable expense deductibles that could see him fined over \$100m. Given the NYT's exposure of significant losses in his business empire, and dwindling income from his reality TV show endorsements, he could face serious liquidity issues should his loans get called in. Deutsche's past involvement in lending to Trump is well documented but, if the other you-know-who suspected sponsors are not repaid, then it could lead to a horse's head in the bed or a dose of Novichok in the Diet Coke. Trump wanted to focus the debate agenda around his strengths: the economy, the Supreme Court, immigration and law and order. Instead, he could not escape Covid-19[^] while facing criticism for his tax affairs,* accusations of racism and white supremacy, and uproar over his plans to deny healthcare to 20m Americans. Trump's interruptions of Biden (73 in all) covered up the latter's word spaghetti, letting him regain his composure. It was as if Biden had memorised a series of stock replies only to scramble them on the night. Neither is worthy of being the leader of the free world but, in terms of who won the debate, a CBS poll gave it 48% to Biden, 41% to Trump with 10% calling it a tie.

We only have a month to go to the election and Trump is trailing in all the polls, not that they were any guide to the outcome in 2016. Now under 14 days quarantine, Trump may not be able to dial up the rhetoric remotely as he continues his desperate and personal attacks on Biden and the Democrats, the party of the Far Left and Antifa, according to him. That would be about as accurate as saying that the Republican party is all about the Far Right and the Proud Boys. There are extreme elements on both sides and there are also many occupying the middle ground on both sides. However, to satisfy the Republican party and his base, Trump must play to the Right just as Biden, to cater to the Democratic party and its core, will inevitably be pulled to the Left. Both are radical prospects. HSBC just came out with a research piece entitled: “US elections and trade”. It reminds us that the US has taken a tough stance on trade over the past four years and, despite some policy differences, the tone towards trade is likely to remain broadly similar, regardless of who wins. Trump has focused on trade issues ranging from the alleged unfair trading practices of many foreign partners to concerns over the WTO's appeals court. Actions have been predominantly unilateral and the main targets have been China, the EU and Canada. If Trump is re-elected, he may feel emboldened to double-down on trade disputes. If Biden wins, he may continue similar trade policies but work multi-laterally rather than alone. Both want to reshore critical supply lines, bring back manufacturing jobs to the US and reduce dependence on single foreign suppliers. Biden will likely prioritise the domestic economic recovery over trade deals, is unlikely to remove or add tariffs, and may seek stronger labour and environmental protections in future trade agreements. In short, whoever wins, trade tensions are likely to remain.

Despite the foregoing, shipping is recovering, led by bulkers and containers. Today the BCI-5TC is at \$33,066 only just below its 2020 peak of \$33,760 of 6 July. The BPI-5TC is at \$12,355 and thus below its mid August annual high of \$16,415. The BSI-10TC is on \$10,900 today, just below its 2020 peak of \$10,994 posted on Tuesday, while the BHSI-7TC hit a year's high of \$10,672 today. The 6-12 month TC rate for a 2,750-teu unit rose to an annual high of \$11,250 in recent weeks while the 6-12m rate for a 8,500-teu unit has recovered to \$27,000 lately, not far off its February high of \$30,500 and well up on its 2020 trough of \$11,500 posted in mid June. There are times when shipping detaches itself from the acts of men and markets, and this looks like one of them.

[^]Today, the President Trump and his wife Melania both tested positive for Covid-19. We wish them well.

*His tax affairs took up only one minute of the debate compared with 20 minutes for Covid-19.

Dry Cargo Chartering

The **BDI** closed today at 2020 up 353 points from last week.

The **cape** market has been driving forward again climbing a huge \$8,888 from last week to close play today at \$33,066. On voyage, the *Maran Harmony* (180,391-dwt, 2010) fixed a 170,000 mtons 10% iron ore stem from Tubarao to Qingdao at \$22.00 pmt to ST Shipping with an array of other ships also fixing north of \$20 pmt. The 170,000 mtons ore stem from Port Headland to Qingdao was fixed just a tick under \$9 pmt. An NYK TBN vessel fixed a 164,000 mtons 10% stem out of Baltimore & Mobile to Japan at \$30.30 pmt with NSSMC. On time charter, Classic took the *Gringo* (169,159-dwt, 2000) delivery Yuzhny for a trip redelivery Singapore-Japan range at \$42,500.

