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Source : medium.com

POINTS OF VIEW

The container shipping industry has done remarkably well since the pre-pandemic start of last year, whether from the perspective of the carriers being paid dollars per container by the shippers or the vessel suppliers being paid dollars per day by the carriers. Preparatory legwork had been achieved by prior ordering restraint, resulting in only modest fleet expansion, the rest being done on the demand side by the black swan event of Covid-19. The orderbook to fleet ratio at the beginning of last year was 10.7%. It fell to a 2020 low of 8.3% in October before rebounding back to 10.7% by year end. At the start of July this year it had ballooned out to 20.4% as the combination of a strong market and low shipyard prices generated a feeding frenzy. Steel plate prices alone were up 20% in the first six months of this year. Over the course of the past 18 months, the idle fleet has been put back to work and yet there is still a shortage of ships, leading freight forwarders to charter in their own ships for short periods to avoid sky-high carrier freight rates. 2020 started with Brexit delays in the UK and, by Q2, we were experiencing PPE congestion in UK, European and US ports. Carriers were even racing back to Asia empty, rather than waiting for low-paying cargo, to quickly reposition themselves for high-paying head-haul cargo from Asia to all points east and west. A shortage of empty boxes in Asia has persisted along with logjams on the USWC and in northern Europe, Covid-related port shutdowns and, of course, the Ever Given.

It has been quite an unexpected journey. The Baltic Exchange's Freightos Global Container Index (FBX), which tracks freight rates across 12 global trade lanes, started 2020 on 1,439 and ended it 135% higher on 3,377 points. In the year-to-date it has doubled to 6,763 points. In terms of the rise in freight rates since the start of last year, in dollars per FEU, the gains have been nothing short of astonishing. On East Asia/USWC: up 4.9-times from \$1,359 to \$6,654. On East Asia/USEC: up 4.1-times from \$2,610 to \$10,588. On East Asia/Med: up 5.6-times from \$2,105 to \$11,821. And on East Asia/North Europe: up 7.1-times from \$1,856 to \$13,209. These startling gains have hit shippers hard and they have even caught the attention of President Biden, who may have been goaded into looking for signs of collusion among the ocean carriers. This tends to happen in the two years out of ten when the carriers actually make a profit, but there is nothing to suspect other than the dynamics of supply and demand. In reality, the undisturbed cost of shipping is trending lower as carriers deploy ever larger ships to reduce dollar per slot costs. However, powerful shippers' lobbies, made up of the world's largest importers and exporters, many of them US-domiciled (if maybe not for tax purposes), prefer to level conspiracy theories against the shipping lines.

Asset values and earnings have done spectacularly well since the start of last year. Nominal 6-12 month time charter rates for 8,500-teu intermediate types have risen 3.3-times from \$28,500 in early January 2020 to \$95,000 per day by the end of last week. This has taken a 5-year old 8,500-teu vessel from a nominal valuation of \$40.0m then to \$86.0m today.* A classic 4,400-teu panamax (32.2m beam) was earning a lowly \$13,800 at the start of last year for 6-12m; it can now fetch \$70,000 daily for the same period. In value terms, a 5-year old such ship has increased in value by 4.8-times from \$13.0m just over 18 months ago to \$62.0m today.^ The largest size feeder, the 2,750-teu gearless variety, has seen its earning power rise from \$10,900 daily for 6-12m time charter at the start of last year to \$48,500 today, a 4.4-times gain, propelling nominal 5-year old values from \$21.0m to \$37.0m, a useful 76% increase. In the real world, the *Thorstar* 2,824-teu HHI 2003 was reported fixed for 3 years basis delivery Far East at \$34,500 daily to Zim Lines, while the smaller *Songa Iridium* 2,015-teu Zhejiang 2008 was reported fixed for 3 years basis delivery Mediterranean at \$29,000 daily to UFS. These are fairly tale numbers and may have the legs to last into next year. They have also elicited a lot of ordering based upon a combination of rising newbuilding prices and great expectations. In Jan-Jun 2020, 29 containerships of 194,603-teu were ordered while in Jan-Jun 2021, 317 units of 2,942,878-teu were placed, over 15-times the contracted capacity of a year ago. Older ships will have to step down if market equilibrium is to be maintained. In the meantime, make hay will the sun shines!

*Data courtesy of the most recent updates from the indispensable Shipping Intelligence Network.

^After the new locks opened in the Panama Canal in June 2016, 10-year old 4,500-teu classic panamax types were being sold for scrap value: \$5.5m ... today, 5 years later, a 15-year old is worth \$54.0m!

At the end of June, the 19-year old Mexico 4,839-teu HHI 2002 was sold to MSC for \$50.5m.

Dry Cargo Chartering

The **BDI** closed this week at 3,199 up 160 points from this time last week.

