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POINTS OF VIEW

The World Health Organisation has belatedly fallen for political correctness as it seeks to remove geographic association from the Covid-19 pandemic. The former US president, Donald Trump, has never been a fan of political correctness and did not mince his words in labelling the disease the China Virus or Kung Flu. The new US president, Joe Biden, has given his security services 90 days to find out whether or not the virus might have originated in a Wuhan laboratory, which up until now has been viewed merely as a conspiracy theory. We should hope that the security services can eliminate this possibility as the world ex-China would be compelled to instigate sanctions the likes of which will derail the global economy. The WHO's variants of concern start with the UK as Alpha, followed by South Africa as Beta, Brazil as Gamma and India as Delta. We are hearing rumours of new variants emanating from such places as Vietnam and Nepal. Will the Greek alphabet be long enough to cope with all the upcoming variants of concern? The last, but not least, is the 24th character which is Omega. Meanwhile, just as British tourists were packing their flip-flops for the beaches of the Algarve, the UK government flipped Portugal from Green to Amber, sticking thousands of tourists with the combined monetary and time penalties of yet more tests and quarantine. Our 21 June deadline for unlocking is looking increasingly vulnerable.

Talking of flip-flops, the capesize bulk carrier segment has flopped from its 5 May peak of \$44,817 to a current low of \$20,933 today, down 53% in a month. It has flipped the near-term BFA Cape futures curve from backwardation to contango with Q2 at \$30,007 and Q3 at \$33,494 before Q4 drops to \$29,804 per day. This contrasts with the steep backwardation that existed on 5 May when Q2 was assessed at \$39,678 and Q3 at \$34,862 while Q4 was at \$28,393 daily. So the futures are informing us that the capesize segment will recover over the summer months before easing off in the autumn. The current slump has had a dramatic impact on sentiment, taking the steam out of what was a vibrant second-hand sales market. It is rumoured that a 10-year old 180,000-dwt Korean-built capesize has seen only a handful of bids in the range of \$25-27m when the benchmarks suggest that a Japanese unit should be worth closer to \$30m.* How quickly things can change; this ship would have seen much greater interest a month ago. But we should not be surprised as the capesize segment is always subject to the greatest volatility being beholden to just coal and iron ore, to steelmaking and power generation. We need more Brazilian iron ore supply and for Chinese traders to regain their mojo and ignore government orders to stop speculating and for 'steel city' Tangshan to ignore calls for it to cut its steel output given still strong demand. The smaller geared bulk carriers are doing much better than capes given the diversity of their minor bulk cargo base and its correlation to GDP growth.

The sub-capes are all doing better than the big ships with the BPI at \$26,400 daily, the BSI at \$26,941 and the BHSI at \$24,065 per day. The container market also continues to prosper with the classic panamax sizes hitting astonishing levels. The S Santiago (5,060-teu HHIC 2006), owned by Cyprus Sea Lines, is said to have been taken for 80 days trading at over \$100,000 per day while the Dioryx-owned Strymonikos[^] (4,360-teu HHIC 2009) is reported to have fixed a much longer 5-year time charter to CMA CGM at \$34,000 per day. These 32.2m narrow beam panamax sizes were written off five years ago when the Panama Canal opened a new set of locks in June 2016 enabling box ships up to 13,000-teu to transit. Back then, the nominal 5-year TC rate for a narrow beam 4,400-teu unit was \$9,500 daily. No-one could have imagined at that time that they would have such a phoenix-like reincarnation five years later. Their wide-beam equivalents still earn a premium as illustrated by the reported fixture of F.A. Vinnen's Merkur Fjord (3,765-teu Shanghai Shipyard 2013 37.3m beam) for a 5-year time charter to CMA CGM at \$35,000 daily. The lines are having to pay up but they are being richly compensated by record freight rates as the FBX index now stands at 5,507 up 283% on 1,439 points at the start of last year. Port congestion in Hamburg, partial closure of Yantian, total lockdown in Malaysia, the lingering after effects of the Ever Given and the upcoming peak season should serve to underpin rates.

... The Tragedy of the Xpress Pearl off Sri Lanka...



Source : Lloyds List / Sri Lanka Air Force

*Supported by the reported sale of the Eibhlin (182,307 Universal Tsu 2011) for \$30.5m on 23 April.

[^]Believed to be called the CMA CGM Lapis under CMA CGMs naming rights under the term C/P.