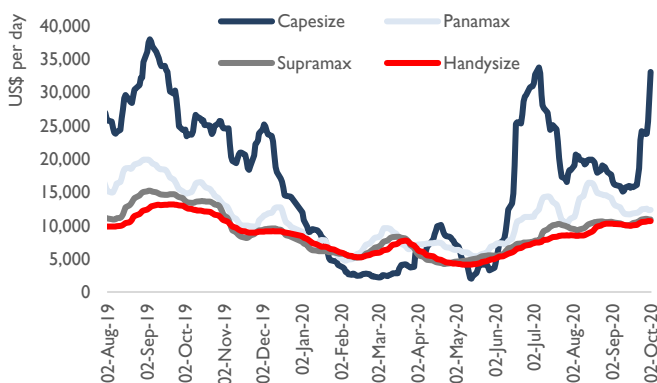
This week the **panamax** market fell ever so slightly to \$12,355, down from last week's \$12,483. In the Pacific, Klaveness fixed the *My Vision* (81,502-dwt, 2015) delivery Kashima for a North Pacific round trip at \$12,500, while U-Ming took the *Haiyo* (86,062-dwt, 2006) delivery Haramachi for a prompt trip via East Australia to Taiwan at \$11,600. In the Indian Ocean, it was reported that the *Volos* (82,172-dwt, 2014) fixed delivery Richards Bay for a mid-October trip to India with coal at \$13,000 plus a \$300,000 ballast bonus. Over in the Atlantic, Cargill took the *Majulah Harbourfront* (81,992-dwt, 2014) delivery Rotterdam for a trip via Murmansk to Skaw-Gibraltar range at \$13,000. Interest also persisted in East coast South America as Cofco fixed the *Mim Vangelis JR* (76,619-dwt, 2005) delivery aps for a trip to the Continent at \$14,900. Additionally, Rogesa took a Nordic TBN vessel for a 70,000 mton 10% coal stem from Klaipeda to Rotterdam at \$6.54 pmt.

The **supramax** market had a sluggish week overall mainly due to Holidays in Asia. The BSI closed at \$10,900, up from last weeks \$10,603. In the Atlantic, the *Common Spirit* (57,079-dwt, 2011) fixed delivery Amsterdam for a prompt trip redelivery East Mediterranean at \$17,750, while the *Amis Wisdom III* (61,527-dwt, 2011) was fixed delivery Derince for a prompt trip redelivery Arabian Gulf at \$28,000 by Norden. In the Indian Ocean, the *New Horizon* (55,445-dwt, 2010) was fixed for a trip delivery Karachi for 2 laden legs redelivery AG-Japan range at \$11,850 by MUR. Over in the Pacific, Norvic fixed a 57k-dwt for a trip via CIS to the Philippines with coal at \$8,100 delivery Weihai, and the *Ocean Makmur* (60,445-dwt, 2017) fixed delivery Xingang for a trip via East coast Australia to China at \$10,500.

