



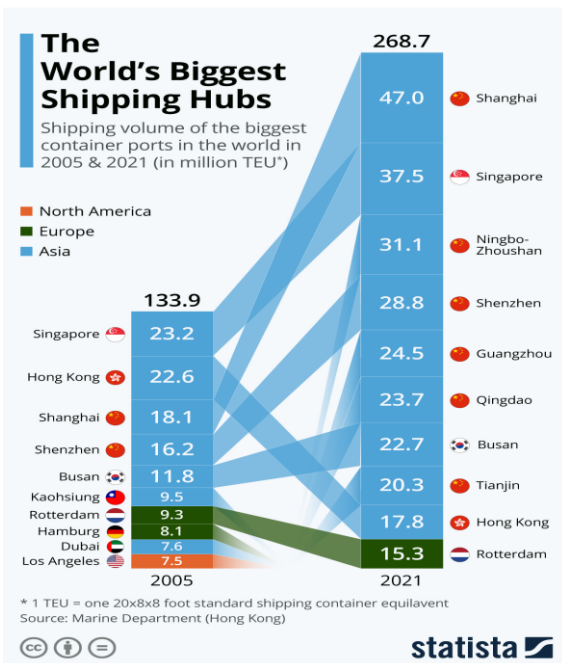
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POINTS OF VIEW

Global financial markets sold off on Monday as investors were overwhelmed by bad news ranging from the escalating Russian military campaign, extended Covid lockdowns in China, interrupted trade flows, rising interest rates, inflation, lower corporate earnings, etc. Tuesday saw a bounce as the dip buyers moved in but an impending sense of doom runs through the markets. Worst of all is a feeling of uselessness and despair as the whole world and the UN* look on as bystanders at the horrific devastation and carnage in Ukraine, as war crimes are committed in full view, and do nothing to intervene beyond supplying more and more weapons. Germany has not even done that, despite its earlier pledges, as it retreated from Olaf Scholz's "turning point" speech.^ "Ostpolitik" has outlived its purpose and made Germany over-dependent on Russian oil and gas that drive its high-end industry, manufacturing and exports. It has developed close political and social ties with Russia over the years and there seems to be neither the appetite nor the means to unravel these in a hurry, i.e. before the war is over, either because Russia has lost (unlikely) or because Ukraine has been destroyed. Both Germany and France, the leaders of the altruistic EU project, thought that the best way to contain Putin was to get close; a colossal miscalculation. They should have learnt something from the West's failed policy on China over the past 40 years: hoping that a fast-growing economy and a rising middle class would ameliorate domestic politics and foreign affairs. Just ask Australia how that went, and then ask a long list of other countries that have fallen into neo-colonial debt traps.

... China's Dominance of World Trade ...



Source: Statista

Turning to China's lockdowns. Zero-Covid is allegedly Xi Jinping's policy and he is committed to it. Any departure from it would be an admission of failure. This cannot happen before his coronation at the 20th National Congress in November. This month, 25m people in Shanghai have endured total isolation and almost all of Beijing's 22m people have had the first test of three in the past five days revealing less than 200 new cases. These draconian measures affect the production and transportation of goods, national income and GDP growth. The Chinese people, who have enjoyed 40 years of strong economic growth and poverty eradication, are willing to suffer certain deprivations, but within limits. Last week's 6-minute "Sounds of April" video protested against lockdowns, and was widely circulated on social media before it was taken down. The problem for Xi, trapped between Covid and Putin and the dire implications of each, is that China's hospitals and healthcare facilities cannot cope with an uncontrolled spread of Omicron as only 20% of 80+ seniors have received three doses that provide full protection. In any case, there is a natural hesitancy in this age group to vaccines and suspicion over the efficacy of domestic versions. China has more people aged 60+ who are not fully vaccinated (3 doses) than the entire population of Japan (126m). Now, zero-Covid enforcement is taking priority over the vaccination programme. Shambles.

