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Source : Navios

POINTS OF VIEW

Since year 2000, more shipping companies have turned to the capital markets and elected for an initial public offering (IPO), taking private companies public. It was generally viewed that, given the complexity of shipping and the commodity markets in which they trade, pure-play offerings would be easier for investors to understand. Investment bankers often considered it easier to sell shares in companies with a compelling story to tell in the three main sectors of bulk carriers, tankers and containerships before stretching out into gas, car carriers, shipbuilding and broking. Examples of pure-play bulk carrier companies with a market cap* of over \$2bn include Pacific Basin (\$2.54bn), Star Bulk (\$2.31bn), Wisdom Marine (\$2.25bn) and Golden Ocean (\$2.24bn). The biggest tanker company is Russia's Sovcomflot (\$2.84bn) but it is a hybrid with crude, product, shuttle and LNG carriers. The only pure-play tanker companies worth over \$1bn are Euronav (\$1.87bn), in crude, and Frontline (\$1.49bn), in crude and products. The only product tanker company coming close to making the cut is Scorpio Tankers (\$0.99bn). The three largest pure-play container lines are Hapag-Lloyd (\$40.61bn), Evergreen (\$24.52bn) and Wan Hai (\$18.80bn) while the three largest non-liner tonnage providers are Costamare (\$1.78bn), Danaos (\$1.72bn) and MPC (\$1.27bn). So much for the three main sectors, what about the rest?

In the gas sector, only LNG makes the billion dollar cut, with the three largest players being Nakilat (\$4.63bn), Golar (\$1.23bn) and Teekay (\$1.21bn). In car carriers, Wilh. Wilhelmsen just makes it by getting charitably rounded up from \$0.997bn while, in broking, Clarkson stands alone at \$1.63bn. In shipbuilding, the three largest are Mitsubishi Heavy (\$9.07bn), Korea Shipbuilding (\$6.97bn) and Samsung Heavy (\$3.44bn). Then you have non pure-play giant conglomerates such as AP Moller-Maersk at \$54.05bn and China Cosco Holdings at \$46.41bn. If you want to buy Maersk Line then you are also buying into container terminals, product tankers, tugs, offshore services, and salvage and towage. Believe it or not, this is a simplified structure after oil and gas, drilling, crude tankers, air services, supermarkets and logistics have been gradually spun off since Y2K.** China Cosco owns 996 ships across many sectors making it a complex shipping conglomerate. Then there are the diversified entities the largest of which are all Asian: HMM Co. Ltd. (\$14.71bn), Marubeni Corp (\$14.00bn) and Nippon Yusen (\$13.46bn). Investors have every right to be confused. There have been de-listings as well, but these tend not to be popular with investment bankers. We can think of Anangel American (1987-2001), an early example, and GasLog (2014-2021), a recent one, taken private in June by Livanos (45%), BlackRock (43%) and Onassis (12%).

Some advantages of going public are to increase the shareholder base, facilitate capital raisings through new share issuance and using stocks in full or part in M&A deals. The disadvantages might include onerous quarterly reporting, the need for transparency, and unpredictable investors. In this millennium, most listed shipping companies would have suffered from these disadvantages and, most of all, from investor perceptions that have caused many companies to trade below net asset value, below the value of their ships. This eats away at the advantages, especially when wanting to raise capital and to finance M&A deals with stock. The tendency to opt for pure-play listings, and to avoid conglomerates, was designed to simplify the narrative and get investors on side. Arguably, it has not worked. Now we find ourselves in differentiated markets with containers having sped up in the elevator, bulkers moving along nicely up the escalator, and tankers stuck in the basement. Could the hybrid model be a better bet after all, providing inbuilt hedges as shipping sector fortunes wax and wane? One company, Navios Maritime Partners, is aiming to make the case. Up to this year it only owned bulk carriers until, in April, it merged with Navios Maritime Containers and then, last month, it announced a merger with Navios Maritime Acquisition. In less than six months it has transformed itself into a diversified owner^ with 55 bulkers, 43 box ships and 45 tankers with a fleet value of \$4.22bn. It now has exposure to all three main sectors that are at different points in their cycles. In the past year, NMP's share price is up 403%. It is up 166% in the year to date and up 40% since 9 August. We tried to keep it simple for investors, now it is time to make it complicated.^

*Market capitalisations are courtesy of today's issue of Tradewinds.