The **handy** market this week continued to creep upwards, closing at \$10,672, up a fraction from last week's close of \$10,528. Again activity was centred in the Atlantic due to holidays in the Far East, as Novamarine fixed the *Interlink Dignity* (38,668-dwt, 2015) delivery Lulea, Sweden for a trip with grains via the Baltic to West Africa. Pacific Basin was also reported to have taken the *M Confidante* (37,391-dwt, 2012) for a trip delivery US Gulf to West coast Central America at \$23,500, while Prima fixed the *Reliable* (38,603-dwt, 2017) delivery Otranto for a trip via the Black Sea to East coast South America at \$12,000. We also heard that the *Outrider* (33,190-dwt, 2016) fixed delivery Ushant for a trip via the Baltic to South America in the \$14's. Lastly, the Steel Authority of India took a TBN vessel for a 38,000 mton 5% coking coal stem from Beira to Vizakhapatnam at \$22.00 pmt.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Stella Hope	180,007	2016	Retro	End Aug	China	\$22,500	Daelim	Via Australia
Aquabridge	177,106	2005	APS Iskenderun	15 Sept	China	\$45,000	Pegasus	
Sakizaya Star	82,400	2020	Tomakomai	30 Aug	Singapore-Japan	\$16,000	CNR	Via US Gulf
SBI Lynx	82,012	2018	Gibraltar	2 Sept	Japan	\$26,500	Cargill	Via US East Coast
Nord Venus	80,655	2011	Itaqui	17 Sept	Skaw-Spain	\$18,000	Oldedorff	Int Grains
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	China	\$12,000	CNR	Via Indonesia
Star Zeta	52,994	2003	Valencia	PPT	Turkey	\$13,000	CNR	Via N France
Lady Mickey	29,517	1997	Samsun	1-3 Sept	Colombo	\$13,500	Freight Force AG Switzerland	Int Grains
Lord Nelson	28,653	2005	Casablanca	PPT	Durban	\$10,300	CNR	Via Continent



Exchange Rates	This Week	Last week
JPY/USD	105.34	105.44
USD/EUR	1.1715	1.1643

Brent Oil Price	This Week	Last week
US\$/barrel	39.54	41.61

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	269.0	266.0
VLSFO	333.0	328.0
Rotterdam IFO	235.0	255.0
VLSFO	292.0	295.0

02 October 2020

Dry Bulk S&P

The capesize market has continued to charge ahead this week due primarily to Chinese restocking in the run up to their Mid-Autumn Festival holiday with the BDI surpassing the 2000 mark for the first time in over a year. Owners of drybulk in smaller segments must be hoping some of the festive cheer works its way down through the sizes. Subsequently, secondhand activity has kept at a steady pace.

It is of no surprise that several capesize transactions have been concluded this week with Tsakos are rumoured to be the buyers on *E.R. America* (179,570-dwt, 2010 Daewoo-Mangalia) for \$20.75m. Zodiac have reportedly made an astute play on *Giuseppe Bottiglieri* (175,243-dwt, 2011 New Times), picking her up for \$15.75m, SS/DD due. The recent upturn in the recycling markets gives the 27k-dwt ldt vessel a scrap value of approximately \$10m and the buyer a somewhat limited downside.

The key stories of the week, come from the kamsarmax sector. *Precious Sky* (81,893-dwt 2015 Tsuneishi) has reportedly been sold to clients of Primerose Shipping Greece for \$21.23m,

SS/DD passed, BWTS fitted. It's worth noting the unit is Tier I, with a 2010 keel laid date. Scorpio have made two public statements this week, detailing the sale of two of their kamsarmaxes following a strategic shift away from drybulk in favour of wind turbine installation vessels. *SBI Rock* (82,057-dwt 2016 Jiangsu Newyangzi) has been sold for \$18.2m, SS/DD due, with Alpha Bulkers the rumoured buyer and *SBI Sousta* (81,175-dwt 2016 Hudong Zhonghua) also sold for \$18.5m, SS/DD due, to undisclosed interests. All of the above sales represent a downward step from September benchmarks. Whereas *Triton Hawk* (78,833-dwt 2010 Sanoyas), SS/DD passed, BWTS fitted, has reportedly been sold to a Greek buyer for \$13.8m. A step up from last done.