It is hard to say the extent to which Chinese demand is being dented by Covid as China has been on a structurally slowing growth path for some years now, made worse by anti-pollution measures, high indebtedness, an economy in transition, the end of low interest rates and QE, and a series of events, the latest of which is Ukraine.** China's iron ore imports in Q1 fell 8.5% YoY to 252.7mt, the worst Q1 reading since 2017. Its crude steel production in March dropped 6.4% YoY to 88.3mt and in Q1 plunged 10.5% YoY to 243.4mt. Deciding who and what is to blame for these falls is a mug's game, but suffice to say that China has enough roads, high speed rail and apartment blocks to be getting on with, so a less steel-intensive phase should be factored in.^ The same question may be asked of the impact of Covid lockdowns in China on the box trades. The SCFI is down 18% from its peak in early January. Lloyds List and Sea-Intel find this to be normal as it scarcely differs from 2013-21 with the usual seasonal feast before, and famine after, CNY. The CRS Port Congestion Index sees 36% of fleet capacity 'at port', the highest since 2016 barring a few short spikes. Besides, supply chain disruption will only lead to surges later on, so we should just go with the flow, as things are really not so bad. APMM just announced a strong Q1*** and has upwardly revised its 2022 earnings guide to \$30bn. Furthermore, the ClarkSea Index had its best first 15 weeks of any year in more than 30, since records began, hitting \$36,507 daily, double the 10-year average. Evidently, shipping just soldiers on regardless.

*Antonio Guterres, the secretary general of the UN, belatedly went first to Moscow on Tuesday before going on to Kyiv on Thursday.

^To the German Bundestag on Sunday 27 February, 3 days after Russia invaded Ukraine. It has now U-turned on offensive weapons.

**China's GDP growth in Q1 was 4.8%, up 20% MoM on 4.0% in Q4 and up 9.1% YoY on 1Q21's 4.4%. The 2022 target is 5.5%.

^^Or maybe not, as Xi returns to the old mode of infrastructure spending that led to Evergrande and 65m+ empty homes in China.

***EBITDA in 1Q22 of \$9.2bn, 130% up on 1Q21's \$4.0bn. Revised EBITDA for 2022 of \$30bn, up from \$24bn previously, just 3m ago.

Dry Cargo Chartering

The **cape** markets strengthened in the first half of the week before levelling off in the second to end up at \$17,713 up by \$2,414 since last Friday. Plenty of deals were concluded, many of which were reported. Iron ore fixtures included many of the usual players taking a good deal of tonnage from Western Australia for China. Among these included Rio Tinto who took the 2012-built *Amarito* at \$12.20 pmt, the Wah Kwong relet *Cape Asia* at \$12.25 pmt, and *Ekaterini* at \$12.25 pmt as well, all for mid-May dates and 170,000 mtons 10% along the aforementioned route. Additionally, we heard Oldendorff fixed the 2020-built Daiichi relet *First Phoenix* for 170,000 mtons 10% loading Tubarao to Qingdao at \$24.80 pmt for mid-May dates. On the coal side of things, Vitol took the 2014-built Koch relet *Jag Alaia* for 150,000 mtons 10% for loading Richards Bay coal terminal to Rotterdam 25 April onwards at \$14.50 pmt, and a Polaris TBN was nominated for a Kepco tender of 130,000 mtons 10% loading Roberts Bank end May to Boryeong at \$18.69 pmt. For T/C, the baby cape *Kumano Hero* (106,507-dwt, 2008) was fixed delivery CJK for a trip via East coast Australia to Taiwan at \$25,000, and Suek took on *Mangas* (173,918-dwt, 2011) delivery China 20/30 May for 9/12 months trading redelivering worldwide at \$32,000.

