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POINTS OF VIEW

Markets are beset with worries at present. Stock market investors are oscillating between value stocks and growth stocks, bonds and cash. There is no consensus as to where the value lies. There are concerns about the Delta variant and slower rates of growth as we pass the peak recovery phase. There are fears of inflation and whether it will be transitory or persistent. In the US, some people think that the Federal Reserve's quantitative easing should be wound down. It has been blamed for, among other things, turning the real estate market red hot. Others reckon that an earlier tap on the brakes, in terms of starting to raise interest rates, would be better than having to slam on the anchors later. For its part, the Fed insists that interest rates are remaining where they are and that QE will be maintained. Commodity prices are now dancing to different tunes. Brent crude oil traded up to \$75.00 a barrel midweek but has since fallen almost 5% to \$71.50 today on the understanding that OPEC+ will increase supplies to the market. Copper traded to a year-to-date high of \$4.81 on 11 May but is now 10% lower at \$4.34 per pound. Dr Copper is regarded as an economic indicator, so we prefer to see it going up, but it is at least finding support at current levels. The price of lumber has surrendered all its gains of the past six months having peaked at \$1,702 on 7 May. It is now 66% lower at \$575 per thousand board feet. Supply has increased while demand has fallen, partly as buyers reject high newbuild prices and partly because attention has switched from lockdown home and retail space refurbishment to emancipated leisure spending on vacations and dining out.

... Time to Hit the Beach ...



Source : cornwall-aonb.gov.uk

One commodity that is of particular interest is iron ore, given its primacy in dry cargo shipping. 63.5% Fe, CFR China iron ore is trading at \$222 having hit an all-time record high of \$232 a tonne on 12 May. Steel demand in China is high, and this has helped to push steel scrap prices in the Indian Subcontinent up towards the magic \$600 a tonne mark. China's iron ore imports fell to a 13-month low of 89.4mt in June, although the first 6-month 2021 total was 3% up year-on-year at 560.7mt. The Chinese government has been trying to restrict steelmaking to reduce carbon emissions and has enjoyed some success.* However, UBS estimates that China would have to reduce its iron ore imports by 75mt in the H2 2021 if it is to meet its target, an unlikely scenario as this represents 6.5% of its 2020 annual import total of 1,146mt. The NDRC has also talked of increasing the share of steel scrap used in electric arc furnaces at the expense of iron ore and coking coal used in blast furnaces, a more pollutive process. It is hard not to suspect that China's main motive is to get iron ore prices back well below \$200 a tonne. If soybean prices get too high then seaborne imports can be rejected on grounds such as contamination. They end up being sold to other Asian buyers at a discount. It is harder to reject iron ore if it meets Fe and moisture content parameters, so other tactics need to be deployed to deflate prices.

In the past week the capes have suffered from mixed signals. The BCI-5TC was at \$31,266 daily on Monday and is almost 9% lower today at \$28,542 per day. Short term positive signals include estimates that Brazil will increase its iron ore exports by 40mt in H2 2021. However, poor weather saw Rio Tinto's Q2 shipments fall 12% on Q1 prompting it to adjust Cal 2021 estimates to the lower end of its 325-340mt range while Vale is predicting it will achieve the upper end of its 315-335mt range. Over the longer term, a mixed message comes from Goldman Sachs talking about an iron ore mini super-cycle as demand will remain high but supply will be constrained by a lack of mine investment. If iron ore prices stay above \$200 a tonne, then this may well play out in favour of increased EAF use, causing steel scrap imports to rise at the margin and iron ore imports to fall. Fortunately, steelmaking outside China is rebounding strongly which may help offset any China pullback. China is set to import more thermal coal in H2 as hydropower is down and domestic coal production is running below domestic electricity demand.^ Set against that is capes speeding up and weather and Covid-related delays unwinding and raising effective vessel supply. Mixed messages, some mischief-making, a weak spot market and a big futures sell-off in a thinly traded summertime market. There is only one thing for it: it is time to hit the beach!

