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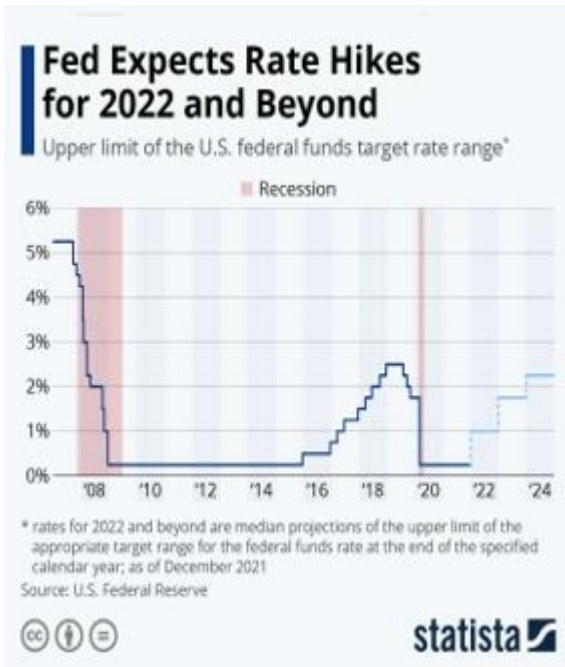
POINTS OF VIEW

In the UK, we have gone into lockdown by stealth. Paradoxically, government ministers have encouraged us to work from home but still attend our Christmas parties, an incompatible combination. We have been warned that the Omicron variant is spreading exponentially with cases doubling every few days, leading England's chief medical officer to urge us to be selective in our social interactions ahead of Christmas. The scientists are scaring us with their doom-laden forecasts while the politicians are pretending that life can just go on as normal. The general public is left to be responsible for its own decisions and actions, and it is doing just that: cancelling parties, pub, theatre and restaurant bookings across the UK. These are the self-determined actions of a concerned public in the absence of clear political leadership from a government that is further weakened today by its loss in North Shropshire's by-election.* The beleaguered hospitality sector faces bankruptcy and job losses and a government disinclined to offer support. France has closed its borders to UK visitors, and other European destinations are likely to follow suit. The Fed, ECB and BoE are adjusting stimulus and monetary policy in response to inflation data. Debt servicing costs will increase just as taxes need to go up to pay for the enormous price of our twin global healthcare and climate change crises. That is the situation with a week to go to Christmas Eve.

As HSBC has pointed out, in its latest Global Economics Quarterly, we face "normalisation, but not as we know it". We are heading into 2022 in a better place than we might have expected a year ago, with vaccines being rolled out in many parts of the world, reducing morbidity, amidst a robust economic recovery. The caveat is the Omicron variant to which the default government and people response appears to be excessively cautious: more isolation, less contact, reduced business activity and lower consumer spending. It is both a paradox and a reminder that Covid is not going away any time soon. We have seen supply chain bottlenecks, higher energy and food prices, surging consumer demand, labour shortages, lower participation rates and higher wages which all contribute to inflation climbing to multi-year highs. Unsurprisingly, the Fed has dropped the word 'transitory' when it talks about inflation, as it now seems to have more persistent characteristics. Like politicians and scientists, central bankers are making it up as they go along, lacking prior experience for guidance. All of the aforementioned factors can turn on a sixpence as human behaviour adjusts to the pandemic. Apparently, we need another two weeks of data capture before we can determine the rate of hospitalisation and mortality and the demographic impact.

