



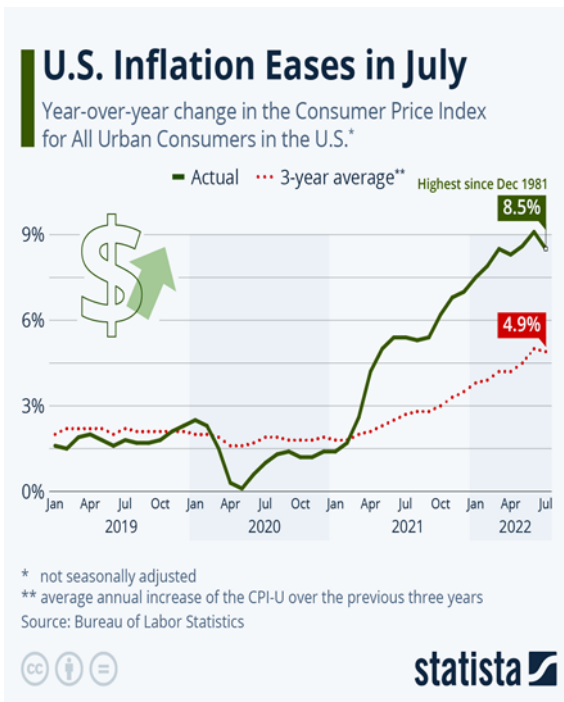
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POINTS OF VIEW

Financial, energy, commodity and shipping markets are confused right now. It is summertime in the northern hemisphere and markets are only lightly traded with many people away on holiday. This does not help matters. One classic illustration of such confusion is the disagreement on the path of future oil demand between a leading consumer group, the IEA, and a leading producer group, OPEC.* The Paris-based IEA, has just released its August Oil Market Report. It mentions how soaring oil use for power generation and gas-to-oil switching is boosting oil demand, raising its estimate of 2022 global oil demand growth by 380k-bpd to 2.1m-bpd. It puts global oil demand at 97.6m-bpd in 2021, 99.7m-bpd in 2022 and 101.8m-bpd in 2023. Thus, it will only surpass 2019's pre-pandemic level of annual demand (100m-bpd) next year. Brent at \$98 a barrel is 21% lower than its early June peak of \$124 on rising supply and easing demand as the economic outlook deteriorates. However, natural gas and electricity prices remain sky high as Russia cuts pipelined gas supplies to Europe. This is encouraging gas-to-oil switching in some countries, as well as increased coal use, prompting the IEA's 0.4m-bpd oil demand uplift for this year. Heatwaves, fires, water shortages and drought blight the entire European continent and UK, as well as many other parts of the world. Ironically, we are being forced to use more oil and coal at a time when we are quite clearly victims of the devastating impact of burning such fossil fuels.^^

... Has U.S. Inflation Peaked ? ...



Source : Statista

Russian oil production is only 0.3m-bpd, or 3%, lower than pre-war output while its total oil exports are down only 0.6m-bpd. IEA data shows that Russia made \$19bn in oil export revenues in July after \$21bn in June. It forecasts Russian oil output rising 0.5m-bpd in H2 2022 and by 0.8m-bpd in 2023, thus suggesting that Russia will continue to reap financial rewards despite its 24 February invasion of Ukraine. In the other corner is OPEC. It has cut its forecast of 2022 oil demand growth for the third time since April. It cites the economic impact of the war in Europe, inflation and pandemic containment. It expects 2022 oil demand to rise by 3.1m-bpd, or 3.2%, down almost 0.3m-bpd on its July forecast, followed by 2.7m-bpd growth in 2023. In summary, OPEC puts 2021 world oil demand at 96.9m-bpd, 2022 at 100.0m-bpd and 2023 at 102.7m-bpd. Not so very different from the IEA, they just got there by alternative routes. Whether one takes the IEA's 2.1m-bpd, or OPEC's 2.7m-bpd, of 2023 oil demand growth, both bode well for tankers. The gain in absolute barrels will be further enhanced by rising ton-mile effects as Europe buys from the US, Norway, Canada, Brazil and Guyana and Russia sells to Turkey, the Middle East, India and China.** Japan and South Korea are avoiding Russian oil in sympathy with their western allies who they would expect to join them in defence of the Korean peninsula and Taiwan.

