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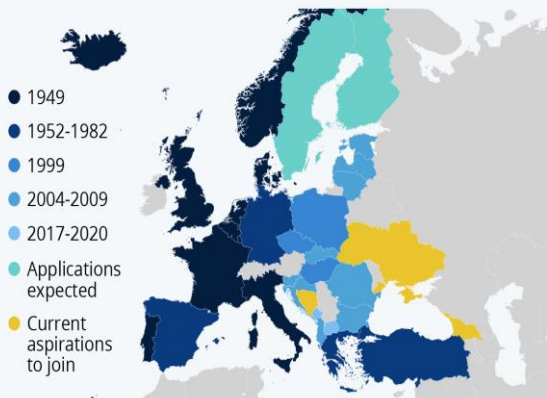
Financial markets have been jittery all week as the highest inflation in 40 years promises to see multiple interest rate rises in short order. This will raise the cost of borrowing and debt servicing and risk dampening consumer spending that is already suffering from a cost-of-living crisis. The S&P 500 is down over 18% this year to yesterday's close, the Dow Jones and Shanghai Composite are both off 14%, the Hang Seng is down 12% and the Nikkei is 8% lower. The worst performance has been reserved for the RTS at 19% down in the year-to-date, but it is up 76% from its 24 February 'invasion day' low. The FTSE 100 bucked the trend and, after a volatile year, was flat by today's close given its high weighting to mining and oil and gas companies. This year, BHP is up 17% and Glencore is 31% higher, BP is up 22% and Shell is 41% higher. These are regarded as unethical companies to invest in but they produce the old economy stuff of copper, coal, oil and gas that we all still need, the more so now that we are imposing sanctions on Russia, in addition to Iran and Venezuela. Grains are locked into Ukraine and Russia, making global shortages even worse after a series of poor harvests, with ADM up 24% this year and Bunge up 18%. And what about the commodities themselves? Brent crude is up over 42% this year to over \$112 a barrel. Henry Hub natural gas is up 116% to almost \$8 per MMBtu. Wheat is up 55% to \$11.85, corn up 30% to \$7.76 and soybeans up 26% to \$16.92, all per bushel.

The global rise in commodities from oil and gas to grains and coal is partly a by-product of the sanctions being rolled against Russian producers and exporters. Restricting access to Russian supplies of a wide variety of goods creates shortages and higher prices, and feeds into stagflation: lower growth just as everything gets more expensive. Thus, getting universal agreement to sanctions is not so easy as we have seen with Germany's reluctance to stop buying Russian gas and Italy's continued imports of Russian crude.* The US is releasing oil from its SPR, some of which will provide relief to European refiners. It is also now on the brink of allowing the likes of Chevron, Eni and Repsol to resume trading Venezuelan crude oil. This may then find its way into the US and Europe and replace subterfuge shipments to China. China is said to be restocking with large volumes of heavily discounted Russian crude which is reducing its call on both Iran and Venezuela.[^] This reduces employment opportunities for ghost tankers trading under exotic flags, with AIS switched off, performing ship-to-ship transfers to disguise the cargo origin. This may kickstart the unwinding of this tonnage overhang as more Venezuelan crude is shipped on the conventional fleet and Iran's oil is replaced by cheaper Russian supplies, keeping NITC's tankers stuck in floating storage. This raises the possibility of more scrapping of ghost ships and it may pave the way for a recovery in crude tanker earnings which are lagging behind product tankers.

The volatile trends that characterise financial and commodity markets are entirely normal in bulk shipping. The crude tanker sector faces headwinds from China's slowing oil demand, largely attributed to Covid lockdowns in major cities and the knock-on effect on travel, manufacturing and industrial processes. In the Jan-Apr 2022 period, China's crude oil imports fell almost 5% to 170.9mt, or an average of 10.4m-bpd. According to today's Baltic data, average VLCC daily earnings are at -\$24,952 with suezmax at \$15,002 and aframax at \$21,097. In contrast, product tankers may enjoy tailwinds from rising ton-mile demand. Scorpio Tankers predicts product exports to increase 5% this year and ton-mile trade to rise 14% given changing trade patterns from the Ukraine crisis. There are refinery closures, trade dislocation, a global shortage of diesel, recovering demand and a need to replenish inventories, all at a time of limited fleet expansion. The Baltic puts MR daily earnings at \$56,016 in the Atlantic and \$33,657 in the Pacific. In the bulk carrier sector, capesize face headwinds from a 10.3% YoY decline in Jan-Apr 2022 crude steel output to 336.2mt, leaving its iron ore imports in the same period down 7.1% YoY to 354.0mt. Fortunately, countries outside China are increasing output and more Brazilian iron ore volumes are moving. The BCI is up to \$37,538 daily today, BPI at \$30,440, BSI at \$30,971 and BHSI at 29,908. Grains and coals will be in demand for the rest of this year, wherever they can be sourced from and, along with commodity prices, freight should remain elevated.

