

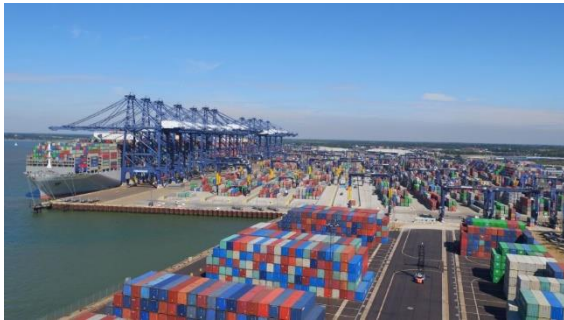


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THE BIGGER PICTURE

... Brexit Blues & Pandemic Panic ...



Source : Courtesy of the Port of Felixstowe

POINTS OF VIEW

Early on Tuesday morning, the UK became the first country to administer a vaccine against Covid-19, in this instance the Pfizer/BioNTech version. It was the start of a long road to recovery from this pandemic and will be good training for future ones. Few people doubt that our daily lives have changed permanently and there will be no going back to the situation ex-ante. In late February, we recall the US president claimed that the virus was going away before any known-of American death. He later said, without an ounce of empathy for the fallen, that it would be an achievement to keep the death count to maximum 100,000. It now stands at 293,000 in the US. However, the president and Moncef Slaoui can take credit for Operation Warp Speed which initially released \$10 billion of federal funds from around mid-May under the CARES Act to accelerate vaccine research and development. Warp Speed is a public-private partnership that links government departments with private firms with strong financial backing and impressive interagency cooperation. Once approved, vaccine delivery and prioritisation as to who should get vaccinated first will be left to the states, just as tackling Covid-19 has been decentralised from the start. It now turns out that Pfizer, an American firm, offered additional doses of its vaccine to the US government in the late summer, but the offer was declined. Now, the New York Times reports, Pfizer may not be able to provide more of its vaccine to the US until June because of its commitments to other countries.

Apart from President Trump and coronavirus, the other thing that just will not go away is Brexit. In June 2016, the UK held a referendum on EU membership. The idea was to finally determine whether we should be in or out, rather than being half in and half out, a reluctant member refusing to adopt the euro and endorse a virtuous path to ever closer monetary, fiscal, trade and legal union. After 47 years of membership and 4.5 years of negotiations we have made little progress on a trade deal. We seem to be moving from a position of being half in, half out inside the tent to being half in, half out outside the tent, a position that is arguably worse than remaining. We joked back then about the Hotel California syndrome of “you can check out but you can never leave”, but it is not so funny any more. Boris Johnson, the UK prime minister, has painted himself into a corner by promising to the British people that we will regain our sovereignty and take back control of our territorial waters and borders and our laws, trade and regulations. Within that broad framework, the remaining sticking points are fisheries, level playing field and enforcement. Fish is a largely symbolic issue, as it is insignificant in financial terms, but it matters in terms of taking back control. Most important is the level playing field concept as the EU seeks to trap the UK in its spider’s web of rules and regulations to prevent the renaissance of a powerful external competitor on its doorstep. It is an existential threat to the whole European project. But, if the UK cannot remove these iron shackles then it cannot claim to have regained sovereignty. To reach a deal one side or the other is going to have to compromise and let its people down, or we default to a ‘no deal’ exit.

The UK port of Felixstowe is in a state of paralysis and it is tempting to blame Brexit. The port is choked up with inbound laden containers, boxes full of PPE and hordes of empties. Carriers underestimated the strength of global demand recovery and removed too much capacity while ports face delays and disruption caused by staff illness and Covid restrictions. Containers from Asia are full of Christmas goods just as imports surge to beat the end year Brexit deadline when tariffs may be applied to all manner of goods. There is also the logistical challenge of how to return empty boxes to Asia where they are needed. On the transpacific, eastbound headhaul freight rates are 6-times higher than westbound backhaul rates, so carriers are dashing back with empties rather than waiting to load full containers. Last week, we mentioned an uptick in ordering. This week, it is rumoured that Shell is behind a billion dollar LOI for ten 300,000-dwt dual-fuel VLCCs at Daewoo, reducing its carbon footprint.[^] Allegedly, it is involved in the design process but will transfer ownership to pre-approved third parties* and charter them back. Bareboat is most likely as that way it can better manage the operational risks of running giant crude oil tankers. Another example of the desirability of taking back control.

