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POINTS OF VIEW

We face a Winter of Discontent in the UK, a throwback to the late 1970s, when the all powerful unions called for widespread strikes to gain large inflationary pay settlements at well above government caps. In March 1984, the Tory government announced it would close over 70 coal pits, leading to the 1984-85 Miners' Strike, and the lights going out. Today, a lack of investment in fossil fuels, as public opinion turns against carbon and new money is directed to renewables, has caught us out once more. Natural gas prices have surged, partly because Russia has restricted westward flows to Europe,[^] and partly because the wind did not blow, leaving our wind turbines motionless. Small UK utilities, dependent on the wholesale market, have faced a combination of soaring buy-in costs and 'low' regulated selling prices of gas and electricity to households. Many are going bust. Petrol stations have been jammed and fights have broken out on forecourts as drivers jostle to fill tanks. Tanker deliveries to retail outlets have been hampered by a lack of HGV drivers and supermarkets are running low on food as there is a lack of CO2 for packaging and chilling. Christmas may be cancelled, again.

In the US, oil and gas producers laid off workers last year as the pandemic hit demand and caused prices to plummet. Now they are having difficulties luring back skilled workers so that they can raise production.* This is what post peak pandemic return to work looks like. Resurgent demand and inadequate supply, all feeding into higher prices and inflation. In China, coal-fired power accounts for 70% of China's electricity, but its coal stocks are running low. It produced 3.9bt of coal in 2020 and, as if that was not enough, it imported another 238mt of seaborne coal, 6% of domestic output. The latter has flatlined after pressure to raise output caused mining accidents and regulatory closures. Truck supplies from Mongolia have plunged as drivers often test Covid positive while hydropower has not delivered. Australian coal imports remain banned for political reasons while electricity demand just keeps on rising. Thus, China also faces its own Winter of Discontent, and it is still only Autumn. Its version will be exportable worldwide.

In the UK, we are having to warm up our coal-fired power stations, as a back-up, and keep running nuclear power stations that are scheduled for decommissioning. The international price of thermal coal is up 172.5% this year having risen from \$80 to \$218 a tonne. It is convenient for our politicians and the media to blame Russia and China for conspiring to make our lives uncomfortable, but this would ignore the massive failure of long-term planning and a total lack of vision. We were supposed to be moving away from coal, and now we are turning back to it. We wanted to reduce CO2 emissions, and now we are running out of it. Our last Winter of Discontent brought Mrs Thatcher to power in 1979 and led to that Miners' Strike 5 years later. She set about crushing the unions and closing UK coal pits whose thin seams were too deep, inefficient and costly. The lost supply was replaced by thermal coal imported in large bulk carriers all the way from Australia's open-cut mines. What a thing. The land of the Queen importing coal from Queensland; mines in Wales being shut while those in New South Wales thrived. The Central Electricity Generating Board sent the ships to Rotterdam and transhipped to the UK to disguise their distant and controversial origins.

The BCI-5TC punched up to \$75,190 today as China, India and other Asian buyers scoured the world for coal. Parts of China, especially in the northeast, are facing power rationing, factory and school closures, and out of order phone masts and traffic lights. China's utility companies were refusing to pay high prices for imported coal, natural gas and LNG so long as the government caps the selling price of electricity, effectively guaranteeing their losses.^{^^} We have the very same problem in the UK. China's clampdown on the less efficient and more polluting parts of its steel industry has massacred its iron ore demand, seeing delivered iron ore prices collapse 45% since mid July, falling from \$220 to \$120 a tonne. Maybe it reckons that it can do the same trick for coal, oil and gas by selectively culling swathes of industrial processes, smelting and manufacturing, all in the name of environmental protection. The people wanted it, and they are now getting it good and hard. Shipping and politics are inextricably intertwined.

... Coals from Newcastle !? ...



Source : testdept.org.uk

[^]Russia is restricting gas flows to Europe so that its Nord Stream 2 pipeline to Germany gets approved. This will enable it to bypass Ukraine pipelines and increase European dependence on Russian gas.

*Of oilfield services executives surveyed, 51% had difficulty hiring labour in the past three months. Of those, 70% blamed a lack of qualified applicants. 39% said workers were looking for too much money. (FT).

^{^^}It is now reported that China's power utilities have been told to secure coal imports at any price and at all costs as the central government, and the general public, will not tolerate power cuts.

China will buy more coal from more distant sources such as South Africa, Colombia, the US and Canada, competing with other nations hungry for imports, including India which faces similar severe shortages

Dry Cargo Chartering

The **BDI** closed this week at 5,202 gaining 558 points from last week.