The **cape** closed this week at \$32,469 up \$3,927 from last week with a positive sentiment across both basins. The usual 170,000mt Ore stem from Dampier to Qingdao was fixed at \$11.80 with Rio Tinto. Kepco fixed on a tender basis a Ssangyong TBN' 130,000mt coal stem from Newcastle to Boryeong \$16.84 net pmt and a Glovis TBN' 140,000mt stem to Dangjin at \$17.23 pmt. It was further reported, Kepco fixed the older Capesize vessel *Okra* (171,199-dwt, 1999) for their 140,000mt 10% coal stem from Newcastle to Boryeong at \$17.05 pmt. The 2010 built *Leo Felicity* fixed 130,000mt from Sudeste to Hamburg at \$14.75 pmt with Salzgitler. On time charter, *Mineral Brugge* (175,155-dwt, 2011) fixed delivery Richards Bay Coal Terminal for a trip redelivery Taaen at \$30,000 plus \$1,200,000 bb with KSC.

The **panamax** market continued to slump this week as it closed today at \$30,420 down by \$963 (-3.07%) since last reported on 16th July. In the Pacific, K-Line fixed the *Alcor* (81,118-dwt, 2015) delivery Kawasaki 23/24 July for a trip via East Coast Australia to Singapore-Japan range at \$28,000, Klaveness took the *Sweet Melissa* (79,445-dwt, 2011) basis delivery Singapore for a trip via Indonesia to the Philippines at \$30,000 plus \$50,000 bb and Graincorp fixed the *Star Planet* (67,812-dwt, 2005) delivery Singapore 20/27 July for as trip via Black Sea to Singapore-Japan range at \$29,900. Meanwhile in the Atlantic, Quadra Commodities fixed the *Zheng Yao* (81,716-dwt, 2013) for prompt delivery Port Said for a trip via Black Sea to Singapore-Japan range at \$56,000. Additionally, Solebay took the *W-Eagle* (93,903-dwt, 2011) delivery Dalian 23/30 July for 6/8 months with redelivery worldwide at \$27,500 whilst a TBN vessel was fixed for the SAIL tender for 75,000 mtons 10% coal from Gladstone to Visakhapatnam for 1/10 August at \$28.45.pmt.

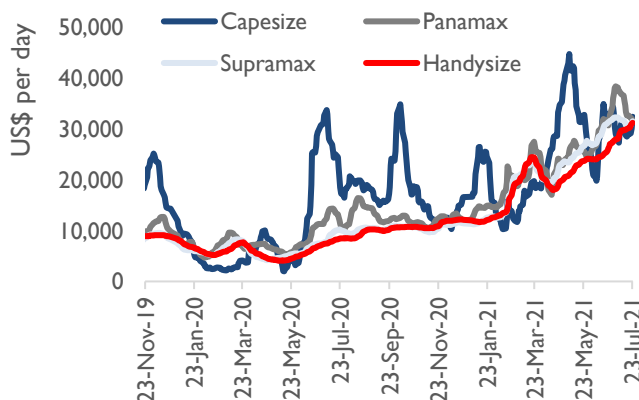
An ample week for the **supra** market. Rates picking up from the previous week, with a noticeable increase in the Pacific region. BSI closed at \$31,577, up from last week's \$30,526. In the Atlantic, The *Lowlands Amstel* (61,177-dwt, 2015) open Turkey was fixed for a trip to the South East Asia region at

\$59,000. Also, *Equinox Dawn* (52,015-dwt, 2002) open Bejaia was fixed for a trip with redelivery Duoala via Oran at \$35,500-\$36,000. In the Indian Ocean, the *Safesea Anya* (56,806-dwt, 2010) was fixed for a prompt trip carrying bagged rice with delivery Haldia and redelivery in the West Africa region at \$38,000. The *Jal Kalpavriksh* (66,337-dwt, 2021) was heard to have been fixed for a trip with delivery Hazira to redelivery East Coast India and Bangladesh region via the UAE at \$41,750. In the Pacific, the *Thor Monadic* (56,026-dwt, 2006) has been fixed with delivery Anyer and redelivery China via Indonesia at \$32,000. Also, the *Amoy Action* (56,874-dwt, 2010) was fixed for a trip with delivery Taichung to redeliver China via Indonesia at \$27,000.

