



CONTENTS

2. Dry Cargo Chartering
Full Throttle
3. Dry Cargo S&P
Busy August
4. Tankers
Turning Tide?

... Relax – It is all Relative ...



Source : statista

*Tradewinds reports that United Against Nuclear Iran (UANI) is tracking a 'ghost armada' of 127 ships that it suspects are breaking sanctions via involvement in Iranian exports.

**Eagle Bulk was down 7%, Star Bulk down 6%, Danaos down 5%, Zim down 4%, Frontline down 4%, Euronav down 3% and Scorpio Tankers down 3%.

^Today, 20 August, the FBX component readings were: \$20,033 per FEU Asia/USEC, \$18,425 Asia/USWC, \$14,086 Asia/North Europe, and \$12,840 Asia/Mediterranean.

POINTS OF VIEW

Yesterday, stock markets around the world sold off sharply after the US Federal Reserve hinted that it may soon reduce its bond buying programme. The US dollar rose against a basket of currencies while dollar-based commodity prices fell in line with the inverted seesaw relationship between the dollar's value and the price of stuff. QE has provided artificial support to equities for many years, buying bonds to keep interest rates low, protecting the borrowers, and leaving investors few choices other than to pile into risky and overpriced shares. Fear can quickly infect all areas of markets and cause a domino effect of indiscriminate selling. Just the threat of tapering, and the gradual removal of stimulus, has caused a predictable sell-off of mining companies as iron ore and copper prices continue their descent. 62% Fe iron ore, CFR China, has fallen 27% from a mid July 12-month peak of \$220 a tonne to \$160 today, with iron ore prices in Singapore alone falling 12% yesterday, maybe enough to get traders buying again. Copper has fallen 17% from a 12-month high of \$4.80/lb in May to below just \$4.00 yesterday, with steel and copper being integral to construction and infrastructure spending. Meanwhile, the prospect of higher interest rates will raise the cost of borrowing and reduce the net present value of future corporate earnings, justifying a correction in the price of some shares, but not all. How easy it is to rattle our fragile financial markets.

However, shipping companies also got hammered, collateral damage in a broad market sell-off.** Tankers are suffering from a slow recovery in oil demand which is not expected to reach end 2019 pre-pandemic levels until the end of next year. Brent has fallen 14% from a 12-month high above \$76 in mid July to \$66 a barrel today, reflecting weak global growth. For tankers, this only emphasises tonnage oversupply amidst weak scrapping as so many large crude tankers have made their way into subterfuge trades carrying Iranian and Venezuelan crude oil.* In contrast, the container sector is more influenced by ongoing pandemic-related bottlenecks which caused terminals in Yantian to shut down in May and are now causing a similar partial lockdown in Ningbo. There is big congestion in China, and at the USWC LA/LB hub, and at UK and European ports, with rumours of 2.7 million TEU waiting to discharge at ports around the world. The after-effects of poor driving in the Suez Canal are still being felt. The 20,124-teu *Ever Given* blocked the waterway for six days in March but, given the ripple effects, it should really be called *Ever Giving*. Other factors, such as labour disputes and trucker shortages, have contributed to rises in the FBX index. It has just recovered from a wobble earlier in the month and is now back to 10,289 points, just 2.4% shy of its all-time record high of 10,540 points recorded on 5 August.^ In the real world, COSCO's subsidiary, OOIL, just posted its best ever first half with a \$2.8 billion profit.

Anyway, no-one told capesize bulk carriers to calm down and align with weaker financial and commodity markets. On Monday, the BCI-5TC was at \$40,237 and today it is 23.6% higher at \$49,731 per day. This is its highest level since inception in early 2014. It seems to be dancing to its own tune, that being to supply and demand fundamentals, rather than to the kneejerk twitches of day traders and algorithms reacting to every little signal, shooting first and asking questions later. At the other end of the size scale, handysize bulk carriers continue to derive support from low net new supply and from certain breakbulk cargoes migrating back from containers to bulkers. The BHSI-7TC rose to \$33,798 daily today, a record high. These smaller bulk carriers are sought after in their own right but also to lift both full and empty containers. They can carry two stacks of containers on deck and, say, five to seven stacks in the holds. The latter policy is not without problems, especially in hopper hold ships, given the difficulty of securing the boxes and the possibility of a stack collapse in rough seas. It would be easier in box-shaped or semi box-shaped ships, but the lack of cell guides still presents risks. We are unaware of the extent of such trades, that add a little icing to the handysize cake, but they can help in returning empties to Asia where they are needed. The favourable supply-demand dynamics for bulk carriers are reflected in today's record readings for the BCI, BSI and BHSI with only the BPI lagging its early July peak by 11.4%. Its rather begs the question, what is it about shipping that investors fail to understand, and why were they selling indiscriminately yesterday?

