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Source : FT/ Reuters

POINTS OF VIEW

The container sector continues to grab the headlines. On Wednesday this week the FBX index, covering freight rates on 12 main routes, surged 48% overnight in going from 6,858 to 10,174 points. This index started last year on 1,439 points and kicked off this year on 3,740 points. It is up 7.1-times in 19 months and 2.7-times in the last 7 months. According to sneakerfactory.net, in the pre-pandemic times of two years ago, a basic pair of Nike trainers would typically retail in the US for \$70.00 and cost \$15.00 to make in China. The shipping cost from China to California was \$0.50 a pair back then, equating to \$2,500 per forty foot container on the basis of 5,000 pairs per FEU. That is \$350,000 worth of shoes in a big box. On Wednesday, the FBX rate for China to USWC surged \$11,699 to \$18,346 per FEU, implying that the shipping component has gone up from \$0.50 to \$3.67 in just two years. Profit margins are being compressed along the supply chain but the ocean freight element still represents great value at only 5% of the retail price. It is nonetheless a shock to shippers to see freight costs rise over 7-times in 2 years.

The shipping lines and freight forwarders are receiving record rates for lifting boxes but they also face sky-high costs when it comes to chartering in ships from tonnage suppliers. It is reported that a Chinese freight forwarder has chartered in the *Orca I* (5,078-teu Hyundai Samho 2006 32.26m beam 24.3K for 60-90 days Pacific trading at \$300,000 per day. The ship is owned by Poseidon Containers and, according to the company website, has just started a 3+1 year time charter to Maersk Line at \$21,000 per day. Maersk stands to make a profit of \$25 million if the relet charter goes the full 90 days. These numbers are, to use a well-worn phrase, unprecedented. We are not aware of any containership, bulk carrier or tanker ever earning as much as \$300,000 per day before, even during the dizzy days of 2005 and 2008. On the asset side, Lomar Shipping is reported to have sold its *Maine Trader* (4,992-teu HHIC 2004 32.20m beam 24.3K) for \$54m, not bad for a 17-year old teenager. Lomar allegedly bought it for \$14m in 2014 in a distressed sale from the German market. Just two years later it was worth scrap value of \$5.5m when the new larger set of locks opened in the Panama Canal.

Record time charter rates for sub 10,000-teu containerships continue to see more and more cargo migrate back to smaller bulk carriers. It is years ago that the container sector reached peak cargo capture when anything that could go in a box went in a box. This involved 'stealing' cargoes from grains and steels to cars and chemicals from bulk carriers, car carriers and specialised tankers. Now it is the time of the handysize bulk carriers that can go any where, any time, any place. This ability to bypass port congestion has played in their favour in a segment that faces minimal near-term supply growth. As of today, the Baltic indices show all four bulk carrier segments doing well with the BCI in the lead at \$35,713 daily, followed by the BSI at \$32,395 per day, then the BHSI at \$31,676 daily and, finally, the BPI slipping below \$30,000 on \$29,734 per day. Handysize bulk carriers seem to be trading above their station, but they are in no hurry to get back in their box. The Baltic SPAs for a 5-year old 37,000-dwt bulk carrier hit a 2-year low point of \$14.4m on 27 November last year and a multi-year peak of \$21.4m today.

If small containerships are anything to go by, then the smaller bulk carriers may have quite a way to go in terms of both earnings and asset values. Other things that have defied gravity of late have been iron ore, coal and oil prices. A lack of investment over the past decade has seen demand outstrip supply and higher prices are the consequence. 62% Fe, CFR China iron ore is currently at just under \$214 a tonne, up 98% in the past year, while thermal coal prices are pushing above \$150 a tonne, up 184% in the past 12 months, and Brent crude oil is currently trading above \$76 a barrel, up 76% in a year. These are unloved commodities in a world that is being battered by storm, flood, fire and drought. Ironically, miners and oil majors are being rewarded with bumper profits. Rio Tinto's half year profit soared to a record \$18bn, despite its iron ore production in the Pilbara falling 5% year-on-year in the first half to 152.3mt. Meanwhile, in the same period, Royal Dutch Shell reported net profit of \$8.7bn. Digging up dirt clearly pays better.

Dry Cargo Chartering

The **BDI** closed this week at 3,292 points, up 93 points from this time last week.