Dry Cargo Chartering

The **BDI** closed this week at 2,438, down 158 points from last our last report. The **capsize** market continued to dip this week closing at \$20,933, down \$4,681 from last reported. Coal fixtures concluded this week include a Ssangyong TBN vessel and a Five Ocean TBN vessel for two 130,000 mtons 10% Kepco tenders from Newcastle to Boryeong for late June dates at \$16.02 pmt and \$15.95 pmt respectively. The 2012-built *Cape Peony* was chartered by Glencore for 170,000 mtons 10% iron ore from Seven Islands to Qingdao for 23-28 June at \$26.10 pmt, while on Wednesday Rio Tinto chartered the Koch relet *Pacific Vista* for 170,000 mtons 10% from Dampier to Qingdao for 17-19 June at \$10.65 pmt. Rates for the usual West Australia-Qingdao route crept below \$10 pmt as the week drew to a close. Vale fixed several stems this week, including 170,000 mtons 10% iron ore from Teluk Rubiah to Sun Duong for 16-17 June at \$8.85 pmt. There was little reported in terms of time charter fixtures.

This week the **panamax** market firmed to close play at \$26,400, up \$1,559 from last reported. In the Atlantic, the *Crimson Empress* (82,250-dwt, 2014) was fixed delivery Liverpool for a trip via East coast South America and the Red Sea redelivery Port Said at \$26,000 by Invivo, and in the Indian Ocean it was reported that the *Captain John P* (82,017-dwt, 2020) fixed delivery Paradip 2-3 June for a trip via South America to the Far East at \$31,000. Over in the Pacific, Tata NYK took the *Crimson Ace* (81,759-dwt, 2015) delivery CJK for a trip via East Australia to India also at \$31,000. The *Bonita* (76,623-dwt, 2001) was fixed delivery CJK for a NoPac round trip at \$22,000 by Oldendorff, and we also heard that the *Sea Diamond* (77,096-dwt, 2007) fixed delivery Taichung for a trip via Indonesia to North China at \$25,250. SAIL were very active this week fixing several coal stems, among them a TBN vessel for 75,000 mtons 10% from Newport News to Visakhapatnam for 26 June-5 July at an impressive \$49.20 pmt.

It was an eccentric week for the **supra** market. Rates have slipped and have dwindled from the previous week in the Pacific region. However, rates are still looking strong in the Indian and Atlantic regions. The BSI closed at \$26,941, down from last week's \$27,542. In the Atlantic, *JPS Afroditi* (57,523-dwt, 2016) was fixed for a trip with a delivery to Recalada to Morocco at

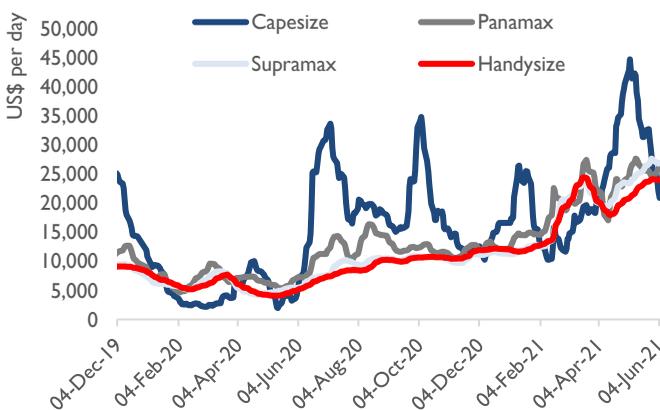
\$36,500. The *Equinox Eagle* (61,208-dwt, 2015) has been fixed for a prompt trip to deliver to the US Gulf to redeliver to Morocco at \$31,000. In the Indian Ocean, the *Lorentzos* (53,688-dwt, 2005) was fixed for a trip carrying fertilisers with a delivery to Mumbai to redeliver to Bangladesh via the Arabian Gulf at \$35,000. While the *Castle* (53,477-dwt, 2009) was also fixed for a prompt trip to deliver Mumbai to Bangladesh via the Arabian Gulf at \$35,000.

In the Pacific, the vessel *Pacific Visio* (56,425-dwt, 2013) was fixed for a delivery to Anyer, Indonesia to redeliver Thailand via Indonesia at \$32,000. Also, the *Furness Victoria* (58,648-dwt, 2012) was fixed for a trip with a delivery to Fangchang to CJK via Indonesia at \$26,000.

