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THE BIGGER PICTURE

... Torbay's Twilight Zone for Cruise Ships ...



Source : Ian Williams / DevonLive

POINTS OF VIEW

On Wednesday morning there were no fewer than nine cruise ships parked up in the sheltered waters of Torbay, off Devon's south coast, the English Riviera that includes Torquay, made famous in the 1970s by the TV series *Fawlty Towers*. Except, of course, that they have been idled by Covid-19 and are in warm lay-up with on average about 100 essential crew on each ship ranging from officers and deck and engine crew to hotel and medical staff. They have become sightseeing attractions in their own right with regular excursions out to the ships from shore, rather than the other way round, as it should be. The ships were Cunard's *Queen Mary 2*; P&O's *Azura*, *Ventura*, *Arcadia* and *Aurora*; Holland America's *Zaandam*, *Volendam* and *Niuew Statendam*; and the *Emerald Princess* of *Princess Cruises*. What the press had not picked up on is that this collection of brands falls under the umbrella of just one owner: Carnival Corporation of Miami, Florida. It brings home the devastation that has been visited upon the global tourism industry as travel restrictions, and fear, stop most people from flying, cruising, taking trains and using public transport. Foreign holidays for most people have become staycations and overseas business trips have morphed into video conferences, Zoom, Teams and FaceTime.

Over the next few weeks our markets face a number of challenges. To name just four: rising Covid-19 cases, deal or no-deal Brexit, the US presidential election and elevated China-Taiwan tensions.* Second wave coronavirus is sweeping across Europe meeting different government responses. Here in the UK, regional are preferred over national lockdowns as most of the south have few cases. The experts say that the time to have done a circuit breaker was in early to mid September when there was less infection about. That chance has passed so regional action will probably continue to prioritise education, 'save lives' and 'protect the NHS'. Unfortunately this tends to reinforce the north-south divide, poor north/rich south, the mirror image of what we see in Europe. Many businesses and livelihoods, and national economies, are at risk from Covid-19 counter-measures. Brexit negotiations are stalled on the last major remaining issues of fishing, level playing field guarantees and enforcement. If the two sides are unable to reach a compromise deal then it will be seen as a failure of politics. Just to take one issue and two products: cars being sold into Europe will attract a 10% tariff, lamb 40%. That is material and will damage the UK at a time when it is already economically vulnerable.

The last presidential debate took place last night. It was polite compared to the vitriol of the first. Trump failed to land a killer blow against Biden and trails in all the polls. He will continue his rallies to fire up his base and attempt to get more young voters to register and vote for him. He long gave up trying to persuade typical Democrat voters to switch sides. Two weighty and highly topical issues are healthcare and the environment. Trump wants to kill off the Affordable Care Act (Obamacare) whereas Biden seeks to protect it. On energy, Trump has been opening up federal lands to oil and gas drilling but he has struggled to get new pipeline projects approved and keep old ones operable (e.g. the Keystone XL, Atlantic Coast and Dakota Access pipelines). New pipeline infrastructure is inconsistent with the pivot to cleaner fuels and renewables, which Biden favours. He will also support mining projects for rare earth minerals that will boost electric vehicle production and reduce dependence upon Chinese supplies. In 2016, Trump promised to bring back coal. The EIA tells us that, 20 years ago, 54% of US electricity was generated from coal and only 15% from natural gas. Now it is 19% coal and 39% gas. Trump gave false hope to the coal miners, as he did with steelworkers and farmers. Amazingly, 85% of farmers would still vote for Trump today, despite retaliatory Chinese tariffs imposed on US-origin grain/soybean imports that destroyed US sales while gifting Brazil, Argentina and Canada. The tariffs were mitigated by the ambitious Phase One trade deal that has since boosted Chinese purchases of US soybeans and corn. The farmers like Trump's laissez-faire attitude to 'regulation'. They can continue polluting the environment and abusing animal welfare, lowering their costs and raising their margins. Biden will reverse all that. This election has huge ramifications for shipping, trade and the future path of climate change. For starters, Biden will take the US back into the Paris Agreement.

*On the latter point, there are fears that China may use the cover of the US election, especially if the result is contested, to elevate its campaign to reunite Taiwan with the mainland.

Dry Cargo Chartering

The **BDI** closed today at 1,415 points, down 62 points from last week.