In the supramax sector, *Sea Iris* (58,117-dwt 2010 Tsuneishi Cebu) has reportedly been sold to clients of S-Bulkers in Greece for \$11m, SS/DD passed, BWTS fitted. Dolphin 57's continue their march East. *Ellie* and Tier II *Dimi* (57,045-dwt, 2011 & 2012 Jinling) have reportedly been sold to Chinese buyers for \$17.8m enbloc.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>E. R. America</i>	179,570	2010	Daewoo-Mangalia	Gearless	Tsakos	\$20.75m	
<i>Giuseppe Bottiglieri</i>	175,243	2011	New Times	Gearless	Zodiac	\$15.75m	SS/DD due
<i>Tokiwa Maru</i>	91,438	2003	Imabari	Gearless	undisclosed	\$6.95m	SS/DD due
<i>SBI Rock</i>	82,057	2016	Jiangsu Newyangzi	Gearless	Alpha	\$18.20m	SS/DD due
<i>SBI Sousta</i>	81,175	2016	Hudong-Zhonghua	Gearless	undisclosed	\$18.50m	SS/DD due
<i>Precious Sky</i>	81,893	2015	Tsuneishi Fukuyama	Gearless	Primrose	\$21.23m	SS/DD passed, BWTS fitted
<i>Triton Hawk</i>	78,833	2010	Sanoyas	Gearless	undisclosed	\$13.85m	SS/DD passed, BWTS fitted
<i>Ellie</i>	57,045	2011	Jinling	C 4x30	undisclosed	\$17.8m enbloc	Tier II
<i>Dimi</i>	57,034	2012	Jinling	C 4x30	undisclosed		
<i>Sea Iris</i>	58,117	2010	Tsuneishi Cebu	C 4x30	S-Bulkers	\$11.00m	SS/DD asstd, BWTS fitted
<i>Santorini Queen</i>	55,809	2005	Kawasaki	C 4x31	Vietnamese	\$7.80m	SS/DD passed, BWTS fitted
<i>Vega Libra</i>	53,743	2010	Chengxi	C 4x36	undisclosed	\$7.00m	SS/DD due, BWTS included but not installed
<i>Genco Normandy</i>	53,596	2007	Yangzhou	C 4x35	undisclosed	\$5.85m	
<i>Capetan Costis</i>	34,146	2011	Dae Sun	C 4x30	Kouros	\$8.35m	Tier II

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
<i>Janice N</i>	264,340	1995	Mitsubishi	Bulk	28,200	\$340	Bangladesh

Tanker Commentary

As the price of oil is sinking and looks as if it may continue to do so, storage opportunists may be responsible for the VLCC sales continuing to hold the podium this week. OPEC has increased production throughout September, with constant positive and negative news about Coronavirus coming out daily, it is impossible to predict how demand for oil will be affected over the coming months.

Three Ocean Tankers / Xihe controlled VLCC's will be calling offers next, with the *Pu Tuo San & Tai Hung San* (BWTS fitted) & *Tai San* (318k-dwt, 2011/10/09 Shanghai Waigaoqiao) expected to set new benchmarks for 10 year old Chinese built VL's. However, a new peg was set this week for Japanese built ships - the *Tokitsu Maru* (305k-dwt, 2011 Mitsubishi, SS/DD due 04/21) was sold off market to Greek buyers for \$45 mill, with Dynacom thought to be behind the transaction. The last similar unit sold was the *HRA* (320k-dwt, 2011 Daewoo)

that was sold in July for \$48m basis surveys due end 2021.

AET are understood to have received up to 4 offers on their *Bunga Kasturi Tiga* (300k-dwt, 2006 Universal). With a mixture of Greek and Far Eastern buyers offering in the \$29 to \$31m range, its believed the best seen was close to \$32m which did not receive a reaction from the Owners. It's worth noting that the vessel was understood to have been tied up to Hunter Group in April at a number closer to \$40m.

Interest for pumproom MR's continues, with the Japanese controlled *Nord Sakura* (45k-dwt, 2012 Shin Kurushima) being sold to Greek interests in the high \$16m range which is largely in line with the recent sale of two year older *Ocean Laurel* (46k-dwt, 2010 Naikai Zosen) which sold at the end of last month for \$15.5m with SS/DD passed.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Seaways Rosalyn	299,999	2003	Hyundai HI	Far Eastern	\$25.00m	Committed
Tokitsu Maru	305,484	2011	Mitsubishi	Dynacom	\$45.00m	SS/DD due 04/21
Nord Sakura	45,953	2012	Shin Kurushima	Greek	\$16.80m	SS/DD due

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