The handies continued in strong fashion despite **BHSI** dropping \$105 closing at \$24,065. The Atlantic gaining across all major loading zones while the Asian markets having a slightly more volatile week. On the continent, the *Interlink Daido* (39,287-dwt, 2019) fixed delivery Bilbao for prompt trip via Antwerp redelivery USEC with steel at \$21,500 to Clipper. Owners were rating a tick under \$20,000 for scrap runs to Turkey. A 28,00-dwt was heard fixing \$19,000 for an intra-Mediterranean trip delivery Egypt. The *Navios Lyra* (34,718-dwt, 2012) delivery Taranto for 120 / 160 days redelivery worldwide at \$24,000 to Seacape. In east Coast South America, a 38,000 was rumoured to have been placed on subjects at \$30,000 basis delivery APS Recalada for a trip to Skaw- Passero range. In the USG, the *Pola Monaco* (38,464-dwt 2015) fixed basis delivery Puerto Bolivar for a trip to the Continent – UK range with Coal at \$18,000 to Centurion. The *Centurios* (33,367-dwt, 2015) delivery South-West Pass for a prompt trip redelivery Spanish Mediterranean with grains at \$19,750 to Triomphe. In the East, the *Ocean Fortune* (37,595-dwt 2014) open CJK fixed for a trip via CIS with Redelivery China at \$24,000. The *Ocean Honesty* (38,276-dwt, 2013) fixed basis delivery Japan via Japan with steels to Mediterranean at \$30,000 to MOL. A 28,000 open Surabaya was rumoured to have fixed basis delivery via Australia with redelivery Japan with sugar \$23,000. In the Indian Ocean, a 33,000 open Kakinada fixed with an intended cargo of Granite to China at \$33,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Jupiter N	93,099	2011	Zhoushan	31 May	Cigading	\$25,000	Refined Success	Via Dalrymple Bay
Medi Kyoto	89,499	2018	Dafeng	5/6 June	China	\$29,900	Refined Success	Via WC Australia
Yasa H Mulla	83,482	2011	Gibraltar	Beg June	Skaw-Gibraltar	\$21,000	Bunge	Via NC South America
Puma Max	81,339	2012	Gibraltar	31 May/ 5 June	Singapore-Japan	\$33,000	Comerge	Via NC South America
Andria	75,375	2006	Pyeongtaek	4/6 June	South East Asia	\$24,500	Raffles	Via Australia
Goodwyn Island	63,963	2018	Mississippi River	1/8 June	Continent	\$30,000	Ultrabulk	Int Wood Pellets
Tomini Majesty	56,942	2010	Taranto	PPT	Kosichang	\$32,000	Evomarine	Int Fertiliser
Pacific Visio	56,425	2013	Anyer	30/31 May	Thailand	\$32,000	CNR	Via Indonesia
Pola Monaco	38,464	2015	Puerto Bolivar	PPT	UK-Continent	\$18,000	Centurion	
Ocean Fortune	37,595	2014	CJK	10/12 June	Japan	\$24,000	CNR	Via CIS



Exchange Rates	This week	Last Week
JPY/USD	109.52	109.84
USD/EUR	0.8220	0.8198

Brent Oil Price	This week	Last Week
US\$/barrel	71.83	69.77

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	408.0	383.0
VLSFO	526.0	498.0
Rotterdam IFO	390.0	380.0
VLSFO	505.0	486.0

4 June 2021

Dry Bulk S&P

Across the sub cape segments, there remains a plethora of sales. Values keep rising and earnings stay firm. Most market vessels are subject to plenty of competition and sellers are often achieving higher than their target price. A theme and direction that has been consistent for the year to date!

Rich Future (82,197-dwt, 2013 Tsuneishi Zhoushan) is sold to German Buyers for \$22.8m a step up on *Spring Aeolian* (83,478-dwt, 2012 Sanoyas) which sold in early May for \$21.25m.

Celsius continue to sell out their ultramaxs, selling six units en bloc units to CDBL for \$129.8m. Deals involving Chinese Leasing companies often involve long subjects. While the pricing seems soft compared to the most recent comparable sales, if the deal was agreed around the end of February with three month subjects, it would have represented a premium price at the time.

Tier II Chinese built supramaxes continue to sell for firm levels, *Pacific Talent* (56,578-dwt, 2013 Hantong) reportedly

sold for \$15.5m, again a slight improvement on the sale of 2012, tier II *Olympic* (57,023-dwt, 2012 Jinling) at 14m three weeks ago.

