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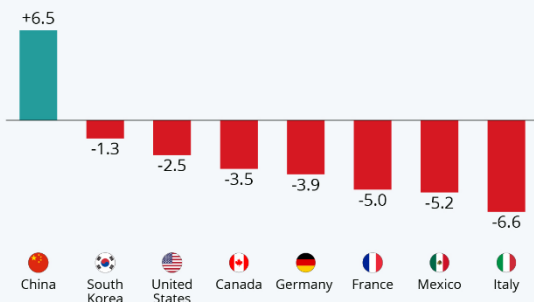
POINTS OF VIEW

Sentiment plays a large part in shaping our daily decisions, and it is no different in shipping and investing. For those of us who can remember it, the shipping boom of 2004-08 was preceded by seven years of fear. We had the Asian Financial Crisis in 1997-98, the Dotcom Crash in 2000, a US recession in 2001, 9/11 later that year, and then the US and allied invasion of Afghanistan. Collectively, these events put us on the back foot, almost too afraid to get out of bed. In shipping, it led to less ordering, more scrapping and fewer deliveries. It paved the way for the 2004-08 boom that was largely attributed to the enormous surge in demand triggered by China's WTO entry in December 2001. It took until 2004 before doubt turned to conviction, and then ordering began anew and climbing rates, earnings and values generated the most egregious contracting binge ever. Fear turned to greed. Ships were ordered at greenfield shipyards that were formerly farmland, the farmers becoming welders. Supervision was minimal and the price did not matter. When the market plunged in late 2008, after the collapse of Lehman Brothers in September, orders were variously cancelled, renegotiated, switched, delayed or defaulted upon. This left us dripping unwanted ships into the market over the next decade. Steadily rising demand simply could not prevail over such relentless oversupply. Apart from a few false dawns and event-driven spikes, the market has been unexciting ever since 2008, characterised by a numbing sense of fear that restrained the ordering of new ships and banks from financing them. Conventional finance fled only to be replaced by hedge funds, private equity and sovereign wealth and many a burnt finger as masters of the universe more than met their match in the fickle and unpredictable world of shipping and trade.

... Covid-19 Collateral Damage ...

GDP Growth Continues Coronavirus Slump

2020 Q4 GDP growth in selected countries (in percent)



Year-on-year growth, not annualized
Source: OECD



statista

Source : Statista

Scroll forward to the present day and we have a positive supply-side picture, with the lowest orderbooks for bulkers, tankers and containers in at least 18 years. This then begs the question of how the demand-side is going to shape up. After last year's pandemic induced the UK's worst recession in over 300 years, what is the template for the size and duration of the economic bounceback? There isn't one. When governments and central banks abandon fiscal and monetary prudence, and throw the kitchen sink at the task of generating jobs and saving livelihoods and businesses, the amount of stimulus delivered is awe-inspiring. We are all socialists now, and massive state intervention is the only way forward. If China alone moved shipping markets to all-time highs in 2007-08, then what of today when the whole world is determined to do 'whatever it takes' to return us to the end 2019 status of quiet confidence that was so soon to be upended? Avoiding a repetitive cycle of socially and economically damaging lockdowns, and a global roll-out of vaccines rather than developed world hoarding, will allow us to regenerate and learn to live with Covid-19. Since March 2020, the US government has spent \$3.5tn on stimulus with another \$1.9tn[^] in the pipeline. Over the same period, central banks have injected \$6.6tn of liquidity into financial markets with another estimated \$5.8tn to come as policymakers honour pledges to physically and emotionally drained voters.

