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THE BIGGER PICTURE

... Trump or Biden ? ...



Source : Peter Brookes in The Times

POINTS OF VIEW

We woke up in the UK on Wednesday to find that Trump and Biden were neck and neck in the race for the US presidency. That meant that the polls were wrong again. One explanation may be that, within the so-called invisible majority, there are people who will not admit an intention to vote for Trump, out of fear or embarrassment, but who still prefer the policies of Republican over Democrat. Trump held Florida which was very important, and it was always suspected that he would do well from in-person voting on the night, with the Democrats trailing as they wait for mail-in votes to be counted. Early on Wednesday EST, the president announced that the Democrats were trying to steal the election with fraudulent mail-in votes, calling for ballot counting to be stopped. That would seal his re-election. But declaring victory before all the votes are counted, and threatening to take it to the Supreme Court, where he has just fixed it 6-3 in his own favour, was nothing short of outrageous. Autocrats everywhere must be rejoicing as the world's most powerful nation seems unable to run a democratic election process as it struggles to count the votes. At the time of writing the contest is close. Biden appears to be ahead, but he is taking nothing for granted. Trump supporters have their reasons for supporting him, and those apparently outweigh the real threat to democracy that he represents. After all, who would trust a guy who cheats at golf, lies constantly, fails to repay his debts, assaults women, floats endless conspiracy theories and prefers the word of a despot over the findings of his own intelligence services? That is just the shortlist.

Yesterday, Biden turned the important swing states of Michigan and Wisconsin, and today he is just ahead in North Carolina, Arizona and Nevada and evens in Georgia and Pennsylvania. As Trump admits to being a bad loser he is turning to the law courts and recounts. He alleges voter fraud, but without evidence. In areas relevant to shipping, how might Biden differ from Trump? He may adjust China policy, returning to a multi-lateral rather than the current unilateral approach, and he may dial back tariffs that have hurt US companies and consumers, as well as those of its allies.* He wants to take the US back into the Paris Agreement on climate change in another return to multilateralism and he may even reapply diplomacy in talks with Iran and Venezuela. Why punish the good people of these countries via poverty-inducing sanctions that are failing to dislodge the leaders, the real targets? Biden is expected to fast-track a relief and stimulus package that was spitefully held up by the Republicans as they prioritized fixing the Supreme Court ahead of the election. He will attempt to reintroduce regulations that protect the US environment from mining and from oil and gas exploration in sensitive areas, and support a global push into renewables, but he will be constrained in what he can do if the Senate remains Red. So, we might expect a mixed bag of policies, some of which will be good for shipping and trade, others not so. We might at least anticipate less partisan domestic politics and a less chaotic approach to foreign relations and world trade. The only good thing about Trump's unpredictability was that it wrong-footed his opponents.

Covid-19 has wrong-footed shipping with tankers having a particularly hard time in early Q4. Who better to turn to than Euronav, the largest listed tanker company, to get a glimpse of how this year has gone so far. It made a net profit of \$46.2m in 3Q20 against a loss of \$22.9m in 3Q19.[^] The company's VLCCs averaged \$42,000 a day in Q3 while the suezmax fleet averaged \$23,500 daily. In Q4, it has 50% of VLCC spot days fixed at \$22,500 and 45% of suezmax spot days booked at \$11,500. CEO Hugo De Stoop said: "A growing divide between rising short-term fleet supply and limited cargo availability, restricted by Opec+ production cuts and a slower demand recovery for crude, has impacted the sector negatively and is likely to continue throughout the seasonal winter period." In response, it is advancing drydockings for nine tankers, taking the opportunity to make them regulatory compliant while the market is depressed from Opec+ cuts, Covid-19 and capacity returning to the active market from storage. Positively, the VLCC OB/FL ratio is at a 23-year low while current poor rates should encourage scrapping.** Shipowners need to be nimble, reacting to changing conditions. The US may soon have a new president and a return to dignified behaviour that befits the office. It's about time!

*Five tariff regimes are in place ranging from 7.5% to 25% covering two thirds of all US imports from China, plus separate tariffs on steel.

[^]This compares with 1Q20 when the company booked a profit of \$225.6m and 2Q20 when it posted a profit of \$259.6m.

**VLCC scrap prices are up 18% since May at a time when over 25% of the fleet, or 210 VLCCs, are 15 years of age or older.