^It is the largest US-listed shipping company by vessel count (143).

**We probably forgot something, so apologies to APMM...

^^And maybe keep the bedroom-dwelling day traders at bay...

Dry Cargo Chartering

The **BDI** closed today at 3,944 points, down 291 points from last week.

Rates across all routes dropped this week in the **capsize** market. Time charter averages dipped down to \$46,647 at close of play. Plenty of iron ore voyage fixtures were recorded this week. Among them the 2012 built *Amorito* that was chartered by Rio Tinto for 170,000 mtons 10% from Dampier to Qingdao for mid-September dates at \$13.75 pmt. The same charterers also took the Mingwah relet *Great Jin* built 2010 for the same voyage and similar dates but at \$14.70 pmt. On Tuesday, a TBN Oldendorff Newcastlemax was chartered by Rogesa for 180,000 mtons 10% for loading Seven Islands to Rotterdam for 21/30 September at \$12.95 pmt. By the end of the week, average rates for Tubarao-Rotterdam were around \$17.65 pmt, rates for Tubarao-Qingdao were just over \$33.00 pmt, and rates for West Australis-Qingdao were around \$13.70 pmt. In terms of coal fixtures, it was reported that Pacbulk fixed the Koch relet *True Courage* built 2016 for 130,000 mtons 10% for Norfolk to Jingtang at \$53.00 pmt.

The **panamax** market eased off this week as it closed today at \$32,445 down by \$2,425 (-6.95%) since last reported on 27th August. In the Pacific, D'Amico fixed the *Geneva Queen* (81,361-dwt, 2012) delivery Hong Kong 6th September for a trip via Indonesia to Philippines at \$36,500 p/day, Cargill took the *Cosmar* (82,025-dwt, 2016) delivery retro sailing Kongsichang 31st August for a trip via EC South America to Singapore-Japan range at \$35,500 p/day and *Pan Diva* (76,830-dwt, 2004) was fixed delivery Kushiuro 4th September for a trip via NoPac back to Singapore-Japan range at \$34,500 p/day. In the Indian Ocean, KCT fixed the *Yasa Unity* (75,580-dwt, 2006) delivery Haldia spot for a coastal trip redelivering EC India at \$36,000 p/day whilst the *Thunderbird* (79,508-dwt, 2011) was fixed for delivery retro sailing Tuticorin 27th August for a trip via EC South America (option South Africa) to the Far East at \$35,000 p/day. Meanwhile in the Atlantic, Louis Dreyfus fixed the *Cui Ping Feng* (75,486-dwt, 2011) delivery Recalada 7th September for a trip to Poland with grains at \$40,000 p/day whilst Oldendorff fixed the *Bright Gemini* (82,165-dwt, 2013) delivery Tyne 31st Aug/1st Sept for a trip via Baltic to Skaw-Gibraltar at \$29,000 p/day. Alternatively, Jus Lordship took the *Shi Dai 2* (76,510-dwt, 2007) delivery Ledong 6th September for 2/3 Laden Legs with redelivery Singapore-Japan range at \$36,500 p/day and Uniper fixed the *Phaidra* (87,416-dwt, 2013) delivery CJK 31st August for period until min 1st July/max 15 September 2022 with redelivery worldwide at \$28,000 p/day. Rogesa fixed a Cargill TBN for their

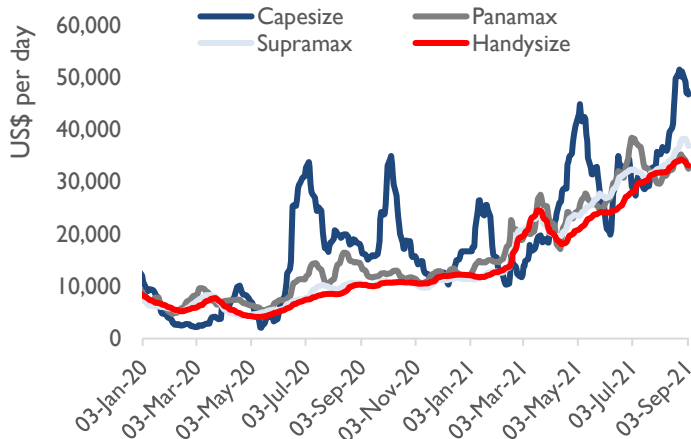
70,000 mtons 10% ore from Ust Luga to Rotterdam for 15/20 September at \$11.25pmt.

