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POINTS OF VIEW

The bulk carrier sector continues to race away. Today's Baltic Exchange assessments of average earnings are all up on the previous day: BCI to \$19,437 up almost 17% so far this year; BPI to \$26,773 up 118%; BSI to \$23,347 up 107%; and BHSI to \$24,484 which is up 103% on its early January level. Higher spot earnings are driving nominal period rates higher which gives owners the choice of riding their luck in the spot market or locking in earnings for a few months, a year or even longer. The 1-year time charter rate[^] for a modern eco 180,000-dwt capesize is now \$22,250 which is 24% firmer than the \$18,000 level of early 2021. An 82,000-dwt kamsarmax can now get \$18,875 which is 52% up on \$12,400 that prevailed in early January, while the equivalent numbers for a 61,000-dwt ultramax are \$20,500 up 70% on \$12,063 and for a 38,000-dwt handysize \$18,500 up 80% on \$10,250. These are big moves in what is less than three months.

Naturally, these higher earnings are generating some frantic interest in the second-hand sale and purchase market. For owners and brokers who did not experience the final years of the 2004-08 boom, the greatest in history, it is bewildering. The seller's price ideas may be adjusted upwards each day, leaving the buyers chasing shadows. The buyer can accept seller's last but still get gazumped by a competitor willing to pay over the asking price. Normal ethical behaviour is often suspended. Some buyers may just hove to the sidelines in exasperation, hoping that the market will correct. Equally, sellers may decide to fix their ship out on charter instead of selling, taking jam today, and maybe harvesting honey tomorrow if able to sell at an even higher price with forward delivery. There have been instances of buyers bidding well in excess of the asking price as the only way of nailing jelly to the wall. We have not seen such antics since Lehman went down.

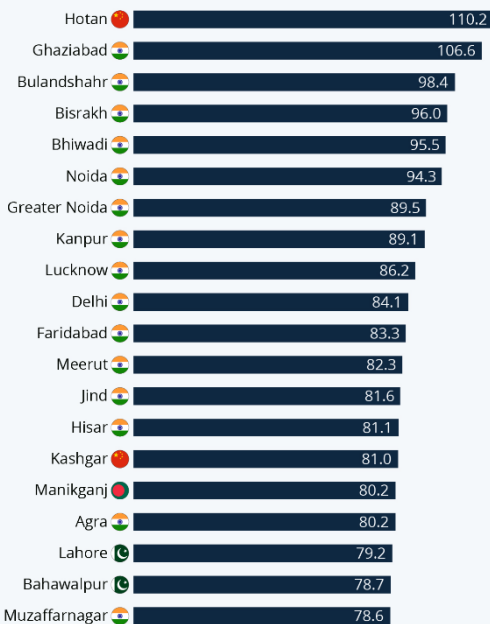
In terms of nominal price increases since the start of this year, bulkers are all moving up nicely having just erased all of the lost value of 2020.* 10-year olds may be considered to occupy the sweet spot with a 180,000-dwt capesize up 30% to just over \$25.0m, a same vintage 82,000-dwt kamsarmax is up 35% to \$18.5m, a 10-year old 56,000-dwt supramax is 26% stronger at \$13.5m and a same age 32,000-dwt handysize is up 33% to \$11.0m. These sharp value increases create the classic fear-of-missing-out syndrome for both buyers and sellers: each is worried about prices rising even further, with the buyer having to pay even more and the seller having sold too cheaply. It is a rare conundrum that we find ourselves in, but we need to remind ourselves that we have been waiting for this better market for a very long time. Now that it is here, we find ourselves in denial!

We are in the early stages of a demand recovery, with some way to go before we get back to end 2019 levels, although we are benefiting from a surge effect as we build back up from a low base. Unprecedented government stimulus and central bank support will drive shipping demand across all sectors. The US government is seeking to embark upon a \$4tn long-term infrastructure investment programme just as the Chinese government is looking to tone down its own egregious spending and rising debt. Fears of inflation and rising interest rates are spooking markets despite Fed assurances that it will not raise interest rates before 2024. Rising bond yields, higher inflation and firmer interest rates are normal components of a global economic recovery. We have simply forgotten this rule as governments and central banks have been spoiling us for far too long.

