



CONTENTS

2. Dry Cargo Chartering
Turning a Corner?
3. Dry Cargo S&P
Positivity Still Bubbling Away
4. Tankers
Big Moves

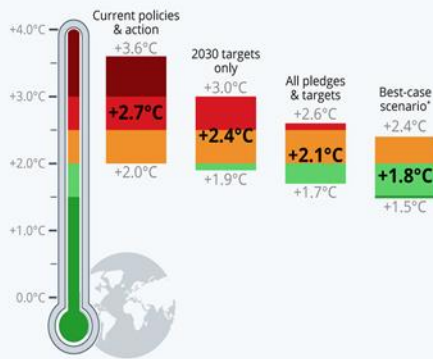
POINTS OF VIEW

HSBC Global Research has just released a timely piece on China entitled: “China’s Great Transition” something that all of us in shipping would no doubt like to better understand. We are all aware that this transition has been in progress for some time and that it is carefully choreographed by the NDRC and the CCP, entities that have a degree of permanence and execution capability that eludes western style democracies with their short-term electoral cycles. As China moves from construction to capex and consumption, the piece reveals three main trends. One, how China’s decades-long boom in real estate and infrastructure, a major source of economic growth, is coming to an end. Two, how it is picking up the slack, with investment already rotating into higher-end manufacturing and green projects. Three, how the middle class is set to continue expanding, making consumption a bigger growth driver in the coming years. This would imply a gradual shift in emphasis in China-generated shipping demand with lower growth in raw material imports as construction growth itself slows. Also, lower demand growth for imported oil, gas and coal as green energy projects are ramped up at home in the decades ahead. Finally, higher manufactured goods import growth as the rising middle class spends more of its money on imported foreign luxuries.

... Good Cop, Bad Cop ? ...

Global Climate Plans Still Fall Short

Estimated global mean temperature increase by 2100, by scenario



* Assuming full implementation of all announced targets (not just those already submitted and binding).
Figures in gray represent upper/lower estimates
Source: Climate Action Tracker



statista

Source : Statista

The timescale is wide, with measurable changes in property investment and middle class expansion expected in just 5 years, in high-end manufacturing over 20 years and in green energy over 40 years. It will alter global demand dynamics for bulkers, tankers and containers, although other countries can be expected to change their demand patterns in ways that will compensate for China in another twist of the kaleidoscope. Anyway, the timespan for these changes is either side of the typical life cycle of a bulk carrier, so we need not fret too much. We face more pressing concerns on how easily China can influence commodity and freight markets via robust administrative actions, the likes of which are unimaginable here, that have almost instant effects. In recent weeks and months, the NDRC has managed to crater international prices of strategically sensitive commodities such as iron ore and coal. Iron ore imports have been cut to reduce pollution and fell to 91.6mt in October from 95.6mt in September, down 4.2% MoM and 14.2% YoY. In the first 10 months of 2021, they were down 4.2% YoY to 933.5mt. Dalian futures prices have halved from a peak of \$192 a tonne in mid May. After a power shortage drove up thermal coal prices, the NDRC demanded a reduction in imports, an increase in domestic production and imposed price controls on coal supplies to its generators so that they would provide electricity. Price caps on electricity sales had caused generators to shut down to stem their losses.