Bermuda based Interlink Maritime are also rumoured to have sold out a SDARI 37 at the firmest price achieved in some time. In November/December last year, three same age Chinese 37s were sold for between 6.9 and 7.9. Two weeks ago a sister was sold for \$12m and Interlink reportedly achieved very high 12s on their *Interlink Comity* (37,302-dwt, 2010 Huatai).

Slightly smaller handies have seen a surge in values too. Turkish Owners are reported to have flipped out their *Akson Sara* (32,684-dwt, 2010 Jiangsu Zhenjiang) for \$10.5m with SS passed & BWTS fitted. They reportedly paid low 5s for her in October last year.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Bottiglieri Sophie Green	93,283	2011	Jiangsu Newyangzi	Gearless	Greek	\$16.50m	SS/DD passed & BWTS fitted
Marlene D'Amato	93,207	2012	Jiangsu Newyangzi	Gearless	undisclosed	\$15.80m	
Rich Future	82,197	2013	Tsuneishi Zhoushan	Gearless	German	\$22.80m	BWTS fitted, DD due
Eclipse	79,474	2010	Jinhai HI	Gearless	Sterling Shipping	\$16.75m	
Maria	76,015	2003	Tsuneishi Fukuyama	Gearless	undisclosed	\$12.50m	
ASL Venus	75,928	2001	Kanasahi	Gearless	Chinese	\$8.75m	Delivery December
Global Bonanza	74,916	2011	Sasebo	Gearless	undisclosed	\$23.00m	BBHP structure
GH Desert Orchid	63,550	2019	Yangfan	C 4x30T	CDBL	\$129.80m enbloc	
GH Eclipse	63,519	2019		C 4x30T			
GH Urban Sea	63,437	2017	C 4x36T				
GH Sky Beauty	63,398	2017	Sainty	C 4x30T			
GH Galileo	63,301	2017		C 4x30T			
GH Danzero	63,326	2014		C 4x45T			
Pacific Talent	56,578	2013	Jiangsu New Hantong	C 4x36T			
AMS Pegasus III	56,521	2012	Jiangsu Hantong	C 4x36T	undisclosed	\$14.30m	BWTS fitted, Index linked TC attached
Panagia Korona	56,568	2012	COSCO Zhoushan	C 4x30T	undisclosed	\$15.25m	
Olympic Pegasus	56,726	2011	COSCO Guandong	C 4x30T	Costamare	\$15.00m	
Olympic Peace	55,709	2006	Oshima	C 4x30T	Costamare	\$22.00m enbloc	
Olympic Pride	55,705		Mitsui	C 4x30T			
Interlink Comity	37,302	2010	Huatai HI	C 4x30T	undisclosed	\$12.80m	SS/DD passed, BWTS fitted
Akson Sara	32,648	2010	Jiangsu Zhenjiang	C 4x3 IT	undisclosed	\$10.50m	SS passed & BWTS fitted

Tanker Commentary

Japanese owners have executed an off market deal this week, with the LR2 tanker *Champion Pleasure* (105,852 dwt, 2008 Namura, SS 09/25, DD 12/23) achieving excess \$18m. It's believed that only a handful of owners were offered this opportunity, but Union Maritime are understood to have offered the highest price. A premium when compared to the Chinese built *Ocean Crown* (108,943 dwt, 2007 SWS, SS/DD due 07/22) which sold at the end of May for \$16.25m.

Diamond S have found a taker for their *Atlantic Pisces* (49,999 dwt, 2009 Hyundai Mipo) with Norwegian owners Atlantica Shipping tipped to be the buyers, taking her for \$15m. The last Korean built sold was the *Hellas Explorer* (51,246 dwt, 2008 STX) that changed hands for \$13.25m last month. Russian owners Sovcomflot have sold one of their older MR tankers this week to UAE based

interests, with the *Hermitage Bridge* (47,880 dwt, 2003 Hyundai Mipo) fetching \$7.8m. Meanwhile the pumproom design MR tanker *Salaminia* (47,407 dwt, 2007 Onomichi) has been sold to Greek owners Aerio Shipping for \$9.5m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Champion Pleasure	105,852	2008	Namura	Union Maritime	\$18.25m	
Atlantic Pisces	49,999	2009	Hyundai Mipo	Norwegian	\$15.00m	
Hermitage Bridge	47,880	2003	Hyundai Mipo	UAE based	\$7.80m	
Salaminia	47,407	2007	Onomichi	undisclosed	\$9.50m	

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