[^]This 10 unit order from Shell, together with a rumoured two units from Athenian at HHI, takes the VLCC order tally to 42 so far this year, sitting between 2019’s 35 and 2018’s 50.

*Including financial lessors that would usually prefer a finance lease over an operating lease, transferring ownership at the end of the bareboat to the lessee and thus avoiding residual value risk.

Dry Cargo Chartering

The **BDI** closed at 1,211 points up from last week's close 1,197.

The **cape** market closed this week at \$11,889 down marginally by \$717 from last week. Rio Tinto took the 2012 built *Attikos* for 170,000 mtons 10% for the usual ore run from Dampier to Qingdao at \$6.90 pmt. The Genco relet *Baltic Bear* built 2010 was fixed for 170,000 mtons 10% from Port Hedland to Qingdao at \$6.65 pmt with BHP. The *Fellowship* from Seanergy was rumoured to have fixed for 165,000-175,000 mtons of iron ore from Acu to Bahrain at \$10.30 pmt with Anglo American. Golden Bricks fixed the *Leadership* for 150,000 mtons 10% coal from Richards Bay to Zhanjiang at \$8.75 pmt.

The **panamax** market closed this week at \$13,183, up \$1,200 from last week's \$11,983. In the Atlantic, Cargill took the *Yasa H Mehmet* (83,482-dwt, 2011) delivery East coast South America for a trip to the Far East at \$13,550 with a \$355,000 ballast bonus. Nordic kept the *Maxwell* (82,170-dwt, 2017) in direct continuation from Hansaport for a trip redelivery Continent at \$21,000. Natural Mining Resources took delivery of the *Ri Guan Feng* (75,566-dwt, 2010) in Gibraltar for 3 laden legs redelivery Skaw-Gibraltar range at \$15,000. In the Pacific, Trafigura took the *Nian Nu Jiao* (83,601-dwt, 2010) delivery CJK for 3/5 months at \$11,500 redelivery Singapore-Japan range. Al Ghurair took the *BBG Journey* (82,204-dwt, 2017) delivery China for 9/12 months at \$12,500, also with Singapore-Japan redelivery. The *Flag Lama* (80,891-dwt, 2017) was fixed delivery Nansha for a prompt trip via East Australia to India at \$12,500. In the Indian Ocean, Oldendorff fixed the *Jag Adati* (80,325-dwt, 2011) delivery Haldia for a trip via West Australia to the Far East at \$11,750, while Norvic took the *MBA Liberty* (82,217-dwt, 2010) delivery Krishnapatnam for a trip via East coast India to China at \$12,500. Bunge also fixed the *Ultra Tiger* (83,611-dwt, 2009) delivery Haldia for 3/5 months at \$10,250 redelivery Singapore-Japan range.

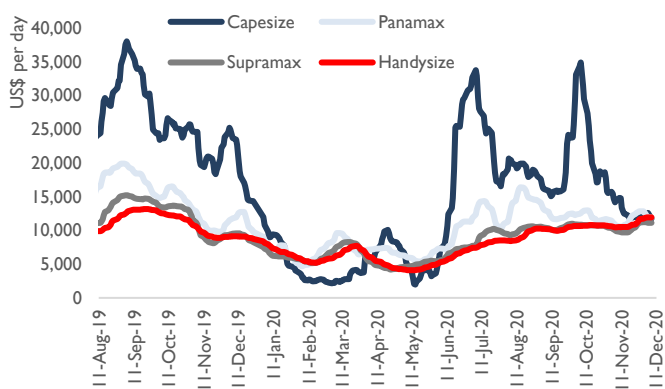
The **supramax** market was firm and steady in most of the routes this week with more period requests being seen as well. The BSI closed at \$11,337, up