The scale of spending risks the return of inflation, causing equities and bonds to be sold off this week and the Fed to try talking it down to soothe investors' frayed nerves.* The commodity complex is benefiting as investors bail out of tech shares and buy into the old economy stocks of banks, miners and energy firms with tangible assets, an inflationary hedge. The US is estimated to need \$200-400bn a year of hard infrastructure spending to end 2030 to shore up its decaying roads, railways, airports, ports, bridges, utilities and telecoms networks. And it must do it in a green way so as to meet ambitious carbon reductions targets by 2030 and 2050. But the road to green will be far from clean as it will require oil, gas, steel, copper, manganese, lead, zinc, nickel, bauxite, alumina, timber, rare earths and a lot of electricity and water. Factually, wind turbine blades do not grow on trees. Once the US government has moved beyond direct cash handouts to individuals and households it will turn to long-term infrastructure investment which has a powerful multiplier effect. It can facilitate trade, enhance mobility, create jobs and boost productivity. It also has the potency to be enduringly supportive of shipping across all the main sectors of bulkers, tankers and containers. All you need to do is believe it.

[^]Equivalent to 9% of 2020 US GDP, \$1tn of which will be direct cash payments to individuals and households.

*Larry Summers said that Biden's proposed \$1.9bn stimulus package could trigger "inflationary pressures of a kind we have not seen in a generation."

Mercer has also commented that governments will allow their economies to 'run hot' to aid recovery from the pandemic, pushing up inflation.

Dry Cargo Chartering

The **BDI** ended the week at 1,675 points, a minor decrease from last week.

The **cape** market dropped this week closing today at \$11,934 down \$2,290 since last week. The usual 170,000mt ore runs from Dampier to Qingdao fixed with Rio Tinto at \$6.70 pmt. Vale fixed a TBN 170,000mt 10% ore stem from Teluk Rubiah to Qingdao option Vietnam at \$5.10 for March dates. Salzgitter took a TBN 110,000mt 5% from Saldanha Bay to Hansaport at \$9.80 fio. The *SeaFighter* (181,068-dwt, 2015) was heard to have fixed an ArcelorMittal cargo of 150,000mt 10mt iron ore from Port Cartier to Qingdao on 17-26 March dates at \$25.50.

A slight dip in the **panamax** market this week as play closed at \$19,256, down \$1,735 from last Friday. Nevertheless, strong rates were still being reported. In the Atlantic, the *Yasa H Mulla* (83,482-dwt, 2011) was fixed delivery Port Talbot for a trip via Murmansk redelivery Skaw-Safi range at \$24,250 by Swissmarine. Over in the Pacific, K-Line took the *Coral Ring* (75,395-dwt, 2006) delivery Onahama for a round trip via East Australia at \$20,000 while the *Skyros* (97,366-dwt, 2011) was fixed delivery Kaohsiung for a trip via Australia to India at \$20,000 by Oldendorff. The same charterers also took the *Star Markella* (82,594-dwt, 2007) delivery Hazira for a trip via East coast South America to the Far East also at \$20,000. Period fixtures concluded this week included Bunge taking on the *SBI Capoeira* (81,253-dwt, 2015) delivery Sakaide for 4/6 months at \$18,500 with worldwide redelivery and also Norden fixing the *CL Tiffany* (81,687-dwt, 2013) delivery Zhoushan for 7/10 months at \$17,500 again with worldwide redelivery

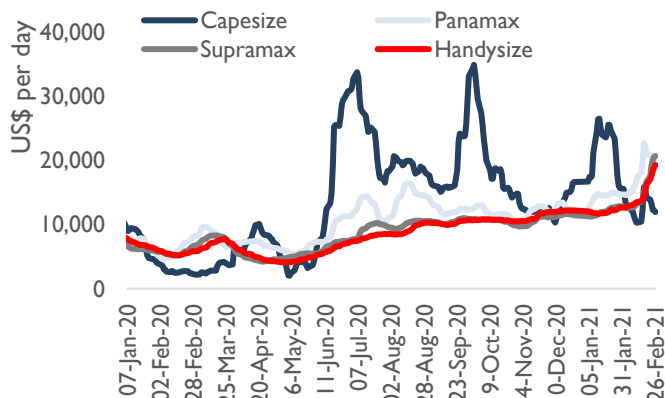
Another sensational week for the **supra** market, numbers have

