HARTLAND
SHIPPING SERVICES

7 May 2021

WEEKLY COMMENTARY

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Source : statista

*The other indices were all up. The BPI + $548 to $26,182; the BSI +$277 to $23,760 and the BHSI +$194 to $21,188 per day. The Capesize FFA for May fell $6,571 on Thursday to close on $39,179 daily.

^Today, record highs were posted with copper at $10,361 a tonne and iron ore at $212.75 a tonne. Tin broke through $30,000 a tonne yesterday while US lumber hit a record high above $1,600 a unit.

POINTS OF VIEW

Another topsy-turvy week in the markets is drawing to a close. Tradewinds announced on Tuesday that " a decade of mediocrity is finally over" and, with hindsight, that might have been tempting fate. The Baltic Dry Index (BDI) reached its highest reading since mid 2010 on Wednesday, at 3,266 points, before dropping back to 3,212 points today. Also on Wednesday, the BCI-5TC hit a record of $44,817 per day, its highest level since the index was introduced in late February 2014. It has since fallen back 7.4% to finish the week on $41,514 daily accompanied by a sell-off in the futures.* This could be regarded as a welcome correction as it was getting a bit steamy; once rates have settled down they will be ready for the next leg up. The sell-off was triggered by some weaker fixture reports midweek giving investors the excuse they needed to take profits. China's steel industry continues to support the iron ore trade for the big ships as its iron ore buying patterns diversify. This week's Baltic fixture reports saw China importing iron ore from Australia, Brazil, South Africa, Chile and even from the Russian Baltic and the Republic of Congo. One suspects that China is trying to reduce as much as possible its purchases of Australian iron ore as it punishes Down Under for calling for an enquiry into the origins of Covid-19, removing Huawei from its 5G networks and for criticism of its militarization of the South China Sea and its treatment of the Uighurs in Xinjiang.

China has already banned the import of Australian coal and ramped up its purchases of coal from nearby Indonesia and the Russian Pacific. These are supplemented by rising imports from further afield such as South Africa, Canada, Colombia and the US. On a net basis, China has added tonne-miles to the global coal trade and is now set to do the same for iron ore. It is notable that India is now buying a lot of Australian coal after China snapped up its Indonesian supply, an example of a tonne-mile positive trade, moved mostly in Post Panamax and Kamsarmax sizes. Another positive for the largest bulk carriers is Vale's guidance that it plans to produce 315-355mt of iron ore this year, up from a Covid-constrained 300mt in 2020 and from a Brumadinho-constrained 302mt in 2019. It hopes to raise its output to 400-450mt by the end of next year. If Vale can produce it, then China will most likely buy it, as it increasingly prefers higher Fe content grades for more efficient, higher quality and less pollutive steelmaking. This is described as music to the ears of large bulk carrier owners as the Brazil/China route is tonne-mile intensive and will raise utilization at a time of limited net fleet growth to end 2022. But, it remains to be seen whether Vale can achieve such an ambitious target, having disappointed the market in recent years. Also, one should bear in mind that the Chinese government seeks to lower steel production in the second half of this year to cool an overheating real estate sector, and to reduce air pollution. Once again, we know not what to believe as China juggles with the twin paradoxical imperatives of maintaining economic growth while reducing harmful emissions. The Chinese people want both.

During the week we heard unconfirmed rumours that South Africa may impose 30 days quarantine on ships arriving from India where new coronavirus mutations abound. It follows 14 crew members testing positive on a ship that arrived in Durban last Sunday with a cargo of bagged rice from India. We have yet to get confirmation of this move by South Africa. If it proves to be true, and if other countries were to follow suit, it would cause significant disruption to maritime trade, particularly in and out of India. It was further rumoured that Cosco, Ming Wah and Hyundai Glovis are set to boycott India by their significantly large fleets. This also awaits confirmation. Such restrictions, if imposed, would reduce effective fleet supply. It is already difficult getting crews on and off ships and this will only make matters worse, especially given the fact that so many seafarers are of Indian nationality. In short, the supply and demand fundamentals remain positive for shipping with unpredictable events exaggerating freight volatility. On top of that we appear to be in a mini, or maybe longer, commodity super-cycle that sees the likes of iron ore and copper trade at record highs this week.^ The shipping and commodity businesses are certainly not for the faint-hearted.

