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... Toys First, Ships Later ...

## POINTS OF VIEW

The dictator's disease is to surround oneself with yes-men and might explain how Putin has miscalculated on so many levels. He thought he would get away with Ukraine after going unchallenged over past interventions in Syria, Crimea and the Donbas. He may have been relying upon a weak and divided West with the UK having exited the EU, Johnson's many scandals, a deeply divided EU, Merkel's retirement, Macron's grandstanding, US introspection and Biden's napping. Putin's military strategists might have over-estimated the Russian military while under-estimating the vigour and passion of the resistance. Finally, rather than looking the other way, the world is taking sides, revealing both surprises and ambivalence. China, India, Iran and Pakistan seem to be with Russia while Israel, Saudi Arabia and the UAE are fence-sitting, maybe motivated by perceived hypocrisy of the West's past interference in Afghanistan, Iraq, Libya, Palestine and Syria and its recent decision to stop supplying them with the weapons needed to prosecute their war against Iran-backed Houthis in Yemen. On the other side, the US, UK and Europe (excluding Hungary) have been united by Russia. 40% of EU's natural gas imports come from Russia, mostly by pipeline, swelling the Kremlin's coffers by up to €800 million a day, financing Putin's war machine.\* The US, UK, EU and Nato refuse to actively defend Ukraine militarily, only supplying weapons, but becoming increasingly uncomfortable bystanders.\*\* Kremlin propaganda is in full swing. Levada, an 'independent' pollster, claims Putin has an 83% approval rating, up from 69% in January. Those surveyed chose the 'right' answer: accepting that they are being besieged by the West. Others are staying quiet, or quietly leaving.

Shipping markets are being buffeted by a surfeit of events that are undermining confidence. First we have the war in Ukraine which seems far from over. We were hoping that some of Ukraine's locked-in grain cargoes could be railed to the port of Constanta on the Romanian Black Sea, but both their state railways are encountering logistical problems and insufficient bandwidth.^ After Russian troops pulled back from Kyiv, to focus on consolidating a crescent moon around Donbas and Ukraine's eastern border, we had hoped that spring planting will soon get underway. Unfortunately, retreating Russian troops have apparently mined the wheat and corn fields and destroyed grain storage facilities. The conflict is poised to go into a bigger second phase with a longer war having questionable and variable implications for shipping and commodity markets. In the US, the Fed fell behind the curve and will soon reduce its swollen balance sheet by \$95bn a month and start to raise interest rates by 0.5% a time. It is playing catch-up in its fight against inflation that could prove recessionary, and a total demand killer. The global energy crisis, a pre-existing condition to the Ukraine one, only makes matters worse by leaving households with less money for discretionary spending. In China, where the economy is slowing, the total Zero-Covid lockdown of Shanghai and its 26m inhabitants risks prolonging global supply chain disruption.

At times like these, consolidation is not a bad strategy, and that is what two of the biggest tanker companies have decided. Euronav and Frontline are planning an all-share merger creating a company with a \$4.2bn market cap with 69 VLCCs, 57 Suezmax and 20 Aframax/LR2. Euronav will have 59% and Frontline 41% of the combined group which is to take the name Frontline. The Baltic Exchange TCEs for these classes closed today at -\$2,889pd, \$108,143pd and \$86,278pd which illustrates that the sub-VLCCs are making up for poor supertanker performance. Ironically, Suez/Afra both started moving up on the very same day as the invasion, 24 February. Bulk carriers, that had been doing so well, have suffered a dip from recent highs. The BCI fell 49% from its 2022 high of \$23,413pd on 15 March to \$11,979pd today, while the BPI is 19% below its 2022 high of \$30,746pd, set on 28 March, to \$24,997pd today. The BSI is at \$27,518pd today, which is almost 18% lower than its 2022 high of \$33,366pd set on 24 March. Finally, the BHSI is \$27,786pd today, nearly 14% below its 28 March high of \$32,166pd. Once again, the smaller sizes are doing better than the larger. We expect the current seasonal slump to reverse soon, boosted by a China economic re-awakening. Last year, the US approved a \$1.1tn infrastructure spending package over 5 years while, in this year alone, China will pump \$2.3tn into a huge infrastructure plan.^ This could be just what the dry bulk market needs to sustain and bolster the demand side.