So, at a time when bulkers are softening and containers look vulnerable, how are tankers doing so far this year?^^ VLCCs have recently perked up which has seen average spot market earnings for a 5-year old 310,000-dwt unit rise to \$20,247 per day after \$13,954 daily in calendar 2021. 1-year TC rates have climbed 23% this year from \$27,250 to \$33,500 daily while values have improved 15% from \$73m to \$84m. A 5-year old 160,000-dwt suezmax has seen spot earnings rise 197% to \$39,222 per day YTD from a \$13,186 daily average last year. 1-year TC rates are up 52% this year from \$23,000 to \$35,000 daily and values are up 23% from \$48m to \$59m. A 5-year old 105,000-dwt crude aframax tanker has seen average spot earnings soar 280% this year to \$52,867 daily from \$13,921 per day in calendar 2021. 1-year TC rates have improved 41% to \$30,000 per day today from \$21,250 at the start of this year. Asset values are up 18% from \$30m to \$37m. Finally, a 5-year old 50,000-dwt MR product tanker has averaged \$36,175 daily on the spot market in 2022 to date, up 198% on the calendar 2021 average of \$12,153 per day. 1-year TC rates are up 91% to \$30,500 today from \$16,000 daily in calendar 2021. Asset values are 23% stronger to \$37m today from \$30m at the start of this year. After over two years in the doldrums, tankers are now looking up and are performing well despite strong headwinds: inflation, rising interest rates, a cost of living crisis, food and energy shortages, recession fears, demand destruction and lockdowns. Once one adds pestilence, flood, fire and drought it is not a bad performance. Some good news would help us a lot.

*The International Energy Agency and the Organization of the Petroleum Exporting Countries.

^^We have also witnessed a significant worldwide failure of hydro-electric and renewables while much of the nuclear fleet is off-line.

**This is well before the official EU ban on seaborne Russian crude imports on 5 Dec and seaborne Russian product imports on 5 Feb.

^^Data taken from the Shipping Intelligence Network as of the week ending Friday 5 August. All tankers are mod, eco, scrubber-fitted.

Dry Cargo Chartering

Cape markets seemed to have turned a corner as rates strengthened in the first half of this week before tailing off yet again on Thursday and Friday. This meant that time-charter averages ended up at a disappointing \$10,898, down a further \$802 from 5th August. Freight prices for Brazil-China dipped under \$21.00 pmt, while Australia-China was around \$8.00 - \$8.50 pmt by close of play. In addition to this, the stream of fixture information was quite limited too. We saw that Anglo American took at least 2 vessels for iron ore stems ex. Brazil both loading 170,000 mtons 10% from Açu with one ship bound for China at \$22.00 pmt and the other to Bahrain at \$17.75 pmt. Both of these were for early September dates. BHP and FMG booked a handful of Australia-China shipments for later this month, including the 2017-built *Herun Global*, with freight prices for all fairly consistent at around the \$8.80 pmt mark. Lastly, charterers TKSE took an unnamed vessel for their 170,000 mtons 10% coal cargo from Gladstone to Rotterdam for 30 August/9 September at \$13.60 pmt.

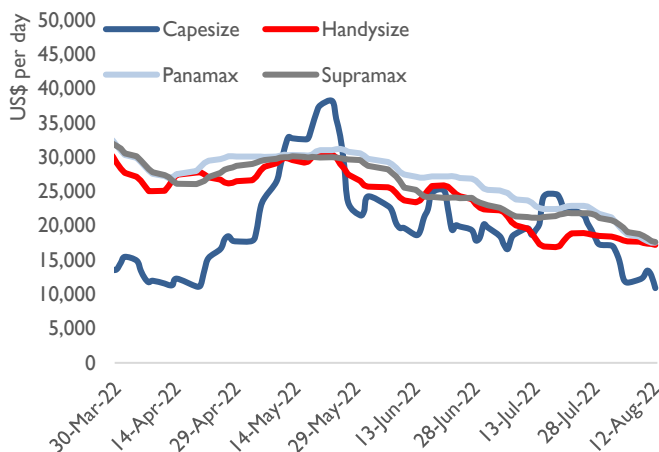
Panamax market continued its' sorry story of the last couple of weeks as it again softened, as the P5TC closed at \$17,161 699 down by \$538 (-3.03%) since last reported on 5th August. In the Pacific, Panocean fixed *Navios Harmony* (82,790-dwt, 2006) delivery Goseong 12-13 August for a trip via Indonesia to South Korea at \$12,500 whilst Viterra covered *Vita Unity* (82,545-dwt, 2021) delivery Kwangyang 11-12 August for a trip via NoPac redelivering Singapore-Japan range at \$17,500. Meanwhile in the Indian, *Epictetus* (83,987-dwt, 2013) fixed delivery Kandla 8-9 August for a trip via East Coast South America to South East Asia at \$17,500 and D'Amico took *Sea Pegasus* (81,728-dwt, 2014) delivery retro sailing Haldia 23rd July for a trip via East Coast South America back to Saudi Arabia at \$17,000. Atlantic, Louis Dreyfus fixed *Yasa Fortune* (82,849-dwt, 2006, an Oldendorff relet) delivery Gibraltar 14th August for a trip via US Gulf to Pakistan at \$27,000 whilst Norden fixed *Amalia* (81,783-dwt, 2019) delivery Gibraltar 11-12 August for a trip via North Coast South America back to Skaw-Gibraltar range at \$20,500. Kepco Tender fixed Five Ocean TBN vessel for their 85,000/10 coal lift ex Balikpapan to Boryeong 14/23 August at \$10.25.