dramatically risen from last week in all trade lanes. The BSI closed at \$20,662, up from last week's \$16,648. In the Atlantic, the *Vindonissa* (58,110-dwt, 2012) was fixed for a trip delivery Santos via South Brazil to the US Gulf at \$27,000, and the *Dalian Star* (55,802-dwt, 2017) was fixed for a trip delivery US East coast to Chile via North coast South America at \$28,000. In the Indian Ocean, the *Aventicum* (58,087-dwt, 2010) has been fixed for a prompt trip from Mumbai to China for \$27,500, while the *Arcadia* (58,018-dwt, 2012) was fixed for a trip from Porbander to East coast South America for \$14,000. In the Pacific, the *Pacific Wealth* (63,522-dwt, 2017) was fixed for a prompt trip delivery Taichung via Indonesia to West coast India at \$20,000, and the *Madonna III* (53,411-dwt, 2007) was fixed for Cambodia via Indonesia to Thailand at \$18,000.

The **BHSI** closed this week at \$19,254 up \$3,031 from last week and showing a 50% increase since February 1st. The BHSI broke 1,000 points which it has not done since mid-October 2010. The *Angy R* (36,903-dwt, 2011) was fixed delivery Casablanca for a trip via the Continent redelivery Algeria with grains at \$19,000 to Bunge. A 29,000-dwt fixed from Aviles via Morocco at \$18,500 to East coast South America. In the East Mediterranean a 33,000-dwt was fixed for 4/6 months redelivery Atlantic at \$15,500. From the US Gulf, a 38,000-dwt was fixed mid-week for a trip to Morocco at \$23,500. It was also another fantastic week for East coast South America as rates for trips to the Continent/Mediterranean topped \$30k. Over in the Indian Ocean, the *Sky Height* (23,113-dwt, 2010) was fixed delivery Mormugoa for a trip via Pakistan to Bangladesh at \$12,000 by Seaking. In the Pacific, it was reported that both the *Daiwan Glory* (35,531-dwt, 2015) and the *Daiwan Kalon* (34,327-dwt, 2016) were fixed delivery China by Cargill for 4/6 months with worldwide redelivery at \$16,000 each.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Bellevue	119,473	2011	Paradip	11/16 Mar	China	\$22,000	Allianz Bulk CFR8	Int Iron Ore Plus \$300,000 bb
Chinook	93,266	2012	Jingtang	23/24 Feb	Taiwan	\$18,000	Taho	Via Newcastle
Yasa H Mulla	83,482	2011	Port Talbot	27 Feb - 2 Mar	Skaw-Safi	\$24,250	Swissmarine	Via Murmansk
Medi Newport	81,756	2017	Aps Norfolk	4/5 Mar	Skaw-Gibraltar	\$22,500	Umang	2 Laden Legs Plus \$375,000 bb
Coral Ring	75,395	2006	Onahama	24 Feb	Singapore-Japan	\$20,000	K-Line	Via East Australia
Best Unity	69,034	1997	CJK	1/2 Mar	South China	\$14,500	CNR	Via Indonesia
Navios La Paix	61,485	2014	Qinzhou	23/24 Feb	China	\$20,000	CNR	Via Indonesia
Vindonissa	58,110	2012	Santos	27 Feb	US Gulf	\$27,000	Ultrabulk	Via South Brazil
La Solognais	40,481	2015	Charleston	PPT	Continent	\$22,000	Cargill	Int Woodpellets
Atlantic Star	37,065	2018	US Gulf	PPT	WCSA	\$28,000	CNR	Int Grains



Exchange Rates	This week	Last week
JPY/USD	105.45	105.11
USD/EUR	1.2126	1.2088

Brent Oil Price	This week	Last week
US\$/barrel	66.19	63.00

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	396.0	386.0
VLSFO	528.0	510.0
Rotterdam IFO	394.0	359.0
VLSFO	494.0	470.0

26 February 2021

Dry Bulk S&P

A buzzing week across the dry market, in particular the Supramax and Hanydsiz sectors, which shouldn't come as much of a surprise given the huge daily earnings – today's BSI at \$20,662 and the BHSI at \$19,254!