*China produced 93.9mt of crude steel in June, up 8.8% YoY but down 5.6% MoM on May's record 99.5mt, as China restricted output ahead of the 1st July 100th anniversary of the founding of the CCP.

^China produced 323.2mt of coal in June, down 1% MoM and down 3% YoY. Coal-derived electricity generation totalled 481.2bn kWh in June, up 7% MoM and up 11% YoY.

Overall electricity generation rose 9% YoY in June while hydropower output fell 6% YoY. In Jan-Jun 2021 coal imports were at 139.6mt, down 20% YoY, although June was up 12% MoM to 28.4mt.

Dry Cargo Chartering

The **BDI** closed this week at 3,039 points, down by 261 points from last Friday.

Overall sentiment in the **capsize** sector this week was that markets softened a touch, with time-charter averages ending up at \$28,542, down \$2,430 from last reported. Jera took the scrubber-fitted, RWE relet *Lady Deena* (182,588-dwt, 2020) delivery Passero for a transatlantic trip redelivery Skaw-Gibraltar range at \$39,750, and in the Pacific Panocean were linked with *Dong-A Oknos* (179,329-dwt, 2010) delivery Jiangyin for a trip via Gladstone redelivery Boryeong at \$29,500. Coal voyage fixtures from this past week include the 2012-built CCL relet *Mineral Hope* being chartered by SM Niryat for 130,000 mtons 10% from Richards Bay coal terminal to Gopalpur and Sagar for 21/30 July at \$19.20 pmt with free D/A's at the discharge ports. Several Kepco tenders were also covered from Western Australia into South Korea by TBN Panocean vessels with freight rates ranging from a little under \$13.50 pmt up to just over \$16.00 pmt all for early August dates. The Tubarao-Qingdao iron ore route was covered by Vale who chartered both the CCL relet *Golden Skies* built 2020 and *Berge Meru* built 2021, both for 190,000 mtons 10% again for early August dates and at \$25.50 apiece. Additionally, Rio Tinto fixed the Alpha relet *Alpha Gallant* for 170,000 mtons 10% from Dampier to Qingdao for 28/30 July at \$10.90 pmt.

The **panamax** market heavily dropped this week as it closed today at \$31,383 down by \$4,193 (-11.79%) since last reported on 9th July. In the Pacific, Bocimar fixed the MG *Kronos* (81,681-dwt, 2016) delivery Fukuyama 14/15 July for a trip via EC Australia to Hoping at \$32,500 whilst Coferco Agri took the *MBA Liberty* (82,217-dwt, 2010) delivery Yosuprompt for a trip via NoPac to China at \$28,000. In the Indian Ocean, Tongli fixed the *Jupiter N* (93,099-dwt, 2011) delivery Bahodopi 15/16 July for a trip via Indonesia to Singapore-Japan Range at \$32,250. Meanwhile in the Atlantic, the *BBG Guigang* (81,566-dwt, 2020) was fixed delivery US East Coast for a trip to Skaw-Gibraltar range at \$40,000 + \$465,000 and it was reported that Nordic fixed the *Nord Corona* (81,600-dwt, 2019) delivery Brest 17/18 July for a trip via the Baltic to Skaw-Morocco range at \$41,000. Additionally, an *Hanaro* TBN vessel fixed for the

July/7 August at \$14.98 pmt whilst a TBN vessel was fixed for the SAIL tender for 75,000 mtons 10% coal from Hay Point with option Dalrymple Bay to Visakhapatnam for 1/10 August at \$28.30 pmt.