An unbelievable week across the **cape** markets saw rates rocket across all trade routes. The BCI 5TC closed at a monumental \$75,190, up a staggering \$13,881. Another notable milestone reached this week was the Baltic Exchange's capesize timecharter average for front haul passing well over \$100,000 per day. Coal stems covered this week include ArcelorMittal chartering *Maha Anosha* the 2009-built Bunge relet for 162,000 mtons 10% loading Kembla and Abbot Point for Rotterdam and Dunkirk East at \$39.50 pmt for early October dates. Additionally, a Five Ocean TBN vessel was put forward for a Kepco tender of 140,000 mtons 10% from Newcastle to Younghung for 10/19 October at \$31.50 pmt. In terms of iron ore voyages, on Wednesday Olam fixed the 2010-built Hosco relet *Hebei Challenger* for 160,000 mtons 10% from West Australia to Qingdao for 17/22 October at \$22.00 pmt, while *Navios Symphony* the Ssangyong relet was chartered for 170,000 mtons 10% again for loading Western Australia to China for 13/15 October but at \$21.85 pmt. On the period side of things, Huaya took on *Great Ocean* (171,000-dwt, 2003) delivery Huanghua prompt for about 5/7 months trading at \$38,500 with worldwide redelivery.

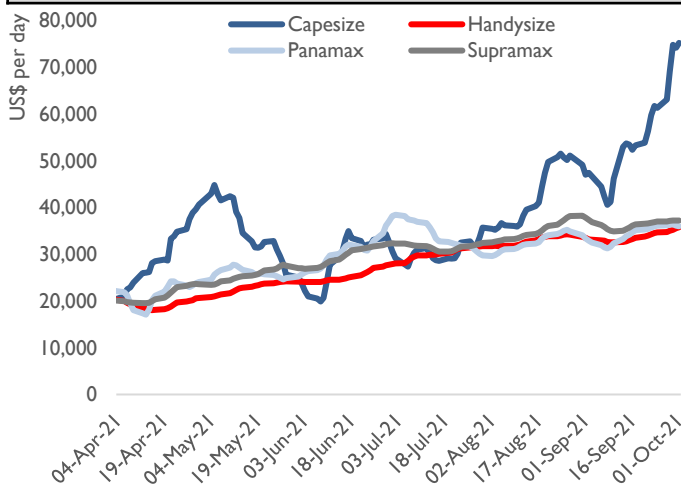
The **panamax** market softened ever so slightly this week compared to last week's levels. The market closed today at \$35,929 down by \$175 (-0.48%) since last reported on 24th September. In the Pacific, Cobelfret fixed *MG Kronos* (84,790-dwt, 2016) delivery Fujian 2nd October for a trip via Lyttelton redelivery South Korea with coal at \$40,000 per day and Oldendorff fixed *Antiparos* (81,640-dwt, 2013) delivery CJK 3rd October for the trip via NoPac to Singapore-Japan range with grains at \$37,400 per day. In the Indian, Seawind took *Energy Sunrise* (81,793-dwt, 2014) delivery Haldia 29 Sept/1 Oct for 2 Laden Legs with redelivery Singapore-Japan range at \$36,000 per day whilst Cofco Agri fixed *Artemis I* (80,976-dwt, 2019) delivery Krishnapatnam 28th September for a trip via EC South America to Singapore-Japan range at \$37,500 per day. In the Atlantic, Reachy fixed the Koch relet *Vincent Triton* (81,485-dwt, 2020) delivery EC South America 18/25 October for a trip to Singapore-Japan range at \$35,500 per day + \$1,500,000 BB whilst Olam took *Hua Sheng Hai* (81,232-dwt, 2017) delivery US Gulf mid-October for a trip to Singapore-Japan range at \$38,000 per day + \$1,600,000 BB. Alternatively, NYK took *Stormharbour* (76,583-dwt, 2009) delivery CJK 28/29 September for 9-12 months with redelivery worldwide at \$29,000 per day and Aquavita fixed *Leto* (81,297-dwt, 2010) delivery Tachibana 1/10 October for 17-19 months redelivery worldwide at \$25,500 per day. SAIL also took a TBN vessel for their 75,000 mtons 10% coal from Hay Point to Visakhapatnam for 15/24 October at \$33.05 pmt.

The **supra** market maintained its great run as rates continues to climb. Rates in all regions are seeing a steady increase with no signs of slowing down. The BSI closed at \$37,212, up from last week's \$36,948. In the Atlantic, *Dominator* (63,652-dwt, 2021) was fixed for a prompt trip delivery Sepetiba and redelivery in the US Gulf at \$45,000, while *TD Tokyo* (63,456-dwt, 2017) was fixed for a prompt trip with delivery in the US Gulf to the Continent in the region of \$40,000. In the Indian Ocean, *Ultra Initiator* (62,647-dwt, 2012) was fixed for a trip delivery Beira and redelivery in West Africa at \$45,000. Also, *Captain John* (56,925-dwt, 2011) was fixed for a trip carrying fertilisers delivery Umm Qasr to East Coast South America at \$33,000. In the Pacific, *Thunder* (57,334-dwt, 2009) was fixed for a spot trip with delivery Port Kelang via Indonesia to China at \$40,500. We also heard *Belinda* (63,339-dwt, 2016) was fixed for a trip delivery Rayong via Indonesia to Thailand at \$43,000.

