



CONTENTS

2. Dry Cargo Chartering
Uncertainty All Around
3. Dry Cargo S&P
A Slow & Steady Start
4. Tankers
Making Moves

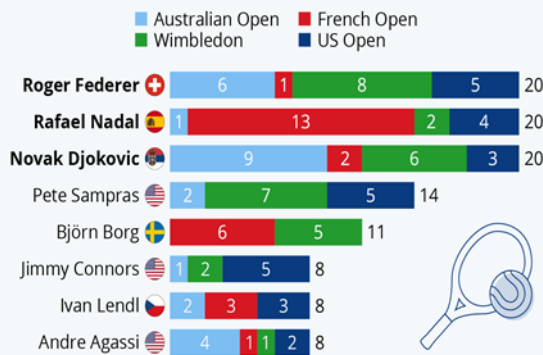
POINTS OF VIEW

We are two weeks into 2022 and have keen expectations of the shipping markets for this year. However, it is hard not to be worried about China, a country that is responsible for about 50% of shipping demand across the main sectors. Is the slowdown temporary and cyclical or it is persistent and structural? We do not have the answer. George Magnus, an economist, posted an article in The Times on Thursday entitled: "Problems are piling up for China's economy, and not just from Covid." Untypically, in a Year of the Tiger, China's economy has been slowing for about a decade and "is now weaker than at any time since the 1989 Tiananmen Square hiatus and it might not take too much to tip it into recession." He pointed out that at last month's annual Central Economic Work Conference it was noted that China is facing the triple pressure of shrinking demand, supply shock and weakening expectations. These are seen as partly cyclical and Covid-related, but they also reflect rising structural headwinds. He went on to suggest that to hit the annual growth target, expected to land in the 5% to 5.5% range when set in the spring, the government will have to act. In the dry bulk shipping sector, which has been in precipitous decline since early October, we had been comforting ourselves that China will return to stimulus and growth mode in Q2, after the government has deleveraged the real estate sector and engineered blue skies for its Winter Olympics. Could this turn out to be wishful thinking?

... NoVac : On Court or In Court ? ...

The Road to GOAT

Number of Grand Slam singles titles won by male Tennis players in the Open Era (since 1968)



Bold players still active. As of January 10, 2022.

Source: ATP



statista

Source: Statista

Magnus points out that easier monetary and fiscal policies, approval of new bond issuance to finance infrastructure, and a relaxation of property sector regulations have already begun. If the government does succeed in meeting its target, then it would be no more than a rear guard action in the face of growing economic pressures, many of which are of Beijing's own making. For instance, its zero Covid policy that is seeing huge cities, such as Xian and Tianjin, locked down. This has knock-on economic implications for the whole world. One must also factor in the terrible demographic legacy of the 1980-2015 one-child policy and the scale of indebtedness across the economy, best illustrated by the precarious \$55 trillion real estate sector, worth four-times GDP. Central government moves against the sector have seen sales, starts and prices fall in sync, forcing asset sales and restructuring. This hits land sales and local government revenues, in turn stressing banks that have issued loans against property collateral. After 43 years of unbridled capitalism, or socialism with Chinese characteristics, President Xi has decided that now is the time to rebalance inequalities and risks via Common Prosperity. It ignores the need for state-owned enterprise reform and instead involves greater state and party control, the primacy of state firms and restraints on private firms and personal freedoms. At its worst, it may prove retrogressive, a great leap backwards, towards the much feared middle income trap. We can only hope that the Year of the Tiger delivers strength and banishes weakness.