The chart of UK Covid infection rates is alarming as it spikes north, driven by the highly infectious new variant, allegedly 70-times more transmissible than Delta, but it is possibly a lot less potent. Weeks ago, Bill Ackman of Pershing Square suggested that the latest dynamics may be viewed positively, and be bullish for equities, only to be widely vilified as is the norm in these days of attack dog social media. The official UK daily infection rate rose to 93,045 cases today but, in reality, it will be much higher. With Omicron cases doubling every two days we could be at 640,000 Omicron cases by Christmas Day and the whole population will have been infected by early 2022, and then daily case rates will tumble. A sharp turnaround can happen once there are fewer people left to be infected and herd immunity is reached. If the daily case chart resembles anything, then maybe it is reminiscent of super volatile weekly average capesize earnings, but more like the 2008 spike than the 2021 one. In 2008, according to SIN data, they went from an end January low of \$79,320 daily to an early June annual and all-time high of \$218,955 before collapsing 99% to an end November 2008 low of \$2,535 daily. If the dominant Omicron variant were to spike and disappear just as dramatically, then we will all be very happy. In contrast, this year's capesize movements are far less impressive, maybe a bit more like the Delta variant. We hit an annual low of \$5,267 per day in mid February before climbing to an annual peak of \$72,281 in early October and then retracing 52% to \$35,045 daily by the end of last week. Today's BCI-5TC is down to \$22,613 daily, lower than its smaller siblings.[^] The capesize segment seems to have broken up for the holidays a little early.

... Interest Returns ...



Source : Statista

*Yesterday, the Conservative party lost this by-election to the Liberal Democrats after holding it since 1830 in what will be regarded by many as a referendum on Boris Johnson's leadership.

[^]The BHSI-7TC is today's best performer at \$27,842 daily followed by the BSI-10TC on \$27,158 and the BPI-5TC bringing up the rear on \$21,994. The smaller ships are outperforming the larger ones.

Dry Cargo Chartering

The **BDI** closed at 2,379 points, down 893 points from last week's report. The **cape** markets fell sharply this week across all routes with time-charter averages shedding almost half of their value as they plunged by a huge \$17,422 to close play at \$22,613. Many concluded iron ore fixtures came to light this week. Rio Tinto took their usual selection of tonnage for 170,000 mtons 10% from Dampier to Qingdao for very end December/early January dates. Freight prices started the week at above \$13.50 pmt, before falling to just over \$10.00 pmt mid-week, and then ended up at about \$9.00 by Friday for this particular route. Elsewhere, the 2007-built *Star United* was chartered for 170,000 mtons 10% from Sudeste to Qingdao for 16 January onwards at \$23.80 pmt, and Salzgitter took the 2021-built RWE relet *Shandong De Tai* for 130,000 mtons 10% loading Narvik to Hansaport at \$8.40 pmt. Other notable fixtures included Rio Tinto fixing a RWE TBN vessel for 170,000 mtons 10% from Seven Island to Oita for 2/8 January at \$35.00 pmt or in charterers option via Suez at \$33.50 pmt. Little was reported in terms of coal or T/C fixtures as the markets declined.

The **panamax** market fell again ending the week at \$21,994 down \$5,616 from last week. In Atlantic, Cargill fixed *Yangtze Xing Hua* (81,678-dwt, 2012) delivery Dunkirk for a trip via US east coast redelivery Poland-Gibraltar at \$32,000. There was a fair amount of activity in the Pacific this week. In the north, we have Olam who took *Ocean Belt* (76,553-dwt, 2008) delivery Onahama for a trip via Nopac redelivery Philippines at \$20,500. Further south, *Golden Fellow* (81,135-dwt, 2020) was fixed for delivery Manila trip via Indonesia redelivery Korea at \$27,000 while *Golden Friend* (81,205-dwt, 2020) was fixed \$23,000 delivery Cailan also via Indonesia redelivery Korea at \$23,000. On the period front, we heard Klaveness fixed *Betty K* (81,992-dwt, 2019) delivery Kashima for 18/22 months redelivery world wide on index link at 103% of the BPISTC.

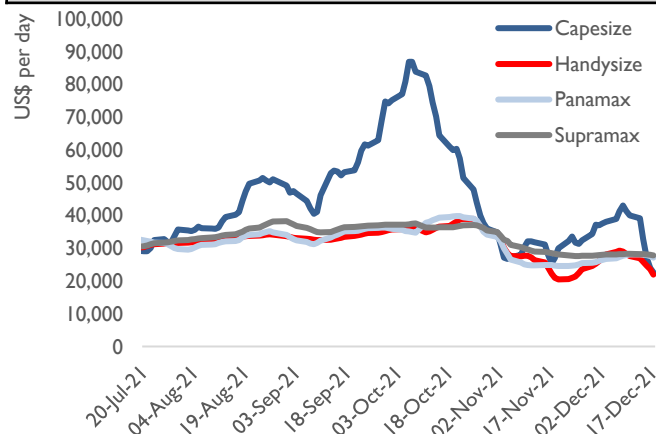
The **supra** market is normalising and softening due to the festive seasons. Rates in the entire market is weakening but are expected to bounce back after the festive period. BSI closed at \$27,158, down from last week's

