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### POINTS OF VIEW

Donald Trump leaves the White House as the only US president to be impeached twice. It remains to be seen when Nancy Pelosi, the Democratic House speaker, will send the article of impeachment for trial in the Senate. On the one hand, Joe Biden would rather concentrate on selecting his cabinet and setting the political agenda for his first 100 days. On the other hand, outgoing President Trump needs to be held to account for his role in inciting his supporters to storm the Capitol. If that is not an impeachable offence, then what is? To secure his conviction in the Senate, 17 Republican senators would have to abandon the president, something that few will dare to do as they fear not just for their political futures, but also for their lives. The final decision rests with Mitch McConnell, the Republican Senate majority leader, as he may advise enough of his own followers to vote against Trump to purge him from the GOP and ensure that he can never run again for the presidency. It is a political calculation to retain the support of moderates in the party at the expense of alienating the extremists in the base. There is also a need to shore up the party's finances as big corporate donors are now in flight. As more details emerge of what happened on the 6<sup>th</sup>, about how orchestrated and malicious it was, McConnell is said to be sufficiently furious to want to terminate Trump's political future. Ultimately the law will determine the outcome, on whether the charge of "incitement of insurrection" can be proved, while Trump runs a freedom of speech defence.

Commodity markets are on something of a tear at the moment as the world tentatively edges its way out of Covid-19 and lost demand is recovered. As we have become accustomed, China is leading the charge.<sup>^</sup> Despite the virus, its crude oil imports rose 7.3% year-on-year in 2020 to 542.4mt, an average of 10.85m-bpd. China's iron ore imports rose 9.5% last year to 1.17bt from 1.07bt in 2019, a massive 100mt annual gain. Its soybean imports rose 13.4% in 2020 to 100.3mt from 88.5mt in 2019 as its pig herd recovers. Its coal imports last year increased 1.5% to 304.0mt despite the fact that it unofficially banned Australian coal from as far back as last May and ramped up the action from October. Australia is the second largest coal exporter after Indonesia and there are now thought to be as many as 70 large bulk carriers waiting off China to discharge their much-needed cargoes. Some ships are being diverted to other destinations such as India, Vietnam, Japan and South Korea. Meanwhile, China is sourcing replacement coal from nearby Russian Pacific and Indonesian suppliers and more distant sources such as Canada and the US. The unofficial ban has caused Chinese domestic coal prices to surge,<sup>\*</sup> hurting steel mills building infrastructure and utilities generating electricity in a cold winter of high energy demand. It also takes ships from the market, causes others to be redirected, and adds tonne-miles as distant Atlantic suppliers replace nearby Pacific ones.

### ... Trump's One Lasting Legacy ? ...



Source : The BBC

The world of shipping equities is a volatile one, but it has generally started 2021 well. We have paired various similar companies to find quite differing performances over the past 12 months to midday UK today. At the top end of dry bulk is Star Bulk, with 116 nukes to supras 'on the water', with an 11% increase in share price. The similar Golden Ocean, with 82 nukes to supras, is down 3%. Diana, with 40 nukes to supras, is down 23% while Navios, with 27 capes to supras, is down only 2%. Eagle Bulk, with 45 ultras to supras, is down 22% while Scorpio Bulk, with 34 kamsars to ultras, is down 66% as it exits dry bulk to reinvent itself as a wind turbine installer. In the presently troubled tanker sector, Euronav, with 67 VLs to suezmax, is down 31% while Frontline, with 64 VLs to LR2s, is down 48%. Containers are enjoying a current spike. Costamare, with 74 diverse box ships, is down just 13% while Danaos, with 62 diverse box ships, is down a massive 220%. LNG is enjoying a cold winter and soaring rates. GasLog, with 32 units, is down 75% while Golar LNG, with 24 units, is down only 14%. GasLog lost 90% of its value in 1Q20 when the virus started spreading. There may be good explanations for the performance disparity in these pairings, not least the ratio of spot to chartered out, fixed rate to floating rate, and the ability to exploit market spikes. What is clear from share price movements this year is that the undervalued partners have much upside potential.<sup>^^</sup>

<sup>^</sup>BIMCO reports that Chinese imports accounted for 48.5% of total dry bulk tonne-miles in 2020, up from 44.7% in 2019. Measured in tonnes, its share was 34.9% in 2020, up from 32.8% in 2019.

<sup>\*</sup>Australian coking coal prices have fallen to \$125 from \$150 a tonne at the start of 2020 while Chinese coking coal prices have surged to \$250 from \$175 a tonne at the start of 2020.

<sup>^^</sup>It should be noted that the author holds shares in 7 out of 12 of the companies mentioned, with they being a mixture of those performing relatively well and those performing relatively badly.