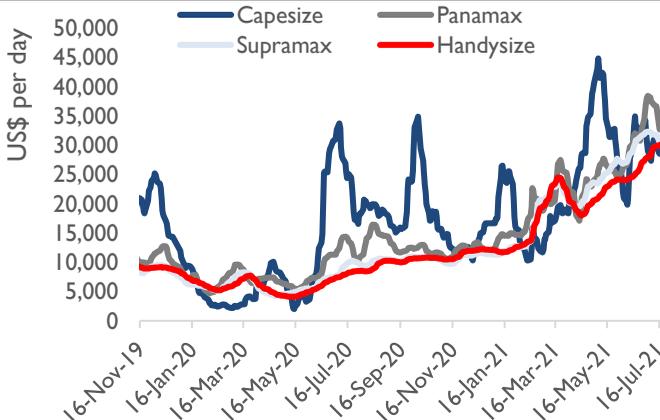
A disheartening week for the **supra** market. Rates are continuing to soften in all trade regions as the market is starting to re-adjust. BSI closed at \$30,526, down from last week's \$31,798. In the Atlantic, *Aggelos B* (58,480-dwt, 2010) was fixed for a trip carrying scrap delivery Gdansk and redelivery Turkey at \$37,000. Also, *Yasa Unsal Sunar* (55,526-dwt, 2007) was fixed for a clinker run delivery Gibraltar via South Spain redelivery in West Africa at \$39,000. In the Indian Ocean, *Lacta* (58,713-dwt, 2010) fixed for a trip carrying steels delivery Sohar via West coast India redelivery Continent at \$33,000. While the *SSI Splendid* (63,800-dwt, 2019) was fixed for a prompt trip delivery Durban redelivery in the Far East at \$30,000 with a \$1,000,000 ballast bonus. In the Pacific, *Ionic United* (60,425-dwt, 2016) was fixed for a prompt trip delivery Koh Sichang redelivery Chittagong at \$32,000. Also, *CP Nanjing* (63,526-dwt, 2017) has been fixed for a prompt trip delivery Nansha via Indonesia and redelivery China at \$26,000.

The **handysize** index closed the week at an impressive \$30,048. This was up from last weeks close of \$29,720. Rates in the Atlantic continued to climb, mainly driven by East Coast South America however we did find the US Gulf firming towards the end of the week. On the Continent, the *Chintana Naree* (33,945-dwt, 2013) fixed a trip ex Rotterdam with scrap to the East Med at \$27,500. In the USG, *Ardennes* (36,062-dwt, 2013) fixed delivery US Gulf for a trip to West Med with petcoke at \$30,000 however towards the end of the week rates for this direction were climbing. Further down in the South Atlantic remains the place to be with most handies achieving in the 40's for various directions. Rates in the Pacific were softening as the week went on however still enough to keep most owners happy. *Vantage Dream* (29,083-dwt, 2011) fixed \$30,000 delivery Chittagong for a trip to SE Asia. *Cetus Star* (33,773-dwt, 2004) fixed delivery Kandla for a trip to Thailand at \$36,000. On period we heard the *Mel Grace* (38,225-dwt, 2011) fixed 3/5 months at \$30,000.

Representative Dry Cargo Market Fixtures

Kepco Tender for 80,000 mtons 10% coal from Kalarang to Hosan for 29

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Lady Deena	182,588	2020	Passero	13 July	Skaw-Gibraltar	\$39,750	Jera	Transatlantic trip
Dong-A Oknos	179,329	2010	Jiangyin	19 July	Boryeong	\$29,500	Panocean	Via Gladstone
Jupiter N	93,099	2011	Bahodopi	15/16 July	Singapore-Japan	\$32,250	Tongli	Via Indonesia
Nord Corona	81,600	2019	Brest	17/18 July	Skaw-Morocco	\$41,000	Nordic	Via Baltic
Guo Yuan 18	75,891	2011	Chaozhou	21 July	South China	\$29,000	CNR	Via Indonesia
Cape Town Eagle	63,707	2015	Jakarta	PPT	S.Vietnam	\$34,000	CNR	Via Indonesia
Yasa Unsal Sunar	55,526	2007	Gibraltar	Mid July	West Africa	\$39,000	Norden	Via South Spain Int Clinker
Vosco Sunrise	55,526	2007	CJK	16/19 July	Japan	\$24,000	CNR	Via CIS Pacific
Jin Hua Hai	53,393	2008	Samalaju	14 July	China	\$26,000	CNR	Via Indonesia
Ardennes	36,062	2013	USG	PPT	West Mediterranean	\$30,000	Refined Success	



Exchange Rates	This week	Last Week
JPY/USD	110.13	110.07
USD/EUR	0.8466	0.8450

Brent Oil Price	This week	Last Week
US\$/barrel	73.49	74.90

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	415.0	420.0
VLSFO	540.0	539.0
Rotterdam IFO	409.0	404.0
VLSFO	538.0	510.0

16 July 2021

Dry Bulk S&P

Temperatures are rising in London and the dry S&P market continues heating up too. Despite the fact there are fewer sales to report this week than last, the values generally represent a step up. In addition to reported sales, there are a number of units currently under offer. With inspection reports readily available and a plenty of Buyers still on the hunt we expect plenty more sales to report next week.

