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### POINTS OF VIEW

With the Beijing Winter Olympics over, Russian tanks entered eastern Ukraine on a 'peacekeeping mission' under cover of darkness last Monday night. This followed Putin's recognition of the independence of the breakaway republics of Donetsk and Luhansk after Russia occupied these regions in 2014 shortly after its annexation of Crimea. The sanctions that various western powers announced piecemeal on Tuesday were phased and underwhelming. The UK was accused of taking a peashooter to a gunfight after targeting only five banks and three Putin cronies who were already under US sanctions. This did little to dispel the popular narrative of Londongrad, a city that is portrayed as the money laundering capital of Europe in which anything and everything is for sale, to anyone from anywhere, ranging from prime property to football clubs. In the House of Commons on Wednesday, the Conservative government was accused by Labour of receiving millions of pounds of Kremlin-linked political donations. In response, the prime minister pointed out that the Labour Party's largest corporate donor is a member of the Chinese Communist Party. In Berlin, Olaf Scholz made the most significant gesture by, temporarily at least, refusing to certify Nord Stream 2, knowing full well that 'this is going to hurt me much more than it will you'. By dawn Thursday, when the invasion started, we realised that no amount of sanctions were going to deter Putin whose calculus had factored in a whole range of western reactions. Despite all the pointers,\* we did not expect Russia to attack its next door neighbour. It would be like England invading Wales, and yet, any differences we have with our Welsh friends are settled on the rugby pitch, not by going to war.

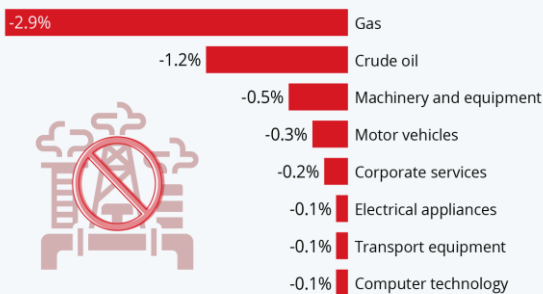
... Where Will It Hurt Most ? ...

So much has already been written about the political, economic and trade consequences of this frightening event. But, as no-one can get inside Putin's head, it is invariably speculative. We have no idea of what his end game is. Realistically, he might occupy and hold the wider Donbas region, almost three-times the land mass of the two separatist republics. He may engineer regime change, but to what end? Democratic and western-leaning Ukraine will simply revert to elections at the earliest opportunity.<sup>^</sup> Any intention to take over and occupy the whole country would be doomed to failure if Chechnya provides us with any guide. After it had declared independence in November 1991, Russia waged two wars of attrition against the breakaway state, in 1994-1996 and 1999-2000, but failed to bring the Chechen Republic to heel. It is a tiny state by comparison with Ukraine (17,300 versus 603,548 km<sup>2</sup>), but its fierce pursuit of freedom led Chechen separatists to commit a series of truly shocking terrorist attacks against Russia to avenge its occupation. It remains independent and beyond Russian control.

Naturally, we all want to know what might be the impact of Putin's actions on shipping but, without knowing his game plan, we cannot estimate the scope and duration of potential disruption. Suffice to say that seaborne trade is fungible and Russia is a major producer, processor and exporter of oil, gas, metals, minerals, grains, fertilisers and forestry. Analysis\*\* of the dry bulk sector suggests that, last year, Russia was the largest exporter of wheat with a 32mt or 16% global market share, and Ukraine was fifth with 20mt or 10%. Traditionally, the main buyers of Russian wheat have been nearby Egypt and Turkey. If they shun Russia, then they would have to source alternative supplies from other major exporters such as Australia, US and Canada. This would add ton-miles, even more so if displaced Asian buyers of Australian and North American wheat switched to Black Sea purchases. On the coal front, Russia exported 224mt last year, making it the third largest coal exporter with a 17% market share, after Indonesia with 33% and Australia with 28%. Much of Russia's coal exports are from its Pacific ports while, in 2021, about 25mt left from Black Sea ports with about 4mt going to China. Some 10mt went to Turkey, EU and UK. If these countries embargo Russian coal then China may step in and buy in support of Russia.<sup>^^</sup> That could free up Russian Pacific coal to be shipped to Europe. Thus, despite the many ifs and buts, grain and coal flows could potentially morph into longer-haul trades, increasing bulk carrier utilisation. With oil and gas prices surging, an expedient global pivot back to thermal coal will benefit bulk carriers, if not the planet. Should the West ban Russian oil and gas, then expect Washington to bring Iran in from the cold.