\$28,065. In the Atlantic, the *Conon* (58,110-dwt 2011) was fixed for a prompt trip with delivery Male and redelivery Pakistan via Richards Bay at \$30,750. While the *Ultra Initiator* (52,647-dwt, 2019) was fixed for a trip with delivery SW Pass and redelivery Portugal at \$39,000. In the Indian Ocean, *Changhang Run Hai* (58,032-dwt, 2012) was fixed for a prompt trip with delivery Richards Bay and redelivery Pakistan at \$25,000 with addition \$500,000 Ballast Bonus. While the *SSI Conquest* (57,598-dwt, 2013) was fixed for a prompt trip carrying limestone with delivery Porbandar and redelivery Bangladesh Via the Arabian Gulf at \$31,000. In the Pacific, the *Fareast Harmony* (56,756-dwt, 2013) was fixed for a clinker run with delivery Zhanjiang and redelivery South China at \$24,000. *Ru Cheng Shan* (56,439-dwt, 2013) was fixed for a delivery Cebu and redelivery China via Indonesia at \$25,000.

Sentiment has softened further in both Atlantic and Pacific markets, as we enter the festive period. The **BHSI** closed today at \$27,842 down \$453 from last week. On the Continent, a 38,000-dwt was rumoured to have been fixed for a trip to US east coast at \$33,000 with Clipper. A 32,000-dwt vessel fixed delivery Continent to the west Mediterranean at \$35,000. In the Mediterranean, *Irma S* (32,295-dwt, 2008) was fixed open Bejaia for a Mediterranean loading with redelivery US Gulf at \$29,500. *Wigeon* (37,238-dwt, 2007) open Livorno fixed via Black Sea for a trip to UK with Grains at \$29,000 to Bunge. A 28,000-dwt open in the east Mediterranean fixed to the US Gulf at \$25,000. A few cargoes hit the market in the US Gulf this week, a slight positive, although little fixtures reported. In the east coast of South America, *Patagonia* (35,964-dwt, 2012) fixed delivery Rosario for a prompt trip to Chile at \$48,000 daily with Cargill and *Mazury* (38,980-dwt, 2005) delivery Recalada fixed for a transatlantic trip to Morocco at \$41,000 daily with Oldendorff. Asia was equally soft, a 28,000-dwt open in Gresik fixed for a trip via Australia to Samalaju with Alumina at \$19,000. A 33,000-dwt open in Port Kembla was also fixed for a trip to Samalaju with Alumina \$22,500. A 34,000 Open in Ulsan was fixed for a trip via Japan to South Africa with an intended cargo of Steels at \$22,750.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Venus Horizon	95,755	2012	JingTang	18 Dec	Japan	\$22,500	NYK	Via EC Australia
Shun Chang	93,322	2010	Xinsha	10 Dec	Malaysia	\$15,000	CNR	Via Indonesia
ITG Uming	81,361	2017	Chiba	16/18 Dec	Japan	\$22,500	CNR	Via EC Australia
Hercules Ocean	81,041	2014	Brindisi	18 Dec	Spain	\$31,000	Louis Dreyfus	Via Black Sea
Ocean Belt	76,553	2008	Onahama	20 Dec	Philippines	\$20,500	Olam Intl	Via NoPac
Ultra Initiator	62,647	2019	SW Pass	23-26 Dec	Portugal	\$39,000	Louis Dreyfus	
Conon	58,110	2011	Male	PPT	Pakistan	\$30,750	CNR	Via Richards Bay
Fareast Harmony	56,756	2012	Zhanjiang	22/24 Dec	South China	\$24,000	CNR	Int Clinker
Ru Cheng Shan	56,439	2013	Cebu	23 Dec	China	\$25,000	Naval	Via Indonesia
HS Luck	52,421	2002	Gresik	22/23 Dec	China	\$28,500	Sunshine	Via Indonesia