Capesize time-charter averages ended the week at \$35,713, up by \$3,244 from last reported. After a slower start, positive sentiment re-emerged towards the end of the week. Iron ore voyage fixtures concluded this week include Pacbulk chartering the 2011-built *Milos Warrior* for 185,000 mtons 10% along the usual Tubarao to Qingdao route at \$28.00 pmt for early September dates. Additionally, a CCL TBN vessel was nominated for 150,000 mtons from Sohar to Misurata for 10/16 August at \$15.40 pmt by Vale Dubai. Rates along the Western Australia-Qingdao route ranged from \$12.70 pmt to \$13.55 pmt. Coal fixtures included a Koch relet vessel *Pacific Vista* built 2012 fixing 160,000 mtons 10% from Puerto Bolivar to Rotterdam at \$14.50 pmt for mid-August dates. Charterers were understood to be Swissmarine. On Monday, a tender was won by Kepco who chartered a TBN Fiveocean vessel for 130,000 mtons 10% from Richards Bay coal terminal to Boryeong at \$24.88 pmt for the end of August.

Another disappointing week in the **panamax** markets as averages continued to dip to close at \$29,734. Yet rates remained firm in the Far East as *KM Keelung* (82,072-dwt, 2010) was fixed delivery Oita for a North Pacific round trip at \$30,000 by Jera, while it seems that Australian round voyages paid slightly more as *ETG Mishima* (81,650-dwt, 2021) was fixed delivery Busan by Norden for a trip via Western Australia to China at \$33,000. On the period side of things, Cargill took on *Guo Yuan 82* (86,433-dwt, 2020) delivery Fuzhou for 3/5 months trading at \$31,650 with worldwide redelivery. The same charterers were also highly active in the Atlantic, fixing both *Omicron Light* (76,602-dwt, 2005) delivery Passero for a trip via the Black Sea redelivery Skaw-Gibraltar at \$30,000, and also *Seacon Shanghai* (80,811-dwt, 2019) delivery aps Rouen 3 August for a grains fronthaul trip to China at a massive \$49,500. Other fixtures included *Nissaki* (81,466-dwt, 2013) delivery Port Said for a prompt trip via Kavkaz redelivery Egypt at \$33,750, while voyage fixtures included a TBN vessel for 75,000 mtons 10% coal from Hay Point option Dalrymple Bay option Abbot Point to Visakhapatnam at \$30.35 pmt with SAIL as the charterers.

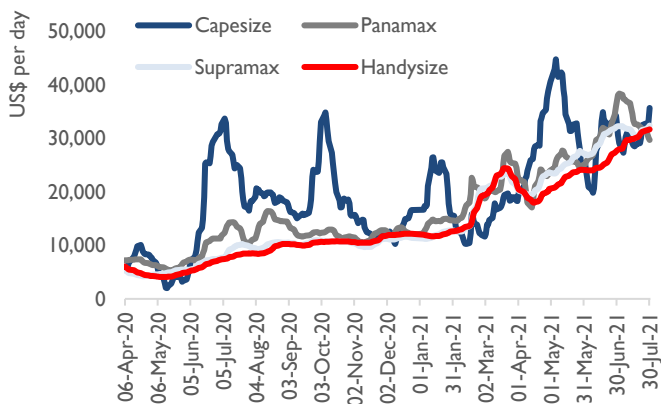
Continuing from last week's trend we have experienced another exceptional week for the supra market. Rates are climbing speedily with enormous rates out from the Indian ocean. **BSI** closed at \$32,395, up from last week's \$31,577. In the Atlantic, the *Darya Chand* (63,526-dwt, 2015) was fixed for a trip consisting of 2 laden legs

with delivery Vera Cruz and redelivery around the Atlantic. Another was the *Warrior* (56,700-dwt, 2012) which was fixed with delivery Nuoakchott and redelivery around the Atlantic sea for a short period of 4 to 6 months at \$33,500. In the Indian Ocean, *Sheng De Hai* (56,721-dwt, 2013) was fixed for a prompt trip with delivery Chittagong to the Far East via South Africa at \$34,500. While the *Ocean Success* (56,815-dwt, 2011) was fixed with delivery Pakistan and redelivery China via West Coast India at \$41,500. In the Pacific, the *Star Bright* (55,542-dwt, 2010) has been fixed for a steel run with delivery Tianjin and redelivery Philippines at \$25,500. The *Olympic* (57,070-dwt, 2012) was fixed with delivery Gresik and redelivery around Indonesia to China at \$38,750