15 January 2021

## Dry Cargo Chartering

The **BDI** closed at 1,754 points, an increase of 148. The **cape** index closed today at \$23,989 up \$2,858 from last week. The 2007 built *London Spirit* fixed 185,000 mtons 10% iron ore from Tubarao option West Africa to Qingdao at \$19.00 pmt to Cofco. Rio Tinto fixed their usual 170,000 mtons 10% stem from Dampier to Qingdao at \$10.40 pmt. Kepco fixed a Glovis TBN vessel for 170,000 mtons 10% from Newcastle to Youngheung at \$13.92 pmt. Trafigura fixed the *Lowlands Orchid* a 2005 built Polaris relet for 170,000 mtons 10% from Sudeste to Qingdao at \$22.00 pmt with options. On time charter, Panocean fixed the *Golden Amreen* (179,337-dwt, 2015) a CCL relet delivery Qingdao for a prompt trip via West Australia redelivery Korea at \$29,750.

The **panamax** market continued to strengthen this week, closing play at \$14,545 up by \$514 from the previous week. Cargill fixed the *Blue Bosphorus* (78,819-dwt, 2008) delivery Japan for a North Pacific round trip at \$10,500, while elsewhere in the Pacific NYK took the *Jimmy T* (81,704-dwt, 2017) delivery Rizhao for a short trip via North China to Japan at \$15,200. Additionally, Scorpio were linked with the *Caravos Harmony* (81,670-dwt, 2013) fixed retro-sailing Chennai last month for a trip via South America to the Far East at \$14,000. In the Atlantic, Cargill also fixed the *Pelagic* (83,617-dwt, 2008) delivery East coast South America for a trip to Singapore-Japan range at \$16,500 plus a \$650,000 ballasting bonus, while Atlantic Coal and Bulk fixed the *Oceanic* (82,471-dwt, 2007) delivery Port Said for a trip via the Black Sea to India at an impressive \$32,500. Ultrabulk were heard to have taken the *Coral Crystal* (78,103-dwt, 2012) delivery Jorf Lasfar for 2/3 laden legs redelivery Skaw-Gibraltar at \$16,000.

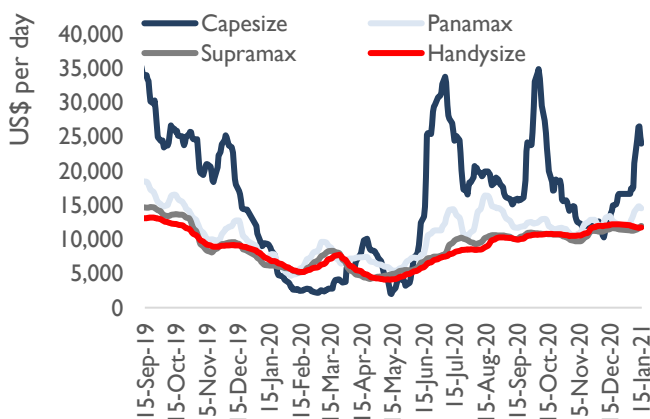
Another positive week for the **supramaxes**, with the index closing at \$11,951. In the Atlantic, the Continent stayed fairly steady with the *Clipper Barolo* (58,444-dwt, 2011) open Damietta fixing delivery East

Mediterranean for a trip to West Africa in the mid-\$17,000's and the *Marigoula* (58,063-dwt, 2013) was fixed delivery North Brazil for a trip to the Mediterranean at \$18,000. In the Pacific the market continued to strengthen. The *Fareast Harmony* (56,756-dwt, 2012) was fixed delivery Sihanoukville for a trip via Indonesia redelivery South China at \$10,750. Charterers were actively seeking period tonnage with bullish sentiments on the market. Oldendorff took the *Qing Quan Shan* (63,473-dwt, 2016) open Black Sea for short period at \$14,000. The *LMZ Ariel* (57,000-dwt, 2010) was fixed ABT \$14,500 for 3/5 months redelivery Atlantic and the *Bao Yuan* (56,837-dwt, 2012) was reportedly fixed delivery Hong Gai for 2/3 laden legs redelivery Singapore-Japan at \$11,000.

