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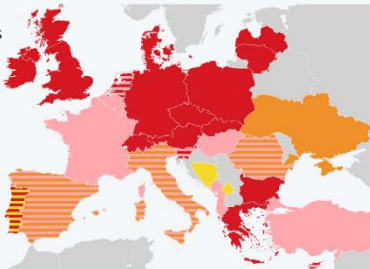
THE BIGGER PICTURE

... Lockdowns : the Enemy of Shipping ...

Europe Stays in Lockdown Mode

European countries by second-wave COVID-19 lockdown measures imposed*

- National lockdowns
- Local lockdowns
- National curfews
- Local curfews



* As of Jan 22, 2021
Restaurants closed: France, Belgium, Luxembourg, Croatia, Turkey, Hungary.
Business curfews in several countries incl. restaurants closed in Italy at 6 p.m.
Source: Media reports



statista

Source : Statista

*Australia coal exports were worth A\$3.7bn (\$2.9bn) in December, the highest since May, while Newcastle thermal coal hit \$87.52 a tonne on 22 January, up 89% on its 2020 low of \$46.37 in September.

^Qinhuangdao thermal coal was at Rmb873 a tonne on 26 January, down from a recent high of Rmb1,038 but still 87% higher than the 2020 low of Rmb467 in May.

POINTS OF VIEW

We wrote recently about the fungibility of global trade and how if one trade route closes then another opens to take its place. This would often result in either a loss or gain in tonne-miles, the distance over which the cargo travels, the longer the better. China failed to learn from its US-initiated trade war how to prosecute its own multi-level trade war with Australia. It seems that the country that launches a trade war tends to be the loser. One could argue that Trump's spat with China has hurt the US much more than it has hurt China as, by imposing tariffs on a variety of Chinese imports, he merely raised the cost of goods to American consumers. He promised to bring back sunset industries such as steel-making and coal-mining and used recycled tariff revenues to subsidise steel and coal in a desperate attempt to make them more competitive. But it did not last long, as the sun sets in the west and those industries, since long ago, have been rising in the east. Another problem was the strength of China's retaliatory response with tit-for-tat tariffs to the same value being imposed on US goods imports into China. Soybeans is the best example, as this allowed China to strike at Trump's farmland voter base. China switched to buying from Brazil, Argentina, Canada and Ukraine as it boycotted US soybeans that had become 25% more expensive overnight. The price of US beans sank while Brazilian beans soared and seaborne trade flows reset with one twist of the kaleidoscope.

Allegedly, despite heavy financial losses that were partially reimbursed by the federal government, few farmers turned against Trump as many still supported his America First policy, and his tougher stance on China. He did after all get 74.2m votes, the second highest number of any presidential candidate in history, to Biden's record 81.3m votes. But going one-to-one with China is not without peril. Australia had gone out on a limb in asking for an investigation into the origins of the virus, criticising China's militarisation of the South China Sea, drawing attention to human rights abuses in Xinjiang and removing Huawei from its 5G networks. This caused retaliation in the form of import tariffs being imposed on Australian meat, barley, copper and wine and an unofficial ban on its supplies of coking and thermal coal. Coal was the big one. China's imports of Australian coal fell to 0.69mt in December, down from a 2020 peak of 9.46mt in June, according to Refinitiv. However, Australia's overall coal exports did not suffer, with December shipments of 33.82mt being the best month all year. Cold weather boosted demand from Japan, South Korea and Taiwan while India, Vietnam and Thailand needed to replace Indonesian coal that diverted to China. Regional coal prices rose to Beijing's loss and Canberra's gain.* China had to pay more to import substitute coal from as far away as the US, Canada, Colombia and South Africa while at the same time bolstering domestic prices.^