With firm earnings and fewer sales candidates to target Buyers are having to adapt their target parameters. Imabari 28s were a tough sell last year but are now in high demand as the immediate returns prove so appealing. As a result, Buyers prepared to pay up and accept later delivery, exhibited by the sale of *Lucky Life* (28,197-dwt, 2013 Imabari) for \$13.8m with December delivery.

A step up on *Star Life* (28,210-dwt, 2011 Shimanami) which sold for \$11.25m a couple of weeks ago with earlier delivery. Sales of older handies have been few and far between recently too as owners milk their cash cows however *Kira Ocean* (30,835-dwt, 1997 Minaminippon) is reported sold for \$5.1m. The most recent slightly comparable sale was that of *Nordic Bulker 2* (28,458-dwt, 2002 Imabari) for \$5.8m in April, and she was a BWTS fitted unit so it is another big step up on last done.

Scrubber fitted capes continue to see strong demand from Greek Buyers, clients of Thenamaris are reported to have purchased *Bulk Denmark* (181,360-dwt, 2010 Koyo) for \$31m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Bulk Denmark	181,360	2010	Koyo	Gearless	Thenamaris	\$31.00m	Open Loop scrubber & BWTS fitted
Mangas	173,918	2011	Bohai	Gearless	Greek	\$24.00m	SS/DD passed & BWTS fitted
Navios Marco Polo	80,647	2011	Universal	Gearless	Chinese/Taiwanese	\$22.50m	
Belfri	55,866	2007	Kawasaki	C 4x31T	Jin Hui	\$15.18m	
Imperial Fortune	53,505	2006	Imabari	C 4x31T	undisclosed	\$13.50m	SS/DD passed & BWTS fitted
Kira Ocean	30,835	1997	Minaminippon	C 4x30T	undisclosed	\$5.10m	Delivery October
Lucky Life	28,197	2013	Imabari	C 4x31T	undisclosed	\$13.80m	Delivery December & BWTS fitted

Tanker Commentary

Whilst the wearisome tanker market struggles to excite, sale and purchase activity has increased fractionally. In a counter cyclical move, Greek players NG Moundreas are reported buyers of the Japanese controlled *Takahashi* (324,020-dwt, 2007 NACKS) for \$34.35m.

In the LR2 sector, Bocimar have sold two Hanjin HI resales with JP Morgan being touted as the buyer, for \$110m enbloc. The vessels will be delivering in August and September and have a 2-3 year TC back with Vitol.

After taking offers last October and failing to meet the reserve price, Xihe Holdings have sold *Ocean Pegasus* (108,926-dwt, 2009 SWS) to Estoril

Navigation for \$17.7m. A significant discount when compared to last month's sale of the one year older, *Champion Pleasure* (105,853-dwt, 2008 Namura) which sold to Union Maritime for \$18.25m.

French controlled *Adara* (37,583-dwt, 2011 Hyundai Mipo) has been sold to Leon Shipping for \$15.75m. She has recently passed her surveys and has BWTS fitted, with limited activity in this segment, she will set a new benchmark.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Takahashi	314,020	2007	COSCO	NG Moundreas	\$34.35m	
Ocean Pegasus	108,926	2009	SWS	Estoril Navigation	\$17.70m	
Adara	37,583	2011	Hyundai Mipo	Leon Shipping	\$15.75m	SS/DD passed & BWTS fitted

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
MR Nautilus	43,538	1998	Uljanik	TANK	10,650.24	570	Pakistan

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