



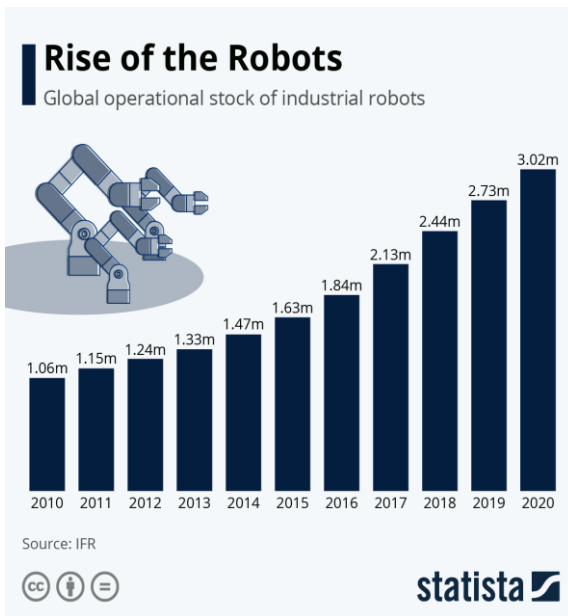
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POINTS OF VIEW

Last week, we took a look at the themes that shaped 2021 and those that are likely to prove influential in 2022. This week, we look at how shipping did in numerical terms. Last year, we saw how containerships benefited from Covid-related disruption to ship, port and supply chains just as consumer demand was making a comeback. In contrast, a 10% drop in absolute global oil demand from 2019 levels left the tanker market oversupplied as more and more ships came out of floating storage at just the wrong time. Bulk carriers found themselves somewhere in the middle, the beneficiaries of recovering demand at a time of restrained tonnage supply made worse by port congestion and difficulties in docking and changing crews, often involving delays and deviation. In 2022, the quick spread of the omicron variant, less stimulus, more taxes, higher interest rates and a slowing China all pose threats to the pace of global economic growth. We expect the benefits of congestion to the container and bulker sectors to dissipate over the coming months, while slower Chinese growth could take the shine off demand across all shipping sectors, thus asking slower tonnage supply this year to work harder in creating a good outcome for ships and their owners.* Expectations of global oil demand recovering to pre-pandemic 2019 levels by year end, after a 3-year hiatus, should rescue tanker rates from the doldrums. Across the board, we hope that China will boost global seaborne demand from end Q1 and join the rest of the world in providing high levels of fleet employment.

... The Weaponisation of AI ...



Source: Statista

In terms of various shipping indices, 2021 - from start to finish - was a good year, even for tankers. In the lead was the Maersk Broker Container Index, a measure of time charter earnings and durations. Earnings rose 169%, going from 749 to 2,011 points, while average time charter periods rose 154%, extending from 13 to 33 months. In second place was the Baltic's FBX index, a measure of voyage freights covering 12 main trade lanes. It rose 151% in going from 3,658 to 9,192 points, ending the year 18% below its 2021 annual apex of 11,137 points recorded in September. In third place was the BCTI, the Baltic's measure of clean tanker earnings, up 82% from 434 to 788 points. It ended 2021 8% below its year's peak of 856 points achieved in December. In fourth place was the BDI, the Baltic's measure of bulk carrier earnings. It gained 61%, going from 1,374 to 2,217 points, ending the year 61% below its annual high of 5,650 points recorded in October, thus displaying ample room for recovery in 2022. Last but not least was the BDTI, the Baltic's measure of dirty tanker earnings. It rose 45% in going from 543 to 786 points, ending the year 6% below its 2021 peak of 835 points in November. Naturally, such point-to-point measurements, start year versus end year readings, fail to capture the whole story, which might best be covered by annual averages.