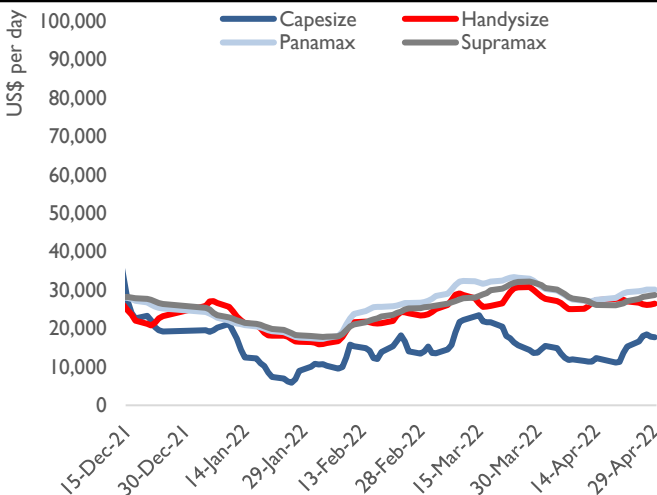
The **BSI** closed at \$30,074, up a fraction from last week's \$29,453. Yet it was a rather lackluster week with limited fresh information surfacing. From the Atlantic, sentiment remained strong in the US Gulf but some suggested the top may have been reached already. East Coast South America saw split sentiment with few fixtures coming to light. *Marianna* (55,753-dwt,2010) open Mississippi River was fixed for SW Pass trip to North coast South America at \$39,750. *Bulk Orion* (56,155-dwt, 2011) open in the Caribbean was heard fixed delivery US Gulf for a petcoke run to the Far East in the low \$40,000's. From the Pacific, sentiment eased due to a lack of fresh enquiry from the south. Little support was observed as owners sought to cover before the upcoming long weekend. *Nazia Jahan* (58,110-dwt,2010) was fixed for a trip with delivery Chang Jiang Kou and redelivery China at \$24,750. *Medi Paestum* (55,614-dwt, 2009) was fixed for a trip with delivery Qinzhou to the Philippines via Indonesia at \$25,000. From the Indian ocean, lower rates were observed with few fixture details disclosed. *Limnos* (57,190-dwt,2010) open Bangladesh was linked to a trip via Indonesia redelivery India at around \$24,000. *Wadi Albostan* (57,320-dwt, 2011) was fixed for a prompt trip with delivery Chittagong and redelivery West coast India at \$23,000.

The **panamax** market settled following a few public holidays recently passed and coming up. This should be a momentary softening before re-firming going forward. This week the PSTC closed at \$26,443 down by \$596 (-2.2%) since last reported on 22nd April. In the Pacific, Al-Ghurair fixed the *RB Leah* (81,334-dwt, 2017) delivery CJK 1-5 May for a trip via Australia with grains basis redelivery Arabian Gulf at \$25,000, Comerge covered the *RB Mya* (81,278-dwt, 2017) delivery Rizhao 28th April for a trip via NoPac back to Singapore-Japan range at \$22,250 whilst Phaethon took the *Hong Run 6* (75,921-dwt, 2001) delivery Qinzhou 27th April for a trip via Indonesia to India at \$16,000. Meanwhile in the Indian, Comerge fixed the *Kynouria* (81,354-dwt, 2012) delivery retro sailing PMO 18th April for a trip via EC South America with redelivery Singapore-Japan range at \$27,000 and the *Belgrano* (81,498-dwt, 2015) was fixed last week basis delivery retro sailing Paradip 19th April for a trip via EC South America to Singapore-Japan range at \$30,000. In the Atlantic, Cargill fixed the *Yasa Team* (75,621-dwt, 2006) delivery Gibraltar beginning of May for a trip via NC South America for redelivery Skaw-Barcelona range at \$27,000 as well as taking the *JY Pacific* (81,138-dwt, 2019) delivery Rotterdam 29-30 April for a trip via US Gulf to China at \$37,000. Alternatively, this week the *Green K-Max 2* (80,840-dwt, 2020) delivery China 25 May – 10 June for 5-7 months with redelivery worldwide at \$30,000. SAIL covered a TBN vessel for 75,000 mtons 10% coal loading EC Australia 11/20 May and discharging Visakhapatnam at \$27.75.

