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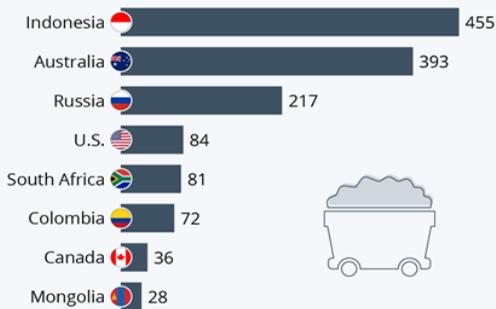
### POINTS OF VIEW

In the bulk carrier sector, the largest ships continue to correct downwards from their recent lofty peak of \$44,817 per day on 5 May. The Baltic's BCI-5TC fell to \$25,614 daily today, 43% below its early May high. The reasons are various but may include China's clampdown on commodity speculation, persistent fears that inflation may cause interest rates to rise, thus hitting consumption, and by Oaktree's sale of 30% of its stake in Star Bulk. China's National Development and Reform Commission, the agency that enforces the economic will of the State Council, wanted to take the steam out of surging commodity prices. It also wants to reduce steel production in H2 2021 to curb carbon emissions.<sup>^</sup> This week, it succeeded in further pushing down prices that were already in correction mode. Iron ore peaked at \$229 on 13 May and is now\* trading 16% lower at \$193 a tonne, while copper peaked at \$4.84 on 11 May and is now 5% lower at \$4.62 a pound. Lumber maxed out at \$1,688 on 7 May and is now 22% lower at \$1,323 per 1,000 board feet, while steel rebars spiked to Rmb5,887 on 12 May and are down 21% to Rmb4,659 a tonne today. On the agricultural front, corn peaked at \$7.75 on 12 May and is now trading 15% lower at \$6.63 a bushel, helped along by better planting news, while soybeans hit a high of \$16.83 on 12 May and are now trading 9% down at \$15.37 a bushel. These corrections in freight and commodity prices can be seen as positive if lower prices reinvigorate demand.

### ... China Looks Beyond Australia ...

#### The World's Biggest Coal Exporters

Countries exporting the most coal in 2019 (in million tons)



Source: IEA



statista

Source : Statista

Current BCI-5TC weakness is in part a reaction to China's attempt to rein in steel production in H2 despite still strong demand. It may have to compensate for any output cuts by increasing steel and scrap imports and raising taxes on steel exports. In April, China produced 98mt of steel, a 13% year-on-year increase, while global steel production rose 23% year-on-year in April to 170mt. The fact that global steel demand is so unusually strong should help to mitigate any output reduction in China. The large bulk carrier sector is still supported by China's ban on Australian coal imports which causes it, at the margin, to source supplies from more distant places such as South Africa, Colombia, Canada and the US. The BCI may also have been impacted by Oaktree's decision to reduce its holding in Star Bulk by one-third. However, this move should not be interpreted as a bearish judgment on the company, or the bulk carrier sector, but rather as prudent risk management, profit-taking and the return of some cash to investors. Eagle Bulk recently suffered a similar fate as funds exited or sold down their positions. Meanwhile, other investors – such as Soros, Burry, Miller and Fairfax – are either entering or raising their exposure to various shipping sectors this year, while Taylor Maritime listed in London this week. The overhang of hedge fund and private equity investors, added to the random trading characterised by day traders, represent challenges for more committed long-term investors who are driven by their interpretation of supply and demand fundamentals.

Today, the BCI-5TC is at \$25,614 per day, finding itself in the middle of the range of the going rates for smaller bulk carriers: kamsarmax at \$24,841, supramax at \$27,542 and handysize at \$24,170. In line with the fall in the spot BCI-5TC, the Cape BFAs were marked heavily down this week, although it is unclear which is leading the other, spot leading the futures or the futures leading the spot. China has plenty of form in causing commodity prices and freight to fall when they get too high. This may be one of those occasions. Issuing orders to steel mills to cut production, and telling traders to stop speculating on commodity prices, have had a fairly chilling effect on the markets this week. Behind the scenes, the Chinese authorities appear to be keen to slow down the real estate sector as it looks financially over-leveraged and may even pose systemic risks. For shipping, this represents a temporary pause while we await some indication of the true state of unadulterated demand. As rich economies continue their cautious exit from lockdowns we can expect demand to rebuild to pre-pandemic levels, although issues remain with the Indian variant and with the pressing need to vaccinate poor countries. "No-one is safe, until everyone is safe" is the WHO advice. Meanwhile, bulkers are pausing, containers are still booming and tankers are attracting more interest as national and international travel tentatively resumes.