^As regards containerships, a 4,400-teu classic panamax (32.2m beam) averaged \$67,123 daily for 6-12m TC in 2021, 4.8-times the \$14,012 average of 2020. In value terms, over the course of 2021, a 5-year old such unit gained 224% going from \$21.0m to \$68.0m. A 2,750-teu large feeder averaged \$48,525 per day in 2021, 4.5-times the \$10,819 daily average of 2020. The surge in earnings propelled 5-year old values up 130% from \$20.0m to \$46.0m. On the bulk carrier front, a 180,000-dwt 'eco' modern capesize averaged \$32,620 daily in 2021, being 136% up on 2020's \$13,830 average. Meanwhile, the value of a 5-year old unit rose 32% during 2021, going from \$35.5m to \$47.0m. A 38,000-dwt modern 'eco' handysize did much better than its larger sibling, with average spot earnings clocking in at \$25,748 daily, 207% higher than the 2020 average of \$8,395 per day. The positive earnings story fed into values with a 5-year old such unit gaining 73%, moving up from \$14.75m to \$25.5m. On crude tankers, a modern 'eco' VLCC averaged \$10,762 per day on the spot market in 2021, 17% lower than 2020's \$12,928 daily. Despite this, a 5-year old VLCC rose 11% in value over the year, from \$63.0m to \$70.0m. We expect better things this year as oil demand recovers and oil producers increase crude oil supply to the market. A 51,000-dwt modern 'eco' MR product tanker averaged \$10,593 daily in 2021, 41% lower than 2020's \$17,853 per day. Better times await. A 5-year old such MR rose 12% in value, going from \$26.0m to \$29.0m. 2022 is a year of great expectations in shipping but, as always, there will be plenty to keep us on our toes.

*SIN projections for major bulk demand growth are at 1% for 2022 after 4% in 2021 and for minor bulks 2% in 2022 after 5% in 2021. The total BC fleet is forecast to expand by just under 3% in 2022.

^All earnings and values data in this final paragraph are taken from latest available SIN time series, with thanks to CRS.

Dry Cargo Chartering

A relatively stable start to 2022 for the **capsize** markets that saw time-charter averages end the first week of trading at \$20,167, down \$2,446 from our last report on 17th December. Rio Tinto chartered several vessels for the usual Dampier-Qingdao iron ore route with freight prices ranging from \$8.60 pmt to \$9.00 pmt, while BHP fixed a TBN vessel for 170,000 mtons 10% iron ore from Port Hedland to Qingdao for 20/22 January at \$8.90 pmt. Additionally, the 2017-built *Xin Da Hai* was taken by EZDK for 160,000 mtons 10% from Narvik to El Dekheila option Sokhna at \$10.35 pmt. Coal voyage fixtures completed this week included a Five Ocean TBN vessel fixing 140,000 mtons 10% for Newcastle-Dangjin at \$13.45 pmt. On the time-charter side of things, *Cape Star* (175,366-dwt, 2010) was fixed by Five Ocean delivery CJK for a prompt trip redelivery South Korea at \$13,500, and Olam took on *Brave Sailor* (176,283-dwt, 2011) delivery Bayuquan for 1-year trading redelivery Singapore-Japan range at \$25,000.

The **panamax** markets got off to a positive start this new year, with time-charter averages ending the week at \$26,610, gaining \$4,616 from last reported. In the East, *Unity Sakura* (84,808-dwt, 2016) was fixed by Kline delivery Yosu for a NoPac round trip with petcoke at \$29,000, Olam chartered *Ultra Leopard* (81,777-dwt, 2016) delivery Fangcheng for a trip via East coast South America redelivery Singapore-Japan range at \$26,500, and *Omicron Sky* (77,031-dwt, 2006) was fixed by Ultrabulk delivery Busan for a trip with woodpellets via Prince Rupert to the UK at \$18,000. In the Atlantic, *Glad Young* (81,363-dwt, 2020) was fixed delivery Tarragona for a trip via North coast South America to the Far East at a sizeable \$40,600, and *Omicron Titina* (76,806-dwt, 2005) was fixed by Oldendorff delivery Jorf Lasfar for a trip via Kamsar redelivery Stade at \$28,500. The same charterers were also highly active in taking period tonnage including *Europa Graeca* (82,043-dwt, 2019) delivery Panjin for 5/8 months trading at \$28,500 redelivery worldwide, *Beks Yilmaz* (81,547-dwt, 2012) delivery Japan for 3/5 months at \$25,500 redelivery worldwide, and also *Bahri Arasco* (81,855-dwt, 2013) delivery in direct continuation Singapore for 3/5 months at \$30,000 again with worldwide redelivery.