A positive week for the **handies**, lack of fresh inquiry in the Atlantic putting pressure on tonnage while the Asia remained steady, with lockdown related congestion still prevalent in China. The BHSI closed at \$28,679 up \$1,602 from last week. On the Continent, *Regius* (33,395-dwt, 2016) fixed basis delivery Rouen for a trip to Algeria with wheat at \$24,500. Fednav fixed *Strategic Vision* (37,186-dwt, 2012) delivery Sunndalsora for a trip via the Continent redelivery East Coast Mexico with fertiliser at \$24,000 for the first 40 days and \$27,000 balance. *Meritus* (28,417-dwt, 2009) open Rotterdam fixed for a trip to the Eastern Mediterranean with scrap at \$20,500. US Gulf was firm, yet little reported activity. In South America, *Georgia Harmony* (38,422-dwt, 2019) fixed for a trip from Recalada to West Coast South America in the low \$50,000s. A large handy fixed for a coastal trip from Recalada redelivery not north of Fortaleza at \$44,000. Further east, a 33,000-dwt open in East Coast India was fixed from the Arabian Gulf to Australia with an intended cargo of fertiliser in the mid to high \$20,000s. Demand for back haul trips from the Pacific Ocean increased, Owners holding levels around mid 30,000's. A 37,000 open in Thailand fixed via North Australia to China in the high \$20,000s. *Union Taylor* (37,693-dwt, 2014) open prompt in Malaysia fixed for 2 laden legs at \$29,500 to Oldendorff. On period, *Paiwan Wisdom* (31,967-dwt, 2010) open in China 28-29 April was fixed for 3 to 5 months at \$29,500.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Kumano Hero	106,507	2008	CJK	29 Apr	Taiwan	\$25,000	CNR	Via EC Australia
Ocean Oceanus	93,072	2011	Hsinta	28 Apr	Taiwan	\$23,500	Cosco	Via EC Australia
JY Pacific	81,138	2019	Rotterdam	29/30 Apr	China	\$37,000	Cargill	Via US Gulf
Coral VI	77,283	2008	Yokkaichi	02/03 May	China	\$23,000	Pacific Basin	Via Australia
Yasa Team	75,621	2006	Gibraltar	Beg May	Skaw-Barcelona	\$27,000	Cargill	Via NC South America
Nazia Jahan	58,110	2010	CJK	25 Apr	China	\$24,750	Tongli	Via Indonesia
Marianna	55,753	2010	SW Pass	Mid May	NC South America	\$39,750	Bunge	-
Medi Paestum	55,614	2009	Qinzhou	25/26 Apr	Indonesia	\$25,000	Norden	Via Indonesia
AP Durbrava	38,703	2015	Houston	PPT	ARAG	\$38,000	Canfornav	-
Strategic Vision	37,186	2012	Sunndalsora	PPT	EC Mexico	\$24,000 or \$27,000	Fednav	\$24,000 for first 40 days, \$27,000 Balance



Exchange Rates	This week	Last Week
JPY/USD	130.11	128.26
USD/EUR	1.0526	1.0820

Brent Oil Price	This week	Last Week
US\$/barrel	110.26	106.78

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	765.0	767.0
VLSFO	862.0	866.0
Rotterdam IFO	620.0	628.0
VLSFO	850.0	875.0

29 April 2022

Dry Bulk S&P

Despite back-to-back Easters we have a relatively long list of sales candidates. While there are a few top spec units in the list this is not exclusively a list of thoroughbreds. We report a couple of auction sales and a few rather elderly units changing hands. We are about to plunge into the Mayday and Golden Week holidays which may slacken the pace a bit more next week. However there is no sign of retreat from sellers and prices are pushing up still across the sectors.

The newcastlemax *Azul Legenda* (206,331-dwt, 2008 Imabari) achieved something in the high 26 millions to European buyers.