## The Frozen Russian Superyachts (And Those That Got Away)

Sanctioned Russian billionaires' superyachts, by value and status as frozen/detained (as of March 31, 2022)



\* suspected  
Sources: Forbes, Russian Asset Tracker, media reports



statista

Source: Statista

\*Time to go gas-free? DE buys 24% of all RU gas exports. EU daily imports of RU gas by value: €223m/10 Jan; €802m/4 Mar. (Bruegel).

\*\*Under the UN's 2005 R2P (Responsibility to Protect) doctrine, the perpetration of atrocity crimes permits outside military intervention.

Spawned by Rwanda (1994) and Kosovo (1999), R2P has never been put to use, and Putin just put off the West with his nuclear threat.

^In 2021, Ukraine grain exports raised \$12.2bn in FX revenues accounting for nearly a fifth of the country's exports by value.

^^30% will go into traditional e.g. road & rail, with over 50% invested in manufacturing & services e.g. factories, industrial parks and tech incubators pushing EV, batteries, renewable energy and microchips.

## Dry Cargo Chartering

This **cape** markets tumbled before levelling off this week as trading drew to a close. Time-charter averages ended the week at \$11,979, down \$3,481 from last reported. Average freight prices along the Tubarao-Qingdao route closed up at around \$24.75 pmt, whilst rates out of Western Australia to China were largely well under \$10.00 pmt. Little came to light in terms of coal fixtures, but we heard that Oldendorff chartered a TBN vessel for 160,000 mtons 10% from Puerto Bolivar to Rotterdam for end April dates at \$11.60 pmt. In terms of ore fixtures, Rio Tinto, FMG, and Cargill all took several vessels for their usual routes into Qingdao mostly for mid-end April dates. Among these was the 2010-built *Cape Agamemnon* for 170,000 mtons 10% loading out of Dampier from 22 April onwards at \$9.25 pmt. Additionally, it was reported that Contango fixed a TBN vessel for 160,000 mtons 10% loading Guayacan and Punta Totoralillo for China at \$29.90 pmt with laycan 11/19 April. Lastly, it was rumoured *Charm* (171,009-dwt, 2003) was fixed delivery Fangcheng 9 April for minimum 9 months to about 11 months trading redelivery worldwide at \$25,000.

The **panamax** market softened even more this week after closing at \$24,997 down by \$2,663 (-9.62%) since last reported on 1<sup>st</sup> April. In the Pacific, Panocean took *Ocean Venus* (93,114-dwt, 2010) delivery Tobata 6<sup>th</sup> April for a trip via Australia to Singapore-Japan range at \$18,750 whilst NYK fixed the *TW Jiangsu* (936,225-dwt, 2012) delivery Taichung 6/10 April for a trip via Indonesia to Japan at \$21,500 and Oldendorff covered the *Star Georgia* (82,295-dwt, 2006) delivery Yosu 1<sup>st</sup> April for a trip via NoPac to Singapore-Japan range at \$21,000. Meanwhile in the Indian, Bainbridge Navigation fixed the *Akaki* (84,075-dwt, 2013) delivery sailing Jaigarh 1<sup>st</sup> April for a trip via South Africa back to India at \$33,750. In the Atlantic, Cargill covered the *Bright Gemini* (82,073-dwt, 2013) delivery Eemshaven 7<sup>th</sup> April for 2 laden legs with redelivery Skaw-Gibraltar range at \$27,000, whilst Reachy took the *Navios Magellan II* (82,037-dwt, 2020) delivery aps NC South America 25/30 April for a trip to Singapore-Japan range at \$26,500 + \$1,650,000bb and Cargill fixed the *Spring Progress* (82,055-dwt, 2016) delivery San Ciprian 4<sup>th</sup> April for a trip via US East Coast with Petcoke to Japan at \$38,000. Alternatively, this week Cobelfret took the *Saronic Champion* (93,115-dwt, 2011) delivery sailing Lumut 31<sup>st</sup> March for 11-13 months with redelivery worldwide at \$26,000. SAIL covered a TBN vessel for 75,000 mtons 10% coal loading ABCT 20/29 April and discharging Visakhapatnam at \$27.65.