The **BHSI** closed today at \$31,266 climbing \$1,198 from last week, confidence strong in the Atlantic, rates firming with long period inquiries reaffirming the sentiment. In the Mediterranean, *Agali* (28,202-dwt, 2013) fixed delivery Mersin for a prompt trip via Black Sea redelivery Continent at \$26,000 while the *Xiu Yu Hai* (38,836-dwt, 2016) open Nemrut bay fixed for a front haul trip via the Black Sea to Singapore-Japan range at \$45,000 to Evomarine. *Vipha Naree* (38,85-dwt, 2015) fixed basis delivery Lagos via East coast south America to Skaw-Passero Range at \$26,500. A boost in the number of recorded fixtures out of the US Gulf, it was reported *Maestro Pearl* (36,930-dwt, 2015) fixed basis delivery South West Pass redelivery North Coast South America with grains at \$31,000. *La Solognais* (40,481 2015) fixed basis delivery US East Coast to the Eastern Mediterranean with scrap in the low \$30,000's. For Period, 30,000-dwt was heard fixed delivery Piombino for one year at \$20,500 redelivery world-Wide. It was reported the Port Alice (33,504, 2005) was fixed for one year at \$23,000 delivery Abidjan redelivery world-wide. In the East, *Benjamin Confidence* (34,898-dwt, 2017) open Sohar was heard fixed for a trip via the Arabian Gulf with redelivery Singapore-Japan range with an intended cargo of steels at \$38,000. A 37,000-dwt open Japan was fixed for a trip via South East Asia to the UK-Continent range with steels at \$29,500 for the first 65 days and the balance at \$32,000.

Representative Dry Cargo Market Fixtures

| Vessel | DWT | Built | Delivery | Date | Redelivery | Rate (\$) | Charterers | Comment |
|-----------------|---------|-------|----------------------------|-----------|-----------------|-----------|---------------|--------------------------------|
| Mineral Brugge | 175,155 | 2011 | Richards Bay Coal Terminal | 10/19 Aug | Taaen | \$30,000 | KSC | Plus \$1,200,000bb |
| Nadeshiko | 84,806 | 2016 | Gibraltar | 20 Jul | India | \$63,250 | Evomarine | Via Baltic |
| Maxwell | 82,170 | 2017 | NC South America | 5/6 Aug | Skaw-Gibraltar | \$48,000 | Louis Dreyfus | |
| Sweet Melissa | 79,445 | 2011 | Singapore | 22/23 Jul | Philippines | \$30,000 | Klaveness | Via Indonesia Plus \$50,000bb |
| Star Planet | 76,816 | 2005 | Singapore | 20/27 Jul | Singapore-Japan | \$29,900 | Graincorn | Via Black Sea |
| Tiger Pioneer | 63,462 | 2015 | Binh Thuan | PPT | China | \$35,500 | CNR | Via Indonesia |
| Lowlands Amstel | 61,177 | 2015 | Icdas | 21 Jul | South East Asia | \$59,000 | Agrocorp | |
| Thor Monadic | 56,026 | 2006 | Anyer | 24/27 Jul | China | \$32,000 | Fullinks | Via Indonesia |
| Rossana | 38,586 | 2016 | Vera Cruz | PPT | Vera Cruz | \$27,000 | CNR | Via Mississippi River Int Corn |
| Seastar Valiant | 34,328 | 2012 | Port Everglades | PPT | Singapore-Japan | \$30,000 | Trithorn | |



| Exchange Rates | This week | Last Week |
|----------------|-----------|-----------|
| JPY/USD | 110.55 | 110.13 |
| USD/EUR | 1.1762 | 0.8466 |

| Brent Oil Price | This week | Last Week |
|-----------------|-----------|-----------|
| US\$/barrel | 73.78 | 73.49 |

| Bunker Prices (\$/tonne) | This week | Last Week |
|--------------------------|-----------|-----------|
| Singapore IFO | 417.0 | 415.0 |
| VLSFO | 542.0 | 540.0 |
| Rotterdam IFO | 405.0 | 409.0 |
| VLSFO | 516.0 | 538.0 |



23 July 2021

Dry Bulk S&P

No slowdown in sales activity despite the summer holiday season well and truly underway, with a full spectrum of sales to report across the sub-cape sectors.

In the Kamsarmax sector, the Japanese controlled *Glorious Wind* (83k-dwt, 2010 Sanoyas) has been sold to clients of Meadway, Greece for US\$20 mill basis delivery November/December. *Magnolia* (82k-dwt, 2011 Tsuneishi Fukuyama) has been committed to clients of Diana Shipping, Greece for \$22m basis delivery Q1 2021. The Chinese built *Elinda Mare* (79k-dwt, 2010 New Century) is now sold for \$19m basis delivery October.

A busy week of transaction in the Ultramax sector. *Komi* (63k-dwt, 2015 COSCO Zhoushan) has been sold for \$25m basis delivery September, whilst Nacks-built *Nord Hudson* (61k-dwt, 2014 NACKS) has been sold to UK based buyers for \$24m with delivery

in November. A sound return on the \$16m Norden acquired the vessel for a year ago. Elsewhere, *Ocean Phoenix Tree* (62k-dwt, 2017 Oshima) is being reported sold with TC attached until January at US\$27k pd for a purchase price of \$29.5m. The older *New Aspiration* (61k-dwt, 2011 Iwagi Zosen) has been sold for \$21m to Greek interests. Sister ship *Lowlands Beacon* (also 2011 Iwagi) is inviting offers next week – we are holding full details here.