China’s coal imports fell to 26.9mt in October from 32.9mt in September, down 18.2% MoM, but still up 96.0% YoY. China’s coal output in the 1-5 November period averaged 11.7mt a day, up 1.5mt a day on end September. Power plant coal reserves on 6 November were up to over 117mt, about 40mt higher than at end September. Coal shortages have been reversed in quick order and global thermal coal prices have plunged over 40% in a month. Benchmark Newcastle FOB prices hit a high of \$270 a tonne on 5 October, only to drop to \$140 in early November, and then rebound to \$160 as cold snaps in China pressure supplies. It all goes to show what a master China is at managing vital commodity supplies and prices, using its dominance of the demand side to its advantage. Just as easily as it can turn things off, so it can also turn things on, like flicking a switch. When the time is right, it will resume buying ores and coals, raise its steel and electricity output, and return to former emission levels in the interests of growth. It is playing the world market. But, midweek, the US and China pulled a rabbit out of the hat and made the biggest statement of COP26, stealing the show. The world’s two largest economies, that jointly emit 45% of global CO₂, pledged enhanced action to curb global warming within this decade. This includes cutting methane emissions, tackling illegal deforestation and reducing coal use. This front-end loads the timetable and will put pressure on the other 195 attendee nations to match this ambitious schedule. We have only one ship life cycle left between now and 2050 so, if ordering one new, it had better be able to go the distance.

Dry Cargo Chartering

The **BDI** closed this week at 2,807 points, gaining 92 points from last week.

This week saw a rebound in the **cape** market as freight prices regained momentum across all routes. The BCI 5TC ended up at \$31,811, up by \$4,612 from our last report dated 5th November. An abundance of iron ore voyage fixtures came to light this week. The usual players were active as ever with Rio Tinto taking several vessels for their 170,000 mtons 10% shipments from Dampier to Qingdao. Among them was the 2016-built *Golden Barnett* fixed at \$12.30 pmt, with prices overall ranging from \$11.85 pmt to \$12.40 pmt for end of November dates. FMG took several vessels for 160,000 mtons 10% from Port Hedland to Qingdao with freight prices ranging from \$11.40 pmt to \$11.95 pmt. A TBN vessel was put forward for a 170,000 mtons 10% Ore & Metals tender from Saldanha Bay to Qingdao at \$17.70 pmt for the beginning of December, as was an Adani TBN vessel at \$18.55 pmt also for early next month. Additionally, Olam chartered an unnamed vessel for 165,000 mtons 10% from Kamsar to Gangavaram at \$22.50 pmt with free D/A's at both ends, and an Oldendorff TBN vessel was fixed by TKSE for 180,000 mtons 10% from Seven Islands to Rotterdam at \$11.95 pmt for 28 November/7 December. Little was reported in terms of T/C or period fixtures.

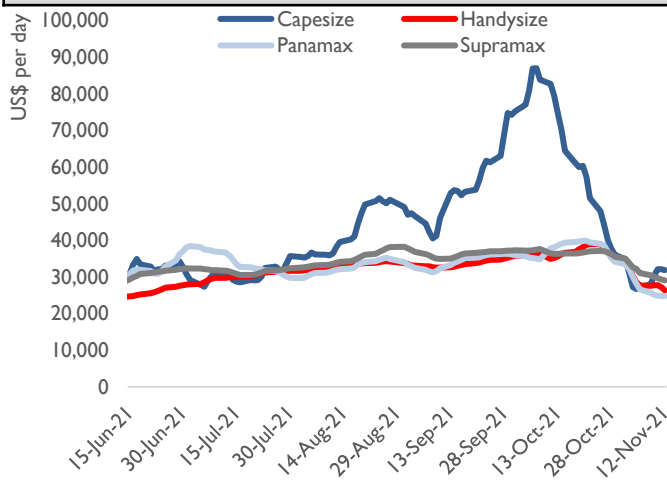
The **panamax** market continued to soften but at a more controlled rate as it closed today at \$26,370 down by \$1,271 (-4.6%) since last reported on 5th November. In the Pacific, Great Prosperity fixed the *Belo Horizonte* (81,681-dwt, 2012) delivery Phu My 11/12 November for a trip via Indonesia to Malaysia at \$22,000, Transtech took the *Cofco I* (81,531-dwt, 2014) for delivery Xiamen 11 November for a trip via Indonesia to Singapore-Japan range at \$23,500 and Panocean covered the *Xin Rong* (79,607-dwt, 2010) delivery Linkou 14 November for a trip via EC Australia to South Korea at \$19,000. In the Indian Ocean, Viterra fixed the *Ellina* (82,612-dwt, 2008) delivery Jaigarh 8 November for a trip via EC South America to Singapore-Japan range at \$28,750 and Cardinal took the *JY Ocean* (81,118-dwt, 2018, scrubber fitted) delivery retro sailing Gangavaram 28 October for a trip via EC South America to Singapore-Japan range at \$30,000. In the Atlantic, Cargill fixed the *Zheng Jun* (81,809-dwt, 2013) delivery Mersin 16/17 November for a trip via Black Sea to Skaw-Gibraltar range at \$29,500, Uniper took the *Taho Australia* (81,320-dwt, 2019) delivery Hamburg 13 November for a trip via Baltic to Skaw-Gibraltar range at \$32,000 and Oldendorff covered the *Yasa Falcon* (81,488-dwt, 2012) delivery Aughinish 17/21 November for 2 laden legs with redelivery Atlantic at \$33,000. Alternatively, Cargill covered *Myrsini* (82,117-dwt, 2010) delivery Nantong 12 Nove for 12-14 months with redelivery worldwide at \$22,000. SAIL covered a TBN vessel for 75,000 mtons 10% of coal loading Gladstone 1/10 Dec and discharging in Visakhapatnam at \$24.60 pmt.