Exchange Rates	This week	Last Week
JPY/USD	113.62	113.41
USD/EUR	1.1272	1.1289

Brent Oil Price	This week	Last Week
US\$/barrel	73.70	76.06

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	432.0	424.0
VLSFO	606.0	599.0
Rotterdam IFO	414.0	406.0
VLSFO	546.0	540.0

17 December 2021

Dry Bulk S&P

Cape earnings have fallen drastically and Sellers are currently in no rush to chase the market down resulting in no S&P activity in the cape & newcastlemax sectors. Markets remain more active than usual at this time of year in the sub cape sectors with a spread of sales to report.

Handy sizes were perhaps the sector in sharpest focus this week with a number of deals reporting failed on both Buyers and Sellers subs for various reasons but with their earnings holding firm there remains plenty of interest. The Singaporean Owner of *DD Vanguard* (26k-dwt, 2007 Sundong) must have thought Christmas had come early if the rumoured price of \$12m they achieved for her is correct. Unnamed Turkish Buyers were linked to the purchase which looks particularly strong compared with last week's sale *Dewi Gandawati* (28k-dwt, 2008 Imabari) which we understand sold for \$11.95m.

The Chinese owned *Qin Fa 18* (73k-dwt, 1998 Halla, DD due 7/2022) is reported sold for \$10.5m. The last done comparable unit was in Mid-September when Essar Shipping sold their vessel *Mahavir* (74k-dwt, 2000 blt Imabari) for \$11.9m. Consider the age difference and the yards it shows that despite the markets uncertainties over the last few months there are still buyers out there paying firm prices, particularly when propped up by firm scrap pricing.

On the opposite side of the age spectrum it is understood that Orix have sold two of their Tess 66 Ultramax resales for \$35m each with delivery 2023 to Greek buyers, showing that prices for resales remain very firm against Newbuildings.

In the Supramax sector we saw the Mitsui 56, *Feronia* (56k-dwt, 2007 Mitsui) sold to undisclosed buyers for \$16.5m, the direction as yet is unclear.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Qin Fa 18	73,322	1998	Halla	Gearless	Undisclosed	\$10.50m	
Lan Hai He Xie	56,620	2011	China Shipping Industry	C 4x30T	Undisclosed	\$18.51m	Auction & SS/DD due 11/21
Pacific Crown	56,469	2012	New Hantong	C 4x36T	Chinese	\$35.00m	Committed on Subs
Pacific Bless	56,361	2012	New Hantong	C 4x36T			
Feronia	56,058	2007	Mitsui	C 4x30T	Undisclosed	\$16.50m	
DD Vanguard	26,479	2007	Sungdong	C 4x30T	Turkish	\$12.00m	

Tanker Commentary

The Greek controlled, *Athenian Harmony* (298,96 dwt, 2010 HHI) is reported to have sold to fellow countrymen Altomare for \$42m. The last similar done was the Chinese built *New Coral* (297,580 dwt, 2010 Shanghai Jiangnan Changxing) which sold last week for \$38.5m.

Nordic shipping have invited offers on three vessels, *Nordic Anne* (73k-dwt, 2009 New Times) & *Nordic Agnetha* & *Nordic Amy* (37k-dwt, 2009 Hyundai Mipo). At the time of writing they have still not been concluded, but are reported to have received a staggering 18 offers.

In the aframax sector, Japanese controlled *Guanabara* (106,045 dwt, 2007 Tsuneishi) invited offers on Wednesday and has now been reported sold for \$16.75m to active Greek buyers, Castor Maritime.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Athenian Harmony	298,996	2010	HHI	Altomare	\$42.00m	
Guanabara	106,045	2007	Tsuneishi Holdings	Castor	\$16.75m	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Sea Latitude	309,285	2001	Hyundai HI	TANK	42,682	571	Batam

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