A surprising turn for the **supra** market as rates saw a sharp plunge in all trade regions over the course of the week. Rates dropped exponentially especially in the Atlantic bar the Arabian Gulf-India region which still maintains its strong standing. The BSI closed at \$36,832, down from last week's \$38,169. In the Atlantic, *Capt Eugene* (55,499-dwt, 2010) was fixed for a prompt trip carrying scrap delivery Belfast to Nemrut Bay via Ghent with charterer's option to Montoir at \$36,000. *Taxidiara* (56,049-dwt, 2007) was fixed for a prompt trip delivery Dunkirk to East coast South America at \$32,000. In the Indian Ocean, *Vita Kouan* (63,323-dwt, 2016) was fixed for a prompt trip carrying bagged rice delivery Dhamra to West Africa at \$42,500, while *Crimson Knight* (58,651-dwt, 2013) was fixed delivery Mumbai for a prompt trip via the Persian Gulf redelivery East coast India at \$53,000. In the Pacific, *Amis Star* (61,123-dwt, 2019) was fixed delivery Cebu for a trip redelivery East coast India at \$43,000. *Glovis Maple* (55,705-dwt, 2013) was fixed for a trip delivery Koh Si Chang to China at \$41,500.

Rates also fell across the **handysize** markets. Time charters averages closed the week at \$33,087, down by \$1,065 from our last report. In the Atlantic, the Continent and Mediterranean regions seemed to hold firm with reports of fixtures including Norden taking *Pax* (32,047-dwt, 2009) delivery Canakkale on 1st September for a trip to West Africa at around \$42,000, as well as *Arklow Spray* (34,919-dwt, 2014) fixing delivery Antwerp for a prompt trip with fertiliser to the US Gulf at \$35,000. Trans-Atlantic fixtures originating in the US Gulf were comparatively lower as *Clipper Aegina* (32,691-dwt, 2010) fixed delivery Houston for a prompt trip to Turkey at \$21,000. East coast South America continued to weaken too as it was reported that *ES Integrity* (34,512-dwt, 2015) fixed delivery Itaguai for a trip with grains via North Brazil redelivery Continent at \$27,000, charterers were Clipper. In the Indian Ocean, it was rumoured that *Liberator* (28,414-dwt, 2006) fixed delivery Gangavaram for a trip via East coast India with steels redelivery Singapore-Japan range at \$34,000, while in the Far East, *Great Agility* (38,681-dwt, 2018) was linked with a trip delivery Shanhaiguan for a trip via Japan to Thailand at \$40,000. On the period side of things, *EvoMarine* took on *Vigorous* (33,965-dwt, 2013) delivery Algiers for 5/7 months trading at \$34,500 redelivery in the Atlantic.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Bright Gemini	82,165	2013	Tyne	31 Aug/ 1 Sept	Skaw-Gibraltar	\$29,000	Oldendorff	Via Baltic
KM Keelung	82,072	2010	Soma	1 Sept	Taiwan	\$35,200	Taho	Via EC Australia
Mairini	79,023	2010	EC South America	18/20 Sept	Skaw-Gibraltar	\$44,000	Cargill	
Pansolar	76,343	2005	Qinzhou	10/12 Sept	Singapore-Japan	\$35,000	Great Prosperity	2-3 Laden Legs
Cui Ping Feng	75,486	2011	Recalada	7 Sept	Poland	\$40,000	Louis Dreyfus	
Honey Badger	61,296	2015	Itaguai	3 Sept	Singapore-Japan	\$27,750	Raffles	Plus \$1,750,000 bb
Taxidiara	56,049	2007	Dunkirk	PPT	EC South America	\$32,000	Itiro	
Glovis Maple	55,705	2013	Kongsichang	PPT	China	\$41,500	CNR	
Interlink Fidelity	38,734	2017	Continent	PPT	US Gulf/US East Coast	\$41,000	G2 Ocean	Int Packaged Lumber
Fadelisa	35,896	2011	USEC	PPT	Continent	\$22,000	CNR	Int Wood Pellets