Dry Cargo Chartering

The **BDI** closed at 1,196, down 87 points from last week. The **cape** the index dropped from \$15,550 last Friday to \$14,421 today. There were signs of resistance in the market with rates seemingly bottomed out within parts of the South Atlantic. The usual Tubarao to Qingdao 170,000 mtons 10% ore run was fixed with Vale on the 2002 built *Bluemoon* at \$14.45 pmt. Cara Shipping fixed 170,000 mtons 10% iron ore from Port Hedland to Qingdao on the *East Trader* at \$7.75 pmt. A CCL Newcastlemax TBN vessel fixed ore from Brazil to China at \$14.05 pmt to Cofco. Cargill were rumoured to have fixed an ore cargo from Ponta Da Madeira to Ijmuiden at \$7.00 pmt, although dates and owner were not confirmed. Little to no time charter activity was reported.

This week the **panamax** market dipped to close at \$10,711, down \$893 from last week. Glencore were reported to have fixed the *Blue Ridge* (82,099-dwt, 2013) delivery passing Yeosu for a North Pacific round trip at \$10,250, and the *Marianne Stoeger* (81,402-dwt, 2011) was fixed delivery Ulsan for a trip via East Australia to India at \$9,250 by Norden as sentiment softened slightly in the Pacific. Meanwhile, the *Globe Electra* (80,370-dwt, 2010) was taken by Aquatrade passing Galle for a prompt trip via the Black Sea to South China at \$10,850. In the Atlantic, ST Shipping were linked with the *Magic P* (76,453-dwt, 2004) delivery US Gulf for a trip to China at \$15,350 plus \$535,000 bb, and Cofco took the *Wangaratta* (82,206-dwt, 2011) delivery East coast South America to South East Asia at \$13,300 plus \$330,000 bb. Additionally, a TBN vessel was fixed for a Hoa Phat 80,000 mtons 10% coal stem from Abbot Point to Dung Quat at \$10.50 pmt.

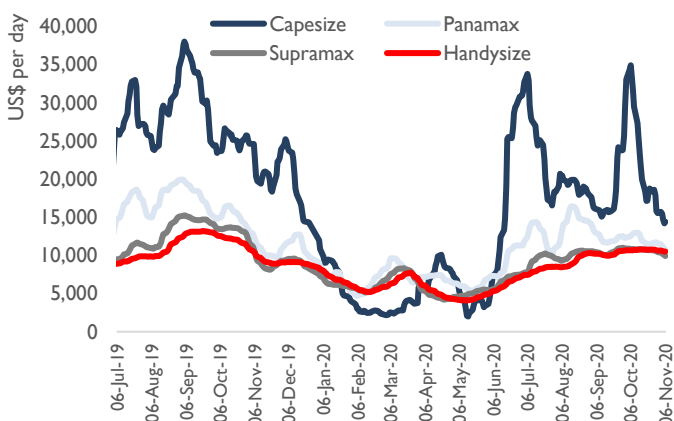
Overall, the **supramax** market slid down with sentiment looking negative. The BSI closed at \$9,914, down from last week's \$10,438.

In the Atlantic, the *Taurus Honor* (56,758-dwt, 2009) fixed delivery Pascagoula for a trip redelivery East Mediterranean with petcoke at \$15,000, and the *Sagar Kanya* (58,609-dwt, 2013) fixed delivery Ghent for a prompt trip via the Baltic also with redelivery in the East Mediterranean with scrap at \$18,100. In the Indian Ocean, the *Eships Progress* (57,000-dwt, 2012) was fixed delivery Chittagong for a trip via East coast India to China at \$8,800, and the *Bulk Patagonia* (58,723-dwt, 2012) fixed delivery Durban for a trip to South East Asia at \$11,800 plus approximately a \$180,000 ballast bonus. In the Pacific, the *Fareast Harmony* (56,756-dwt, 2012) fixed delivery Jinzhou for a trip to China with coal at \$6,000, and the *Mandarin Dalian* (56,604-dwt, 2010) fixed delivery Ningde for a trip via Indonesia redelivery China at \$8,000.

