

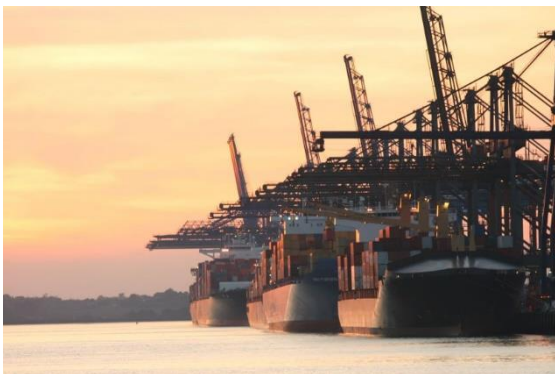


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THE BIGGER PICTURE

... From Digital back to Physical ...



Source : Courtesy of the Port of Felixstowe

POINTS OF VIEW

Amidst the Covid-inspired winter gloom, a cautious sense of optimism is now detectable in the UK. As vaccines are rolled out across the country, the Bank of England has gone public in expecting a rapid vaccine-fuelled recovery in the second half of this year. This is despite what some people refer to as teething troubles from Brexit and others refer to as outright vindictiveness as the EU tries to punish the UK for leaving the union. Last year saw the worst hit to demand ever recorded but, if post Lehman 2009 is any guide, big dips are followed by sharp spikes. There may be clues in the commodity markets. One year after the discovery of the coronavirus, things are looking up. Brent crude oil has surged almost 10% this week to the cusp of \$60 a barrel. Goldman's recent punt that Brent will reach \$65 by mid-year no longer looks so daringly optimistic. Exxon, Shell and BP have each posted 2020 losses of \$20 billion but now can breathe a deep sigh of relief as they anticipate repairing oil demand, particularly for transportation fuels such as jet, gasoline and diesel. Exxon and Shell are up about 3% today. Iron ore used in steelmaking has seen an abrupt correction this year but it is still up 90% in the past 12 months. A weak dollar helps. Copper, used in wiring and known for its PHD in economics, is up 44% and silver, with its widespread industrial applications, is up 50% in the past 12 months. The price of lumber has doubled over the same period while lean hogs are up over 25%, soybeans are 59% higher and corn is up 45%. There is talk of a commodity supercycle ahead, the signals are flashing green, and the fun is only just beginning.

Maybe it is time to rotate out of over-priced and cloudy technology stocks and into the real world of commodities. Merryn Somerset Webb, writing in the FT, fancies industrial commodities including metals such as silver, copper and gold in the next commodity supercycle. She quotes Saxo Bank pointing out that proper long bull markets in industrial commodities are rare: only six in the last 227 years. The preconditions are a supply glut that drives down prices, producers go on strike, they stop exploring, investing and innovating. Supply falls behind demand, stockpiles run down and prices rise. They can stay high for some time as it takes over five years to get a new mine up and running. The good bit, she says, is that the big metal miners effectively went on investment strike in 2014, leaving a large number of industrial metals already in short supply going into pandemic lockdowns last year. Pent-up demand, and saved cash, will soon be unleashed in the second half of this year, colliding with short supply. High government spending on lining people's pockets and job creation, linked with a global green transformation and an infrastructure revolution, means that soon we should be off to the races. Copper, steel, crude oil, natural gas, coal, etc., will all be in high demand. And guess what, freight is a commodity too, so it will join the party. Unlike 5 years for a mine, it only takes 2-3 years to build a ship, but we are still well placed for a dramatic upshift in shipping fortunes.

The Bloomberg Commodity Index was just limbering up when it rose 11% in Q4 of last year.[^] The Baltic Dry Index (BDI) is up 221% in the past 12 months, and it is the bulk carriers that haul both the iron ore and coal feedstocks and the resultant steel products. They also carry the alumina and bauxite that make aluminium, the copper concentrates that become copper wiring and the logs and forest products that go into housing. And they carry the soybeans, corn and wheat that China is so desperately short of. The BCI-5TC is at \$12,662 daily today, nearly 5-times its level of \$2,660 a year ago while the BPI-5TC is at \$14,960 which is over 3-times its level of \$4,871 a year ago. The BSI-10TC is at \$12,583 today, 2.3-times the \$5,400 a year ago and, finally, the BHSI hit \$12,937 today, 2.4-times the \$5,468 a year ago. These are high multiples, mainly because it was so bad 12 months ago, but we are only getting started. Consumer goods go in boxes and these are doing well with the FBX on 4,089 points, 2.8-times its year ago value. An 8,500-teu unit is earning \$40,000 today for 6-12m, up from \$17,750 a year ago, and a 2,750-teu unit is earning \$20,000 today for 6-12m, up from \$8,250 a year ago. Tankers are in the doldrums right now, having enjoyed a sparkling first half 2020, but their fortunes will turn back up in second half 2021. It seems absurd that Euronav is trading at a 20% discount to NAV.* Where are the WallStreetBets value chasers when they are needed?