### Gas Embargo Would Hit Russia Hardest

Estimated change in Russia's GDP due to potential Western sanctions against different sectors\*



\* Based on a simulated total stop of imports and exports per product group  
Source: IfW Kiel



statista

Source : Statista

\*Evidence of field hospitals, blood banks, bridge building, etc.

<sup>^</sup>One could argue that the West sacrificed Ukraine on the altar of political indifference as far back as 1994 when the US, UK and Russia signed the Budapest Memorandum that led to Ukraine's nuclear disarmament in exchange for its guaranteed territorial integrity and safety from attack. The deal lacked enforcement measures and never had the backing of international treaty. Since 2014, without its rockets, Ukraine lost Crimea and the Donetsk and Luhansk republics and now the whole Donbas region, and maybe more, is at risk.

\*\*Data source: Clarksons Platou.

<sup>^^</sup>Xi Jinping's tacit backing of Putin may have longer lasting trade implications. Western reaction to Ukraine may guide China's Taiwan policy. In turn, the West may accelerate its trend to reduce trade dependency on China which, even at the margin, could be significant.

## Dry Cargo Chartering

After a relatively positive start to the week, **cape** markets plunged following yesterday's outbreak of open conflict in Eastern Europe. Time-charter averages closed play at \$14,026. Freight prices along the biggest trade routes fell as Tubarao-Qingdao dropped to approximately \$21.75 pmt, Western Australia-Qingdao to sub \$9.00 pmt, and Saldanha Bay-Qingdao to around \$16.50 pmt. Few coal fixtures came to light but among them was the 2011-built Cargill relet *Alpha Liberty* chartered by Vale for 170,000 mtons 10% loading Teluk Rubiah for Qingdao 3/5 March at \$6.30 pmt. In terms of period fixtures, it was reported that NYK took on *Ian M* (179,700-dwt, 2010) delivery Jiangyin 23 February in direct continuation for 2 years trading at \$25,000 with redelivery worldwide, while Koch fixed *San Francisco* (208,006-dwt, 2017) delivery retro-sailing Huanghua for period trading until a minimum of 1 March 2023 or maximum 15 May 2023 at \$30,500. Additionally, Panocean chartered *Alpha Prudence* (178,002-dwt, 2008) delivery Fangcheng for a trip via Australia redelivery South Korea at \$17,000.

Likewise, the **panamax** market stated the week off well before flattening in the second half. Time-charter averages ended up at \$23,922, up by \$2,547 since our last report. In the Atlantic, Raffles fixed *W-Smash* (82,742-dwt, 2013) delivery Rotterdam for a trip via North coast South America to the Far East at \$34,500, while *Hong Sheng* (76,546-dwt, 2010) was chartered by Suek delivery Immingham on 23 Feb for a trip via Murmansk redelivery Skaw-Gibraltar range at \$20,000. In the Indian Ocean, we heard that Bunge fixed *Elona* (82,050-dwt, 2021) delivery retro-sailing Haldia for a trip via East coast South America to Singapore-Japan range at \$28,000. Over in the Pacific, K-Line fixed *Ocean Tide* (82,012-dwt, 2019) delivery Busan for an Australia round trip at \$25,500, and Cofco Agri chartered *Okinawa* (81,397-dwt, 2009) delivery Kobe for a NoPac round trip at \$21,500. Many period deals came to light this week, among them Cobelfret taking *Thassos Warrior* (93,243-dwt, 2010) delivery Kapor for 5/7 months trading at \$26,000 redelivery worldwide.