On the positive side, last year China's exports rose 30% YoY to \$3.36tn, while its trade surplus rose 26% over 2020 to a record \$676bn, compensating for a loss of momentum across the wider economy. This helps to explain the booming container sector, which continues into 2022, and Maersk's upwardly revised 2021 earnings of \$24bn, up from an earlier \$22-23bn estimate only two months ago. China's deep involvement in commodity imports remains, albeit with a somewhat patchy performance last year. Its crude oil imports averaged 10.3m-bpd last year, 5% lower than 2020, and the first decline in 20 years. Part of the reason for lower imports was high oil prices, triggering a huge stock draw of some 70-90mt. Iron ore imports came in at 1.12bt, down over 4% on 2020's 1.17bt, with a Chinese government consultancy forecasting 1.08bt for 2022. On a brighter note, China's coal imports rose to 323mt in 2021, up over 6% on the previous year's 304mt. High oil, gas and LNG prices coincided with weak hydro and wind output, nuclear down-time and widespread power outages to cause a global switch to bad old coal. The black stuff simply will not go away. Despite high prices, China's natural gas imports (piped gas plus seaborne LNG) rose 20% YoY in 2021 to 121.4mt. Finally, China's soybean imports came in at 96.6mt, a YoY decline of 3.8mt or 4%, as it rebuilds its pig herd, after an 11.8mt or 13% YoY rise in 2020. Fortunately, it is not all about China. The rest of the world is waking up to a post-Covid future.

Dry Cargo Chartering

Rates slumped this week in the **cape** market as general market hesitancy persisted. Time-charter averages ended up at a meagre \$12,407, falling \$7,760 from last reported. Iron ore voyage fixtures that came to light included the 2006-built Swismarine relet *Sanc Transporter* that was chartered by Ashapura for 180,000 mtons 10% from Konta to Qingdao at \$25.85 pmt for 18/25 January, as well as the 2007-built *Genco Augustus* that was fixed by Ore & Metals for 170,000 mtons 10% from Saldanha Bay to Qingdao for 1/5 Feb at \$15.47 pmt. Additionally, Richland took a TBN vessel for 170,000 mtons 10% from Western Australia to Qingdao for 22/31 January at just \$8.20 pmt. In terms of coal fixtures, it was rumoured that a vessel was fixed for 160,000 mtons 10% from Bolivar to Rotterdam option Turkey for 18/27 January at \$14.00 pmt, while SAIL chartered a ship for 140,000 mtons 10% from Newport News to Dhamra for 30 Jan/8 Feb at \$37.80 pmt. On the period-charter side of things, we heard that the Zodiac relet *Cape Pelican* (181,322-dwt, 2013) was fixed delivery Dalian prompt for a minimum of 12 months and a maximum of 15 months trading at \$27,000 redelivery worldwide, charterers not reported.

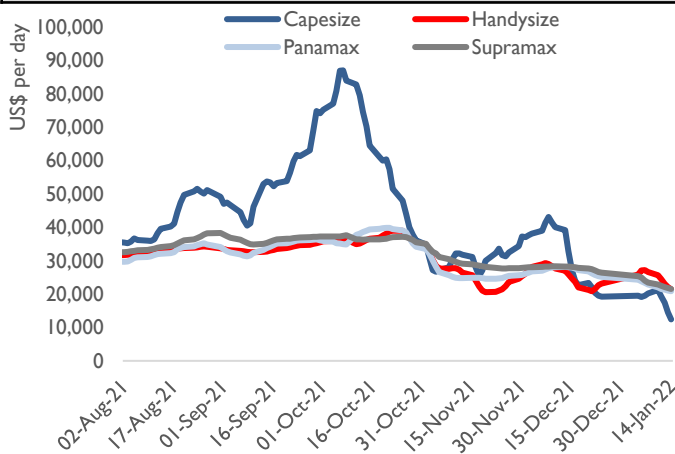
The **panamax** index dropped \$5,234 from last week closing today at \$21,376. A slow and sluggish start to the year, softening across both basins. In the Atlantic, limited reported action, *Panorama* (81,504-dwt, 2012) fixed Rotterdam for a prompt trip via US east coast redelivery east Mediterranean at \$20,500. *Green K-Max 3* (80,883-dwt, 2020) fixed delivery Eemshaven for a trip via US Gulf option North Coast South America redelivery Singapore-Japan at \$35,000 with Cofco Agri. *Ultra-Margay* (81,921-dwt, 2020) reportedly fixed on subjects a 60,000 mtons 10% Iron ore lift ex Mo I Rana to Ijmuiden end January dates, in the region of \$9.40 pmt fio with TS Global. The struggles were harder in the Pacific, *Sakizaya Star* (82,516-dwt, 2020) delivery Shibushi for a trip via East coast Australia redelivery India at \$21,500. *RGL First* (82,215-dwt, 2017) fixed delivery Tianjin for a trip via East coast Australia redelivery Japan at \$23,000 with PCL. *Transpacific* (81,247-dwt, 2012) delivery retro Tianjin for a trip via US Gulf redelivery Singapore-Japan range at \$23,000 with Cofco Agri.