from last weeks \$11,121. In the Atlantic, the *Josco Guangzhou* (61,326-dwt, 2020) was fixed delivery SouthWest Pass for a prompt trip via the US Gulf to Singapore-Japan range at \$24,750 by Hudson, and the *Lowlands Future* (60,063-dwt, 2017) was fixed delivery Beacancour for a trip via the US East coast to UK-Continent range at \$17,000 by Pacific Basin. In the Indian Ocean, the *Haut Brion* (57,075-dwt, 2011) was fixed for a trip delivery Chittagong redelivery Singapore with sands at \$8,500, and the *KSL Hengyang* (53,395-dwt, 2007) fixed delivery Mumbai for a trip via Jubail to China with petcoke at \$13,000. In the Pacific, the *Kennadi* (63,962-dwt, 2016) was fixed delivery CJK for a trip via Indonesia to China at \$10,500 by Tongli, and the *Serene Jessica* (57,181-dwt, 2011) fixed delivery Dafeng for a trip redelivery West coast India with coke at \$9,000 by Perfect Bulk.

This week the **handy** market saw some slight improvement gaining \$72, to close at \$12,024. In the Atlantic, the East coast South American market regained ground after a slight decline the previous week with the *Strategic Fortitude* (37,829-dwt, 2016) fixing delivery Imbituba for a trip via the Plate to North Brazil at \$14,000. It was also reported the *SSI Endeavour* (37,600-dwt, 2020) fixed Antwerp for a trip to Egypt with scrap at \$17,500 option to turkey \$17,000 with Integrity. Nova Marine meanwhile took the *Louisa Bolten* (30,7650-dwt, 2009) delivery passing Finisterre for a trip via France to Algeria with grain for \$12,500, and the *BBC Neptune* (37,503-dwt, 2010) sailed Tarragona and fixed basis passing Skaw for a trip to West coast Central America for \$15,500. In the Mediterranean, 28k-dwt vessels were fixing at \$10,000 for intra-med trips, notably the *Sea Brave* (28,600-dwt, 2001). In the Indian Ocean, it was rumoured that the *Miss Simona* (34,529-dwt, 2010) open Chittagong was put on subs at about \$8,500 for an Australian round voyage. Much more period activity was seen this week as coverage was sought for the new year. Lauritzen took on the *Blue Sapphire* (38,580-dwt, 2020) delivery Black Sea for 3/5 months at an impressive \$13,000 with Atlantic redelivery, while Conti Lines took the *Nicoline Bulker* (38,191-dwt, 2012) delivery Altamira for 4/6 months at \$12,500 also with Atlantic redelivery.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Golden Arion	82,188	2011	Mauban	PPT	South China	\$17,000	CNR	Via Indonesia
Flag Mette	81,200	2016	Immingham	12/14 Dec	Skaw-Ushant	\$19,000	Ushant	Via Baltic
Irene Madias	79,516	2012	CJK	8/13 Dec	Singapore-Japan	\$11,500	CNR	Pacific Round
Lemessos Napa	77,998	2017	Gibraltar	10/14 Dec	Skaw-Gibraltar	\$15,250	Viterra	2 Laden Legs
Aom Julia	76,596	2009	APS EC South America	21/23 Dec	South East Asia	\$13,500	Pacific Bulk	Plus \$350,000 bb
Fortune Genius	74,362	2002	Fangcheng	5/6 Dec	China	\$12,000	Jus Lordship	Via Indonesia
African Flamingo	63,926	2018	SW Pass	2/7 Jan	Singapore-Japan	\$25,250	WBC	Via US Gulf
Lowlands Future	60,063	2017	Becancour	21 Dec	UK-Continent	\$17,000	Pacific Basin	Via USEC
Strategic Fortitude	37,829	2016	Imbituba	PPT	North Brazil	\$14,000	CNR	Via Plate
Lady Doris	30,894	2011	Texas City	13/19 Dec	Italy	\$13,000	Nova Levantina	