The **BHSI** closed today at \$11,745 down marginally by \$60 from last week. Activity levels in the Atlantic were slightly slower compared to last week with spot tonnage building up in areas, notably the East Mediterranean. On the Continent, Evomarine failed the *HTK Discovery* (37,322-dwt, 2007) on subjects basis delivery Rosyth for a scrap run to the East Mediterranean at \$13,500 but fixed the *Sirius* (34,537-dwt, 2011) at \$13,000. The *Carolina Bolten* (37,567-dwt, 2015) was fixed delivery passing Gibraltar for a trip via Rouen redelivery Algeria at approximately \$11,250 with Pacific Basin. Intra-med fixtures were being recorded around \$9,000 on 34k-dwt vessels. A 35k-dwt was fixed from Tuzla for a trip to the Caribbean or Guyana at \$10,000. The US Gulf remained strong, a 38k-dwt was heard to have fixed to Algeria at \$16,000 delivery South-West Pass. It was reported that Singaporean charterers took the *Pacific Victor* (28,309-dwt, 2014) delivery Arabian Gulf for a prompt trip to Bangladesh at \$11,000, and in the East we heard that a 30k-dwt vessel fixed backhaul out of South East Asia to South Africa in the low/mid-\$7,000's.

### Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Golden Amreen	179,337	2015	Qingdao	PPT	Korea	\$29,750	Panocean	Via West Australia
Afea	88,279	2006	Aps Ponta Da Madeira	21/22 Jan	Passero	\$20,250	Element	Via Eren Int Iron Plus \$225,000 bb
Evmar	82,039	2016	DC Ijmuiden	22/23 Jan	Skaw-Gibraltar	\$17,500	Ultrabulk	2/3 Laden Legs
Tuo Fu 6	81,588	2013	APS EC South America	24/25 Jan	Singapore-Japan	\$16,000	CNR	Plus \$600,000 bb
Orient Genesis	78,162	2014	Yokohama	14/15 Jan	Singapore-Japan	\$13,400	CNR	Via East Australia
Johnny P	74,450	2001	APS EC South America	27/30 Jan	Singapore-Japan	\$15,250	Langlois	Plus \$525,000 bb
Golden Ruby	74,052	2014	Swinouscie	21 Jan	Skaw-Gibraltar	\$30,000	Swissmarine	Via Vysotsk
Top Grace	61,458	2016	Phumy	10/11 Jan	Thailand	\$12,500	CNR	Via Indonesia
Maestro Pearl	36,920	2015	Cristobal	PPT	Continent	\$11,750	Norden	Via Savannah Int Pellet
Tufty	30,803	2009	US Gulf	PPT	Chile	\$17,000	CNR	



Exchange Rates	This week	Last week
JPY/USD	103.72	103.86
USD/EUR	1.2137	1.2247

Brent Oil Price	This week	Last week
US\$/barrel	55.47	55.29

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	385.0	345.0
VLSFO	465.0	433.0
Rotterdam IFO	335.0	320.0
VLSFO	411.0	399.0

15 January 2021

### Dry Bulk S&P

Another busy week in the dry S&P market bolstered by continuing strong charter rates seen across all sectors. Sentiment remains extremely positive which holds promise going forward.

Cape earning remain off to a flyer in the second week of this month and prices achieved on this weeks sales show significant gains in asset values over a short space of time. The *Tiger Jiangsu* (180k-dwt, 2010 Qingdao Beihai) has been sold for \$15.5m to Chinese interests EPGN via auction. The *Jabal Nafusa* (169k-dwt, 2011 Daehan SS/DD due) is understood to have found a new home with Minerva, Greece. The sales price has been reported as low as \$15.5m but the general consensus is a price of \$16.5m was achieved. The Japanese controlled *Ocean Compass* (180k-dwt, 2006 Imabari, SS/DD passed, BWTS fitted) sold for \$17.3m to clients of Pavimar, Greece who were amongst the competition of 10 buyers who had inspected the vessel. These prices signify over a 40% jump up from last levels, as near on the horizon as last week when we reported the 2007 SWS built *Unique Carrier* (177k-dwt) sold for \$11.75m. There are also reports that the *Cape Providence* (169k-dwt, 2010 Daehan) has been sold for \$18.1m via auction. 9 bidders were in the running with the winning bid coming from CrossOcean, a US based fund.

In the Panamax sectors, Chinese buyers remain active this week. The *CMB Sakura* (75k-dwt, 2006 Sanoyas, SS/DD due 09/21) has been sold for high \$7m to Chinese buyers, and the *Aurilia* (74k-dwt, 2007 Hudong) is also understood to have sold to Chinese buyers for \$7.9m. An older unit, the *Dione* (75k-dwt, 2001 Samho, SS/DD due, BWTS fitted) has sold for \$5m.

Elsewhere, Scorpio announced another sale of an ultramax. This week the *SBI Libra* (63k-dwt, 2017 Chengxi, scrubber fitted) has been sold for \$18.65m, with the buyers currently unknown at the time this report hits the press. In the supras, the *Darya Mahesh* (56kdwt, 2008 Mitsui) is understood to be committed to undisclosed buyers for low/mid \$9m.