Much has been made about the falling rate of net new tonnage supply, and it is indeed a key part of the current recovery, and the story is good for the next two years. In 2023 and beyond, newly placed orders will deliver. Prices are attractive today and the yards are hungry. We can see a lot of large containerships being ordered which will upset the market balance from 2023 if these orders do not force an equivalent amount of obsolete capacity from the market. Hopefully demand for steel scrap will stay strong as electric arc furnaces replace blast furnaces at the margin. In Jan-Feb 2021, 18 bulk carriers of 1.53m-dwt were ordered compared with 57/3.50m-dwt in Jan-Feb 2020. So far, so good. Strict enforcement of IMO EEXI rules from 2023 will push elderly bulk carriers into retirement. That could extend a short boom into a longer one, rather like in 2004-08.

The Most Polluted Cities On Earth

Average level of particulate matter (PM 2.5) pollution in 2020



Source: IQAir AirVisual 2020 World Air Quality Report



statista

[^]Nominal 1-year TC rates at last Friday 12 March close, courtesy of CRS. These are likely to be higher when today's updated figures come out.

*Nominal values at last Friday 12 March close, courtesy of CRS. These are likely to be higher when today's updated figures are released.

Dry Cargo Chartering

The **BDI** closed today at 2,281 points up 321 points from last week.

This week the **cape** market gained \$2,696 from last week closing today at \$19,437. The usual 170,000mt ore stem from Port Headland to Qingdao was fixed with RWE at \$9.25 pmt. The *China Steel Liberty* 2019 built fixed 190,000mt 10% from Tubarao to Qingdao at \$18.50 pmt while the 2011 built *Freedom* fixed 170,000mt 10% at \$20.50pmt. On Time Charter the *Alpha Optimism* (179,299-dwt, 2016) fixed Delivery CJK for a trip via West Australia redelivery Singapore-Japan range at \$25,000 with Panoecean. The *Mineral Brugge* (175,155-dwt, 2011) CCL relet fixed delivery Hong Kong for a trip via South Africa with chrome ore redelivery South China at \$26,000 with Ultrabulk. On period, Olam fixed the *Navios Luz* (179,144-dwt, 2010) delivery Luoyuan for 10-14 months redelivery worldwide index linked rate 101% Cape 5TC.

A superb week for the **panamax** market as rates skyrocketed, rising by \$6,595 from last week to close at \$26,773. Tonnage in the Indian Ocean continued to be drawn to the East coast of South America, as it was reported that the *Sea Marathon* (81,945-dwt, 2015) fixed delivery retro-sailing Paradip for a trip via Latin America to the Far East at \$24,000, while *Meadway* fixed the *Luck Fortune* (76,662-dwt, 2002) for a similar trip to Singapore-Japan range at \$24,850. Meanwhile in the Atlantic, we heard that the *NBA Millet* (81,955-dwt, 2014) was fixed delivery Safi for a trip with bauxite via Kamsar to Aughinish at \$22,000 by Western Bulk. Very strong rates were also seen in the Pacific as the *Captain John P* (82,040-dwt, 2020) was fixed delivery CJK for a NoPac round trip at \$30,000 by Oldendorff. Additionally, Transpower took on the *Palma Bulker* (75,843-dwt, 2009) delivery ex-dry dock at Yura for 4/6 months worldwide redelivery at \$21,000. Voyage fixtures concluded this week include Rio Tinto chartering the Norden relet *Belo Horizonte* (81,681-dwt, 2012) for 61,000 mtons 10% bauxite from Kamsar to Port Alfred at \$17.00 pmt.

Another stupendous week for the **supra** market, especially in the pacific, numbers are constantly rising and are still immensely strong in all routes. The BSI closed at \$23,347 up from last week's \$22,844. In the Atlantic, the *Medi Tirreno* (60,550-dwt, 2015) was fixed for a prompt trip from the US Gulf to Japan at \$37,000. The *Baltic Hornet* (63,574-dwt, 2014) was also fixed for a petcoke run from the US Gulf to South Brazil at \$27,000. In the Indian Ocean, The *Asteris* (53,629-dwt, 2007) has been fixed for a prompt trip from West Coast India to the Arabain Gulf-West Coast India range at \$35,000. Also, *surabhi* (56,830-dwt, 2010) was fixed from Haldai to China at \$35,000. In the Pacific, the rates are strengthening as the weeks go by. The *Nota A* (53,093-dwt, 2003) was fixed from Manila to Pakistan-West Coast India range at \$19,500. *Emelda* (55,638-dwt, 2009) was fixed for a steel trip with a delivery to CJK to South East Asia at \$24,000.