Dry Cargo Chartering

The **BDI** closed today at 4,092 points, up 526 points from last week.

A staggering week for the **cape** market that saw astronomical rates across all routes. The **BCI** closed at \$49,731 up a colossal \$13,805 from our previous report. Huaya fixed *Phoenix 8* (177,036-dwt, 2004) delivery Lianyungang in direct continuation for a trip with bauxite via Indonesia redelivery China at \$40,000, while the 'babycap' *Valiant Splendor* (100,535-dwt, 2020) fixed retro-sailing Singapore for a trip via South Africa redelivery Far East also at \$40,000. Coal voyage fixtures this week included the 2003-built *Lila Lisbon* being chartered by Vale for 170,000 mtons 10% from Teluk Rubiah to Qingdao at \$11.55 pmt for 31 August-2 September dates. In terms of iron ore fixtures, Rio Tinto took several vessels this week for 170,000 mtons 10% from Dampier to Qingdao for early September dates, among them the *Frontier Jacaranda* built 2011 and *Navios Mars* built 2016 at \$15.00 pmt and \$15.10 pmt respectively. Along the Tubarao-Qingdao route, Cargill took the 2009-built LDC relet *Shiosai* for 170,000 mtons 10% with the option of West Africa loading at \$35.00 pmt for 7/16 September. Additionally, *Genco Titus* was chartered for 160,000 mtons 10% from Narvik to Zhanjiang and Jingtang at \$32.00 pmt for 27 August-5 September dates.

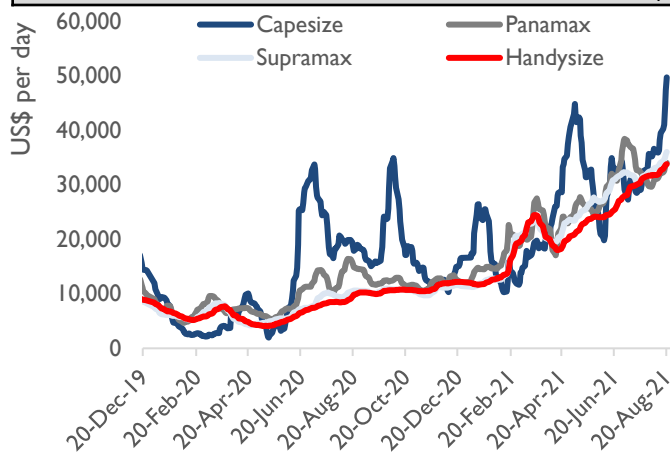
The **panamax** market continued to climb again this week as it closed today at \$34,063 up by \$2,114 (6.6%) since last reported on 13th August. In the Pacific, Cardinal took the *Zhao Yang Feng* (75,396-dwt, 2012) delivery CJK 20th August for a trip via NoPac with redelivery Singapore-Japan range at \$29,000 p/day, whilst MOL fixed the *Canola Zibo* (80,801-dwt, 2020) delivery Tomogashima 18/19 August for a trip via EC Australia with redelivery Japan at \$31,000 p/day and Cobelfret fixed the *Necklace* (92,903-dwt, 2012) delivery Tianjin 18/19 August for 2/3 laden legs with redelivery Singapore-Japan range at \$30,000 p/day. In the Indian, the *Huarong 26* (67,375-dwt, 2019) fixed delivery Jebel Ali 20 August for a trip redelivering PG-Bangladesh range at \$50,000 p/day whilst KCT took the *Aquavita Sea* (81,479-dwt, 2020) basis delivery aps Paradip 17/28 August for a coastal trip redelivering EC India at \$33,500 p/day. Meanwhile in the Atlantic, Itiro fixed the *Yasa Team* (75,621-dwt, 2006) delivery L'Orient 24/28 August for a trip via the Baltic to New Orleans at \$35.00 p/day and Cargill fixed the *Star Nina* (82,145-dwt, 2006) basis delivery Teesport 12 August for a trip via NC South America to redeliver Skaw-Gibraltar range at \$30,000 p/day. Alternatively, Cargill fixed the *W-Pacific* (81,233-dwt, 2013) delivery Ennore 13th September for min/max 8/11 months with redelivery worldwide at \$27,000 p/day and SAIL fixed a TBN vessel for their 75,000 mtons 10% coal from Hayport to Visakhapatnam for 10/19 September at \$30.70 pmt.