In the handysize sector, the Japanese controlled *Furness Portland* (37k-dwt, 2014 Saiki HI, BWTS not USCG approved) has been sold to Greek interests in the region of \$13.25-13.4m. The Chinese built *Marina R* (37k-dwt, 2010 Jiangsu Eastern China, SS passed, tier 2) is rumoured sold to Chinese buyers \$7.2-7.5m.

#### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Kachidoki	206,291	2006	Imabari	Gearless	Chinese	\$28.50m enbloc	BBHP Structure
Azul Victoria							
Ocean Compass	180,200	2006	Imabari	Gearless	Pavimar	\$17.30m	SS/DD passed & BWTS fitted
Tiger Jiangsu	180,096	2010	Qingdao Beihai	Gearless	EPGN	\$15.50m	Auction
Jabal Nafusa	169,097	2011	Daehan	Gearless	Minerva	\$16.50m	SS/DD due
Cape Providence	169,234	2010	Daehan	Gearless	Cross Ocean	\$18.10m	Auction
CMB Sakura	75,765	2006	Sanoyas	Gearless	Chinese	\$7.80m	SS/DD due 09/21
Dione	75,172	2001	Samho	Gearless	Chinese	\$5.00m	SS/DD due & BWTS fitted
Aurilia	74,414	2007	Hudong	Gearless	Chinese	\$7.90m	
SBI Libra	63,679	2017	Chengxi	C 4x30T	undisclosed	\$18.65m	Scrubber fitted
Darya Mahesh	56,056	2008	Mitsui	C 4x31T	undisclosed	\$9.25m	
Belfort	50,292	2008	PT PAL	C 4x35T	undisclosed	\$6.20m	
Seacon Ningbo	45,713	1998	Tsunieshi Fukuyama	C 4x30T	Chinese	\$3.40m	DD due 02/21
Furness Portland	37,045	2014	Saiki HI	C 4x31T	Greek	\$13.35m	BWTS not USGC approved
Marina R	37,785	2010	Jiangsu East China	C 4x30T	Chinese	\$7.25m	Rumoured, SS passed & Tier II

## Tanker Commentary

VLCC's have done their best to steal some of the limelight from the capesize market this week with a series of sales being finalised, albeit at the older end of the age range. Given the insipid freight market and recent hike in recycling levels across all destinations, it is somewhat surprising that more large crude tankers are not finding themselves being moved into retirement across the beaches of the subcontinent. Trading buyers have taken a punt on four ageing VLCCs with *Antonis I Angelicoussis* (306k-dwt, 2000 Daewoo) and *Maria A Angelicoussis* (306k-dwt, 2000 Daewoo) both sold for \$19.5m with surveys imminent whereas *Lavails* (299k-dwt, 2000 Daewoo) and *Sino Macro* (311k-dwt, 1999 Sino Macro) obtained a premium of \$21.75m and \$20.5m respectively given their class position.

It is worth remembering in the second quarter of 2020, 20 year old VLCCs were changing hands for \$30m. Elsewhere, *Nave Celeste* (298k-dwt, 2003 Daewoo, DD due 07/21) has been sold for \$25m, slightly superseding the last done.

With no sign of a seasonal winter rally in earnings in sight, activity for younger tonnage remains scarce suggesting buyers see values coming under further pressure over the coming months. The sooner households are unlocked from their homes and permitted on to planes, trains and automobiles the better!

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Hudson	297,638	2017	HHIC	Delta Tankers	\$71.50m	SS/DD passed, Scrubber fitted
Sino Macro	311,168	1999	Hyundai HI	Chinese	\$20.50m	DD due
Antonis I Angelicoussis	306,286	2000	Daewoo	Targel Shipping	\$19.50m	
Maria A Angelicoussis	306,286	2000	Daewoo	Mecuria	\$19.50m	
Lavails	299,325	2000	Daewoo	Chinese	\$21.75m	SS/DD passed
Nave Celeste	298,717	2003	Daewoo	Chinese	\$25.00m	DD due 07/21
Crimson	146,645	1998	Samsung	Chinese	\$11.50m	DD due 07/21
Saint Nicholas	105,541	2002	Samho	Indian	-	
Ardmore Seamariner	45,726	2006	Minaminippon	undisclosed	\$10.30m	SS/DD passed, BWTS fitted, Epoxy
Adfines Sky	19,118	2011	Yangfan	undisclosed	\$9.20m	SS/DD 11/21, marineline coated
Olmecca	15,472	2003	Fukuoka	Chinese	\$5.25m	

### Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Merlion M	308,571	1999	Hyundai HI	TANK	43,308	427.00	As is Malaysia
Sinotrader	267,906	1993	IHI	BULK	38,705	442.00	Bangladesh
Berni HK	77,548	1991	Daewoo	BULK	13,450	473.00	Bangladesh

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