Will NATO Expand North?

European countries by year they joined NATO



Map excludes NATO members the United States and Canada
Source: NATO



statista

Source : Statista

*Italy overtook Holland this month as the EU's largest importer of Russian Crude with 450,000-bpd. It supplies one Lukoil and two Rosneft refineries that can only be supplied with their own crude.

Other problems include Turkey's objection to Finland and Sweden joining NATO and Hungary's single member veto to an EU-wide ban on Russian oil imports, undermining solidarity in the bloc.

[^]India is also buying Russia's Urals crude but is less keen to admit it. Kpler says it will have imported 30mb in Mar-May 2022, more than double its FY 2021 imports. The UAE is a buyer of Russian fuel oil.

Dry Cargo Chartering

Another highly encouraging week across the **cape** markets that saw time-charter averages leap up by \$4,805, to close at \$37,538. Freight prices along the major iron ore and coal routes out of Brazil and Australia remained stable. Rio Tinto fixed *Pantagruel* built 2004 and relet by CCL for a parcel of 170,000 mtons 10% ore from Dampier to Qingdao at \$15.00 pmt for early June dates, while Louis Dreyfus chartered the Cargill relet *Worldship* built 2012 for 170,000 mtons 10% from Saldanha Bay to China at \$11.75 pmt for 6/10 June. On the coal side of things, two TBN Five Ocean ships were fixed for Kepco tenders of 140,000 mtons 10% both loading ex. Newcastle with one to Boryeong 31 May onwards at \$22.00pmt, and the other to Dangjin for 1/5 June at \$22.44 pmt. Additionally, it was reported that *Aquasurfer* built 2013 and relet by CCL was chartered by Vale for 170,000 mtons 10% from Teluk to Qingdao at \$11.75 pmt for 28/30 May.

Overall it was a steady week for the **panamax** size tonnage, that initially saw rates dipping before recovering again. Time-charter averages ended up at \$30,440 up by \$895 from our last report. In the Atlantic, we heard that *Star Atlas* (81,136-dwt, 2021) was fixed with delivery passing Gibraltar for a trip via US Gulf redelivery Skaw-Gibraltar at \$29,750, while Swire took *Shandong Fu You* (81,782-dwt, 2018) delivery aps Recalada for a trip to Continent-Med range at an impressive \$52,000. Additionally, Cargill fixed *Deneb* (74,078-dwt, 2000) delivery passing Malta 10 May for a trip via North coast South America to the Far East at \$32,000. In the Indian Ocean, charterers Jaldhi fixed *Epictetus* (83,987-dwt, 2012) delivery Haldia for a trip via East coast India to China at \$44,000, and Grain Compass KFT chartered *Panamax Ostria* (76,444-dwt, 2004) delivery East coast India for a trip to the Med at \$26,000. Over in the Pacific, Oldendorff fixed *Valiant Spring* (81,920-dwt, 2015) delivery Dangjin for a NoPac round trip at \$28,750, and Panocean chartered *BBG Nanning* (81,702-dwt, 2019) delivery Wakayama for a trip via Australia to Vietnam at \$28,500. On the period front, H.Glovio took on *Maia* (82,193-dwt, 2009) delivery Qinhuangdao for trading until minimum 20 Sept 2023 maximum 20 Nov 2023 redelivery worldwide at \$25,000.

A rather lackluster week for the **supra** market with holidays in Asia and many travelling in Europe for events. The BSI closed at \$30,971, up a fraction from last week's \$30,272. From the Atlantic, little action was reported with limited enquiry from the US Gulf and further south, East Coast South America remained finely