We start in the capes and only two sales to report. The *Cape Trust* (176k-dwt, 2006 Namura, SS/DD passed) which has been sold for \$17m to clients of Seenergy. With rates falling away (BCI currently at \$11,934), asset values remain unshaken. The sale is more or less in line with the 2006 built *Ocean Compass* (180k-dwt Imabari) which sold in mid-January at \$17.3m.

Elsewhere Uming's *Cape Saturn* (175k-dwt, 2003 CSBC, DD due 08/21) has been committed to undisclosed interests for \$11m.

In the only Ultramax sale of the week, Doun Kisen have sold the *Bulk Hero* (61k-dwt, 2016 Shin Kurushima, SS/DD due 11/21) for \$20.6m to undisclosed buyers. A price more or less in line with the most recent comparable *Scorpio* sales, the 2016 Imabari built SBI *Achilles* which sold earlier this month at \$20.5m (although SS/DD freshly passed).

In the Supramax sector, the *Ocean Phoenix* (56-dwt, 2009 Mitsui) has been sold for \$10.25m. The *Kure Harbour* (55k-dwt, 2011 IHI, BWTS fitted) sold for \$11.8/11.9m to Korean buyers, and the *Aqua Atlantic* (55k-dwt, 2010 Mitsui, SS/DD passed) has gone for a price in the high \$11m.

With few sales candidates in the open market, buyers continue to fight over the larger Japanese handysize vessels available, and as a result of this plus the current charter rates, sales prices continue to rise. The *Ocean Journey* (38k-dwt, 2014 Shimanami, BWTS fitted, non-eco) has been sold for high \$14m to Greek buyers, a tick up on price levels if we compare to the semi eco-type 2014 built *Angelic Zephyr* which we reported last week sold at \$14.7m. There was plenty of buying interest on D'Amico's *Cielo Di San Francisco* (37k-dwt, 2011 Hyundai Mipo, SS/DD passed, BWTS fitted) which we understand is now committed to unknown buyers for very high \$12m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Cape Trust	176,925	2006	Namura	Gearless	Seenergy	\$17.00m	SS/DD passed
Cape Saturn	175,775	2003	CSBC	Gearless	undisclosed	\$11.00m	DD due 08/21
Giovanni Bottiglieri	93,407	2009	Jiangsu Newyangzi	Gearless	Kondinave	\$10.25m	
Inspiration	80,700	2010	STX OFFshore	Gearless	Castor	\$15.00m	
Veenus							
Sher-E Punjab	79,200	2011 / 11 / 10	COSCO Dalian	C 4x35T	Greek	\$30.30m enbloc	On basis DD passed & gear removed
Tharkey							
Bulk Hero	61,245	2016	Shin Kurushima	C 4x31T	undisclosed	\$20.60m	SS/DD due 11/21
Pure Vision	56,830	2011	Qingshan	C 4x30T	undisclosed	\$8.85m	SS/DD due 07/21
Ocean Phoenix	56,208	2009	Mitsui	C 4x30T	undisclosed	\$10.25m	
Kure Harbour	55,832	2011	IHI	C 4x30T	Korean	\$11.85m	BWTS fitted
Aqua Atlantic	55,499	2010	Mitsui	C 4x30T	undisclosed	\$11.75m	SS/DD passed
Belorient	50,203	2008	PAL Indonesia	C 4x35T	undisclosed	\$7.00m	DD due 05/21
Ocean Journey	38,190	2014	Shimanami	C 4x31T	Greek	\$14.75m	BWTS fitted
Cielo Di San Francisco	37,056	2011	Hyundai Mipo	C 4x36T	undisclosed	\$12.75m	BWTS fitted & SS/DD passed
Eden Bay	28,342	2008	Shimanami	C 4x31T	Egyptian	\$6.80m	BWTS fitted & DD due 05/21

Tanker Commentary

In the last week of February we are beginning to see the green shoots in the tanker market. There are signs of market participants looking beyond the atrocious current earnings and a more optimistic view is taking root. Sales this week demonstrate signs of values recovering.