The **BHSI** closed this week at \$24,483, gaining \$1,388 from last Fridays report. Activity levels slowed this week in the Atlantic, in some parts market showing signs of softening. On the Continent, the *Xing Zhi Hai* (34,443-dwt, 2015) fixed delivery Ghent for a trip to US Gulf with steel at \$21,000 to Oldendorff. A 35,000-dwt open Lisbon fixed \$19,000 via Rouen to Morocco with Integrity. Across the pond, A *Racer* (26,467-dwt, 1996) fixed delivery Cuba via Paramaribo redelivery West Coast India with logs at \$23,000. Healthy rates persevered in East coast South America although a slight dip was seen towards the end of the week. The *Iberian Bulker* (37,668-dwt, 2018) was rumoured to have been fixed delivery Recalada for a coastal trip to Brazil at \$37,000 by J. Lauritzen. In the East, a 34k-dwt was linked with a trip delivery Malaysia via Australia to Indonesia with grains at \$23,500, while the *IVS Ibis* (28,238-dwt, 2012) fixed to NS United delivery Kashima for a trip with steels to South East Asia at \$28,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Mineral Brugge	175,155	2011	Hong Kong	PPT	South China	\$26,000	Ultrabulk	CCL Relet Via South Africa
Jupiter N	93,099	2011	Oita	23/27 Mar	Singapore-Japan	\$25,000	CNR	Via EC Australia
Yannis Gorgias	87,375	2010	Gibraltar	17 Mar	Skaw-Gibraltar	\$20,000	CNR	
Stalo	81,802	2017	Liverpool	23/28 Mar	Singapore-Japan	\$20,500	CNR	Via NC South America Plus \$975,000 bb
Guo Yuan	75,864	2013	Singapore	29 Mar	Singapore-Japan	\$21,500	SDTR	Via EC South America
Baltic Hornet	63,574	2014	US Gulf	PPT	South Brazil	\$27,000	CNR	Int Petcoke
Medi Tirreno	60,550	2015	US Gulf	PPT	Japan	\$37,000	CNR	
Emelda	55,638	2009	CJK	22/28 Mar	SE Asia	\$24,000	CNR	Int Steels
Alithia	35,062	2012	Santiago de Cuba	PPT	Morocco	\$20,000	Oldendorff	Via Mississippi River
Grace Ocean	33,296	2011	Wakayama	9/11 Mar	S.Korea	\$28,000	CNR	Vis CIS



Exchange Rates	This week	Last week
JPY/USD	108.85	108.95
USD/EUR	0.8407	0.8386

Brent Oil Price	This week	Last week
US\$/barrel	63.87	69.40

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	399.0	415.0
VLSFO	509.0	525.0
Rotterdam IFO	380.0	388.0
VLSFO	469.0	495.0



19 March 2021

Dry Bulk S&P

The market is fully up to warp speed now. The number of sales reported below leaves very little space for commentary. The sheer volume of turnover says all that you need to know. Suffice to say values are jumping across the market. To pick out a few highlights:

Kamsarmax: *Stella Dora* (81,055-dwt, 2014 Jinling) is reported sold at \$22.75m. Two months ago her sister *Cyl*, built 2017, was sold for \$20.6m. Supramax: *Global Venus* (58,635-dwt, 2013 Kawasaki) is sold at \$16.50m – arguably a \$3m climb in value over the last three months.

Capesize: the non-logs fitted *United Breeze* (181,325-dwt, 2012 Imabari) was fought over by a number of buyers and was won by Seanergy at \$29m. As recently as last week her sister *Frontier Island* (181,352-dwt, 2011 – with surveys freshly passed) was sold for \$25m.