Exchange Rates	This Week	Last w353.0eek
JPY/USD	104.07	103.94
USD/EUR	1.2132	1.2166

Brent Oil Price	This Week	Last week
US\$/barrel	50.01	49.33

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	313.0	316.0
VLSFO	393.0	385.0
Rotterdam IFO	288.0	283.0
VLSFO	360.0	353.0

Dry Bulk S&P

Plenty of sales activity to review in the dry s&p market this week. Scorpio Bulkers once again take centre stage, announcing a number of sales that should help signify more positive sentiment in the market, with prices up across their Kamsarmax and Ultramax against the last done (*their own).

The Kamsarmax *SBI Zumba* (81k-dwt, 2016 Hudong, BWTS & Scrubber fitted) has been sold at \$20m to undisclosed buyers. The 2 sister ships (*SBI Sousta* and *Reggae*) were sold only weeks ago for \$18.5m each – given that not much of a premium is being put on scrubber fitted ships this is a real jump on price. Perhaps part of this is down to a distinct lack of many other candidates outside of the Scorpio pool – and as it dries up prices appear to be firming still.

Two more Ultramax from the Scorpio stable have also been announced this week. The *SBI Tethys* (61k-dwt, 2016 NACKS, SS/DD due 06/21, BWTS & Scrubber fitted) has been sold for \$18.25m to clients of Thai Thoresen. Interestingly the same buyers paid \$17.5m for the exact sister *SBI Hyperion* in mid-October. The *SBI Orion* (63k-dwt, 2015 Chengxi, SS/DD passed, BWTS fitted) has been sold for \$16.1m. Another interesting sale in the fact that the scrubber fitted exact sister *SBI Gemini* was reported sold last week for \$16m. Positive sentiment is definitely on the up.

Elsewhere, Japanese owners Fukujin have sold the *Red Daisy* (61k-dwt, 2016 Iwagi, BWTS fitted, SS/DD due April 2021) for \$18.5m to Japanese buyers. The price achieved is more in line with Scorpio's sales of 2 x Mitsui 2016 built ships mid/end October. More recently

this vintage of Japanese ship has achieved prices in excess of \$19m (recently reported sales of the *SBI Apollo* and *SBI Poseidon* last week for \$19.2m each to Greeks M-Maritime).

In other news, the bank driven sale of the *Asia Opal* (80k-dwt, 2011 STX Offshore, SS/DD and BWTS due) appears to have been concluded although we have conflicting reports on the final price which is anywhere between \$12.3m and \$12.8m to undisclosed interests.

A couple of Panamax sales to report this week – firstly the Japanese controlled *Shoyo* (77k dwt, 2008 Namura) been sold for \$11.25m basis SS/DD passed & BWTS fitted. The Chinese controlled *Hai Ji* (73k dwt, 2004 Jiangnan) has found a home under the hammer via Chinese auction for \$6.63m.

Two more Dolphin 57 types have found new homes. It is understood that the *Qatar Spirit* (57k-dwt, 2009 Qingshan) has been committed for \$7.4m. The *Glovis Madrid* (56k dwt, 2013 Tianjin Xingang, Tier II & BWTS fitted) has been sold for \$9.75m.