The **BHSI** closed this week at \$31,676 up \$410 from last week. A positive sentiment in Asia and a split feeling within the Atlantic, the Black sea grain season bringing a satisfying buzz for the end of the summer, yet a lack of fresh cargo out of north Brazil, notably Alumina, negatively effecting the supply demand balance and perhaps leading to a build-up of tonnage towards south Brazil and Argentina. On the Continent, *Taizhou Pioneer* (32,453-dwt, 2011) fixed for a prompt trip via Baltic redelivery Egypt Mediterranean with timber at \$22,000 to Imperial, while other similar vessels rating approximately \$35,000 for trips into the same areas. A 39,000-dwt was rumoured to have fixed generals from Egypt to the Caribbean at \$39,000 and a 32,000-dwt fixed basis delivery Canakkale via the Black Sea to China with steels at \$43,000. The US Gulf was left finely in the balance, *Maple Fortune* (32,544-dwt, 2010) fixed delivery Tampico for a trip via Mississippi River redelivery west coast central America at \$35,000. Down the East coast South America, *Clipper Bettina* (38,221-dwt, 2012) open Paranagua was rumoured to have been fixed basis delivery Recalada for a trip to West Coast South America at \$53,500. Trans-Atlantic fixtures were being rated close to \$40,000 on 32,000-dwt and larger vessels. For period, *Gardenia K* (38,067-dwt, 2014) fixed Casablanca for a minimum of 5 months at \$30,000 redelivery Spore-Japan range to Victory Shipping. In the East, market sentiment remains firm and encouraging, *Mykonos* (30,912-dwt, 2013) fixed basis Dammam to the Continent with an intended cargo of Steels at \$36,000. A 38,000-dwt open CJK was rumoured to have been fixed for a trip via Japan to South East Asia with steels at around \$29,000. Another 38,000-dwt vessel was heard fixed from Singapore via Thailand to China with Steels at \$27,000. The *IVS Magpie* (33717-dwt, 2011) delivery China for a prompt trip via North Pacific redelivery South East Asia at \$29,950.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Spring Glory	93,379	2011	Taiwan	31 Jul/ 5 Aug	South Korea	\$31,250	Wooyang	Via Indonesia
Crimson Kingdom	84,860	2016	Gibraltar	2/3 Aug	Aughinish	\$31,500	Cargill	Via Kamsar Int Bauxite
Cemtex Sincerity	82,200	2018	Singapore	16 Jul	Singapore-Japan	\$31,800	CNR	Via EC South America
Omicron Light	76,602	2005	Passero	6/10 Aug	Skaw-Gibraltar	\$30,000	Cargill	Via Black Sea
Katerina III	75,700	2011	Singapore	15 Aug	Far East	\$28,000	Cargill	Via Black Sea
Darya Chand	63,526	2015	Vera Cruz	End Jul	Atlantic	\$35,000	XO Shipping	
Warrior	56,700	2012	Nouakchott	9 Aug	Atlantic	\$33,500	Oldendorff	
Star Bright	55,542	2010	Tianjin	28/29 Jul	Philippines	\$25,500	CNR	Int Steels
IVS Magpie	33,717	2011	China	PPT	South East Asia	\$29,950	CNR	Via NoPac
Maple Fortune	32,544	2010	Tampico	PPT	WCCA	\$35,000	CNR	Via Mississippi River



Exchange Rates	This week	Last Week
JPY/USD	109.72	110.55
USD/EUR	1.1863	1.1762

Brent Oil Price	This week	Last Week
US\$/barrel	76.29	73.78

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	427.0	417.0
VLSFO	553.0	542.0
Rotterdam IFO	416.0	405.0
VLSFO	526.0	516.0

30 July 2021

Dry Bulk S&P

The first week of the Olympics is almost done and Athletes have been fiercely competing to claim their prizes. Buyers may feel the level of competition for second hand bulkers holds similarities to some of the more bruising Olympic events with Greek and Chinese owners dominating the bulker buying medal table.

Oldendorff are rumoured to have sold their Newcastlemax, *Hark Oldendorff* (209,325-dwt, 2016 Yangzijang) for \$45m a significant step up on two, two 2017 YZJ Newcs sold in December last year which fetched \$38.2m each.

Rumours are circulating around *AM Express* (82,245-dwt, 2010 Tsuneishi Cebu) which has been under negotiations with Greek and Chinese Buyers this week. At the time of going to press, we

gather she could be committed at \$21.8m however the direction remains unclear.