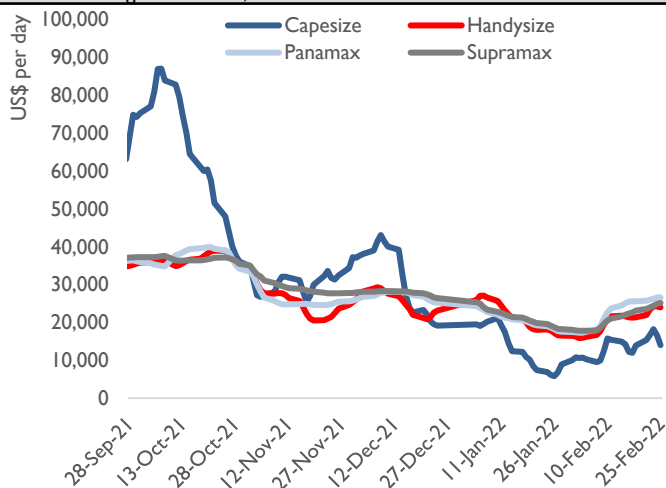
We also heard that RINL chartered a TBN vessel for 75,000 mtons 10% from Abbot Point to Gangavaram for 10/20 March at \$25.60 pmt.

The **supramax** market closed at \$26,587 up from last weeks \$25,576. This week saw mixed sentiment but the markets generally remained flat with limited fresh enquiry. Despite the political situation in the Black sea region, the Pacific market remained positive. The *Ju Xi* (56,557-dwt, 2011) was fixed for a trip with delivery Kongsichang and redelivery China at \$29,000. The *Atalanti GR* (60,394-dwt, 2019) was reported fixed delivery Gresik trip via Australia redelivery Japan with silica sand at \$42,000. In the Atlantic there was little change on last week with a lack of fixtures reported. The *Sarita* (63,474, 2019) was fixed delivery Djen Djen for a trip redelivery Dominican Republic at \$22,000 with Weco. The *LMZ Vega* (56,810-dwt, 2012) fixed delivery US Gulf for a trip with petcoke redelivery East Mediterranean at \$23,500 to Falcon. The Indian ocean continued in the same vein with a slight uptick in the rates, the *Valkyrie* (61,230-dwt, 2019) was rumored fixed from Maputo to passing Durban for balance of payment till mid oct 2022 around \$29,000 + \$975,000 bb.

The **handy** market closed the week at \$25,174, up from last weeks close of \$23,130. Market activity came to a standstill on Thursday and Friday however there was activity at the beginning of the week. Pacific Basin fixed a 38k dwt delivery RDJ for a trip to Rotterdam at \$29,000. A 37k dwt in Veracruz fixed a trip delivery Santos Tomas redelivery China at \$28,000. On the Continent, a 33k dwt fixed a trip to Houston at \$16,000 passing Ushant. In the Pacific a 39k dwt in CJK was rumored to have fixed an impressive \$41,000 for a back haul. On period, a 34k in Casablanca was on subs for balance of period to December 2022 at \$25,000 with ww redelivery, while a 28k in the AG fixed \$26,000 for min 4 max 6 months.

### Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Alpha Prudence	178,002	2008	Fangcheng	23 Feb	Korea	\$17,000	Panocean	Via Australia
Nord Draco	84,694	2014	Passing Gibraltar	27 Feb	Gibraltar	\$21,000	Bunge	-
W-Smash	82,742	2013	Rotterdam	05 Mar	Singapore-Japan	\$34,000	Raffles	Via NC South America
Ever Zenith	81,987	2021	Rizhao	27 Feb	Singapore-Japan	\$26,000	Cargill	Via NoPac
Hong Sheng	76,546	2010	Immingham	23 Feb	Skaw-Gibraltar	\$20,000	Suek	-
Antwerp Eagle	63,530	2015	Fazendinha	PPT	Algeria	\$32,500	Bunge	-
Dolce Vita	61,616	2012	Busan	PPT	West Africa	\$32,000	Tongli	\$32,000 first 70 days thereafter \$35,000 Bagged rice
Atalanti GR	60,394	2019	Gresik	PPT	Japan	\$42,000	CNR	Via Australia Silica Sand
Tac Imola	40,261	2021	Baltimore	01/05 Mar	UK- Continent	\$21,000	Canfornay	Woodpellets
Hai Chang	37,595	2014	Bahia Blanca	24/25 Feb	China	\$28,000	CNR	Nickel Ore



Exchange Rates	This week	Last Week
JPY/USD	115.57	115.05
USD/EUR	1.1223	1.1344

Brent Oil Price	This week	Last Week
US\$/barrel	97.44	91.77

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	559.0	523.0
VLSFO	778.0	738.0
Rotterdam IFO	535.0	513.0
VLSFO	698.0	677.0



25 February 2022

## Dry Bulk S&P

Perhaps it is too early to judge but the market seems to be holding firm in the aftermath of the invasion of Ukraine. Negotiations are on-going as the week comes to a close and in some sectors, notably modern handysizes, the pace if anything is picking up. The scramble for more economic tonnage and the boost from rising scrap prices has lifted both ends of the market while the average age of sales reported this week sits firmly in the middle of the market.

We have a long list of sales to report this week.

Four capers have changed hands. *Stella Hope* (180,007-dwt, 2016 Dalian) at \$42m and an enbloc trio of *Dong A Astrea*, *Dong A Oknos* and *Dong A Eos* (abt 180,000-dwt, 2010/10/09 Hyundai) at \$81m enbloc all represent sales at last done prices.

The kamsarmax *BW Rye* (81,783-dwt 2019 Tsuneishi Zhoushan) is reported at a benchmark breaking \$37.5m while details of the sale of the older panamax *Coral Opal* (78,090-dwt, 2010 Tsuneishi

Zhoushan) have yet to emerge. Some have suggested a number close to \$18m which if true would again suggest the market is firmly on the upward.

Supramaxs are beginning to look a little left behind. The Japanese built *WP Ambition* (55,865-dwt, 2015 Mitsui) is reported sold at \$25.5m – which is about the same price a Chinese built 37kdwt unit of the same age would fetch. Likewise a pair of Dolphin57's *Mandarin Grace* and *Mandarin Trader* (56,700-dwt, 2011 Hantong) are sold at a modest \$17m each.

Handysizes are where the action really is. There are a number of ongoing negotiations and prices are on the march. For the moment we can only report *Supernova* (36,367-dwt, 2012 Shikoku) at \$20.5m. Unusually she is scrubber-fitted and it is unclear what if anything this added to her value. Another Chinese handy *Emil Selmer* (32,626-dwt, 2010 Zhenjiang) is sold at a stronger number - \$14.5m.

### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Stella Hope</i>	180,007	2016	Dalian	Gearless	EPS	\$42.00m	
<i>Dong-A Astrea</i>		2010					
<i>Dong-A Oknos</i>	179,329	2010	Hyundai HI	Gearless	Greek	\$81.00m enbloc	
<i>Dong-A Eos</i>		2009					
<i>BW Rye</i>	81,783	2019	Tsuneishi Zhoushan	Gearless	Primerose	\$37.50m	
<i>Coral Opal</i>	78,090	2010	Tsuneishi Zhoushan	Gearless	undisclosed	-	
<i>SITC Taishan</i>	58,107	2010	Tsuneishi Zhoushan	C 4x30T	undisclosed	\$18.25m	
<i>Mandarin Grace</i>	56,693	2011	Jiangsu Hantong	C 4x36T	undisclosed	\$17.00m	
<i>Mandarin Trader</i>	56,677	2011	Jiangsu Hantong	C 4x36T	undisclosed	\$17.00m	
<i>TTM Phoenix</i>	55,947	2010	IHI	C 4x30T	German	\$18.50m	BWTS fitted, old sale
<i>WP Ambition</i>	55,865	2015	Mitsui	C 4x30T	undisclosed	\$25.50m	eco main engine
<i>HS Luck</i>	52,421	2002	Tsuneishi Fukuyama	C 4x30T	undisclosed	-	
<i>HS Winning</i>	51,104	2002	Oshima	C 4x30T	undisclosed	-	SS/DD/BWTS fitted
<i>Wild Rose</i>	50,326	2001	Kawasaki	C 4x31T	undisclosed	\$12.10m	SS/DD/BWTS fitted
<i>Supernova</i>	36,367	2012	Shikoku	C 4x31T	undisclosed	\$20.50m	Scrubber fitted
<i>Emil Selmer</i>	32,626	2010	Jiangsu Zhenjiang	C 4x31T	undisclosed	\$14.50m	BWTS fitted
<i>Ultra Cape Town</i>	16,956	2013	Honda Zosen	C 2x50T	undisclosed	\$14.80m	delivery in Aug/Sept in WW range

## Tanker Commentary

In a week that has shocked the world and giving the market more questions than answers. There have been some terrible images coming out of the Black Sea over the last few days of vessels being hit by shells including the small Moldova-flagged Bunkering tanker *Millennial Spirit* which we understand was hit earlier today. Currently there are 34 tankers (product and crude) trapped around the mouth of Azov Sea which increases to 81 including coastal units. These are units said to be either slow, anchored or moored according to the AIS.

However it is not all bad news, we have seen tanker rates shoot up seemingly overnight especially in the Aframax sector where they

have increased by over USD 100k pd. VLCC rates continue to rise and Suezmax rates have increased from \$0 to \$11,000 on average. We have also this week seen Bunker rates hit an all-time high with today's VLSFO prices at the worlds top four bunkering hubs average \$741 per ton.

Aframax's have lead the way this week on the sale and purchase front with our only 2 reported sales this week both being Aframax's. GMS are understood to have bought the Aframax, *Mastera* (106k-dwt, 2003 Sumitomo - Warstila) also for an undisclosed price. We Also understand that *Aquanus* (109k-dwt, 2006 Dalian) has been sold to undisclosed buyers.

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Aquanus	109,672	2006	Dalian	undisclosed	-	
Mastera	106,208	2003	Sumitomo	GMS	-	

### Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Alam Cetus	171,009	2003	Sasebo	BULK	23,982.00	640.00	Batam/Manila

Should you have any queries about the content of this report or require any services of Hartland Shipping Services, please contact:

**Hartland Shipping Services Ltd,  
London**

Tel: +44 20 3077 1600  
 Fax: +44 20 7240 9603  
 Email: [chartuk@hartlandshipping.com](mailto:chartuk@hartlandshipping.com)  
 Email: [snpuk@hartlandshipping.com](mailto:snpuk@hartlandshipping.com)  
 Email: [consult@hartlandshipping.com](mailto:consult@hartlandshipping.com)

**Hartland Shipping Services Ltd,  
Shanghai**

Tel: +86 212 028 0618  
 Fax: +86 215 012 0694  
 Email: [newbuild@hartlandshipping.com](mailto:newbuild@hartlandshipping.com)

**Hartland Shipping Services Pte. Ltd,  
Singapore**

Tel: +65 6702 0400  
 Email: [chartops.sg@hartlandshipping.com](mailto:chartops.sg@hartlandshipping.com)

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