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Dry Cargo Chartering

The **BDI** closed this week at 3,183 up 130 points from last week.

The **cape** market closed today at $41,514 up $906 last week. The usual ore run from Tubarao to Qingdao was fixed 170,000mt 10% on the 2007 built *Kerkis* at $29.30pmt with Olam. FMG fixed a TBN' 190,000mt 10% ore stem from Port Hedland to Qingdao at $14.00. Trafigura fixed a 190,000mt stem on the 2014 built *Max Warrior* from Sudeste to Qingdao at $28.00. The *Star Borealis* fixed 170,000mt 10% from Ponta Da Madeira to Qingdao at $34.00 with Vale. On time Charter, the *Genco Maximus* (169,021-dwt, 2009) fixed delivery Dandong for a trip via West Coast Canada redelivery Singapore-Japan range at $44,000 with Richland.

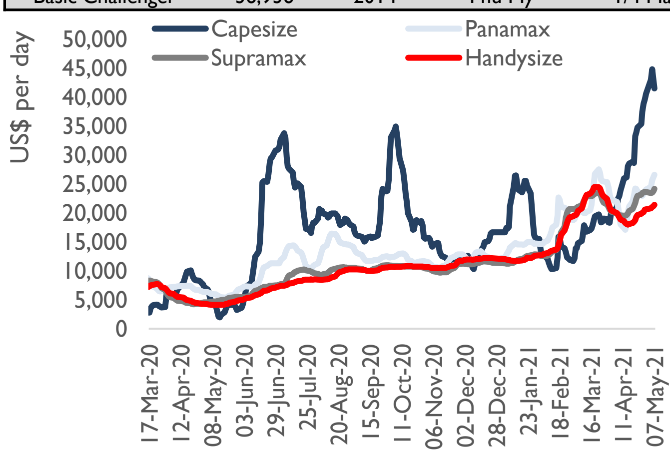
A firmer week for the **panamax** market as rates rose to close play at $26,597, up by $2,552 from our previous report. In the Pacific, Oldendorff fixed the *Pegasus* (81,852-dwt, 2012) delivery Tianjin for a trip via NoPac option Australia to Singapore-Japan range at $25,000, while the *Orient Prima* (76,596-dwt, 2005) was fixed delivery Nansha for a trip via Indonesia redelivery South China at $30,000 by Refined Success. On the period side of things, Panocean took on the *Salaminian* (81,565-dwt, 2014) delivery retro-sailing Singapore on the 21st April for 12 months at an impressive $22,000 with worldwide redelivery. Over in the Atlantic, Cargill fixed the *Jaguar Max* (81,283-dwt, 2012) delivery Dunkirk for a trip via North coast South America redelivery Skaw-Gibraltar range at $18,500, and the *Shail Al Rayan* (76,629-dwt, 2006) was fixed delivery Safi for a trip via the US East coast to China at a very strong $35,000 by Phaethon. The Steel Authority of India fixed a 75,000 mtons 10% coal stem from Hay Point to Visakhapatnam at $32.95 pmt for 10/19 May on a TBN basis.

A sound week for the **supra** market. Rates are constant with slight fluctuations but are still looking firm in the market. The BSI closed at $24,158 up from last week's $23,581. In the Atlantic, the *Triton Swan* (61,457-dwt, 2012) have been heard to be fixed to Nouachkott to East Coast Mexico at $19,000. The *Nicos Tomasos* (63,038-dwt, 2015) have been fixed for a delivery to Tampa to East Mediterranean via Barcelona at $18,000. In the Indian Ocean, *Ameena Jahan* (53,477-dwt, 2010) was fixed for a trip to Chittagong to China via East Coast India at $23,500. The *Great Spring* (61,411-dwt, 2017) has been fixed for a delivery to Gangavaram to China via East Coast India at $31,000. In the Pacific, *Nicolaos A* (53,806-dwt, 2003) was fixed for a steel and general cargo trip with a delivery to CJK to the Arabian Gulf at $22,000. The *Amoy Dream* (56,873-Dwt, 2010) also has been fixed for a nickel ore run with a delivery to Ningde to China via the Philippines for $27,000.