Tremendously exciting week for the supra market. Rates are climbing furiously with strong indications coming out from all trade regions. BSI closed at \$36,036, up from last week's \$34,078. In the Atlantic, the *Themis* (58,400-dwt, 2011) was fixed for a prompt trip with delivery Recalada and redelivery in the East Mediterranean region at \$39,400. Also, *Zante* (60,436-dwt, 2015) was fixed for a prompt trip with delivery La Pallice and redelivery Dakar via Djen Djen at \$40,000. In the Indian Ocean, *Vishva Ekta* (57,099-dwt, 2012) was fixed for a prompt trip with delivery Haldia to East Coast India via Saldanha Bay at \$34,000. *Huarong 26* (67,375-dwt, 2019) open Jebel ali was fixed for a trip with redelivery in the PG to Bangladesh region at \$50,000. In the Pacific, the *Pacific Seagull* (63,463-dwt, 2016) was fixed for a trip with delivery Indonesia and redeliver West Coast India region at \$34,000 with \$130,000 ballast bonus inclusive. Another similar fixture was the *Coral Gem* (55,073-dwt, 2010) that was fixed with delivery Cigading to West Coast India via Indonesia at \$38,000.

Yet another strong week in the handy market, continued issues with Chinese ports causing delays and easing pressure on tonnage in Asia. East coast South America remains slow yet the BHSI making gains closing at \$33,798 up \$1,107 from last week. The Mediterranean and Black Sea region has seen activity slow as the week progresses yet remain firm. Highlight of the week, *Densa Falcon* (36,752-dwt, 2013) open Port Said fixed for a prompt trip via east Mediterranean redelivery Houston with bulk cement at \$42,000 to Nordic. Positive increase in activity in the US Gulf, *Nordtigris* (37,964-dwt, 2015) open Mississippi River fixed for a trip to Span Med with Grains at \$30,000 to Falcon. Also linked to Falcon was the *Solidamosc* (39,072-dwt, 2018) open Camden fixed basis delivery Rocky Points for a trip to the Continent with Alumina at \$29,000. *Buckaroo Bowl* (38,233-dwt, 2012) fixed from Barranquilla with prompt dates for a trip to San Nicolas, Argentina at \$27,500 to Pioneer. On period, *Iron Lady* (32,283-dwt, 2009) open North Coast South America was fixed for 2 years period with worldwide redelivery at \$18,000 to Norden. In Asia, *IVS Kinglet* (33,132-dwt, 2011) Open CJK fixed for a trip via Australia with redelivery in China at \$35,000. *Densa Sea Lion* (36,765-dwt, 2013) fixed from Dahej via west coast India to Australia with an intended cargo of sulphur between \$40,000 and \$45,000. *Ocean Rider* (34,250-dwt, 2009) fixed from Semarang for a trip to Japan with an intended cargo of metcoke at \$38,000 to MOL. From west coast South America, the *Lady Deniz* (28,742-dwt, 2009) was fixed from Valpariso for a trip to Boston - Galveston range at \$30,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Phoenix 8	177,036	2004	LianYunGang	18/20 Aug	China	\$40,000	Huaya	Via Indonesia Int Bauxite
Valiant Splendor	100,535	2020	Singapore	16 Aug	Singapore-Japan	\$40,000	CNR	Via South Africa
Necklace	92,903	2012	Tianjin	18/19 Aug	Singapore-Japan	\$30,000	Cobelfret	2/3 Laden Legs
Pyxis Ocean	80,962	2017	Amsterdam	21 Aug	Skaw-Gibraltar	\$36,000	Norden	Via Murmansk
Hercules	75,017	2013	Jorf Lasfar	16/18 Aug	Skaw-Gibraltar	\$31,000	CNR	Via NC South America
Zante	60,436	2015	La Pallice	PPT	Dakar	\$40,000	Ultrabulk	Via Philippines
Qi Hong	56,132	2011	Singapore	23 Aug	China	\$43,000	Fuyuan	Via Indonesia
Federal Type	55,100	2014	Altamira	PPT	Brazil	\$38,000	Canpotex	Int Ferts
IVS Kinglet	33,132	2011	CJK	PPT	China	\$35,000	CNR	Via Australia
Lady Deniz	28,741	2009	Valpariso	31 Aug/10 Sept	Boston-Galveston	\$30,000	CNR	



Exchange Rates	This week	Last Week
JPY/USD	109.76	110.14
USD/EUR	1.1680	1.1771

Brent Oil Price	This week	Last Week
US\$/barrel	66.02	71.16

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	392.0	415.0
VLSFO	495.0	526.0
Rotterdam IFO	363.0	390.0
VLSFO	460.0	493.0

20 August 2021

Dry Bulk S&P

With summer holiday season drawing close to an end, the market marches on with a number of sales this week to report. been committed for \$13.8m basis delivery February.