The **supra** market continues to see red as rates dipped this week albeit at a lesser pace. Rates in the Pacific dropped significantly going below the index yet this overall reduction has seemingly slackened. The Atlantic has also experienced a softening in rates but still generally remains firm with prices in the Indian Ocean experiencing the same. The BSI closed at \$24,783, down from last week's \$26,580. In the Atlantic, *Baltic Hornet* (63,574-dwt, 2014) was fixed for a prompt trip carrying coal delivery Colombia and redelivery North Brazil at \$30,500. *Indigo Cefiro* (58,737-dwt, 2012) was fixed for a trip carrying fertilisers delivery in the Continent region and redelivery in East coast South America at \$36,000. In the Indian Ocean, *Abriadee Naree* (56,512-dwt, 2012) was fixed for a prompt trip with delivery Fujairah and redelivery Bangladesh at \$34,000. *Darya Anita* (61,448-dwt, 2013) open Mumbai was fixed for a trip delivery in the Persian Gulf to Bangladesh at \$27,000. In the Pacific, *Top Fortune* (61,447-dwt, 2017) was fixed for a trip delivery Donghae for a trip via CIS redelivery China, south of CJK at \$20,500. *Anna Dorothea* (55,646-dwt, 2008) was fixed for a prompt trip delivery Hong Kong via Indonesia to China at just \$13,750.

This past week also bore witness to a further decline of freight and T/C rates in the **handysize** market, although again this was apparently at a reduced pace compared to what was seen in recent weeks indicating that the market correction may be bottoming-out. The BHSI closed at \$29,036, down \$2,038 from the last report. In the Atlantic, East coast South America remained relatively stable and firm as it was reported *Riva* (38,664-dwt, 2016) fixed delivery Recalada for a prompt trip via Montevideo to the US Gulf at \$40,000, *Bulk Trader* (37,845-dwt, 2018) was fixed by Universal Solutions delivery Rio De Janeiro for a prompt trip to Nouakchott at \$40,000, and *Weco Laura* (38,757-dwt, 2020) fixed delivery Vila Do Conde for a trip to the Continent at \$38,750, charterers were Whitelake. Elsewhere, *Suzanna D* (37,205-dwt, 2012) was chartered by NYK delivery Mobile for a trip to the UK-Continent range with woodpellets at £28,000, and *Acacia* (33,677-dwt, 2011) fixed delivery Kavkaz 12/14 November for a trip to Newcastle, Australia at \$37,500. Over in the Pacific rates remained weaker. It was rumoured that a 39k-dwt vessel open Japan fixed an Australia round trip at \$19,750, and a 36k-dwt vessel open North China was fixed for the same trade at just \$16,000. Charterers were not reported for either fixture. On the period side of things, TKB took on *Vipha Naree* (38,851-dwt, 2015) delivery Itaquí 1/5 December for a years trading at \$24,000 redelivery worldwide.