The **cape** index dropped \$1,203 from last week to close today at \$18,749. The usual Port Headland to Qingdao ore run saw 170,000 mtons 10% fixed on the 2001 built *Polymnia* at \$7.30 pmt with Oldendorff. CSN Mining took a pair for 180,000 mtons 10% stems, including a Blumenthal TBN & the 2010 built *Argentina* from their terminal in Brazil to Qingdao at \$15.50 pmt a piece. Cargill fixed the 2012 built *Orange Tiara* for 170,000 mtons 10% from Seven Islands to Port Talbot for \$6.95 pmt fio. On time charterer, the *Pan Acacia* (175,141-dwt, 2010) fixed delivery Yeosu for a spot trip via West Australia redelivery Singapore-Japan range at \$13,500.

This week the **panamax** market continued to slowly slip to close play at \$11,469, down from last week's \$11,906. In the Pacific, MOL fixed the *RB Leah* (81,334-dwt, 2017) delivery Onahama for a prompt trip via East Australia to Malaysia at \$12,500, Oldendorff took the *Star Nadziye* (82,083-dwt, 2019) delivery Rizhao via the North Pacific region to India at \$11,850, and Ultrabulk fixed the *Coral Emerald* (75,632-dwt, 2007) delivery Manila for a short trip via Indonesia redelivery Philippines at \$12,000. In the Indian Ocean, the *Medi Serapo* (87,091-dwt, 2018) fixed passing Muscat outbound via South Africa to China with chrome ore at \$13,500 with Klaveness. In the Atlantic, Cargill took the *Marco* (81,393-dwt, 2009) delivery US Gulf for a front haul trip via Neo Panama to China at \$15,750 plus a \$575,000 ballast bonus, and Cofco fixed the *Oratorio* (81,842-dwt, 2014) delivery San Ciprian for a trip via the US Gulf and COGH to China at \$17,250. SAIL fixed several November coal stems including 75,000 mtons 10% from Hay Point option Dalrymple Bay to Visakhapatnam at \$15.00 pmt.

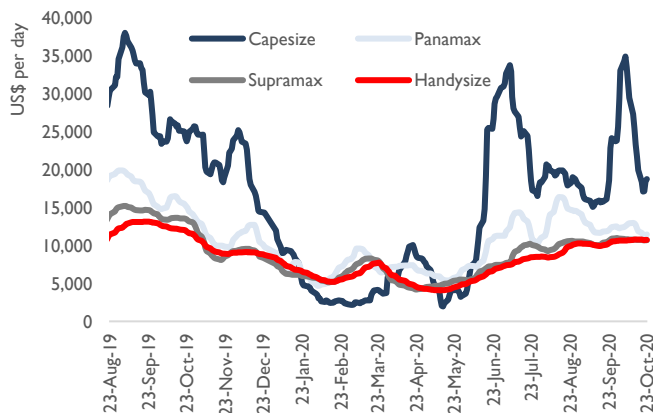
The **supramax** market slid down a bit with East coast South America quietening and the Far East turning soft. The BSI closed at \$10,696,

down a fraction from last weeks \$10,736. In the Atlantic, the *Andes Queen* (52,333-dwt, 2013) fixed delivery Alicante for a prompt trip redelivery Nemrut Bay with scrap at \$14,000, and the *Caravos Liberty* (63,301-dwt, 2013) fixed delivery East coast South America for a trip redelivery Singapore-Japan range at \$14,500 plus a \$450,000 ballast bonus. In the Indian Ocean, the *Heilan Aroma* (56,878-dwt, 2011) was fixed for a trip delivery Paradip to China at \$10,700, and the *LMZ Phoebe* (56,733-dwt, 2011) also fixed delivery Paradip for a prompt trip to China at \$10,650. In the Pacific, the *Great Vision* (63,375-dwt, 2016) fixed delivery Makassar for a trip with coal to China at \$14,500, and the *Andromeda* (61,501-dwt, 2011) was fixed delivery Yangpu via Indonesia redelivery Thailand with coal at \$10,250.