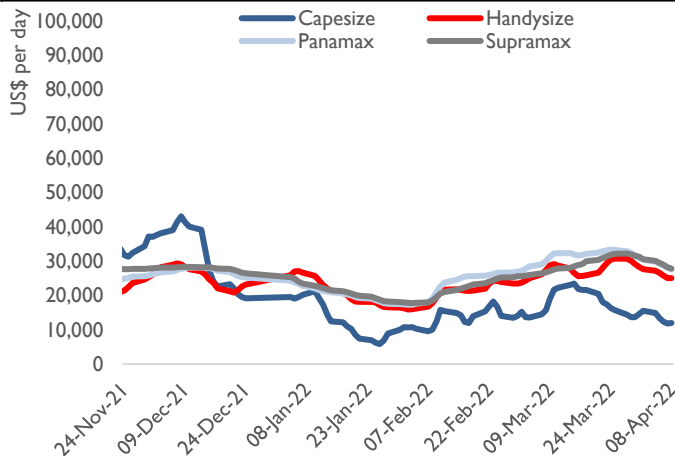
The **BSI** closed at \$27,518, down from last week's \$30,301. A rather lacklustre start to the week with holidays in China. Limited activity surfaced as negative sentiment

remained in many areas. From the Atlantic, split opinions were seen from the US Gulf with some seeing a better rates. *Cl Sha He* (63,092-dwt, 2020) fixed delivery Liverpool for redelivery East Mediterranean with scrap at \$30,000. *Medi Brisbane* (60,386-dwt, 2016) was fixed for a trip with delivery Djen Djen to Ghana at \$31,000. From the Pacific, limited enquiry were observed due to lockdowns in Chinese cities and because of restricted activity from Indonesia. *Klima* (56,752-dwt, 2013) was reported to be fixed on subjects delivery Tobata for a trip redelivery Mediterranean at \$30,600. *Bulk Carina* (57,819-dwt, 2016) open Ningbo was fixed for a slag run to the Persian Gulf at \$34,000. From the Indian ocean, little fresh enquiry was observed and with lower rates. *Beks Minever* (63,705-dwt, 2016) was fixed delivery Richards Bay for a trip redelivery Pakistan at \$26,400 plus a \$640,000 ballast bonus. *Magnum Power* (53,565-dwt, 2006) was fixed for a trip with delivery Kakinada to China via East Coast India at \$18,000.

The **handy** market slipped further across both basins at the beginning of the week, yet small positive rebounds in parts of the Atlantic, coupled with a pick up in the FFA markets, helped to boost sentiment towards the end. The BHSI closed at \$27,786 down \$2,725 from last week. Continent showed signs of strength, Cobelfret fixed *Lord Nelson* (28,653-dwt, 2005) arrival French Bay for scrap trip to Turkish Mediterranean at \$20,000. In the West of the Mediterranean, a 30,000-dwt vessel fixed low 20,000's dollars per day for a trip back to the Continent. In the Black Sea, *Homas Selmer* (33,648-dwt, 2011) open Poti fixed to Upriver at low \$20,000s. US Gulf remained soft, with little reported activity. *Karlina* (39,035-dwt, 2019) open Lake Charles fixed basis delivery Panama City for a trip UK-Continent with wood pellets at \$28,000 to Norden. *Unison Power* (38,145-dwt, 2012) open Brownsville fixed arrival South-West Pass for a grains trip to Morocco at \$27,000 with Nova Marine. East Coast South America continued its decline, rumours of limited fresh enquiry until after the upcoming Easter holidays. *Pnoi* (32,282-dwt, 2009) fixed from Itauqui to Bourgas at \$32,500. Across Asia, market cooled significantly, a 38,000-dwt open prompt in South East Asia fixed an Australia round voyage at \$25,000. A 34,000-dwt open Indonesia fixed low 20,000's redelivery South China. *Ken Vista* (38,206-dwt, 2011) open in Taicang fixed a trip at the start of the week via East Coast Australia redelivery China with concentrates at \$27,500 to HMM. *Pacific Harmony* (38,139-dwt, 2013) fixed & failed via west Australia for a trip redelivery China with Salt at \$25,000 and *Golden Flame* (28,361-dwt, 2012) open in North China fixed for a trip to South East Asia with steels at \$20,000 to Chun An.

### Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Dedalos	93,038	2010	Phu My	05 Apr	South China	\$24,000	Salanc	Via Indonesia
Bright Gemini	82,073	2013	Eemshaven	07 Apr	Skaw-Gibraltar	\$27,000	Cargill	-
Spring Progress	82,055	2016	San Ciprian	04 Apr	Japan	\$38,000	Cargill	Via US East Coast
Ultra Lynx	81,607	2018	Brake	02/04 Apr	Skaw-Gibraltar	\$28,000	Norden	Via NC South America
Luck Fortune	76,662	2002	Bahudopi	07 Apr	South China	\$29,500	CNR	Via Indonesia
Majorca	74,333	2005	Qingdao	30 Mar	China	\$22,000 or \$22,750	Oldendorff	Via NoPac Scrubber Benefit to Owners \$22,000 redel South CJK or \$22,750 redel not North of CJK
Medi Brisbane	60,386	2016	Djen Djen	PPT	Ghana	\$31,000	Ultrabulk	-
Sino Trust	56,889	2011	Gresik	Spot	China	\$30,000	Lianyi	Via Indonesia
Reliable	38,603	2017	Studstrup	PPT	ARAG	\$19,500	Chartering Orca	Via Finland
Golden Flame	28,361	2012	North China	PPT	Southeast Asia	\$20,000	Dmcc Chun An	-



Exchange Rates	This week	Last Week
JPY/USD	124.39	122.45
USD/EUR	1.0871	1.1052

Brent Oil Price	This week	Last Week
US\$/barrel	100.33	104.86

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	670.0	670.0
VLSFO	825.0	862.0
Rotterdam IFO	628.0	645.0
VLSFO	846.0	865.0

8 April 2022

### Dry Bulk S&P

The secondhand market is giving every appearance of looking beyond the current dip in the freight market and anticipating better markets in the near term. All segments of the market are active and values continue to push up across the board.

There have been few modern capsizes sold this year and the benchmarks were beginning to look highly theoretical. Several buyers fought over the high-spec *Red Sage* (182,443-dwt, JMU 2015), with the winning bid at a healthy \$48m plus.

Kamsarmax/panamax tonnage continues its active streak. The most notable sale this week is of *Coral Crystal* (78,103-dwt, Shin Kurushima 2012) - again a premium spec unit with good survey positions - sold at benchmark busting \$25m.

For the ultras, *Ultra Initiator* (62,647-dwt, Oshima 2019) is again reported sold having been reported a few weeks ago at \$37.5m. That sale failed to materialise and we understand she is re-committed at a lower \$36.8m. Again above benchmarks.

Dolphin57s still seem to be overlooked, but *Orient Lucky* (57,124-dwt, Bohai 2010) at \$17.7m represents a jump over last done.

In the supras the really eye-catching sale is that of *New Able* (55,889-dwt, Oshima 2014) at \$27m to Japanese buyers. The vessel's key selling point seems to have been her box holds which seem to have earned her a \$3m premium.

### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Red Sage	182,443	2015	JMU	Gearless	undisclosed	\$48.10m	BWTS fitted
Maran Progress, Maran Wisdom		2014					
Maran Zenith		2013					
Maran Aspiration	abt 114,000	2012	Shanghai SY	Gearless	Chinese	\$200.00m enbloc	
Maran Dawn, Maran Sky, Maran Sun, Maran Ocean		2011					
Derby	80,333	2011	STX	Gearless	Chinese	\$24.00m	
Coral Crystal	78,103	2012	Shin Kurushima	Gearless	undisclosed	\$25.00m	BWTS fitted
Rio Grita	75,378	2014	Taizhou Kouan	Gearless	undisclosed	\$22.80m	
Ultra Initiator	62,647	2019	Oshima	C 4x30T	undisclosed	\$36.80m	
Orient Lucky	57,124	2010	Bohai	C 4x30T	Greeks	\$17.90m	BWTS fitted
Titan II	57,337	2009	STX	C 4x30T	undisclosed	\$17.20m	
New Able	55,889	2014	Oshima	C 4x30T	Daido Japan	\$27.00m	OHBS
Eratios	54,683	2011	Zhejiang	C 4x30T	undisclosed	\$17.60m	BWTS fitted
Eny	53,525	2006	Iwagi	C 4x31T	Koreans	\$17.20m	BWTS fitted
Seastar Empress	35,000	2011	Nantong Jinghua	C 4x30T	Vega Bulk	\$16.30m	
Strategic Encounter	33,000	2010	Zhejiang	C 4x30T	undisclosed	\$14.20m	BWTS fitted
Promise 3	32,312	2010	Samho	C 4x30T	undisclosed	\$17.20m	
African Hawk	27,101	2004	New Century	C 4x30T	undisclosed	\$9.50m	
Stellar Toledo	16,765	2003	Shin Kochi	C 2x30T	Turkish	\$6.50m	DD passed

## Tanker Commentary

As sanctions persevere, large amounts of Russian tankers are no longer being traded. State backed tanker owner, Sovcomflot which holds the largest aframax fleet in the world has largely been boycotted by oil traders creating a supply squeeze. As rates firm up, particularly in the aframax market west of Suez, we are seeing increased activity across the board.

A couple of modern sales have stolen the limelight this week, Greek controlled resale aframax *New York Star* (115k-dwt, 2022 Daehan) is reported to have sold for \$61m to GNMTC and Scorpio controlled LR2, *STI Nautilus* (109k-dwt, 2016 GSI, Epoxy) is

reported to have sold for \$43m. As the first resale in the aframax sector this year, a new benchmark has been set.

JP Morgen called for offers *Largo Sea* (50k-dwt, 2016 SPP, BWTS fitted) this week, at the time of writing we hear have seen offers ranging between \$29.3 - \$29.7m. Elsewhere in the MR sector, we understand that Japanese controlled pumproom, *Sunlight Express* (45k-dwt, 2011 Shin kurushima) has been sold on P&C terms, and *Prime Express* (45k-dwt, 2010 Shin Kurushima) is also rumoured to be committed.

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Bari	159,186	2005	Hyundai HI	Greeks	\$21.50m	
New York Star	115,000	2022	Daehan	GNMTC	\$61.00m	
STI Nautilus	109,999	2016	GSI	undisclosed	\$45.00m	Epoxy
Ardmore Sealancer	47,451					
Ardmore Sealifter	47,472	2008	Onomichi	Leonhardt & Blumberg	\$40.00m enbloc	Leaseback deal
Ardmore Sealeader	47,463					
Vale	19,998	2008	Sekwang	undisclosed	\$9.00m	

### Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Sonangol Luanda	159,178	2000	Daewoo HI	TANK	23,192.00	undisclosed	Batam
Sonangol Girassol	159,057	2000	Daewoo HI	TANK	23,313.00	undisclosed	Batam
Da Yuan Hu	159,149	2004	Bohai	TANK	26,829.00	undisclosed	China

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