The **BHSI** closed this week at \$35,769 up \$1,119 from last Friday, mainly driven by firm loading markets across the Atlantic, while Asia sees negative returns. The Continent remained firm, a 34,000-dwt vessel fixed \$38,000 per day open Dordrecht for a fertilizer trip from Rotterdam to Upriver with Ultrabulk. In the Mediterranean, the week got off to bang when *Unison Jasper* (37,296-dwt, 2019) was fixed delivery Novorossyisk for a trip via Black Sea redelivery South-East Asia with ultra clean cargo, Soda Ash at \$60,000 with Lauritzen. The positive trajectory in the US Gulf continues, with a lack of tonnage still being a major contributing factor. *Good Luck* (37,384-dwt, 2018) fixed from SW Pass to East Coast Mexico with grains at \$32,500 to Kline and a 38,000-dwt was rumoured to have been fixed for a trip from the US Gulf to Continent - Mediterranean at \$28,000. *Berge Galdhøpiggen* (38,907-dwt, 2017) fixed a trip from Belledune to the UK- Continent at \$37,000 to Canformav. *Joanna* (33,717-dwt, 2010) fixed from Vera Cruz via the US Gulf with redelivery in Porto Cortez at \$29,000 and *Hilma Bulker* (34,502-dwt, 2017) logger fixed basis delivery Townsville for period in mid \$30,000's and a \$450,000 ballast bonus to Oldendorff. In the Caribbean, *Clipper Alexandria* (32,535-dwt, 2010) fixed from the Caribbean via Vila Do Conde to the US Gulf at \$30,000. Pressure is expected to build for the southern regions of South America as the tonnage count rises in the north of Brazil. *Susano Harmony* (37,140-dwt, 2020) fixed from Recalada for a trip to Peru-Chile range at \$54,000, and *St Paul* (37,054-dwt, 2014) fixed for a trip from Recalada to North Brazil at \$42,500. In Asia, *Federica* (36,612-dwt, 2012) fixed for a trip from the Philippines via Australia to South-East Asia with alumina at \$33,000. A 33,000-dwt open in Vietnam fixed for two to three laden legs with redelivery worldwide at \$35,000. A 28,000-dwt fixed Taiwan to China at \$26,000. On the period front, a 36,000-dwt was rumoured to have been fixed for a year basis delivery China with worldwide redelivery in the mid \$28,000's.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Welprofit	93,249	2011	South Korea	3/4 Oct	South Korea	\$33,500	Five Ocean	Via EC Australia Via US Gulf & Neo Panama
Xenia	82,019	2016	Montoir	30 Sept	China	\$40,000	Cargill	Plus \$800,000 bb Int Grains
Hua Sheng Hai	81,232	2017	US Gulf	Mid Oct	Singapore-Japan	\$38,000	Olam Intl	Plus \$1,600,000 bb
JY Pacific	81,138	2019	Gunsan	2 Oct	Singapore-Japan	\$36,500	Cargill	Via NoPAC
Sea Taurus	76,616	2004	Jinzhou	3/8 Oct	Singapore-Japan	\$35,000	CNR	Via NoPAC Int Grains
Dominator	63,652	2021	Sepetiba	PPT	US Gulf	\$45,000	CNR	
TD Tokyo	63,456	2017	US Gulf	PPT	Continent	\$40,000	Norvic	
Dayang Century	56,780	2019	Surabaya	PPT	China	\$43,000	ESM	Via Indonesia
Unison Jasper	37,296	2019	Novorossyisk	1/5 Oct	South East Asia	\$60,000	Lauritzen	Via Black Sea Int Soda Ash
Bona	32,844	2012	Houston	PPT	NC South America	\$33,000	CNR	Via Mississippi River Int Grains



Exchange Rates	This week	Last Week
JPY/USD	111.19	110.72
USD/EUR	1.1603	1.1706

Brent Oil Price	This week	Last Week
US\$/barrel	77.82	77.70

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	493.0	490.0
VLSFO	569.0	561.0
Rotterdam IFO	444.0	430.0
VLSFO	553.0	534.0

Dry Bulk S&P

In the northern hemisphere, winter is coming. For the dry bulk market that is no bad thing. Homes and offices need heating. Natural gas prices are at record levels and coal, shipped by bulkers, is a cheaper alternative – adding fuel to the already hot dry bulk fire. Demand for coal in Asia in particular paints a positive demand picture. Over half of Indian coal power plants have less than one week of inventories and the Chinese Electricity Council publicly stating they will 'pay any price to ensure heating and power generation in winter'. Saad Rahim, the chief economist at Trafigura, stated earlier this week 'Asia doesn't have enough coal' and because of disputes with Australia, China will likely continue to seek coal from further afield.