[^]And another 6% so far this year.

*Based upon a recent DCF analysis by Simply Wall St.

Dry Cargo Chartering

The **BDI** closed this week at 1,333 points down 119 points from last week. The **cape** market declined by \$3,013 from last Friday to close today's time charter average earning at \$12,662. Vale fixed two TBN's at 170,000mt 10% from Teluk Rubiah to Qingdao at \$4.50 pmt apiece. Rio Tinto fixed their usual 170,000mt 10% ore stem from Port Hedland to Qingdao at \$5.90pmt. The Mingwah TBN was fixed 170,000mt 10% from West Australia to Qingdao at \$6.05 with Cara Shipping. On time charter, the *Shandong De Ru* (180,613-dwt, 2020) RVE relet fixed delivery Passero for a trip via Baltimore and Kandla, redelivery Passero at \$19,250 to Swissmarine.

The **panamax** market finished the week at \$14,960, an increase of \$265 from the previous week. In the Atlantic, Cofco took the *Star Sapphire* (82,044-dwt, 2019) delivery East coast South America for a trip to the Far East at \$16,000 plus a \$660,000 ballast bonus, while Oldendorff took the *Patricia V* (75,354-dwt, 2010) delivery Ijmuiden for a trip via the Baltic redelivery Skaw-Gibraltar range at \$25,000. Aquavita also fixed the *Tomahawk* (82,056-dwt, 2017) delivery US Gulf for a trip East via the COGH at \$19,000 plus a \$900,000 ballast bonus. Over in the Pacific, D'Amico fixed the *Yun Mi Feng* (75,421-dwt, 2011) delivery Yangpu for a trip via Indonesia to the Philippines at \$9,500, and MOL took on the *W Pacific* (81,233-dwt, 2013) delivery Tianjin for 5/8 months at \$13,000 with worldwide redelivery. SAIL also fixed a TBN vessel for 75,000 mtons 10% coal from Hay Point to Visakhapatnam at \$16.15 pmt.

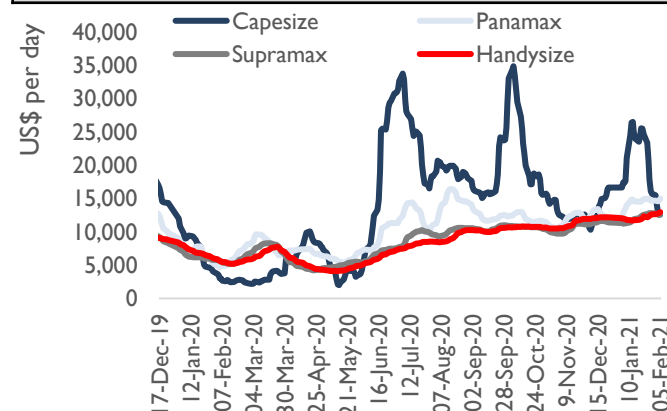
The **supramax** market weakened and turned to a downward trend in general. The BSI closed at \$12,583 up from last weeks

\$12,820. In the Atlantic, the *Kanchana Naree* (56,920-dwt, 2011) fixed delivery Rotterdam for a prompt trip redelivery east Mediterranean with scrap at \$17,250 by Norvic, the *Eleni M* (50,992-dwt, 2001) fixed delivery Dordrecht for a prompt trip via Denmark redelivery Turkey at \$17,500 by TKB. In Indian Ocean, the *Asian Prominence* (62,466-dwt, 2017) was fixed South Africa for a trip redelivery West coast India at approx. \$14,000 plus \$400,000 bb, the *SSI Victory* (56,781-dwt, 2012) fixed delivery Richards Bay for a trip redelivery Pakistan at \$12,500 plus \$250,000 bb. In the Pacific, the *Asteras* (56,605-dwt, 2013) fixed delivery Singapore for a prompt trip via Indonesia redelivery West Coast India at \$8,750 by MUR, the *Orient Rise* (56,700-dwt, 2010) fixed delivery CJK for a trip redelivery South East Asia at \$8,750.