The **BHSI** and time charter averages declined for the first time since September, dropping \$41 to close today at \$10,748. In the Atlantic the overall sentiment remains positive, as the Continent and Mediterranean continue to hold strong rates. However, East coast South America and the US Gulf have come off sharply. Trips from East coast South America pay close to \$9,000 on a 34,000-dwt to the Continent and approximately \$8,750 on a 37,000-dwt to the US East coast. The *Shan Hu Hai* (39,765-dwt, 2016) fixed Otranto for a trip via the Black Sea with grains redelivery Spanish Mediterranean at \$14,000. The *Buckaroo Bowl* (38,323-dwt, 2012) fixed arrival pilot station Norfolk for a trip to Egypt at \$11,000 with Trithorn. Front haul business saw the *Acacia* (33,677-dwt, 2011) fix delivery Marmara Sea at the end of October for trip via the Black Sea redelivery South East Asia at \$20,400 with Meadway. In the East, sentiment is slightly weaker with limited forward bookings and an oversupply of tonnage in parts. The *Heraklitos* (37,221-dwt, 2011) fixed delivery Yokohama for a prompt trip redelivery China -Vietnam range at \$7,500 & the *Strategic Endeavor* (33,078-dwt, 2010) fixed delivery Bataan for a trip via Indonesia redelivery Philippines at \$8,250.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Pan Acacia	175,141	2010	Yeosu	22 Oct	Singapore-Japan	\$13,500	CNR	Via West Australia
Paola Bottiglieri	93,262	2012	Yeosu	23/24 Oct	Taiwan	\$11,000	CSE	Via East Australia
Key Knight	82,099	2012	Gibraltar	17/18 Oct	Aughinish	\$11,000	Cargill	Via Kamsar Int Bauxite
Marco	81,393	2009	APS US Gulf	Mid Nov	China	\$15,750	Cargill	Via Neo Panama plus \$575,000 bb
Omicron Light	76,600	2005	Manila	22/27 Oct	S.China	\$14,250	CNR	Via Indonesia
Hai Ji	73,601	2004	Dalian	22 Oct	China	\$8,000	Norden	Via CIS
Caravos Liberty	63,301	2013	EC South America	29/31 Oct	Singapore-Japan	\$14,500	Raffle	Plus \$450,000 bb
Andes	52,333	2013	Alicante	PPT	Nemrut Bay	\$14,000	CNR	
Interlink Ability	38,683	2015	Fazendinha	PPT	Norway	\$12,750	Norden	Via Vila Do Conde
Alam Suria	29,077	2012	Vungtau	25/28 Oct	Singapore-Japan	\$7,000	CNR	Via Australia



Exchange Rates	This Week	Last week
JPY/USD	104.71	105.24
USD/EUR	1.1853	1.1731

Brent Oil Price	This Week	Last week
US\$/barrel	42.73	42.66

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	286.0	284.0
VLSFO	341.0	350.0
Rotterdam IFO	262.0	255.0
VLSFO	308.0	304.0

23 October 2020

Dry Bulk S&P

Market activity continues to steam along at a healthy pace and with ongoing negotiations across the majority of sectors, the action doesn't look to be abating anytime soon. There are plenty of buyers looking to take advantage of relatively static prices and perhaps more constructively, there are sellers willing to accept same.

Oldendorff have reportedly sold *Tilda Oldendorff* (180,556-dwt, 2011 STX Changwon) for \$19m to Alpha Bulkers. The sister vessel, *Tete Oldendorff*, was sold at the same level towards the back end of August. With various deals such as *King Ore* (176,944-dwt, 2010 Namura, SS/DD passed, BWTS & scrubber fitted) under discussion, the recent vigorous cape action is set to continue.

Crimson Monarch (77,116-dwt, 2014 Imabari) BWTS fitted, SS/DD passed, we understand has been sold to clients Eastmed for a healthy \$17.8m. *Clymene* (73,600-dwt, 2006 Jiangnan) SS/DD due, BWTS ordered but not installed, has reportedly been sold for \$7.75m to unknown interest.

Scorpio continue to dominate the sale and purchase headlines as they embark on what is now a clearly defined, dry exit program. This week's, vessel on the blocks: *SBI Zeus* (60,414-dwt, 2016 Mitsui) BWTS fitted, SS/DD due Q1 2021, has reportedly been sold to undisclosed Greek interest for \$18.5m. In line with the sister *SBI Hera*, sold last week. With modern ultramax benchmarks now clearly pinned against the Scorpio transactions, other deals are now coming to light. We understand Celsius, are rumoured to have sold *GH Citation* and *GH Black Caviar* (63,277-dwt, 2016 Guangzhou Huangpu) for \$17m each, Oman Shipping touted as the buyers.