<sup>^</sup>Tangshan, China's steel capital, instructed steel mills to reduce their output by 30-50% until the end of 2021.

\*Prices as of about midday London time today courtesy of data supplied by Trading Economics.

## Dry Cargo Chartering

The BDI closed this week 2596, down 273 points from last Friday.

The **cape** market dropped \$6,979 from last week closing today at \$25,614. The usual 170,000mt 10% stem from Dampier to Qingdao was fixed with Rio Tinto at \$12.90 per metric ton, on the 2004 built *Xinwang Hai*. FMG fixed an ore stem 160,000mt 10% from Port Hedland to Qingdao at \$13.20 pmt. Panocean fixed a To be nominated 145,000mt 10% from Newcastle to Hadong at \$19.62 with Kepco. The *Golden Cirrus* 2018 ST Shipping relet fixed 170,000mt 10% from West Australia to Qingdao at \$13.15 with Pacbulk. The *Lowlands Tenacity* 2011 KSC relet 140,000mt 10% from Newcastle to Youngheung at \$19.61 with Kepco. The 2014 built *Pigi* fixed 19,000mt 10% from Kamsar to Qingdao at \$23.00 with Winning Shipping.

The **panamax** market softened further this week as it closed today at \$24,841 marginally down by \$852 (3.3%) since last reported on 21<sup>st</sup> May. In the Pacific, TataNYK fixed the *Seastrength* (81,134-dwt, 2011) delivery Zhanjiang 27 May trip via EC Australia to India at \$32,000 whilst the *Mondial Success* (80,010-dwt, 2017) delivery Singapore 21 May for a trip via US Gulf back to Singapore-Japan at \$28,300. In the Indian Ocean, Trafigura fixed the *NS Xiamen* (74,381-dwt, 2006) fixed Dhamra 25 May for a trip via EC South America to Singapore-Japan at \$26,250. Meanwhile in the Atlantic, Cofco Agri fixed *Omicron Light* (76,602-dwt, 2005) delivery EC South America 11 June for a trip to Skaw-Gibraltar at \$22,500 + \$450,000 GBB whilst Uniper fixed *Cymona Pride* (78,056-dwt, 2014) delivery Point Lisas prompt for a trip via Puerto Drummond to Pecem at \$22,500. Additionally, a TBN vessel was fixed by SAIL for 75,000 mtons 10% coal from Hay Point to Visakhapatnam for 8/17 June at \$29.10 pmt.

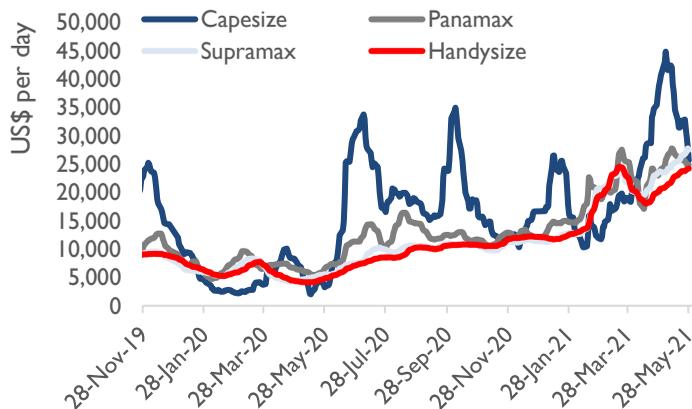
Rates in the **supramax** market stayed firm within the Atlantic and the Indian ocean while the rates in the Pacific has been volatile. The BSI closed at \$27,542, up \$1,049 from last week. In the Atlantic, *Yasa Pembe* (55,912-dwt, 2007) was fixed for a delivery to Rotterdam to redeliver around the East Mediterranean area at \$27,500. The *Gharapuri Island* (57,978-dwt, 2010) was fixed for a delivery to Amsterdam to US East Coast with scraps for \$26,500. In the Indian Ocean, the *Bulk Titan* (58,090-dwt, 2009) was fixed to deliver Durban and to redeliver

Spain at \$33,000. Another was the *Frossos K* (57,047-dwt, 2010) has been fixed for a steel run with a delivery to Colombo to continent via West Coast India at an estimated \$33,000. In the Pacific, the *Ceebihan* (57,318-dwt, 2009) was fixed for a trip with a delivery to Ho Chi Minh to India via Indonesia at \$33,500. While the *Nautical Madison* (63,372-dwt, 2009) has been fixed for a delivery to Rizhao to redeliver around the East Mediterranean area for \$34,500.