Representative Dry Cargo Market Fixtures

| Vessel | DWT | Built | Delivery | Date | Redelivery | Rate (\$) | Charterers | Comment |
|-----------------|--------|-------|-----------|-----------|------------------|-----------|------------|-----------------|
| Chinook | 93,266 | 2012 | Pagbilao | 11 Nov | China | \$22,500 | Richland | Via Indonesia |
| Caravos Triumph | 81,664 | 2012 | PMO | PPT | China | \$29,000 | CNR | Via Black Sea |
| Taho Australia | 81,320 | 2019 | Hamburg | 13 Nov | Skaw-Gibraltar | \$32,000 | Uniper | Via Baltic |
| Shi Dai I | 76,611 | 2007 | Zhuhai | 9 Nov | Philippines | \$16,000 | Klaveness | Via Indonesia |
| Kona Trader | 76,596 | 2007 | Eemshaven | 8 Nov | Skaw-Gibraltar | \$27,000 | Cargill | Via Baltic |
| Baltic Hornet | 63,574 | 2014 | Colombia | PPT | North Brazil | \$30,500 | Ultrabulk | Int Coal |
| Indigo Cefiro | 58,737 | 2012 | Continent | 14/16 Nov | EC South America | \$36,000 | CNR | Int Fertiliser |
| Medi Manila | 57,903 | 2014 | Zhanjiang | 14/16 Nov | South China | \$15,500 | CNR | Via Indonesia |
| Riva | 38,664 | 2016 | Recalada | PPT | US Gulf | \$40,000 | CNR | Via Montevideo |
| Suzanna D | 37,205 | 2012 | Mobile | PPT | UK-Continent | \$28,000 | NYK | Int Woodpellets |



| Exchange Rates | This week | Last Week |
|----------------|-----------|-----------|
| JPY/USD | 114.04 | 113.60 |
| USD/EUR | 1.1447 | 1.1527 |

| Brent Oil Price | This week | Last Week |
|-----------------|-----------|-----------|
| US\$/barrel | 81.74 | 82.41 |

| Bunker Prices (\$/tonne) | This week | Last Week |
|--------------------------|-----------|-----------|
| Singapore IFO | 467.0 | 465.0 |
| VLSFO | 631.0 | 612.0 |
| Rotterdam IFO | 437.0 | 433.0 |
| VLSFO | 577.0 | 568.0 |

12 November 2021

Dry Bulk S&P

With many still feeling quietly positive about the market despite the uncertainty of some buyers we are still seeing some good sales across the dry bulk sector, with lots of action going on in the Ultramax sector this week.

The *Soho Trader* and *Soho Merchant* (63k-dwt, 2015 Jiangsu Newyangzi / Chengxi) have been sold en bloc to undisclosed buyers for \$ 50.5m. Last done was the year younger *Nautical Alice* (63k-dwt, 2016 Jiangsu New Hantong) which sold last month at \$28.5m, it is worth noting that she is scrubber fitted and has a cancelling date of March.

The 3 year younger *Star Crios* (63k-dwt, 2012 Yangzhou Dayang) was sold this week for \$21.5m. To find the last sister vessel sold, we have to head all the way back to April this year, when the exact sister *Sage Amazon* (63k-dwt, 2012 Yangzhou Dayang) now renamed *Aquayork* was sold for \$17.4m, showing that despite the current downtrend in rates over the last few weeks we are still well above where we were earlier on in the year. The same

Owners also sold the *Star Damon* (63k-dwt, 2012 Yangzhou Dayang) for \$22.5m with a TC attached at \$36,500 p/d less 5% till Mar/May 2022.