In the Panamax sector, *Priscilla Venture* (77,283-dwt, 2008 Oshima) has been sold for low/mid \$18m to undisclosed buyers. Clients of Safe Bulkers have parted ways with *Lemessos Queen* (76,565-dwt, 2008 Imabari) for a price in the high \$18m.

In the Handy segment, the Japanese controlled *New Power* (32,070-dwt, 2012 Hakodate) has found a new home for low \$15m basis delivery December. A quick and tidy piece of arbitrage from the Greek owners who paid \$12.4m for the vessel in April this year. *Hamburg Pearl* and *Houston Pearl* (36k dwt, 2011 Hyundai Mipo Dockyard, SS/DD passed, BWTS fitted, OHBH) have been sold at a tick above \$16.5m each to undisclosed buyers.

A trio of sales to report in the Supramaxes. The Dolphin 57 type *Melati Laut* (56,643-dwt, 2011 Qingshan, Tier 2) has been sold for \$15.3m to Chinese buyers; a price more or less in line with last similar done (*Atlantic Merida* 2012 built Kouan for \$16m at the end of July). The 15 year old *Atlantic Ensenada* (55,814-dwt, 2006 Kawasaki) has sold for \$15m basis delivery October – November to unknown buyers – a tick up on last Kawasaki 55k done last month (2007 built *Belfri* at \$15.18m). Elsewhere, the OHBH *Ashiya Star* (52,223-dwt, 2006 Oshima, SS/DD passed, BWTS fitted) has

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Cape United	203,137	2007	Universal	Gearless	Greek	\$22.00m	
Yumetamou	181,407	2012	Koyo	Gearless	Safe Bulkers	\$32.30m	BBHP basis
Priscilla Venture	77,283	2008	Oshima	Gearless	Chinese	\$18.00m	
Lemessos Queen	76,565	2008	Imabari	Gearless	Middle Eastern	\$18.75m	
Melati Laut	56,643	2011	Qingshan	C 4x30T	Chinese	\$15.30m	Tier II
Atlantic Ensenada	55,814	2006	Kawasaki	C 4x31T	undisclosed	\$15.00m	Delivery October - November
Spar Draco	53,565	2006	Chengxi	C 4x36T	undisclosed	\$13.50m	Delivery September in Korea & SS/DD due
Ashiya Star	52,223	2006	Oshima	C 4x30T	undisclosed	\$13.80m	TC free delivery in February, SS/DD passed & BWTS fitted
Hamburg Pearl	35,921	2011	Hyundai Mipo	C 4x35T	undisclosed	\$33.00m enbloc	SS/DD passed & BWTS fitted
Houston Pearl	35,914						
New Power	32,070	2012	Hakodate	C 4x30T	undisclosed	\$15.25m	Delivery in December 2021

Tanker Commentary

After months of dismal earnings, we are pleased to report better rates returning to some tanker segments with spikes noted for CPP's in the MR to LR2 markets in the AG and Far East. It is interesting to see Ridgebury Tankers moving on mid aged product tankers in recent weeks taking advantage of low asset values. Following the acquisition of two MRs from Dee4 Capital, they are understood to have agreed to purchase six MR tankers (built 2005 to 2008) from International Seaways.

On the larger crude carriers – offers were invited on *Katsuragisan* (311,620-dwt, 2005 Kawasaki) earlier this week which has just under one year left until her next surveys. She had initially seen offers in the high \$ 20m, but at the time of writing is still under

negotiations around \$ 30m. A final figure in this region would be in line with the sale of the *Maya VN* (318,778-dwt, 2003 Hyundai) that was flipped out by GMS to a Chinese buyer for \$27m earlier this month having initially been sold for recycling. In addition, the Polemis-led New Shipping have sold their *Paeony* (281,050-dwt, 1999 Ishikawajima-Harima) for \$ 25m with surveys due this month however we understand the sale may have been concluded several weeks ago.

Several parties inspected the Japanese controlled *Bochem Antwerp* (19,086-dwt, 2011 Kitanihon, Stainless Steel), however it was a Vietnamese buyer that came out on top, securing her for \$15.6m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Bochem Antwerp	19,806	2011	Kitanihon	Vietnamese	\$15.60m	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Piramerd	47,149	2003	Onomichi	TANK	9,375.00	605	Pakistan
Seaways Hellas	69,636	2003	Daewoo	TANK	13,213.00	540	Singapore

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