The **BHSI** closed this week at \$24,170 up \$464 from last Friday. On the Continent, the *Nord Montreal* (36,570-dwt, 2012) fixed scrap from the Continent to the east Mediterranean at \$18,000 with Evomarine but rates firmed throughout the week. Clipper Talent (30,475-dwt, 2009) fixed a similar scrap run to Turkey a \$19,500 with Weco Bulk. The Mediterranean perhaps even firmer than the Continent, Owners fixing \$23,500 delivery Canakkale for Intra-med fixtures on a 35,000-dwt. A 37,000-dwt fixed from Port Said via Italy to US Gulf at \$21,000. The US Gulf finally caught up with the party, becoming increasingly more active this week. The *Nile Confidante* (37,405-dwt, 2012) fixed basis delivery Houston redelivery South Africa at \$25,000. The *Four Aida* (34,408-dwt 2009) was fixed basis delivery Port Esquivel for a trip to the Continent at \$15,000. The *Strategic Unity* (39,821-dwt, 2014) took delivery Texas City for a trip to Greece at \$22,000 to Bulk Trading. In the Caribbean, the *Maple Glory* (32,491-dwt, 2011) fixed basis delivery Jamaica redelivery Continent with int Alumina at \$17,500. A 38,000 was fixed on subs from the US East Coast to UK-Continent range at \$20,000. Down the East coast of South America, the *Dodo* (39,017-dwt, 2013) was fixed basis delivery Recalada for a trip to West Coast South America with Grains at \$32,000 to LDC. A 37,000 heard to have fixed basis delivery Itaquia via South Brazil Redelivery Continent – Mediterranean Range at \$21,000. The most notable period fixture, *Bright Star* (34,529-dwt, 2011) hearing fixed basis delivery Sea of Marmara for min 6 / 8 months with redelivery Atlantic at \$21,000 with Lighthouse. In the East, a 32,000-dwt open in Western Australia fixed a trip to China at \$40,000. In China a 28,000 was rumoured to have fixed a trip into South East Asia at \$26,000. A 36,000 open in South Korea was rumoured to have fixed a trip via Australia to South East Asia at \$25,000. On period, the *American Bulker* (36,228-dw, 2016) fixed delivery Vanino for abt 2 to 4 Months redelivery worldwide at \$32,500.

### Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Venus Horizon	95,755	2012	Kimitsu	28/31 May	Japan	\$32,850	CNR	Via NoPac
Ultra Panther	83,610	2008	Gibraltar	27/28 May	Singapore-Japan	\$22,500	Cofco Agri	Via NC South America Plus \$1,000,000bb
Sophocles Graecia	82,039	2020	Brake	20 May	Skaw-Gibraltar	\$19,000	Suek	Via Baltic
Mondial Success	82,010	2017	Singapore	21 May	Singapore-Japan	\$28,300	CNR	Via US Gulf
NS Hangzhou	77,834	2004	Guangzhou	5/10 June	Singapore-Japan	\$26,800	Tongli	2-3 Laden Legs
Nautical Madison	63,372	2018	Rizhao	27 May	East Mediterranean	\$34,500	CNR	
Gharapuri Island	57,978	2010	Amsterdam	PPT	USEC	\$26,500	Falcon	Int Scrap
Yasa Pembe	55,912	2007	Rotterdam	End May	East Mediterranean	\$26,000	EP Resources	
Strategic Unity	39,821	2014	Texas City	1/5 June	Greece	\$22,000	Bulk Trading	
Dodo	39,017	2012	Recalada	PPT	WCSA	\$32,000	LDC	Int Grains



Exchange Rates	This week	Last Week
JPY/USD	109.84	108.71
USD/EUR	0.8198	0.7775

Brent Oil Price	This week	Last Week
US\$/barrel	69.77	66.22

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	383.0	365.0
VLSFO	498.0	480.0
Rotterdam IFO	380.0	355.0
VLSFO	486.0	461.0

28 May 2021

### Dry Bulk S&P

The shelves have been stripped bare and it will take time for them to be restocked. With the riches on offer from the period market, it is understandable if sellers stand back and take stock. Owners of older units may be looking at values twice where they were six months ago and have the difficult, but satisfying decision, to either cash in or gamble that they will get the same return from the freight market in the next six months. Happy days. With newbuilding prices galloping away on the back of rising steel prices, market participants still have to focus on what they can pick up in the second hand market. The container market has elbowed aside their bulker cousin at the yards and historically low levels of bulker newbuilding deliveries are set to continue for some time.