Finally the humble handysize: the log-fitted *Atlantic Eagle* (28,339-dwt, 2014 Imabari) is reported sold at high 10's with delivery in Q3 this year - a 30% plus jump on benchmarks. There is still plenty of headroom for values to continue to climb.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
United Breeze	181,325	2012	Imabari	Gearless	Seanergy	\$29.00m	
Pacific Canopus	180,330	2012	Dalian	Gearless	Greek	\$21.00m	
Cape Providence	169,234	2010	Dehan	Gearless	Minerva	\$20.00m	
GH Harmony	92,500	2010	Yangfan	Gearless	undisclosed	\$13.00m	SS/DD passed
Limnionas	85,035	2017	Sasebo	Gearless	undisclosed	\$29.00m	
Karlovasi	82,354	2016	Oshima	Gearless	Norden	\$26.90m	
UWS 3	82,318						
UWS 2	82,308	2020	Yamic	Gearless	Norden	\$27.30m enbloc	BWTS fitted & delivery Q4 charter free
Yangze 16	82,031	2019	Jiangsu Newyangzi	Gearless	undisclosed	\$26.50m	
Super Grace	81,629	2011	Guangzhou Longxue	Gearless	undisclosed	\$14.90m	SS/DD due 2H 21
Stella Dora	81,055	2014	Jiangsu Jinling	Gearless	undisclosed	\$22.75m	
Wanisa	79,401	2012	Jiangsu Eastern	Gearless	Chinese	\$13.65m	SS/DD due 2H 21
Jasmine A	76,596	2006	Imabari	Gearless	undisclosed	\$11.25m	SS/DD due 03/21
New Emperor	76,585	2006	Imabari	Gearless	undisclosed	\$11.75m	SS/DD due 08/21
Naias	73,664	2006	Jiangnan	Gearless	Greek	\$11.40m	SS/DD due 06/21
Basic Portland	60,513	2016	Sanoyas	C 4x31T	undisclosed	\$21.50m	SS/DD due 09/21
Kouyou	58,595	2013	Kawasaki	C 4x31T	undisclosed	\$15.50m	SS/DD due 07/21
Global Venus	58,635	2013	Kawasaki	C 4x31T	undisclosed	\$16.50m	
Sam Wolf	57,200	2012	STX Offshore	C 4x30T	undisclosed	\$13.90m	Auction
Orchid Halo	56,174	2012	Mitsui	C 4x30T	undisclosed	\$14.50m	SS/DD passed & BWTS fitted
Georgiana	53,383	2008	Chengxi	C 4x36T	undisclosed	\$9.50m	
Basic Pioneer	37,196	2011	Saiki HI	C 4x30T	Greek	\$12.50m	SS/DD due 2H 21
HTK Sunrise	29,828	2006	Shikoku	C 4x31T	Greek	\$7.35m	
Atlantic Eagle	28,339	2014	Imabari	C 4x31T	Greek	\$10.70m	Delivery Q3
South Star	28,515	2006	Shimanami	C 4x31T	Turkish	\$6.70m	SS/DD passed & BWTS fitted

Tanker Commentary

Despite a flurry of activity in the aframax/LR2 sector, this week the tanker S&P markets have remained quiet.

Ocean Tankers have continued to offload tonnage, this week in the form of *Ocean Queen* (108,953-dwt, 2008 SWS, SS 3/23 DD 4/21). The buyers, which are at this moment unknown to us, are reported to have paid \$13.75m. The difference in shipyards and the distressed nature of the deal accounts for the significant discount when compared to the *Navigator Spirit* (105,733-dwt, 2008 Tsuneishi, SS/DD due 03/23) and the *Explorer Spirit* (105,804-dwt, 2008 Tsuneishi, SS/DD due 01/23) which sold for \$16m each in February. We are hearing that the *Falcon Express* (115,042-dwt, 2008 Sasebo, DD due 04/21) has sold to Velos, however the price still remains unknown.

In the older aframax tonnage, the Libyan Government controlled *Intisar* (112,668-dwt, 2002 Samho, SS/DD due 05/22) and *El Gurdabia* (112,668-dwt, 2002 Samho, SS/DD due 07/22) have sold for \$11.2m each. A price falling in line with the one year younger *Aegean Freedom* (106,074-dwt, 2003 Hyundai, SS/DD due 10/22) which sold at the end of February for \$10.75m.

Swedish owners Stena have offloaded the *Stena Concert* (47,288-dwt, 2004 Uljanik, epoxy, SS – 07/24, DD - 12/22) for a price in excess of \$10m to UAE based buyers. A firm price when compared to the *Mattheos I* (45,557-dwt, 2004 Uljanik, epoxy) which sold for \$10.5m with surveys freshly passed and BWTS fitted.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Falcon Express	115,042	2008	Sasebo	Velos	-	DD due 04/21
Intisar	112,668	2002	Samho	undisclosed	\$22.40m enbloc	
El Gurdabia	112,664					
Ocean Queen	108,953	2008	SWS	undisclosed	\$13.75m	DD due 04/21
Stena Concert	47,288	2004	Uljanik	UAE buyer	\$10.00m	Epoxy

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