Exchange Rates	This week	Last Week
JPY/USD	109.92	110.21
USD/EUR	1.1869	1.1743

Brent Oil Price	This week	Last Week
US\$/barrel	73.49	72.34

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	446.0	438.0
VLSFO	530.0	525.0
Rotterdam IFO	404.0	396.0
VLSFO	511.0	507.0

3 September 2021

Dry Bulk S&P

Strong gains are recorded across the market as offices come up to full strength after what has been a pretty active August. More sales candidates are coming into the market in almost every segment of the market but for every active market candidate ready to dance there are a dozen suitors. Forget pedigree, early delivery is the most appealing attribute and substantial premiums are available for anything that can change hands within the next month.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Stella Naomi	181,031						
Stella Nora	180,000	2016	SWS	Gearless	undisclosed	\$132.00m enbloc	
Stella Hope	180,007		Dalian				
DS Charme	176,000	2011	Jiangsu Rongsheng	Gearless	Moundreas	\$28.00m	Less 3% with index linked TC attached until July 2022 at 89% 5TC, less 6%
Okeanos Bliss	76,636	2008	Imabari	Gearless	Castor	\$18.75m	Delivery early November with SS/DD passed & BWTS fitted
Alam Molek	58,074						
Alam Madu	58,045	2014	Shin Kurushima	C 4x31T	Megha	\$52.00m enbloc	Old Sale
Antoine	55,498	2009	Mitsui	C 4x30T	undisclosed	\$19.50m	TC attached till October 2021 – February 2022
Sibulk Tradition	53,206	2008	Iwagi Zosen	C 4x31T	undisclosed	\$16.75m	
Pacific Pamela	49,061	1997	Oshima	C 4x35T	Chinese	\$8.00m	

Tanker Commentary

It has been somewhat surprising that tanker prices have been so resilient this year in the face of such lacklustre earnings this year. Fleet growth, minimal scrapping and dwindling oil and CPP demand has eroded hopes of a recovery in the near future and as such, Buyers are hoping better value opportunities will not be far away. Whilst there is little in the way of sales activity in the tanker sector this week, there are a number of tankers under negotiations at levels which would suggest we are about to see a long awaited correction in values. Reports of a 2007 built VLCC close to being concluded below \$35m would represent a substantial correction

whereas the Japanese controlled MR *St Jacobi* (50,209-dwt, 2014 SPP) has struggled to see offers in excess of \$22m with the owners refraining from giving counters. Further down the age scale, the pumproom MR *Amelia Pacific* (45,811-dwt, 2006 Shin Kurushima) is understood to be negotiating in the low \$8m (but not sold contrary to reports) which again would illustrate a softening in values.

It will be interesting to see where values settle in the coming weeks and if more owners decide to part with their assets.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Marvin Independence	49,988	2018	Hyundai	undisclosed	\$17.10m	Auction

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
South Energy	72,561	1980	General Dynamics	LNG	31,196.70	715-720	Bangladesh
Amal I	41,574	1987	Mitsui	BULK	7,418.00	582	Pakistan

Should you have any queries about the content of this report or require any services of Hartland Shipping Services, please contact:

**Hartland Shipping Services Ltd,
London**

Tel: +44 20 3077 1600
 Fax: +44 20 7240 9603
 Email: chartuk@hartlandshipping.com
 Email: snpuk@hartlandshipping.com
 Email: consult@hartlandshipping.com

**Hartland Shipping Services Ltd,
Shanghai**

Tel: +86 212 028 0618
 Fax: +86 215 012 0694
 Email: newbuild@hartlandshipping.com

**Hartland Shipping Services Pte. Ltd,
Singapore**

Tel: +65 6702 0400
 Email: chartops.sg@hartlandshipping.com

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