Elsewhere, *Navios Soleil* (57,334-dwt, 2009 STX Changwon) is rumoured sold to undisclosed interest for \$8.5m. Portline continue to sell off their older units. *Port Estoril* (52,822-dwt, 2001 Onomichi) and *Achilleus* (50,992-dwt, 2001 Oshima) have been sold for \$4.1m respectively. *Andalucian Zephyr* (34,436-dwt, 2015 Namura) BWTS due at next SS Jan 2022, has reportedly been sold to undisclosed Greek interest for \$12.35m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Tilda Oldendorff</i>	180,556	2011	STX	Gearless	Alpha Bulkers	\$19.00m	DD due 02/21
<i>Crimson Monarch</i>	77,116	2014	Imabari Shipbuilding	Gearless	EastMed	\$17.80m	SS/DD passed last yr
<i>Clymene</i>	73,600	2006	Jiangnan Shipyard	Gearless	Undisclosed	\$7.75m	BWTS ordered but not installed
<i>Iron Kovdor</i>	73,474	1998	Sasebo Heavy Industries	Gearless	Chinese	\$3.95m	DD due 05/21
<i>SBI Zeus</i>	60,414	2016	Mitsui Eng. & SB. Co. Ltd	C 4x30T	Greek	\$18.50m	BWTS fitted
<i>Navios Soleil</i>	57,334	2019	STX	C 4x30T	Undisclosed	\$8.50m	
<i>Port Estoril</i>	52,822	2001	Onomichi	C 4x30T	Undisclosed	Excess \$4.00m each	DD due 03/21
<i>Achilleus</i>	50,992	2001	Oshima	C 4x30T	Undisclosed		SS/DD due 01/21
<i>Andalucian Zephyr</i>	34,436	2014	Namura	C 4x30T	Greek	Low \$12.00m	

Tanker Commentary

This week's report is once again heavily focused around the largest tanker segment. For VLCC owners, market conditions remain uninspiring with earnings in the doldrums and the numbers not making sense for most for storage play. Book values have been written down thanks to the strong rates earlier in the year and with the outlook remaining hazy for 2021, it has been an easy decision for many to offload older tonnage prior expensive docking and BWTS installation.

Greek owners Maran Tankers lead the way, being named as a buyer and seller this week. Details of the Ocean Tankers VLCC sales suggest the Angelicoussis-led outfit secured the *Pu Tuo San* & *Tai Hung San* (BWTS fitted) & *Tai San* (318k-dwt, 2011/10/09 SWS) for \$110m enbloc. On the selling side, it's believed that they have simultaneously sold out their *Sea Lion* (318k-dwt, 2003 Hyundai Samho) for a firm \$27m to Chinese interests basis surveys due mid next year.

Olympic Shipping of Greece have sold their *Olympic Liberty* (309k-dwt, 2003 Samsung) in the high \$25m to

Far Eastern interests with surveys due mid 2021. Meanwhile Oslo based ADS Crude Carriers features in the sales list for a second time this month, with their scrubber fitted *ADS Page* (299k-dwt, 2002 Hitachi) fetching \$25.5m – no buyer has been mentioned. This sale is in line with the sister vessels *ADS Stratus* (299k-dwt, 2002 Hitachi) and *ADS Serenade* (299k-dwt, 2002 Hitachi) that achieved similar levels this and last month.

In the MR space, two Japanese controlled pumproom MR's called for offers this week. The *Carina* (47k-dwt, 2010 Iwagi Zosen) had 3 interests step forward with offers close to \$15m however it's believed the vessel is still under negotiations. Note that this will be sold basis surveys and BWTS due promptly. The MOL controlled pumproom configuration *Yayoi Express* (48k-dwt, 2006 Iwagi, Epoxy) also received several offers, all understood to be in the low \$10m and it's believed discussions are still on going.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Pu Tuo San	318,833	2011				
Tai Hung San	317,924	2010	Shanghai Waigaoqiao Shipbuilding	Maran Tankers	\$110.00m Enbloc	BWTS fitted
Tai San	318,080	2009				
Sea Lion	318,778	2003	Hyundai Samho Heavy Industries	Chinese	\$27.00m	
Olympic Liberty	309,449	2003	Samsung Heavy Industries	Nathalin	\$25.00m	DD due 07/21
ADS Page	299,164	2002	Hitachi Zosen Corp - Nagasu	Undisclosed	\$25.50m	

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