The **BHSI** closed this week at 21,399 up $792 from last week. Across the Atlantic rates have started to climb, a welcome improvement to the market after the slight cooling at the end of last week's public holidays. Positive sentiment returned to the Atlantic in general, encouraging signs for the year. The Continent firmed up with less prompt tonnage open, Owners asking mid-teens for scrap runs, although little reported activity. *Agia Triada* (31,887-dwt, 2009) open Rotterdam was heard to have fixed a trip to the US Gulf at $15,500. The Mediterranean was quiet, with limited fresh cargo. In the US Gulf, the *Nordschelde* (37,212-dwt, 2013) fixed delivery South-West Pass for a trip via St John, redelivery Barranquilla at $15,000 with Canpotex. Down the East coast South America the *ES Venus* (34,358 2014) fixed on sub basis delivery WWR Upriver, redelivery Tunisia at $24500 with Falcon. On the North coast, *Interlink Mobility* (38,767-dwt, 2015) delivery Vila do Conde for a prompt trip redelivery US East coast at $23,000 with Lauritzen. In the East, the *Bunun Glory* (37,046-dwt, 2015) open Xiamen fixed a trip via Western Australia redelivery China with a duration of about 35/45 days at $25,000. A 37,000 dwt fixing basis delivery Japan to West Coast South America with fertilizers at $26,500. A 37,000 dwt open China was fixed basis delivery China via New Zealand and redelivery China with logs at $29,000. The *Shikoku Island* (33,443-dwt, 2014) open Singapore was fixed for min 80 to 100 days with redelivery Worldwide with logs as first leg at $27,250. In the Arabian Gulf, the *IVS Sentosa* (32,701-dwt, 2010) fixed a fertilizer cargo to Australia at $29,000. A 28,000 open in Chittagong fixed a trip to China with Granit at $21,000. On period, a 38,000 dwt newbuilding logger fixed basis delivery Ex Yard Imabari for 4 to 6 months redelivery Worldwide at $29,000. A 37,000 dwt was heard to have fixed for 5 to 7 months basis delivery China and redelivery worldwide at $25,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Genco Maximus	169,021	2009	Dandong	7/8 May	Singapore-Japan	$44,000	Richland	Via West Coast Canada
Venus Heritage	95,650	2010	PMO	14/20 May	Singapore-Japan	$35,100	CNR	
Nireas	82,067	2012	NC South America	21 May	Skaw-Gibraltar	$31,000	CNR	
Aqia Sofia	82,045	2016	Passero	6/10 May	Singapore-Japan	$36,250	Olam Intl	Via NC South America
Ivestos X	76,598	2006	Masinloc	7 May	South China	$29,000	CNR	Via Indonesia
King Lan	73,925	2001	Singapore	19 April	Singapore-Japan	$21,500	Grand Ocean	Via EC South America
Nautical Lucia	63,800	2016	CJK	PPT	China	$31,000	CNR	Int Nickel Ore Via New Caledonia
La Charmais	58,110	2012	Toledo	PPT	Thailand	$32,000	CNR	Int Coal Via Indonesia
Podhale	38,995	2005	Atlantic Colombia	PPT	St Lawrence	$18,000	Fednav	Via North Brazil
Basic Challenger	36,936	2014	Phu My	1/4 May	US West Coast	$31,000	Weco Bulk	Int Bulk Cement



Exchange Rates	This week	Last Week
JPY/USD	109.09	109.00
USD/EUR	0.8272	0.8278

Brent Oil Price	This week	Last Week
US$/barrel	68.03	67.27

Bunker Prices ($/tonne)	This week	Last Week
Singapore IFO	398.0	392.0
VLSFO	508.0	504.0
Rotterdam IFO	383.0	380.0
VLSFO	485.0	482.0

Dry Bulk S&P

With Greek Easter and Golden Week coming to an end, this week has been a relatively quiet one in the sale and purchase markets. Meanwhile the charter markets have kept roaring ahead, perhaps with the exception of Capes which took a slight wobble on Thursday on both the physical and paper.
As Principles and Brokers get their feet firmly back under desks next week, we expect activity to pick up again quickly. Full steam ahead!