Also in the Ultramax sector we saw Japanese Owners Ehime Kisen sell the *Ikan Senyur* (61k-dwt, 2010 Shin Kasado) to Vietnamese buyers for \$21.7m. The *Sunleaf Grace* (61k-dwt 2011 Oshima) was sold earlier this month for \$21.5m however she will not deliver till March – May 2022 hence the premium for a year older ship.

Meanwhile in the Handy sector the Chinese Owned *Spring Breeze* (33k-dwt, 2013 Jiangsu Yangzijiang) has been sold for \$15.75m including the transfer of her TC till Apr/May 2022 at \$ 13,500 p/d less 5% comms. Last done Chinese built vessel was the *Yangtze Brilliance* (32k-dwt, 2011 Jiangmen Nanyang) which sold for \$15.5m to Chinese buyers with delivery in December with SS/DD passed and BWTS fitted. Despite her lower charter rate she has still commanded a decent price.

Reported Dry Bulk Sales

| Vessel | DWT | Built | Yard | Gear | Buyer | Price | Comment |
|---------------|--------|-------|---------------------|---------|-------------|-----------------|---|
| Soho Merchant | 63,800 | | Chengxi | | | | |
| Soho Trade | 63,473 | 2015 | Jiangsu Newyangzi | C 4x30T | undisclosed | \$50.50m enbloc | |
| Star Crios | 63,301 | 2012 | Yangzhou Dayang | C 4x35T | undisclosed | \$21.50m | |
| Star Damon | 63,227 | 2012 | Yangzhou Dayang | C 4x35T | undisclosed | \$22.50m | With TC attached at \$36,500 p/d less 5% till Mar/May 2022 |
| Ikan Senyur | 61,494 | 2010 | Shin Kasado | C 4x31T | Vietnamese | \$21.70m | |
| Spring Breeze | 33,847 | 2013 | Jiangsu Yangzijiang | C 4x30T | undisclosed | \$15.75m | TC attached till Apr/May 2022 at \$13,500 p/d less 5% comms |



Tanker Commentary

In a move towards more sustainable shipping, Hafnia have made the move on a modern fleet of tankers. Taking over control of 32 modern vessels ranging from 25k dwt to 49k dwt and built between 2015 and 2017. This has reduced the average age of their fleet to seven years old and increased the proportion of ECO ships that they own. The changes are being made in alignment with the IMO's goal of a 40% reduction in carbon intensity by 2028. Perhaps we will see a number of other players merging in order to diversify and increase a wider market share, limiting their exposure to one particular segment.

In the MR sector, Singaporean Oil traders Winson have sold the following two vessels. Firstly, *Angel 62* (47,410-dwt, 2009 Onomichi, SS – 07/2024, DD - 07/2022) is reported to have sold for \$13.7m to Spring Marine. Falling in line with *FS Sincerity* (48,045-dwt, 2009 Iwagi Zosen, SS/DD – 04/2022) which sold in August for a price in the high \$13m region. Second vessel *Angel 61* (48,635-dwt, 2006 Iwagi Zosen) which is reported to have sold to Greek buyers for \$9.8m with surveys passed.

Reported Tanker Sales

| Vessel | DWT | Built | Yard | Buyer | Price | Comment |
|----------|--------|-------|----------|---------------|----------|---------|
| Angel 61 | 48,635 | 2006 | Iwagi | Greek | \$9.80m | |
| Angel 62 | 47,410 | 2009 | Onomichi | Spring Marine | \$13.70m | |

Demolition Sales

| Vessel | DWT | Built | Yard | Type | LTD | Price \$ | Delivery |
|---------------------|---------|-------|---------------------|------|-----------|-------------|-----------|
| Ocean Winner | 37,224 | 2002 | Hyundai Mipo | TANK | 8,749.00 | undisclosed | Malaysia |
| Berge Kangchenjunga | 263,237 | 1994 | Mitsubishi Nagasaki | BULK | 39,613.30 | undisclosed | Singapore |

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