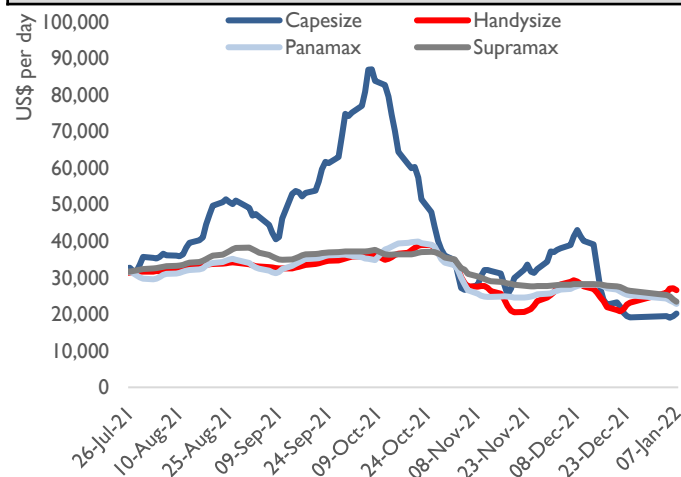
A bad start for **supra** market in 2022. Rates in all trade areas took a hit but we are expecting rates to normalise gradually after the first few weeks of the start of the year. BSI closed at \$22,813, down from 17th December's \$25,188. In the

Atlantic, *Ever Reliance* (57,991-dwt, 2011) was fixed for a trip delivery Vila Do Conde and redelivery Italy at \$34,000. *Yuanping Sea* (55,646-dwt, 2004) open Baranquillas fixed for a trip delivery Punta Rincon to the Far East at \$37,000. In the Indian Ocean, *St George* (58,729-dwt, 2012) was fixed for a trip with delivery Chittagong and redelivery to the Far East via East Coast India at \$21,500. While the *Agia Eirini Force* (55,592-dwt, 2008) was fixed for a prompt trip carrying iron ore with delivery Chittagong and redelivery China via East Coast India at \$18,250. In the Pacific, The *Unity Force* (60,629-dwt, 2016) open CJK was fixed for a trip to WCSA at \$20,500 for the first 65 days, thereafter rate has not been reported. *Forever SW* (58,186-dwt, 2010) open Toledo was fixed for a trip with redelivery Japan via Australia at \$22,000.

The **BHSI** closed this week at \$23,402 down \$4,440 from our last report on the 17th December last year. Atlantic market has had a slow start across the board, a lack of requirements on the Continent continues to stress Owners to push rates down lower than last done. *Pelagiani* (35,313-dwt, 2004) fixed delivery Bremen for a trip redelivery Turkey with scrap at \$14,250 to XO and *Imogen* (37,702-dwt, 2020) fixed arrival Antwerp redelivery USEC at \$17,000. The Mediterranean was equally flat, although two handy fixtures at the start of the week, reported in the high teens to Spain and Italy. In Morocco, *Coreship OL* (31,871-dwt, 2012) open in Casablanca fixed from Caronte to the US East Coast at \$24,500. Inactivity remains in the US Gulf, at the start of the week *Riva* (38,664-dwt, 2016) fixed arrival Norfolk for grains to Morocco at \$24,500 to Integrity, rates dropped considerably since then, scrap runs from US east coast paying around \$20,000 to the Mediterranean. The East Coast South America market fell off with a lack of water in the River contributing to the build-up of tonnage, although Rio-Skaw Baltic indices still the strongest performing route within the Atlantic at \$33,000. Sentiment took a knock in Asia after the news broke of Indonesia banning coal exports, however, small gains were reported, with some more requirements visible ex Australia. *New Leader* (36,830-dwt, 2011) open Qinghuangdao spot fixed trip PG intention bagged/generals at \$19,500. The Norden controlled, *IVS orchard* (32,525-dwt, 2011) open samalaju fixed via Australia redelivery south China with Salt at \$23,500 to Swire and *IVS Phinda* (37,720-dwt, 2014) Logger/Box Shaped open Shihu fixed a trip to USG with Containers at \$32,500.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Cape Star	175,366	2010	CJK	7 Jan	South Korea	\$13,500	Five Ocean	
Ocean Alignment	95,353	2012	Huanghua	7 Jan	Singapore-Japan	\$24,500	BG Shipping	Via Weipa Int Bauxite
Shandong Fu Hui	81,782	2017	EC South America	31 Jan/ 1 Feb	Skaw-Gibraltar	\$39,750	Cargill	
Glad Young	81,363	2020	Tarragona	13/14 Jan	Singapore-Japan	\$40,600	CNR	Via NoPAC
Yin Zhu Hai	76,463	2009	Shidao	26 Dec	Singapore-Japan	\$18,000	CNR	Via NoPAC
Alicia	63,500	2012	Bin Qasim	3 Jan	Bangladesh	\$33,000	CNR	
Port Kyushu	62,689	2019	Canakkale	PPT	US Gulf	\$23,000	CNR	Int Pig Iron
Global Aqua	55,592	2019	Haldia	PPT	Far East	\$23,000	Bainbridge	Via EC India
Indonesian Bulker	37,725	2017	Nola	10/18 Jan	Ireland	\$24,500	Pacific Basin	Int Grains
Corinthian Spire	32,154	2009	Rotterdam	PPT	ECSA	\$17,500	CNR	