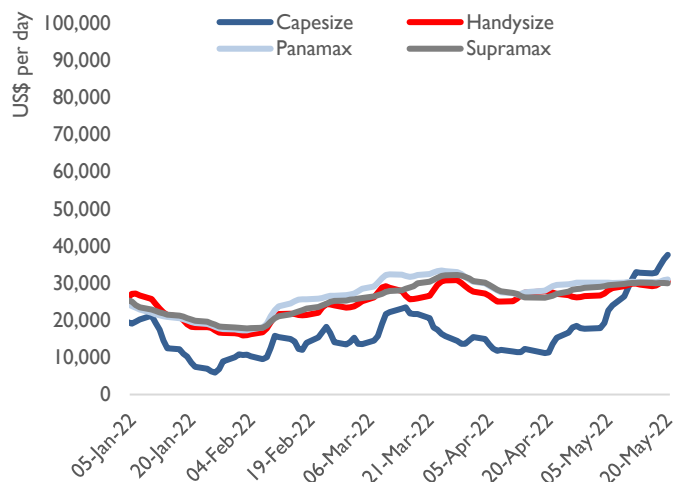
balanced. *Navios Celestial* (58,063-dwt, 2009) open Mobile was rumored to be fixed for a trip to West coast Central America with grains, but no further details came to light. *Cas Avanca* (55,561-dwt, 2009) open Klaipeda was heard to have been fixed for a trip delivery passing Skaw to the East Mediterranean with scrap at \$25,000. From the Pacific, more cargo appeared from Indonesia but with little fixing. However, some brokers said stronger rates were being discussed across the board. *Star Cleo* (56,581-dwt, 2013) open Bohai Bay was fixed for a trip redelivery Italy at \$43,500. *Captain Dimitris* (61,245-dwt, 2016) was fixed for a trip with delivery Tagoloan and redelivery West coast India at \$40,000. From the Indian ocean, limited fixture information emerged. *DL Pansy* (57,835-dwt, 2013) open Chennai was placed on subjects for a trip via Indonesia to China at \$24,000. *Iliia* (57,970-dwt, 2009) was fixed for a trip delivery East coast India and redelivery West Africa with bagged rice at \$33,000 for the first 35 days and balance at \$36,000.

A quiet week in Europe, all the energy focused on the party events in Copenhagen and Rotterdam.

Asia and the Pacific Gulf are both firm with positive sentiments. The BHSI closed this week at \$29,908 up \$392 from last Friday. The Continent was slow with an increasing tonnage count, a 28,000-dwt fixed a trip Poland to Morocco at around \$22,000. Mediterranean was active, *Cassiopeia Star* (32,328-dwt, 2005) fixed \$20,500 from Greece for a trip via Burgas to Algeria. *Inoi* (32,301-dwt, 2010) open in Piraeus fixed a trip to USG at \$25,000 first 30 days \$30,000 thereafter. It was reported *Bunun Leader* (37,570-dwt, 2019) open Iskenderun fixed a trip to China at \$21,000, a surprisingly low number. In the Gulf, a 38,000-dwt, fixed basis delivery US Gulf for a trip to Atlantic Colombia at \$30/31,000 with Berge. A 35,000-dwt fixed Del Purto Rico redelivery Morocco at \$30/31,000. Further East, markets continued to firm across all areas. The PG is strong, with some Owners asking for mid-30's for trips to China, although *Team Challenge* (28,710-dwt, 2004) fixed Dammam to north China with petcoke at \$22000. In the Far East, a 32,000-dwt, open in South Korea was placed on subjects for a trip to South East Asia at \$24,000 but further details had yet to emerge. *Ken Hou* (29,000-dwt, 2004) fixed from Singapore via west coast Australia to China at \$26,000. The *BBC Jupiter* (37,000, 2014) open Hibi fixed at \$39000 for a backhaul to the Continent.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
MBA Liberty	82,217	2010	Taiwan	16 May	China	\$26,000	Joy Ace	Via Koolan Island
Shandong Fu You	81,782	2018	Recalada	01/02 June	Gibraltar-Skaw	\$52,000	Swire	-
BBG Nanning	81,702	2019	Wakayama	18 May	Vietnam	\$28,500	Panocean	Via EC Australia
Ariana	76,631	2005	EC South America	10 June	Singapore-Japan	\$25,500	Louis Dreyfus	+\$1,550,000 bb
Xin Ji Xing	76,015	2004	Tieshan	15 May	South China	\$23,000	CNR	Via Indonesia
Captain Dimitris	61,245	2016	Tagoloan	PPT	WC India	\$40,000	Athena Shipping	Via Indonesia
Star Cleo	56,581	2013	Bohai Bay	PPT	Mediterranean	\$43,500	Chun An	-
Ocean Pilgrim	52,433	2002	Jakarta	PPT	China	\$29,000	Tongli	Via Indonesia
Bunun Leader	37,570	2019	Iskenderun	15/19 May	China	\$21,000	Brochart	-
Inoi	32,301	2010	Piraeus	PPT	USG	\$25,000 or \$30,000	T Bulk	\$25,000 for first 30 days, \$30,000 Balance



Exchange Rates	This week	Last Week
JPY/USD	127.89	129.32
USD/EUR	1.0552	1.0363

Brent Oil Price	This week	Last Week
US\$/barrel	112.26	110.75

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	675.0	665.0
VLSFO	943.0	851.0
Rotterdam IFO	640.0	615.0
VLSFO	820.0	783.0

20 May 2022

Dry Bulk S&P

The BDI continues its rise, surpassing last weeks previous high of 2022. So too is this true of secondhand values with further gains illustrated across the board.