A dreadful start to the year as rates in the **supra** market continued to plunge. Rates in all trade areas have dipped sharply and the BSI closed at \$20,868, down from \$22,813. The Indonesian coal ban has caused mayhem in the Pacific. *Hai Yang Zhi Hua* (56,603-dwt, 2011) was fixed for a nickel ore run delivery Muara Pantai via the Philippines and redelivery China at \$14,000. This number is around \$13-14k lower than 2 weeks ago. *Metsovo* (57,593-dwt, 2015) was fixed for a trip delivery CJK and redelivery West Africa at \$21,000. In the Atlantic, *Lycavitos* (58,786-dwt, 2007) open Conakry was fixed for a trip via Kamsar to the Black Sea at \$19,000. In the Indian Ocean, *IDC Pearl* (52,344-dwt, 2002) was fixed for a trip delivery Mongla and redelivery China at \$16,600. *Jahan Brothers II* (56,014-dwt, 2008) was fixed for a prompt trip delivery Mongla via East coast India and redelivery China at \$16,750.

Hardship continued in the **handy** sector across all markets both in the Atlantic and the Pacific, with the BHSI index dropping \$1,926 from this time last week. The Continent remained soft as *Dorysia* (36,490-dwt, 2010) reportedly fixed delivery Rouen for a trip to Morocco with grains at \$13,500. A Kanda 32 was rumoured to have fixed to the US Gulf at \$14,000. More activity was seen in the Mediterranean but rates continued to soften. *Hadar* (28,236-dwt, 2012) open Canakkale fixed a trip with steels to Turkey at \$18,600. Intra-Med trips and trans-Atlantic fixtures were fixing in the low-teens. The US Gulf was tight, rates dropping close to \$5,000 from Monday. At the start of the week, *Regius* (33,395-dwt, 2016) fixed to Morocco at \$22,000 with Clipper, this was being rated closer to low teens by today. East coast South America is still seeing pressure despite more enquiry. The Rio-Skaw index showing tick under \$31,000 for trans-Atlantic trips. In the Persian Gulf, *English Bay* (32,834-dwt, 2000) fixed Ras Al Khair for 2/3 laden legs, redelivery AG-Japan range at \$26,000 with Mina Shipping. Markets saw a glimpse of recovery in parts of Asia but mainly softened. *DL Olive* (35,194-dwt, 2013) fixed delivery Fangcheng for 2/3 laden legs at \$22,000. *Phoenix Nereid* (29,070-dwt, 2011) open Dammam with spot dates was fixed for a trip from the Arabian Gulf to Singapore-Japan range with petcoke to Singapore-Japan range in the low \$20,000's.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
RGL First	82,215	2017	Tianjin	12 Jan	Japan	\$23,000	PCL	Via EC Australia
Panorama	81,504	2012	Rotterdam	PPT	East Med	\$20,500	CNR	Via US East Coast
Green K-Max 3	80,883	2020	Eemshaven	19/20 Jan	Singapore-Japan	\$35,000	Cofco Agri	Via US Gulf Option NC South America
Shun Fu Wang	75,966	2002	Singapore	12 Jan	Singapore-Japan	\$25,000	Cofco Agri	Via EC South America
Agios Sostis	75,659	2009	Incheon	9 Jan	Japan	\$19,000	Olam Intl	Via NoPAC
Great Century	61,441	2017	Yangjiang	12 Jan	Chittagong	\$21,000	CNR	Via Vietnam
Metsovo	57,593	2015	CJK	15 Jan	West Africa	\$21,000	ATM Shipping	
Hai Yang Zhi Hua	56,603	2011	Muara Pantai	PPT	China	\$14,000	CNR	Via Philippines Int Nickel Ore
Taikoo Brilliance	37,786	2015	Recalada	PPT	Chile	\$38,000	Cargill	
Regius	33,395	2016	US Gulf	15/25 Jan	Morocco	\$22,000	Clipper	