And finally last but by no means least, Santoku's *Asahi Maru* (38k-dwt, 2011 Imabari, SS/DD due 07/21) called for offers on Monday and it is now understood a sale has been concluded in the region of \$9m. Given the current firming of prices and increased enquiry within the handy sector, this certainly looks like a good deal indeed for the buyers.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>SBI Zumba</i>	81,183	2016	Hudong-Zhonghua	Gearless	undisclosed	\$20.00m	Scrubber fitted - SS/DD due 10/21
<i>Asia Opal</i>	80,328	2011	STX Offshore	Gearless	undisclosed	\$12.80m	SS/DD due
<i>Shoyo</i>	77,008	2008	Namura	Gearless	undisclosed	\$11.25m	SS/DD passed & BWTS fitted
<i>ADS Arendal</i>	76,830	2004	Sasebo	Gearless	Far Eastern	\$7.65m	BWTS fitted
<i>Hai Ji</i>	73,601	2004	Jiangnan	Gearless	Chinese	\$6.63m	Chinese Auction
<i>Happy Clipper</i>	73,414	2001	Sumitomo	Gearless	undisclosed	\$5.10m	
<i>SBI Orion</i>	63,328	2015	Chengxi	C 4x30T	undisclosed	\$16.10m	SS/DD passed & BWTS fitted
<i>Red Daisy</i>	61,254	2016	Iwagi	C 4x31	undisclosed	\$18.50m	SS/DD due 04/21, BWTS fitted
<i>SBI Tethys</i>	61,190	2016	NACKS	C 4x30T	Thoresen	\$18.25m	BWTS & Scrubber fitted
<i>Qatar Spirit</i>	57,000	2009	Qingshan	C 4x30T	undisclosed	\$7.40m	
<i>Glovis Madrid</i>	56,605	2013	Tianjin Zingang	C 4x35T	undisclosed	\$9.75m	Tier II & BWTS fitted
<i>Blue Ripple</i>	53,299	2005	New Century	C 4x36T	Chinese	\$5.45m	SS/DD passed
<i>Diva Eva</i>	52415	2006	Tsuneishi Cebu	C 4x30T	undisclosed	\$6.75	SS/DD due

Tanker Commentary

In the VLCC sector, Yinson Holdings, have sold the *Eagle* (309k dwt, 2002 Samsung HI, SS/DD due 10/21) to Stradeza Shipping and Trading for \$25m. We have heard reports that the SOCAR owned suezmax, *Sumac* (164k-dwt, 2003 Hyundai HI, 01/21) has been sold for \$14.8m to Russian interests. This falls in line with the *Bacaliaros* (160k-dwt, 2003 Samsung HI, DD due 06/21) which we reported sold in November for \$15m. The slight difference in price can be attributed to the *Bacaliaros* having a further six months of trading before her dry dock is due.

The GNNTC tender for a modern aframax is ongoing with scrubber fitted Ionic *Anemos* (111k-dwt, 2020 Sumitomo) reportedly committed for \$55m. The deal which is currently still on subs, represents a slight premium on the contract price of \$53m.

Following from recent increased enquiry in the product market, two units are reported to have sold this week, the *Nord Pearl* (50k dwt, 2009 SPP, SS/DD passed last year, BWTS & Scrubber fitted) and the *Team Calypso* (46k-dwt, 2010 Brodotrogir, SS/DD due, mix of Epoxy and Zinc tanks) have changed hands for \$16m to Marfleet, Spain and \$17m to Chinese interests respectively – largely in line with recent activity.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
<i>Eagle</i>	309,064	2002	Samsung HI	Stradeza Shipping and Trading	\$25.00m	
<i>Sumac</i>	164,533	2003	Hyundai HI	Russians	\$14.80m	DD due
<i>Ridgebury Alina L</i>	164,626	2001	Hyundai HI	Undisclosed	\$13.00m	SS/DD due 04/21
<i>Nord Pearl</i>	50,078	2009	SPP	Marfleet, Spain	Low \$16.00m	SS/DD passed last year, BWTS & Scrubber fitted
<i>Team Calypso</i>	46,067	2010	Brodotrogir	Chinese	\$17.00m	SS/DD due, mix of Epoxy and Zinc tanks

Demolition Sales

Vessel	DWT	Built	Yard	Type	LDT	\$/LDT	Destination
<i>Stellar Neptune</i>	291,435	1993	Mitsubishi	Bulk	39,941	424	Malaysia
<i>Pacific Energy</i>	71,472	1981	Kockums (SWD)	Gas	28,000	451	Full Subcontinent

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