We understand that the 2017 built Crown 63 design *Yangzhou Confidence* (63k-dwt, Dayang) has been sold for around \$31m with delivery scheduled for August. She passed her surveys last month and has BWTS installed. This is the first modern Chinese ultramax sale we have seen for many weeks. At the beginning of April, 2 year older (2015) Japanese built, scrubber fitted ultras were getting the same money, illustrating how far the market has continued to move over the last 2 months.

10 year old Chinese built supramaxes continue to attract interest with 2 confirmed sales this week. The 2010 built *Amoy Dream* (56k-

dwt, built Xiamen) has been sold to Chinese buyers for \$17.5m which is broadly in line with last done, whilst the 2011 *Serene Juniper* (57k-dwt, built STX Dalian, BWTS fitted) has been sold to KS buyers for \$19.2m with an 11-13 month TC attached at \$26,000 pd.

Nicolaos A. (53k-dwt, built 2003 New Century) has achieved a very high price of over \$14m. The same aged sistership *Elim Peace* was sold this time last month for \$12.5m.

There are a number of negotiations in play that we will be able to report further on next week, but at the time of writing, we understand *Aquadiva* (182k-dwt, built 2010, Odense) has seen excess \$31m, and the 2011 Oshima built kamsarmax *Coventry* (82k-dwt) has seen excess \$26m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Aquadiva</i>	182,060	2010	Odense	Gearless	undisclosed	\$31.00m	
<i>Coventry</i>	82,464	2011	Oshima	Gearless	undisclosed	\$26.00m	
<i>Chailease Blossom</i>	77,684	2004	CSBC	Gearless	Chinese	\$31.00m	
<i>Yangzhou Confidence</i>	63,165	2017	Yangzhou Dayang	C 4x35T	undisclosed	\$31.00m	SS/DD passed & BWTS fitted, Aug/Sept delivery
<i>Atlantic Manzanillo</i>	63,590	2016	Shin Kasado	C 4x31T	undisclosed	\$33.00m	
<i>Serene Juniper</i>	57,185	2011	STX Dalian	C 4x30T	Norwegian	\$19.20m	with 11-13 month TC attached at \$26k p/d on subjects
<i>Amoy Dream</i>	56,873	2010	Xiamen	C 4x30T	Chinese	\$17.50m	
<i>Nicolaos A.</i>	53,806	2003	New Century	C 4x40T	undisclosed	\$14.10m	

Tanker Commentary

EU sanctions are having further effects on the Russian controlled fleet. This week Russian state controlled, Sovcomflot have been forced to find buyers for their vessels that can move quickly. A UAE company, Al Seer, has emerged as the buyer of two VLCC's, *SCF Shanghai* (320k-dwt, 2014 Bohai) and *Svet* (320k-dwt, 2013 Bohai). Al Seer and have also taken a brace of gas carriers enbloc from the Sovcomflot. Meanwhile Capital Maritime have snapped up four high spec LNG dual fueled Aframaxes named *Albert* (113k-dwt, 2019 Hyundai), *Alexander* (113k-dwt, 2018 Hyundai), *Adam* (113k-dwt, 2018 Hyundai) & *Alfred* (113k-dwt, 2018 Hyundai), no prices has been disclosed.

Elsewhere, Andriaki Shipping have sold their *Leonidas* (318k-dwt,

2009 Hyundai) for \$42m, a firm price for the Sellers given she has dry docking due later this year. *New Spirit* (298k-dwt, 2005 Universal, BWTS fitted) has been sold for \$33.85m, the last similar transaction was *Nissho Maru* (300k-dwt, 2004 IHI) that went for \$31m last month which also had good survey positions.

Aframax tanker *Almi Spirit* (105k-dwt, 2007 Hyundai Mipo) went for \$20m this week - a price in line with last done, which was the scrubber fitted *Banda Sea* (105k-dwt, 2007 Sumitomo) that fetched \$20.8m a few weeks back. Both had similar survey positions. Finally the Indian controlled *Sanmar Soprano* (45k-dwt, 2002 Shin Kurushima) has been committed in the low \$6m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Leonidas	318,325	2009	Hyundai	Middle Easterns	\$42.00m	
New Spirit	298,972	2005	Universal	undisclosed	\$33.85m	BWTS fitted
Albert	113,095	2019				
Adam	113,226	2018				
Alfred	113,189	2018	Hyundai Samho	Capital	-	Ice IA & LNG duel fuel
Alexander	113,170	2018				
Almi Spirit	105,547	2007	Hyundai Mipo	undisclosed	\$20.00m	
Sanmar Soprano	45,861	2002	Shin Kurushima	undisclosed	\$6.25m	SS due
Claxton Bay	36,686	2010	Hyundai Mipo	undisclosed	\$15.60m	Delivery Med

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