China effectively shut out much needed Australian coal imports just as the US got itself shut out of its biggest market for soybean exports. Australian cereals exports rose to A\$1.2bn in December, 3-times the value of its November shipments, despite China's imposition of 80% import tariffs on its barley. After the initial shock, Australia had no problems diverting its sales into other markets, at a time of strong demand and weak supply, as well as switching to other crops. China's unofficial ban on Australian copper ores and concentrates comes at a time of global outages in copper production due to strikes, environmental issues and royalty disputes. The upshot is that China has to pay more for alternative supplies. China left alone iron ore, as Australia is its largest supplier, after production slippage from its second largest supplier, Brazil, caused iron ore prices to spike. Australia's exports of all metal ores, including copper and iron, hit a record A\$15.2bn in December, almost 23% up on November. China imported 27.6mt of LNG from Australia in 2020, 45% of its 61.0mt total LNG imports used for power and heating, making it a vital trading relationship, just as iron ore is critical to its steel industry. China is the world's 2nd largest importer of LNG after Japan at 76.4mt, with South Korea in 3rd place at 41.7mt. As Refinitiv says, the lesson from the US-China trade dispute is that, if you still need the products that you are targeting for tariffs or bans, it will cost you more to source them from elsewhere. In March 2018, Trump ramped up tariffs on China and tweeted "trade wars are good, and easy to win." Yes, but for the other side...

Dry Cargo Chartering

The **BDI** shed 358 points this week to close at 1,452. The **capex** market dropped dramatically this week closing at \$15,675 down \$8,956 from last Friday. It is important to note despite slippage this week, historically the start of Q1 is a seasonal low time for the capesize yet the rates have remained elevated, which is hopefully a positive sign for the year. BHP fixed a TBN 170,000mt 10% ore run from Port Hedland to Qingdao fixed at \$6.70 pmt. The usual Tubarao to Qingdao Ore run with Vale was rumoured to have fixed 170,000mt 10% at \$17.15 pmt. A Panocean TBN fixed 165,000mt 10% coal stem from Puerto Drummond to Taean at \$22.74 pmt with Kepco. A further TBN vessel fixed to TKSE for their 170,000mt 10% iron ore from Saldanha Bay to Rotterdam at \$5.75 pmt.

A slight decline this week in the **panamax** market that closed at \$14,695 down by \$239. In the Pacific, Polaris fixed the *Alexandra* (82,329-dwt, 2006) delivery Qingdao for a trip with grains via Port Kembla to the Arabian Gulf at \$12,750 while Viterra fixed the *Yasa Falcon* (81,488-dwt, 2012) delivery Mizushima for a trip via East Australia to India at \$12,500. Over in the Indian Ocean, Cargill fixed the *Blue Ridge* (82,099-dwt, 2013) for a trip delivery Karachi via the Black Sea to Korea at \$16,000. Meanwhile in the Atlantic, Oldendorff took the *Omicron Titina* (76,806-dwt, 2005) delivery San Ciprian for a trip via South America to Skaw-Gibraltar range at \$17,500, and Allianz Bulk fixed the *MG Earth* (84,790-dwt, 2016) delivery Gibraltar for a trip via the US East coast to China with coal at a healthy \$31,000. Another week of numerous period fixtures saw ECTP take on the *Andromeda Ocean* (80,979-dwt, 2017) delivery mid-February in Jintang for 1 year with worldwide redelivery at \$14,500, while Aquavita took the *Navios Avior* (81,355-dwt, 2012) delivery Port Said for 10/15 months again with worldwide redelivery at \$15,000.

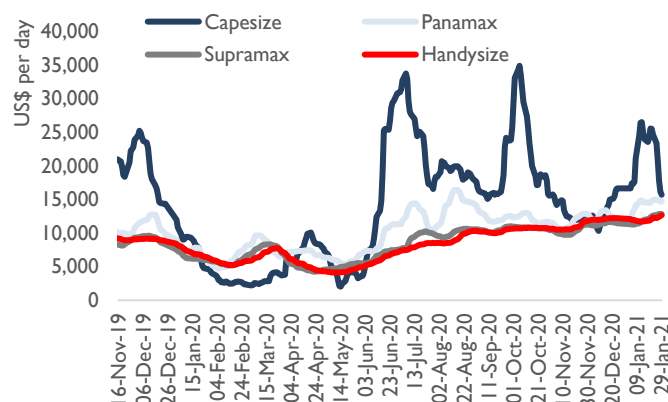
The **supramax** market kept its firm growth across all basins. The BSI closed at \$12,820, up from last week's \$12,566. In the Atlantic, the *Tomini*