Bulker pricing continues to rise steeply. Two weeks ago, Japanese owners sold *Centenario Forza* (56,129-dwt, 2012 Mitsui) for 20.6m. An older sister ship, *Spring Hawk* (56,668-dwt, 2010, Mitsui) is

reported sold this week for between 21.5 to 22m representing a significant step up.

The cape index has closed the week at 75k per day, creating an environment where sellers can capitalise and get firm prices and Buyers see future opportunities if prices stay firm. Rumours suggest the capsized *Aqua Honor* (175,428-dwt, 2012 Jinhai) has been committed around \$28m. She has been marketed for sale since June and her value has risen since she first hit the market. *Mangas* (174k-dwt, 2011 Bohai) was sold in mid July for \$24m. Newcastlemaxes have risen too with market reports listing JP Morgan as the Buyers of the scrubber fitted *Conrad* (207,609-dwt, 2017 SWS) for between \$54 and \$55 million, a large jump on the non-scrubber fitted *Hark Oldendorff* (209,325-dwt, 2016 YZJ) which sold at the end of July for around \$45m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Conrad	207,609	2017	SWS	Gearless	JPM	\$54.00m - \$55.00m	Scrubber fitted
Shuang XI	93,237	2010	Jiangsu Newyangzi	Gearless	undisclosed	\$20.15m	
Xin Hua	82,269	2012	Dalian	Gearless	undisclosed	\$22.00m	
Pedhoulas Fighter	81,541	2012	Zhejiang	Gearless	Chinese	\$23.70m	Scrubber fitted & Tier II
Stove Friend	57,679	2016	Tsuneishi Cebu	C 4x30T	Belships	\$56.00m enbloc	
Stove Tide							
Seacon 6	57,000	2012	Ningbo	C 4x30T	undisclosed	\$15.30m	Auction
HTC Charlie	56,451	2014	Taizhou Sanfu	C 4x36T	Middle Eastern	\$20.45m	Basis DD passed
Spring Hawk	55,688	2010	Mitsui	C 4x30T	undisclosed	\$21.50m - \$22.00m	BWTS fitted
Teo	35,829	2011	Qidong	C 4x30T	Middle Eastern	\$16.50m	
EOS Victory	33,686	2012	Shin Kurushima	C 4x30T	undisclosed	\$35.00m enbloc	
EOS Esperance							
Mel Pride	32,260	1999	Kanda Zosensho	C 4x30T	undisclosed	\$8.25m - \$8.50m	
Amira Ilham	28,434	2009	Shimanami	C 4x31T	undisclosed	\$13.50m	
Bao Da	28,107	2001	Bohai	C 4x30T	undisclosed	\$7.00m	
Glorious Earth	26,102	2013	Shin Kurushima	C 3x31T	undisclosed	\$14.50m	

Tanker Commentary

As the dry market fires on all burners, activity on tanker S&P can at best be claimed to be quietly simmering. Some owners, such as Stealth and Ridgebury Tankers, have made moves in recent months anticipating a rebound. Will others follow?

The selloff of the Ocean Tankers fleet continues to feed those with the appetite, as the BWTS fitted *E Mei San* (317,952-dwt, 2010 SWS) called for offers yesterday. At the time of writing it's understood she'd seen \$36m with the Sellers countering at \$40m, however we expect this to be concluded in the coming week. It's worth noting that the last Ocean Tankers VLCC sold was *Chang Bai San* (318,445-dwt, 2012 SWS) that fetched \$41.5m in August.

Elsewhere in the VL segment, the George Fournaris-led Cosmship have sold their *Fos* (306,999-dwt, 2002 HHI) for \$28m to unnamed interest, basis surveys due in Feb 2022. The ship has been listed in Cosmships' fleet for a matter of months, acquiring the vessel in March this year for \$25m.

Meanwhile Hansson-led Nordic American Tankers (NAT) have offloaded their *Nordic Sirius* (150,183-dwt, 2000 NKK) for \$14m – a good deal for the Buyer with a scrap value of approx. \$13.2m, dry docking due in September 2023 and BWTS already installed.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Fos	306,999	2002	HHI	undisclosed	\$28.00m	
Nordic Sirius	150,183	2000	NKK	undisclosed	\$14.00m	
Spring Sunshine	46,947	2013	Jiangsu Yangzi	Chinese	\$17.90m	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Ingrid	105,528	2000	Sumitomo	TANK	15,954.00	undisclosed	Bangladesh
Sein Sun	5,438	1984	Kitanihon Zosen	REEF	3,211.44	495	Bangladesh

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