The **handysize** market continued to tick downwards, closing play at \$10,490. The East coast South American market remained largely flat as it was reported that Oldendorff took the *Great Cosmos* (38,649-dwt, 2018) delivery Santos for a prompt trip with steels via Sepetiba redelivery Upriver at \$12,500. Elsewhere in the Atlantic, the *New Commander* (37,187-dwt, 2012) fixed delivery Canakkale for a trip to the UK/Continent at \$11,500, and the *Eurosky* (33,774-dwt, 2011) was taken by Norvic for a trip with soda ash delivery Derince to South East Asia at \$15,700. In the Indian Ocean, the *Shimanami Star* (28,447-dwt, 2006) was reported to have fixed delivery Red Sea for a trip via the Black Sea to India at \$11,250, and G2 Ocean took the *Ermoupolis* (24,993-dwt, 1999) delivery Beira for a trip to the Mediterranean at \$5,000. Little was reported in the Pacific region but general sentiment was that the market remained mostly flat and is perhaps beginning to take a negative turn.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Chinook	93,266	2012	Yantai	6-10 Nov	Vietnam	\$9,200	OBS	Via E.Australia
Wangaratta	82,206	2011	APS EC South America	End Nov	South East Asia	\$13,300	Cofco Agri	Plus \$330,000 bb
Danhil	81,354	2016	Aughinish	8 Nov	Rotterdam	\$13,500	Swissmarine	Via Aaheim
SBI Macarena	81,198	2016	Rotterdam	PPT	Singapore-Japan	\$21,250	CNR	Via US Gulf
Star Iris	76,360	2004	Dongfang	End Oct	Cigading	\$9,000	Daewood	Via Dalrymple
Mackenzie	63,204	2016	Cebu	3-4 Nov	Thailand	\$11,500	WBC	Via Indonesia
Monica D	52,478	2001	Zhanjiang	30 Oct	Shidan	\$10,000	Agricore	Int Clinker
SSI Pride	48,635	2002	La Palice	PPT	West Africa	\$22,000	CNR	
Saint Vassilios	33,889	2012	Bilboa	PPT	Atlantic	\$12,500	Norden	2/3 Laden Legs
Louisa Bolten	30,765	2009	Rouen	PPT	Algeria	\$13,100	NMC	Int Grain



Exchange Rates	This Week	Last week
JPY/USD	103.31	104.64
USD/EUR	1.1878	1.1676

Brent Oil Price	This Week	Last week
US\$/barrel	40.20	37.35

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	281.0	270.0
VLSFO	338.0	320.0
Rotterdam IFO	268.0	246.0
VLSFO	305.0	283.0

06 November 2020

Dry Bulk S&P

It is a lively barn dance of a market, with buyers and sellers pairing up without too much difficulty and nobody fearing that they will be left watching from the side. Prices are resolutely unchanged from last done. There is a steady supply of tonnage and plenty of enthusiasm from buyers, the scarcity of cash and finance being a key restraint on price inflation. Four or five buyers are lining up for key market candidates but none see much requirement to aggressively outbid their competitors.

Four capers are reported sold this week. *Olympic Harmony* and *Olympic Hope* (182,600-dwt, 2016 JMU) are sold to JP Morgan for \$38.4m each – indicating a modest \$1-1.5m premium for their scrubbers. *True Dream* (180,694-dwt, 2014 Tsuneishi Cebu) was sold a little softer at \$27.0m considering her class status. *CSSC Wan Mei* (176,460-dwt, SWS) is reported sold to Berge Bulk at a last-done price of \$18.3m.

In the kamsarmax/panamax sector those with surveys passed better the benchmarks – *Mild Sea* (81,684-dwt, 2013 Qingdao Beihai) is sold at a creditable \$14.5m, while those with surveys due have discounted more heavily – *Dewi Parwati* (75,700-dwt, 2011 Guangzhou Huangpu) is sold for just \$9.5m with surveys due.

The supramax market has a number of interesting sales candidates and sellers can make no headway. With good survey positions *Sea Melody* (58,117-dwt, 2010 Tsuneishi Cebu) is sold somewhere north of \$10.5m.