Unity (63,590-dwt, 2017) was fixed for 2 laden legs prompt delivery US Gulf redelivery US East coast at \$17,000 by Norden, and the *Sailing Sky* (61,416-dwt, 2014) was fixed delivery Mobile for a trip via the US Gulf to North coast South America with grains at \$20,000 by Bunge Latin. In the Indian Ocean, the *Jal Kamal* (63,319-dwt, 2020) was fixed delivery East coast India for a prompt trip via West coast India to China at \$20,000 by Centurion, while the *Stingray* (57,080-dwt, 2011) fixed delivery Ennore for a trip via East coast India to China at approximately \$18,500. In the Pacific, the *Navios Vega* (58,792-dwt, 2010) fixed delivery Binhai for a prompt trip via East Kalimantan redelivery West coast India at \$7,000 by Allianz Bulk CFR8, and the *Bao Progress* (56,729-dwt, 2011) fixed delivery Koshichang for a trip to China at \$13,000.

The **BHSI** continued its strong start to the year closing this week at \$12,615 up \$559. A record high, double the figure published this time last year. The Atlantic has remained active with an increase in scrap imports to Turkey, contributing to the high rates on the Continent. The *Jiu Feng Ling* (32,034-dwt, 2011) fixed from the Continent for a scrap trip to the east Mediterranean at \$12,000 with Falcon. Kronos fixed the *CS Caprice* (30,465-dwt, 2010) delivery Rouen for a trip to Algeria at \$15,500. A 33,000-dwt open east Mediterranean was fixed for a trip via the Black Sea to west Mediterranean at \$17,250. In the US Gulf, the *Alinda* (35,075-dwt, 2012) fixed delivery Veracruz for a trip via the Mississippi River redelivery Caribbean & North coast South America range at \$13,000. A 37,000-dwt fixed delivery in Southwest Passage for a trip to Algeria at \$16,000. Traction continued South America as we heard that trips up to the US East coast were fixed at around the \$14,500 mark while it was rumoured that Cargill took a 38,000-dwt also at \$14,500 for a trip to the Continent. In the East, the *Ken Kon* (37,119-dwt, 2013) was linked with an Australia round voyage delivery Kobe at \$10,250.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
MG Earth	84,790	2016	Gibraltar	PPT	China	\$31,000	Allianz Bulk	Via USEC Int Coal
Ocean Time	82,024	2019	Nagoya	23 Jan	Singapore-Japan	\$14,750	CNR	
Kesaria	81,932	2009	EC South America	Beg March	Singapore-Japan	\$17,000	Comerge	Plus \$700,000 bb
Ultra Lion	81,843	2015	Gibraltar	PPT	Skaw-Gibraltar	\$20,250	Oldendorff	Via US Gulf
Da Ying	75,318	2003	Singapore	31 Jan	Singapore-Japan	\$11,500	CNR	Via EC South America
Tomini Unity	63,590	2017	US Gulf	PPT	USEC	\$17,000	Norden	
Desert Spring	57,437	2012	Casablanca	PPT	Tema-Douala	\$21,000	XO Shipping	Via Agadir
Bao Progress	56,729	2011	Kosichang	30/31 Jan	China	\$13,000	CNR	
CS Sarafina	37,693	2014	Puerto Barrios	PPT	EC Mexico	\$13,500	Norvic	Via Houston
Alinda	35,075	2012	Veracruz	28/30 Jan	Caribbeans/NC South America	\$13,000	CNR	Via Mississippi River



Exchange Rates	This week	Last week
JPY/USD	104.69	103.79
USD/EUR	1.2148	1.2173

Brent Oil Price	This week	Last week
US\$/barrel	55.91	55.48

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	343	430.0
VLSFO	453	452.0
Rotterdam IFO	323	319.0
VLSFO	412	407.0



29 January 2021

Dry Bulk S&P

The market has leaped forward this week and a number of sales illustrate double digit percentage rises in values since the start of the month. There is no particular theme to pick out – candidates in most sectors and age groups are now being fought over by energised buyers.