Despite the slow start, the **BHSI** closed today at \$12,937 up \$312 from last week. The Continent remained stable yet with only limited fresh cargo hitting the market. A 39,000-dwt open Casablanca was fixed for a trip via France to west Africa at \$19,000. In the Mediterranean, it was rumoured a 38,000-dwt was fixed \$16,000 dop Black Sea for a trip to the US Gulf. Out of East coast South America it was reported that the *Nordorinoco* (38,040-dwt, 2015) was fixed by AEC delivery Praia Mole for a trip to the West coast with steels at an impressive \$19,500. In the Indian Ocean, Allianz Bulk fixed the *Mother M* (35,856-dwt, 2012) delivery Mongla for a trip via East coast India to Saldanha Bay at \$6,000 for the first 35 days and \$10,750 thereafter. In the East, the handymax *Bao An Ling* (47,483-dwt, 2014) was linked with a trip delivery CJK to South East Asia with steels at \$8,500.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Shandong De Rui	180,613	2020	Passero	5/6 Feb	Passero	\$19,250	Swissmarine	Via Baltimore and Kandla
Portaitissa	87,144	2006	Amsterdam	4 Feb	Singapore-Japan	\$29,000	Suek	Via Murmansk
Aquatic	83,730	2008	Gibraltar	17/18 Feb	San Ciprian	\$19,250	Cobelfret	Via Kamsar Int Bauxite
Ariana	81,600	2019	Retro Singapore	24 Jan	Singapore-Japan	\$15,500	CNR	\$15,500
Achilles II	75,785	2004	APS US Gulf	20/28 Feb	Singapore-Japan	\$17,250	CNR	Plus \$725,000 bb
Xin Yu	74,090	2004	Dalian	PPT	Philippines	\$11,250	Olam Intl	Via NoPac
Jin Hong	61,414	2011	Xiamen	30 Jan	Thailand	\$12,000	CNR	Via Indonesia
Gannet Bulker	57,809	2010	Ghent	4/5 Feb	US East Coast	\$15,000	CNR	
Nordorinoco	38,040	2015	Praia Mole	4/8 Feb	WC South America	\$19,500	AEC	Int Steel
Fiora Topic	34,356	2015	Greece	PPT	US Gulf	\$15,000	Conti-Lines	



Exchange Rates	This week	Last week
JPY/USD	105.65	104.69
USD/EUR	1.2005	1.2148

Brent Oil Price	This week	Last week
US\$/barrel	59.70	55.91

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	365.0	343.0
VLSFO	479.0	453.0
Rotterdam IFO	349.0	323.0
VLSFO	444.0	412.0

5 February 2021

Dry Bulk S&P

Enquiry remains undiminished as we start to enter the Lunar Holiday. In the Panamax sector, NASDAQ listed Castor Maritime remain the big buyers and this week are reported to have purchased the *Ajax* (77k-dwt, 2006 Oshima, SS/DD due 05/21) for \$10.20m This follows on from their purchase of a 2010 kamsarmax, the *Key Evolution*, last week.

In the Ultramax sector, aside from 3 more Scorpio vessels, the *GH Storm Cat* (63k-dwt, 2014 Sainy, BWTS fitted) has been sold to clients of Navision at \$15.90m, and the *Sage Sanaga* (63k-dwt, 2013 Yangzhou Dayang, BWTS fitted, electronic ME) is reported to be committed to undisclosed Greek interests for \$15.50m. The non-eco *Orient Amabie* (61k-dwt, 2013 Imabari, SS/DD passed) has been sold for \$16m, Whilst it

is understood at time of writing that the *Ultra Wollongong* (61k-dwt, 2011 Oshima, SS/DD due 06/21, BWTS fitted) close to being sold at mid \$13m after inviting offers earlier this week.