A couple of long term market wall flowers have finally found partners: *Rook* (38,852-dwt, 2010 Jiangsu Eastern) is sold for \$6.9m, *New Everest* (35,065-dwt, 2009 Shikoku) for \$9.4m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Olympic Harmony	182,644	2016	JMU	Gearless	JP Morgan	\$38.40m	Both BWTS & Scrubber fitted
Olympic Hope	182,631	2016	JMU	Gearless	JP Morgan	\$38.40m	
True Dream	180,694	2014	Tsuneishi Cebu	Gearless	undisclosed	\$27.00m	SS/DD passed, BWTS fitted
CSSC Wan Mei	176,460	2012	SWS	Gearless	Berge Bulk	\$18.30m	DD passed
Kurenai	86,041	2007	Oshima	Gearless	Chinese	\$10.20m	DD passed
Pacific Kindness	82,177	2011	Tsuneishi Zhoushan	Gearless	undisclosed	\$15.00m	BWTS fitted
Mild Sea	81,684	2013	Qingdao Beihai	Gearless	undisclosed	\$14.50m	DD passed
Geminin Ocean	80,982	2017	JMU	Gearless	undisclosed	\$25.00m	Japanese
Dewi Parwati	75,700	2011	Guangzhou Huangpu	Gearless	Chinese	\$9.50m	SS/DD due 05/21
Seaeagle	71,663	1998	Hitachi Zosen	Gearless	Chinese	\$4.10m	DD due
Sea Melody	58,117	2010	Tsuneishi Cebu	C 4x30	Greek	\$10.50m	SS/DD passed, BWTS fitted
Genco Loire	53,100	2009	Yangzhou Dayang	C 4x35	Far Eastern	\$7.70m	SS/DD passed
Rook	37,852	2010	Jiangsu Eastern HI	C 4x30	European	\$6.90m	SS/DD passed
New Everest	35,065	2009	Shikoku	C 4x30	undisclosed	\$9.40m	SS/DD passed
Asia Energy	28,083	2001	Bohai	C 4x40	Greek	\$3.30m	SS/DD due 03/21

Tanker Commentary

Last Week saw the second tranche of Ocean Tanker vessels hitting the market, with a fresh batch of VLCC's, LR2's and an LRI for buyers to get their teeth into. Any tanker owner is spoilt for choice today should they wish to add to their fleet, and with an increasing number of vessels for sale, values are under pressure. This week OPEC have decided against lifting production cuts, diminishing tanker owners hopes of another storage bonanza. Coupled with a market that is already concerned over future global oil demand, we could expect prices to push downwards in future months.

Two VLCC sales feature in this week's report, with the *Skopelos* (319k-dwt, 2002 Samho HI, SS/DD 03/22) understood to have been sold to Far Eastern buyers for \$25.5m, and Greek compatriots Olympic have sold another unit with their *Olympic Legend* (309k-dwt, 2003 Samsung HI, DD due 11/21) fetching \$26m with Chinese buying interest. Both have strong survey positions.

German owners are believed to have sold out their *Bonny* (159k-dwt, 2005 Hyundai HI, SS/DD due) for low/mid \$19m. This illustrates falling values when compared to the last similar aged unit sold from Euronav in September, the *Basita* (159k-dwt, 2005 Hyundai HI) fetching \$20.8m, both basis surveys due.

In the aframax sector, the Bergshav owned *Bergina* (105k-dwt, 2007 Tsuneishi Corp, SS/DD due 08/22) being sold to Vietnamese interests for \$17.3m again representing a softening in values, it is worth noting the vessel has been previously committed for \$19m over the summer subject to inspection. The more vintage *Delos Voyager* (105k-dwt, 2003 Namura) is understood to have been sold in the mid \$12m with DD due March 2021.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Skopelos	319,360	2002	Samho HI	Malaysian	\$25.50m	
Olympic Legend	309,270	2003	Samsung HI	Chinese	\$26.00m	DD due 11/21
Bonny	159,152	2005	Hyundai HI	undisclosed	\$19.25m	SS/DD due
Bergina	105,839	2007	Tsuneishi Corp	Vietnamese	\$17.30m	
Delos Voyager	105,850	2003	Namura	undisclosed	\$12.50	SS/DD due 03/21
Yayoi Express	47,999	2006	Iwagi Zosen	undisclosed	\$12.00m	SS/DD due 02/21
Stena Conquest	47,136	2003	Brodogradiliste	Chinese	\$9.30m	Epoxy Phenolic, DD due 06/21
Valled Di Andalusia	42,721	2001	Hyundai Mipo			
Valle Di Siviglia	42,721	2001	Hyundai Mipo	Indonesian	\$21.00m enbloc	Epoxy coated
Valle Aragona	42,721	2001	Hyundai Mipo			
Chembulk Jakarta	19,935	2009	Kitanihon Zosen	undisclosed	\$10.80m	STST

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