In mid November the owners of *Key Evolution* (83,416-dwt, 2010 Sanoyas) saw offers at \$14m, and decided to wait for better markets. She is now reported sold at \$15.75m. The ultramax *Daimongate* (63,496-dwt, 2017 Iwagi) is reported sold at a hefty \$22.25m to ADNOC – it is likely that there will be buyers' subjects,

but compare with the sale of the sister *Red Dragon* (built 2016) in mid December at \$18.5m.

With the sale of the *SBI Achilles* and *SBI Cronos* (61,304-dwt, 2016/16 Mitsui) at \$40.0m enbloc the Scorpio motherlode is now almost exhausted. Buyers will have to work a bit harder to find similar modern, eco tonnage in the market.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Piet	93,200						
Harm	93,183	2011	Jiangsu Newyangzi	Gearless	undisclosed	\$22.80m enbloc	
Key Evolution	83,416	2010	Sanoyas	Gearless	undisclosed	\$15.75m	SS/DD passed & BWTS fitted
Una Manx	82,000	2021	Tsuneishi Zhoushan	-	Shandong Shipping	\$59.00m enbloc	Novation Basis
Ursula Manx							
Fortune Sunny	82,338	2008	Oshima	Gearless	undisclosed	\$13.75m	Redelivery April – August 2021
Pantera Rosa	78,844	2009	Sanoyas	Gearless	undisclosed	\$13.00m	
Daimongate	63,496	2017	Iwagi Zosen	C 4x3IT	ADNOC	\$22.25m	
Xing Shou Hai	60,492	2016					
Xing Xi Hai	60,498	2017	Mitsui	C 4x30T	Mingsheng	\$42.00m enbloc	
SBI Achilles	61,305	2016					
SBI Cronos		2015	Imabari	C 4x3IT	undisclosed	\$40.00m enbloc	SS/DD passed & BWTS fitted
Laconic	58,474						
Asiatic	58,520	2012	SPP	C 4x36T	undisclosed	\$23.00m enbloc	
Densa Jaguar	57,592	2012	STX Offshore	C 4x30T	undisclosed	\$10.50m	
Mighty Ocean	56,083	2007	Mitsui	C 4x30T	Chinese	\$8.20m	SS/DD passed
Navios Astra	53,468	2006	Imabari	C 4x3IT	Turkish	\$6.75m	
Maanika	53,169	2004	Iwagi Zosen	C 4x3IT	undisclosed	\$7.00m	
Almasi	52,342	2001	Tsuneishi Fukuyama	C 4x30T	Chinese	\$5.35m	SS/DD due 09/21
Bene	50,212	2001	Mitsui	C 4x30T	Turkish	\$5.13m	
Hokkaido Bulker	31,858	2013	Hakodate	C 4x3IT	undisclosed	-	
Thessaloniki	76,598	2006	Imabari	Gearless	undisclosed	\$21.00m enbloc	
Pireas							

Tanker Commentary

Stunted outlook of oil demand recovery is the key factor in the lacklustre tanker market. With new strains of coronavirus cropping up around the world, and an absence of clear guidance on a global vaccine rollout, the tanker market makes for a challenging speculation.

Highlighting the aggressive fall in values in the VLCC market, another vintage tanker, the *Zin Trader* (298,677-dwt, 2000 Hitachi, BWTS fitted, DD due 07/21) has been sold for \$21.7m. She was sold at the height of the market in April last year for \$30m. The last similar done was the Seven Islands owned, *Lavails* (299,325-dwt, 2000 Daewoo) which sold with surveys passed earlier in the month, reflecting a slight premium today.

Antwerp based Euronav have scooped up a brace of 157k-dwt design Suezmax resales from Daehan for \$57.5m each, both vessels deliver in January 2022 with scrubbers fitted. A welcomed benchmark after a long period of no deals. With tanker newbuilding prices on the rise in Korea, it will be interesting to see if the market turns it's attention to the second hand and resale market.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
NB (Hull 5057)	157,300	2022	Daehan	Euronav	\$115.00m enbloc	Delivery January 2022 & Scrubber fitted
NB (Hull 5058)						
Zin Trader	298,677	2000	Hitachi	undisclosed	\$21.50m	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Blue Sea	45,426	1997	Hashihama	BULK	7,755	418.00	Pakistan
Stellar Topaz	298,468	1994	Hyundai HI	BULK	45,865	430.00	-

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