Handysize earnings, with a real emphasis on the Atlantic basin, remain very strong indeed, and it is no surprise that the sector is seeing a lot of interest over the last few weeks. Specifically one buyer, Brave Maritime of Greece, have liked what they see in this market and have acquired 3 ships in very quick succession. The *Ocean Journey* (38k-dwt, 2014 Imabari, BWTS fitted), for \$13.70m, the *Princesse Oui* (33k-dwt, 2015 Shin Kochi) on BBHP terms on deal equivalent to \$13.50m, and the *Basic Ocean* (33k-dwt, 2012 Shin Kurushima, SS/DD passed, BWTS fitted) for mid/high \$10m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Cologne	180,643	2011	Tsuneishi HI	Gearless	Valhal	\$22.90m	ME Main Engine & Scrubber fitted
Giant Slotta	174,093	2006	SWS	Gearless	Undisclosed	\$12.00m	SS/DD due 03/21
Aquabreeze	171,012	2003	Sasebo HI	Gearless	Chinese	\$10.90m	DD due
Sakura Wave	88,299	2010	Imabari	Gearless	Greek	\$12.75m	SS passed
Fortune Miracle	82,338	2009	Oshima	Gearless	Undisclosed	\$14.00m	BWTS fitted
RR Australia	81,582	2011	Imabari	Gearless	Undisclosed	\$16.00m	SS/DD passed & BWTS fitted
Ajax	77,328	2006	Oshima	Gearless	Castor	\$10.20m	SS/DD due 05/21
Golden Saguenay	75,750	2008	Jiangsu Rongsheng	Gearless	Undisclosed	\$8.75m	
Evangelia Petrakis	74,475	2007	Hudong	Gearless	Primebulk	\$8.70m	DD due 09/21
Paraskevi	74,269	2003	Oshima	Gearless	Chinese	\$7.35m	
Nicos L	73,193	2002	Jiangnan	Gearless	Chinese	\$6.50m	
GH Storm Cat	63,308	2014	Sainy	C 4x45T	Navision	\$15.75m	BWTS fitted
Sage Sanaga	63,500	2013	Yangzhou Dayang	C 4x35T	Greek	\$15.50m	BWTS fitted & electronic ME
Orient Amabie	61,393	2013	Imabari	C 4x31T	Undisclosed	\$16.00m	SS/DD passed
Red Jacket	52,224	2008	Oshima	C 4x30T	Chinese	\$8.80m	Waiving inspection, Box holds & DD due 04/21
Ever Loading	52,262	2001	Daedong	C 4x25T	Undisclosed	\$4.00m	SS/DD due 06/21
Anta	47,305	2002	Minaminippon	C 4x30T	Korean	\$7.75m	
Ocean Journey	38,190	2014	Imabari	C 4x31T	Brave Maritime	\$13.80m	BWTS fitted
Princesse Oui	33,375	2015	Shin Kochi	C 4x30T	Brave Maritime	\$13.50m	BBHP deal
Basic Ocean	33,649	2012	Shin Kurushima	C x30T	Brave Maritime	\$10.50m	SS/DD passed & BWTS fitted
*SBI Macarena, SBI Lambada, SBI Capoeira & *SBI Carioca	abt 81,250	16 / 16 / 15 / 15	Hudong	Gearless	Starbulk	\$102.30m enbloc with 3 million SBLK shares to Scorpio (approximately \$134.00m enbloc today)	BWTS fitted. *Scrubber fitted
*SBI Pegasus	63,371		Chengxi				
SBI Ursa & SBI Subaru	abt 61,600	2015	DACKS				

Tanker Commentary

The picture is beginning to look brighter in the oil market as a whole. Vaccination hope injecting confidence into a demand recovery coupled with OPEC members sticking to their supply obligations may be responsible for the biggest weekly gain in the oil price since October.

This week we have seen a further flurry of activity in the VLCC sector. The *Eagle Virginia* (306k-dwt, 2002 Hyundai, SS/DD due 02/22) and the *Eagle Vermont* (306k-dwt, 2002 Hyundai, SS/DD due 09/21) have reportedly sold to Chinese interests for \$25m each enbloc. Prices are firming when we compare this sale to the last 2002 built VLCC which was sold in January. The *Panatariste* (309k-dwt, 2002 Samsung, SS/DD due 12/21) sold for slightly excess \$23m at the beginning of January. The Greek owned *Marion* (309k-dwt, 2001 Samsung, SS 06/23, DD 06/21) has been reported sold for \$24m. This is a firm price when compared to the *Zin Trader* (298k-dwt,

2000 Hitachi, SS 07/23, DD 07/21) which sold last week for \$21.40m. Despite being a year older, both units had very similar survey positions.

Singapore based owners FSL are reported to have committed 2 x LR2 resales both with imminent delivery ex Cosco Yangzhou. The *FSL Suez* & *FSL Fos* (114k-dwt, 02/2021&03/2021 COSCO Yangzhou, Scrubber fitted) are understood to have obtained a price of \$52.50m each to clients of GNMTC. The price provides an interesting benchmark for Chinese verses Korean built when we look at the *Daehan 5058* & *Daehan 5057* (157k-dwt, 2022 Daehan, scrubber fitted, delivery January 2022) which were reported sold last week for \$57.50m each.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Marion	309,460	2001	Samsung HI	undisclosed	\$24.00m	DD due 06/21
Eagle Virginia	306,999	2002	Hyundai Ulsan	Chinese	\$50.00m enbloc	
Eagle Vermont						
Seaprince	149,878	2002	Samho	Chinese	-	
FSL Suez	113,500	2021	COSCO Yangzhou	GNMTC	\$105.00m enbloc	Scrubber fitted & LR2s
FSL Fos						
Mermaid	45,763	2002	Minaminippon	undisclosed	\$8.45m	SS/DD passed, BWTS fitted & Epoxy

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Gloriever	70,108	1996	Sumitomo HI	BULK	9,295	440.00	-

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