In the ultramax sector, the *Guo Qiang 8* (63,376-dwt, 2018 Guangzhou Huangpu) has been sold for $23 mill to Chinese buyers. The price is in line with recent sales on similar ships such as the *GH Northern Dancer* (63,025-dwt built 2017 New Times) which was reported sold at $21.75 mill a few weeks ago.

Elsewhere, in the supras the *Silvia Glory* & *Silvia Ambition* (56k dwt, 2012/11 Yangfan) are rumoured sold for $24 mill enbloc, and the *Superior* (56,556-dwt, 2012 COSCO Zhoushan, Tier II) has been committed at $13.5 mill to undisclosed interests.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Guo Qiang 8	63,376	2018	Guangzhou Huangpu	C 4x30T	Chinese	$23.00m	
Silvia Glory	56,797	2012	Yangfan	C 4x36T	undisclosed	$24.00m enbloc	
Silvia Ambition	56,880	2011					
Superior	56,556	2012	COSCO Zhoushan	C 4x30T	undisclosed	$13.50m	Tier II

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Tanker Commentary

The tanker sale and purchase market has resisted the temptation to take a pause in conjunction with the global holidays this week. Any slow down in sales activity can be more attributed to a lack of sales candidates rather than a lack of demand. The Xihe Holdings sales process aside, options for potential buyers are limited. Increased newbuilding prices combined with the scarcity of prompt berths at shipyards is likely to result in increased attention on the second-hand market and further upward pressure on tanker values.

Irrespective of age or size, interest levels remain high with Chinese buyers hunting for vintage crude acquisitions whereas Greek buyers continue to fight it out for younger candidates. The headline sale of the week is Castor Maritime's swoop for the remaining five tankers being sold by the bond holders of the Eletson fleet. The vessels in question are: handy's Sikinos and Skyros (37k dwt, 2006 HMD), aframax Agathonissos (106,149-dwt, 2002 HHI) and LR2s Alonissos and Megalonissos (106k dwt, 2004 HHI) sold for a combined US$ 50 mill enbloc.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Seaways Tanabe	298,561	2002	Hitachi	undisclosed	$24.00m	
Alonissos	106,290	2004	Hyundai HI	Castor Maritime	$50.00m enbloc	
Megalonissos	106,162					
Agathonissos	106,149	2002				
Skyros	37,562	2006	Hyundai Mipo			
Sikinos	37,260					
Maratha	105,995	2003	HHI	undisclosed	$13.50m	
Fotini Lady	71,864	2004	STX	undisclosed	-	
MR Aries	49,998	2009	Guangzhou	Hayfin	$14.00m	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price $	Delivery
Caribbean Energy	72,571	1980	General Dynamics	GAS	31,143.06	640	Bangladesh
MR Star	45,219	19997	Minaminippon	TANK	10,043.00	541	Bangladesh
Nolla	5,300	1984	Teraoka	TANK	1,827.60	485	Pakistan
Palmyra	5,428	1991	Naikai	TANK	1,944.00	485	Pakistan
Falcon	19,998	1996	Hyundai HI	TANK	6,694.80	735	India
Srikandi Indonesia	20,756	1999	Keppel Hitachi Zosen	GEN	6,300.00	undisclosed	Indonesia
Vika	41,185	1998	Varna	BULK	9,664.00	550	Pakistan
Gulf Glow III	8,837	1986	Viareggio	TANK	2,889.00	undisclosed	India

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