Exchange Rates	This week	Last Week
JPY/USD	113.94	115.78
USD/EUR	1.1450	1.1302

Brent Oil Price	This week	Last Week
US\$/barrel	85.11	82.62

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	478.0	461.0
VLSFO	674.0	636.0
Rotterdam IFO	470.0	456.0
VLSFO	600.0	577.0

14 January 2022

Dry Bulk S&P

With the Christmas, New Year and Epiphany holidays in the rear view mirror this was the first 'proper' week back in offices or behind their home desks. Despite this, concluded dry bulk S&P activity remains slow and steady with another short sales table. There can be a lag between deals happening and sales emerging, however at present there is a sense of hesitancy from many. Fundamentals seem positive across the sectors, however Chinese New Year and the Winter Olympics are not far away and there is uncertainty surrounding Indonesian coal exports in the coming weeks, many Buyers and Sellers are biding their time.

We understand the BWTS fitted Japanese Panamax *El Sol Sale*

(75,894-dwt, 2002 Kanasashi) is tied up to Chinese Buyers for \$11.5m – a step down on *Braveheart* (74,117-dwt, 2001 Imabari) sold in November for \$12.7m.

A rarely seen Japanese designed, Bulgarian built supra is reported to have achieved a good price given her unusual origins, *Diamond Stars* (55,389-dwt, 2011 Bulyard) has been tied up by a European Buyer for \$17m.

Finally, the 2000 built *Universe Honesty* (28,520-dwt, 2000 Imabari) was sold at Auction for \$7.25m. Unconfirmed rumours suggested she may not have been in brilliant condition.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>El Sol Sale</i>	75,894	2002	Kanasashi	Gearless	Chinese	\$11.50m	BWTS fitted
<i>Diamond Stars</i>	55,389	2011	Bulyard	C 4x30T	European	\$17.00m	
<i>Universe Honesty</i>	28,520	2000	Imabari	C 4x31T	undisclosed	\$7.25m	Auction

Tanker Commentary

It has been an energetic start to 2022 for tanker S&P and there is positive sentiment trickling back into the market. VLCC players have been eagerly anticipating the sale of Japanese controlled *Tsushima* (310,391-dwt, 2008 Mitsui, BWTS fitted) which invited offers earlier this week. She is rumoured to be committed at around \$37m, a new benchmark for this vintage. The last similar aged VLCC to sell was *Chloe V* (320,261-dwt, 2011 Daewoo) which went at auction last week for \$42m.

Danish controlled *Torm Emilie* (74,999-dwt, 2004 Hyundai HI, scrubber fitted) is reported to have achieved \$13.5m. A firm price when compared to a same aged sister, *Nordneptun* (74,999-dwt,

2004 Hyundai HI), which was reported sold for \$10m.

In the MR sector, pumproom *Biendong Victory* (47,084-dwt, 2001 Onomichi, SS/DD due) is reported to have sold for just xs \$6m to undisclosed buyers. The last similar age pumproom to sell was the *Jasmine Express* (46,999-dwt, 2004 Onomichi) which went in June for \$7.6m.

Chemway Gaia (38,106-dwt, 2007 Shin Kurushima, Zinc coated, BWTS fitted) has sold for low/mid \$7m region. The last done was *Seaways Bodie* (37,627-dwt, 2006 Hyundai Mipo, epoxy phenolic) which changed hands in November for \$7.6m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Tsushima	310,391	2008	Mitsui	undisclosed	\$37.00m	
Torm Emilie	74,999	2004	Hyundai HI	undisclosed	\$13.50m	Scrubber fitted
Biendong Victory	47,084	2001	Onomichi	undisclosed	\$6.00m	Epoxy coated
Chemway Gaia	38,106	2007	Shin Kurushima	undisclosed	\$7.25m - \$7.50m	BWTS fitted

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Prosperity	19,481	1997	Shin Kurushima	TANK	5,314.00	undisclosed	India
Express	8,821	1999	Imabari	TANK	2,998.90	undisclosed	India
Garin	46,699	1995	Hyundai HI	TANK	9,597.00	576	Oman

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