The majority of geared bulkers remain the subject of fierce competition with plenty of sales to report. *Genco Provence* (55,317-dwt, 2004 NACKS) is reported sold for \$13.25m to Turkish Buyers who we gather are paying up for delivery within September and represents a significant step up on the same design, *Belfri* (55,866-dwt, 2007 Kawasaki) sold for \$15.8m two weeks earlier. Japanese 28s remain in vogue too having been out of fashion for the past few years, *Amira Ilham* & *Geki Star* (28,400-dwt, 2009 & 2008, Shimanami) received offers from a spread of Buyers and we understand are sold for \$11.5m and \$10.5m respectively.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Hark Oldendorff	209,325	2016	Jiangsu Newyangzi	Gearless	JP Morgan	\$45.00m	Delivery January 2022
AM Express	82,245	2010	Tsuneishi Cebu	Gearless	undisclosed	\$21.80m	
MG Sakura	75,397	2006	Universal	Gearless	undisclosed	\$18.00m	
Calico Jack	61,305	2015	Imabari	C 4x31T	Greek	\$55.00m enbloc	Index linked TC attached until Q2 2022
Phoenix Rising	60,417		Mitsui	C 4x30T			
Atlantic Merida	56,670	2012	Taizou Kouan	C 4x30T	Costamare	\$16.00m	BWTS fitted
Genco Provence	55,317	2004	NACKS	C 4x30T	Turkish	\$13.25m	BWTS fitted
Valovine	52,000	2016	Brodosplit	C 4x30T	US based	\$30.00m enbloc	Not BWTS fitted & Tier II
Punta		2013		C 4x30T			BWTS fitted & Tier II
Nordic Incheon	35,817	2018	Samjin	C 4x30T	undisclosed	\$20.50m	Possible buyout by existing shareholders
Great Reward	31,785	2011	Guangzhou Huangpu	C 4x30T	undisclosed	\$13.25m	SS/DD passed & BWTS fitted, delivery in October
Amira Ilham	28,434	2009	Shimanami	C 4x31T	undisclosed	\$11.50m	
Geki Star	28,352	2008	Shimanami	C 4x31T	undisclosed	\$10.50m	

Tanker Commentary

The Ocean Tankers fleet has drip fed candidates into plenty of tanker segments over the past year, drawing attention away from other market vessels. As this pool of ships dries up, it is refreshing to see competition return amongst some of the Japanese controlled ships coming to market. While values remain fairly steady, turnover continues through various segments with competition on ships that are genuine sellers. This week, NYK called for offers on their *Tsuruga* (309,960-dwt, 2009 Imabari) with rumours circulating that out of the 5 parties competing, a Greek buyer has committed her in the high \$39m. The same Japanese owners recently sold their *Takahashi* (314,020-dwt, 2007 NACKS) to NGM for \$34.5m a fortnight ago and various speculators believe they are behind the *Tsuruga* purchase too.

Moving down to the Aframax segment, older tonnage remains popular as *Thenamaris* are understood to have sold their *St Helen* (105,661-dwt, 2002 Samho) to Chinese interests for \$12.5m. This is in line with their sister *St Nikolai* (105,541-dwt, 2002 Samho) sold

in January this year for the same price and more recently it matches the sale of the *Sarpen* (105,656-dwt, 2002 Daewoo) that fetched \$12.3m with Chinese buyers in June.

Offers have been called numerous times on the Korean controlled *Grand Ace 2* (46,185-dwt, 2006 STX) however she has finally been sold to Greek interests for \$9m, basis surveys passed and BWTS fitted. The last similar aged Korean built MR sold was back in April, with the *DL Cosmos* (49,995-dwt, 2007 SPP) fetching \$10.75m.

Hong Kong based Cido Shipping have sold their stainless steel coated chemical tankers *Lime Galaxy* (19,992-dwt, 2008 Usuku, STST) and BWTS fitted *Beech Galaxy* (19,998-dwt, 2007 Usuku, STST) for \$12m and \$11m respectively. The buyers remain unknown, however Chinese interests Taihua Shipmanagement recently moved on the *Celsius Manhattan* (19,807-dwt, 2006 Kitanihon, STST), securing her for \$11.5m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
<i>Tsuruga</i>	309,960	2009	Imabari	Greek	\$38.00m - \$39.00m	
<i>St Helen</i>	105,661	2002	Samho	Chinese	\$12.50m	
<i>Angel 62</i>	47,410	2009	Onomichi	Greek	-	
<i>Grand Ace 2</i>	46,185	2006	STX	Greeks	\$9.00m	SS/DD passed & BWTS fitted
<i>Beech Galaxy</i>	19,998	2007	Usuku	undisclosed	\$11.00m	STST
<i>Lime Galaxy</i>	19,992	2008	Usuku	undisclosed	\$12.00m	STST

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
<i>Saga Tide</i>	47,029	1991	Oshima	BULK	10,456.60	559	India
<i>Atlantic I</i>	146,268	1996	Harland & Wolff	TANK	23,318.00	undisclosed	Full Subcontinent

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