A pair of Korean built supras *Desert Hope* and *Desert Peace* (57,400-dwt, 2011 HMD) have been sold at an impressive \$22.5m to Turkish owners Aruna. The vessels will have been highly specced.

The Japanese-controlled *GDF Suez North Sea* (55,848-dwt, 2012 IHI) has been sold for \$22m - pretty much as per last done.

Finally the Korean handy *Promise 3* (32,312-dwt, 2010 Samho) is reported sold at a very impressive \$17m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Azul Legenda</i>	206,331	2008	Imabari	Gearless	European	\$26.75m	BWTS fitted
<i>MSXT Oceanus</i>	81,642	2012	Daewoo	Gearless	undisclosed	\$22.30m	Auction & SS/DD due
<i>Doric Arrow</i>	75,121	2001	Hitachi	Gearless	undisclosed	\$13.00m	BWTS fitted
<i>Bulk Pangaea</i>	73,700	1999	Sumitomo	Gearless	undisclosed	\$8.80m	BWTS fitted
<i>Desert Peace</i>	57,414	2011	HMD	C 4x30T	Aruna	\$45.00m enbloc	BWTS fitted
<i>Desert Hope</i>	57,411						
<i>GDF Suez North Sea</i>	55,848	2012	IHI	C 4x30T	undisclosed	\$22.00m	BWTS fitted
<i>NZ Shanghai</i>	54,808	2010	Jiangsu Qinfeng	C 4x36T	Chinese	\$16.90m	Auction
<i>Elim Peace</i>	51,187	2003	New Century	C 4x30T	undisclosed	\$12.50m	
<i>Corona</i>	46,685	1999	Sanoyas	C 4x30T	undisclosed	\$10.20m	
<i>Leia</i>	38,271	2010	Imabari	C 4x31T	undisclosed	\$17.50m	with TC of \$13,335 net until max July 2023 & BWTS fitted
<i>Promise 3</i>	32,312	2010	Samho	C 4x30T	undisclosed	\$17.00m	

Tanker Commentary

Italian based owners, Premuda take centre stage this week swooping on modern, deepwell MR tonnage. It is reported that they are behind the purchase of two units: the Vitol-controlled, *Elandra Pine* (49,999-dwt, 2019 Hyundai Mipo) and *Matuku* (50,143-dwt, 2016 SPP) for which they have reportedly paid \$34m and in excess of \$30m respectively. The last very modern Korean pumproom to have been sold was *STI Majestic* (47,499-dwt, 2019 Hyundai Vinashin, scrubber fitted), which went at the end of January for \$35m. The the last similar SPP was, *St. Katharinen* (50,259-dwt, 2013 SPP) which was reported sold last week for \$23.9m.

In the handy tanker sector, we can see a clear improvement in prices. Maersk are reported to have sold *Maersk Arctic* (36,993-dwt, 2006 Hyundai Mipo, BWTS fitted) for \$10.4m to Turkish buyers. The last similar aged HMD, *Sky* (37,879-dwt, 2007 Hyundai Mipo) was sold in February for \$8.1m to Turkish buyers.

It is reported that Schulte have sold one of their older aframax. *Sophie Schulte* (115,583-dwt, 2005 Sanoyas) has changed hands for \$17m to undisclosed buyers. The last similar done was *Berica* (115,146 dwt, 2008 Sasebo) which was sold from Japan earlier in the month for \$23m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Sophie Schulte	115,583	2005	Sanoyas	undisclosed	\$17.00m	
Matuku	50,143	2016	SPP	Premuda	xs \$30.00m	
Elandra Pine	49,999	2019	Hyundai Mipo	Premuda	\$34.00m	
Maersk Arctic	36,993	2006	Hyundai Mipo	Turkish	\$10.40m	BWTS fitted

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Keoyang Orient	149,322	1997	Hyundai	BULK	18,147	650	Hadong

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