In the kamsarmax sector *Rich Future* (82,197-dwt, 2013 Tsuneishi Zhoushan) is sold at \$23 mill, illustrating a million dollar jump on the benchmarks and a zero discount for her Chinese origins.

A surprisingly high number has been paid for the *Dolphin57 Hua Rong 2* (56,439-dwt, Zhejiang Zhenghe 2013). She is reported sold within China (at auction) at \$18.6 mill. A sale within China avoids a hefty import tax.

Large handies remain in high demand and the sale of *Sider Syros* (38,013-dwt, 2016 Minami-Nippon) to Orient Shipping, Rotterdam, at \$20.7 mill represents another step up from last done.

#### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Rich Future	82,197	2013	Tsuneishi Zhoushan	Gearless	undisclosed	\$23.00m	BWTS fitted & IDAWL score - 82
Nautical Loredana	63,556	2015	Jiangsu Hatong	C 4x36T	Eagle Bulk	\$44.00m enbloc	Scrubber fitted
Nautical Hilary	63,531						
Hua Rong 2	56,439	2013	Zhejiang Zhenghe	C 4x36T	Chinese	\$18.60m	Auction & Tier II
Orange Island	50,806	2010	Oshima	C 4x30T	Chinese	\$13.40m	Delivery October – November & BWTS fitted
Sider Syros	38,013	2016	Minaminippon	C 4x30T	Orient Shipping, Rotterdam	\$20.70m	Delivery July – August & BWTS fitted
Manzanillo	34,426	2010	SPP	C 4x35T	Greek	\$11.50m	Includes transfer of existing TC up to October at \$8,900/day net to owners

## Tanker Commentary

Tanker owners have sat on the side-lines for the past few months watching great results come in for those on dry with skin in the game. There is however a positive sentiment amongst those sat on the bench as a bounce back on tankers looms. As we approach the half way point in the year, will owners on wet get the call up for the 2<sup>nd</sup> half?

With no VLCC sales to report this week, we look down to the Suezmax segment with the Indian controlled *Mogra* (150,709-dwt, 2000 Nippon) being sold for excess \$16 mill to Chinese interests basis surveys passed. In comparison, earlier this month the *Filikon* (149,989-dwt, 2002 Universal) fetched \$16.5 mill with surveys due end 2022.

Another departure from the Ocean Tankers fleet sees the *Ocean Crown* (108,943-dwt, 2007 SWS, Epoxy) entering the stable of unnamed Vietnamese interests, with the vessel changing hands for \$16.25 mill. This falls in line with the year younger sister *Ocean Taipan* (108,936-dwt, 2008 SWS, Epoxy) that was sold earlier this month for \$17 mill. Meanwhile Chinese interests have made a move for the Indonesian-controlled *Oro Singa* (113,333-dwt, 1999 Samsung) paying \$9.9 mill.

In the LRI segment, we have two sales to report this week. The Korean built *Nord Lavender* (74,260-dwt, 2017 Sundong) has been sold to Trafigura for region \$31 mill, whilst the *Madison* (74,574 dwt, 2010 Hyundai Mipo) has fetched \$18.25 mill. It's worth noting that only seven LRI transactions taken place this year.

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Mogra	150,709	2000	Nippon Kokan	Chinese	\$16.00m	SS/DD passed
Oro Singa	113,333	1999	Samsung	Chinese	\$9.90m	
Ocean Crown	108,943	2007	SWS	Vietnamese	\$16.25m	
Nord Lavender	74,260	2017	Sundong	Trafigura	\$31.00m - \$31.50m	
Madison	74,574	2010	Hyundai Mipo	undisclosed	\$18.25m	

### Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Louisa	35,033	1995	Shin Kurushima	TANK	7,798.00	252	Sharjah
New Diamond	299,986	2000	Mitsui	TANK	38,964.00	undisclosed	Sharjah

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