In the modern VLCC sector, *Hunter Atla* (300,300-dwt, 2019 Daewoo, scrubber fitted) is reported sold to ADNOC for \$84.5m. Arguable a modest gain on her two sisters *Hunter Saga* (299,995 dwt, 2019 Daewoo) and *Hunter Laga* (299,995 dwt, 2019 Daewoo) that sold for \$84.0m each in October, when they were a year younger.

Further down the age spectrum, *Seaways Tanabe* (298,561 dwt, 2002 Hitachi Zosen, SS/DD due 02/22) has sold for \$25.0m to Thai based storage buyers - an improvement on the *Eneos Breeze* (301,031 dwt, 2003 IHI, SS/DD due 10/21) sale last week at \$22.8m.

A pair of Greek controlled suezmaxes, the *Suez Rajan & Suez Hans* (158,574 dwt, 2011 Hyundai HI, SS/DD due 2H 2021) have sold for \$25m each in an enbloc deal to undisclosed buyers. This follows exactly the sale of the sisters *Suez Vasilis* and *Suez Fuzeyya* (158,574 dwt, 2011 Hyundai HI, SS/DD due 05/21) that went to NGM for the same price earlier in the month.

We are hearing reports that the *SKS Segura* (158,784 dwt, 2007 Hyundai Samho, SS/DD due 09/22) has sold for \$23.9m to Vietnamese buyers showing a significant firming in values when compared to the *Ridgebury Pallas* (159,195-dwt, 2005 Hyundai HI, SS/DD due, BWTS fitted) which sold at the beginning of January for \$17.0 mill.

Further Greek controlled crude tonnage has changed hands in the form of the *Aegean Freedom* (106,074 dwt, 2003 Hyundai HI, DD passed, CAP I). The 2003 built aframax unit is rumoured to have sold for high \$10m region which is a slight firming when compared to the *Baku* (105,387-dwt, 2003 Sumitomo, DD due March) that went for \$9.0m.

In the MR segment, values have bottomed out and we are seeing some positive signs of recovery. The *Mattheos I* (45,557-dwt, 2004 Uljanik, SS/DD passed, BWTS fitted) is reported to have sold to Far Eastern buyers for \$10.5m. In comparison, the *Balos* (45,729-dwt, 2004 Minamippon, SS/DD passed, BWTS fitted) sold in December for \$9.5m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Hunter Atla	300,300	2019	Daewoo	ADNOC	\$84.50m	Scrubber fitted
Seaways Tanabe	298,561	2002	Hitachi Zosen	Thai	\$25.00m	
SKS Segura	158,784	2007	Hyundai Samho	Vietnamese	\$23.90m	
Suez Rajan Suez Hans	158,574	2011	Hyundai HI	undisclosed	\$50.00m enbloc	SS/DD due 2H 2021
Aegean Freedom	106,074	2003	Hyundai HI	undisclosed	\$10.75m	DD passed & CAP I
Mattheos I	45,557	2004	Uljanik	Far Eastern	\$10.50m	SS/DD passed & BWTS fitted
Nordic Pia	38,396	2006	GSI	Avin	\$7.00m	SS/DD due 08/21

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
KT 05	47,375	1998	Hashihama	BULK	7,455	427.00	Bangladesh
KT 02	45,146	1998	Hashihama	BULK	7,456	427.00	Bangladesh

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