In the Handysize sector, two larger sized units have been sold. *Sider Faioch* (38k-dwt, 2015 Jiangsu Hantong) has sold to clients of Conti Lines, Germany for \$21.2m, and *Ultra Calbuco* (37k-dwt, 2017 Imabari) has achieved a price of \$23.1m basis delivery December to clients of Chellaram, HK.

Reported Dry Bulk Sales

| Vessel | DWT | Built | Yard | Gear | Buyer | Price | Comment |
|--------------------|--------|-------|--------------------|----------|----------------|----------|---|
| Glorious Wind | 83,410 | 2010 | Sanoyas | Gearless | Meadway | \$20.00m | Delivery Nov – Dec |
| Magnolia | 82,165 | 2011 | Tsuneishi Fukuyama | Gearless | Diana Shipping | \$22.00m | Delivery Q1 2022 |
| Elinda Mare | 79,648 | 2010 | New Century | Gearless | undisclosed | \$19.00m | Delivery in October |
| QC Matilde | 76,015 | 2002 | Tsuneishi | Gearless | undisclosed | \$11.00m | Delivery in Q4 |
| Canea | 75,356 | 2007 | Universal | Gearless | undisclosed | \$17.50m | |
| Komi | 63,628 | 2015 | COSCO Zhoushan | C 4x30T | Greek | \$25.00m | Delivery in September with transfer of TC |
| Ocean Phoenix Tree | 62,623 | 2017 | Oshima | C 4x30T | Undisclosed | \$29.50m | Delivery in January |
| Nord Hudson | 61,617 | 2014 | NACKS | C 4x30T | UK based | \$24.00m | Delivery in November |
| New Aspiration | 61,448 | 2011 | Iwagi Zosen | C 4x31T | Greeks | \$21.00m | |
| Ken Sea | 53,491 | 2009 | Iwagi Zosen | C 4x31T | undisclosed | \$15.75m | |
| Sider Faioch | 38,800 | 2015 | Jiangsu Hantong | C 4x30T | Conti Lines | \$21.20m | |
| Ultra Calbuco | 37,981 | 2017 | Imabari | C 4x31T | Chellaram | \$23.10m | Delivery in December |
| MS Charm | 32,449 | 2010 | Zhejiang Hongxin | C 4x30T | undisclosed | \$12.50m | BWTS fitted |
| Great Resource | 31,776 | 2010 | Guangzhou Huangpu | C 4x30T | undisclosed | \$12.60m | BWTS fitted & SS/DD passed |
| Glorious Sawara | 28,339 | 2009 | Imabari | C 4x31T | Undisclosed | \$10.00m | Logs fitted |

Tanker Commentary

Tanker owners remain stuck between a rock and a hard place. With charter rates in the doldrums, most owners are willing to hold onto their assets waiting for their fortunes to turn and values to recover. For those who are bullish on Q4 2021 and 2022, buying today should make sense however Sellers price ideas evidently are not supported by the dismal earnings across the board. Saying that, we have seen several Aframax sales being concluded.

This week Pantheon tankers have offloaded their *Astro Saturn* (105k-dwt, 2003 Daewoo) and sister *Astro Sculptor* (105k-dwt, 2003 Daewoo) in an enbloc deal for \$25m – one has been sold with surveys due and the other with surveys passed. In addition,

Sovcomflot also continue to trim the fat, selling their Croatian built shuttle tanker *Governor Farkhutdinov* (109k-dwt, 2004 Brodosplit) with dry docking due late next year for \$14m. No buyers have been reported yet.

Reported Tanker Sales

| Vessel | DWT | Built | Yard | Buyer | Price | Comment |
|-----------------------|---------|-------|------------|-------------|---------------|------------------|
| Governor Farkhutdinov | 109,295 | 2004 | Brodosplit | Undisclosed | \$14.00m | Shuttle Tanker |
| Astro Saturn | 105,166 | 2003 | Daewoo | undisclosed | \$12.50m each | |
| Astro Sculptor | 105,109 | 2003 | | | | |
| Aquamarine | 99,990 | 2002 | Onomichi | undisclosed | \$10.50m | Epoxy & uncoiled |
| Super Lotus | 70,426 | 2004 | Universal | Chinese | - | |

Demolition Sales

| Vessel | DWT | Built | Yard | Type | LTD | Price \$ | Delivery |
|--------------|--------|-------|-----------|------|-------|----------|------------|
| Bull Sumbawa | 31,632 | 2001 | Hanjin HI | Tank | 7,842 | 575 | Bangladesh |

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