Exchange Rates	This week	17 th December
JPY/USD	115.78	113.62
USD/EUR	1.1302	1.1272

Brent Oil Price	This week	17 th December
US\$/barrel	82.62	73.70

Bunker Prices (\$/tonne)	This week	17 th December
Singapore IFO	461.0	432.0
VLSFO	636.0	606.0
Rotterdam IFO	456.0	414.0
VLSFO	577.0	546.0

7 January 2022

Dry Bulk S&P

With most dry bulk players back up and running fully from next week, it allowed for a quieter week on the sales front as everybody eases back into work after the festive break.

The only sale to report this week is in the supramax sector. An older unit, *Sparrow* (53k-dwt, 2005 Imabari) has been sold to

undisclosed buyers for \$13.5m. A price in line with values as of early December.

Elsewhere across the sub cape sector, ships currently under negotiation are displaying pricing in line with pre-Christmas levels. An encouraging start to the year.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Sparrow	53,459	2005	Imabari	C 4x31T	undisclosed	\$13.50m	

Tanker Commentary

Despite last year being somewhat uninspiring on tankers, there is great expectation that 2022 will bring better rates as demand returns. One owner who shares this positive outlook on wet is UK-based fund Tufton, announcing the purchase of a product tanker for \$30.9m. They have not disclosed the name of the vessel, however rumours suggest it could be a 2015 built MR tanker.

The Ocean Tankers fleet drip-fed the market with sales candidates from a distressed Seller throughout last year, and two more have been reported this week with *Ardberg* (34k-dwt, 2021 Fujian Mawei) and sister vessel *Bowmore* (34k-dwt, 2021 Fujian Mawei) being sold en bloc to Pioneer Logistics for \$ 47m.

Interest was sure to be high at the auction of the formerly Ghandour controlled VLCC *Chloe V* (320k-dwt, 2011 Daewoo) which went under the hammer at the end of December. There are unconfirmed reports the vessel was sold for \$ 42m with surveys and BWTS installation overdue - Greek owners TMS are rumoured to be behind the purchase. It may be unfair to compare a distressed sale against a market one, however it could be argued that the courts have achieved a good price when looking at the last similar vessel sold, called *Tsuruga* (310k-dwt, 2009 Imabari) back in July, when Kyklades picked her up for \$38.5m. Bearing in mind the *Chloe V* will have expensive surveys to undergo immediately, BWTS installation and almost \$ 1 mill to cover in bunkers, this is not too far off our internal benchmark for a similar aged vessel with surveys passed.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Chloe V	320,261	2011	Daewoo	TMS Tankers	\$42.00m	Auctioned, SS, DD & BWTS overdue & sale includes value of bunkers (\$893,184.45)
Ardberg	34,798	2021	Fujian Mawei	Pioneer Logistics	\$47.00m enbloc	
Bowmore	34,752					

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Niigata	4,977	1980	Usuki	TANK	2,084.82	600	Bangladesh
Apoda	23,469	1997	Hyundai HI	LPG	9,835.00	550	Singapore/ Indonesia

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