The **BSI** closed at \$17,526, down from last week's \$18,698. The market continues on its downward spiral due to weakening demands From the Pacific, the week started off slow and the lackluster feel carried on for the remaining days, minimal activity was seen and fresh tonnage remained readily available. *CN Journey* (57,005-dwt, 2020) was heard fixed from Singapore to China at \$14,000 and *Unison Sage* (62,497-dwt, 2020) fixed for a trip from Xiamen to China at \$16,000. From the Atlantic, negative sentiment followed on from previous week, lack of fresh enquiry is keeping the pressure high on prompt tonnage. *Trinity* (56,720-dwt, 2010) was reported fixed from Hamburg to East Mediterranean at \$16,750 and *Sea Affluence* (56,743-dwt, 2012) was fixed from North coast South America to UK at \$18,950. From the south of Africa, *Venture Pearl* (55,639-dwt, 2012) Beira fixed \$19,500 plus \$200,000 ballast bonus for a trip via Richards Bay to east coast India.

The **BHSI** closed this week at \$17,598. Continent was active with fresh inquiry but again limited by the backlog of spot tonnage. Rouen to Algeria grain trips fixing at around \$13,000 per day basis delivery Rouen, scrap trips to Turkey paying even less. A boxy handy fixed delivery Algeria for a trip to the US Gulf at \$13-14,000. Similar trips from the Black Sea were close to fixing around mid-teens. The US Gulf was flat, *Triton Wind I* (37,113-dwt 2013) fixed delivery Texas for a trip to Spain with petcoke \$15,000. Intra-Gulf trips were being rated around \$11,000 per day. East Coast South America, still the strongest market in the Atlantic, dropped dramatically in levels. *Nordloire* (37,212-dwt, 2013) fixed basis delivery Recalada via River Plate to West Mediterranean at \$27,900. Days later, *Giorgos B* (35,315-dwt, 2010) fixed delivery Santos for a trip redelivery Black Sea at \$22,000 with Cargill, while *Clipper Talent* (30,475-dwt, 2009) fixed from Santarem to Spain at \$15,500 with Cargill. The market in the East was still out performing the Atlantic. In India, *Run Chen 2* (32,709-dwt, 2011) delivery Kandla fixed a trip West Africa with bagged rice around \$19,000. In China, *Taokas Wisdom* (31,987-dwt, 2008) open CJK fixed two laden legs trading at \$22,000. AMP fixed their *Pacific Spirit* (35,283-dwt, 2009) open Shenzhen for a trip via Southeast Asia redelivery West coast central America at \$18,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Vita Unity	82,545	2021	Kwangyang	11/12 Aug	Singapore-Japan	\$17,500	Viterra	Via NoPac
Ocean Thyme	82,306	2014	Rotterdam	4 Aug	Singapore-Japan	\$25,250	Golden Ocean	Via US Gulf
Amalia	81,783	2019	Gibraltar	11/12 Aug	Skaw-Gibraltar	\$20,500	Norden	Via NC South America
Matisse	81,034	2014	South Korea	Ppt	Singapore- Japan	\$16,500	Viterra	Via NoPac
Xin Run	73,326	1998	Putian	12 Aug	South China	\$13,750	Cnr	Via Indonesia
Nord Aegean	63,500	2022	Busan	Ppt	Brazil	\$16,000	Meadway	Via Australia
Antigoni B	56,928	2011	US East Coast	12-15 Aug	Turkey	\$23,000	Cnr	-
Fareast Harmony	56,756	2012	Kosichang	12/13 Aug	S.China	\$10,000	Cambrian Bulk	Via Indonesia
Taokas Wisdom	31,987	2008	CJK	13/15 Aug	Singapore-Japan	\$22,000	Cnr	-
Clipper Talent	30,475	2009	Santarem	20/30 Aug	Spain	\$15,500	Cargill	-



Exchange Rates	This week	Last Week
JPY/USD	136.97	133.22
USD/EUR	1.0252	1.0231

Brent Oil Price	This week	Last Week
US\$/barrel	98.0	93.61

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	535.0	498.0
VLSFO	792.0	785.0
Rotterdam IFO	535.0	477.0
VLSFO	754.0	724.0

12 August 2022

Dry Bulk S&P

Heatwaves and droughts seem to be almost universal in Europe and North America with forest fires being fought across the northern hemisphere. The dry bulk market has also dried up with a corporate sale and a twenty-five year old handy being the only the sales to report.

Diana Shipping have spent \$330m acquiring the Sea Trade Holdings ultramax fleet. Breaking down the numbers this would suggest a pricing of roughly \$34.5m for 2015 built units, \$36.3m for the 2016, \$38.0m for the 2017 and \$40.0m for the 2018. These number are hot and have not been supportable in the market, sitting roughly 10% above benchmark values. However this is not a

straight cash purchase (one third of the purchase price is in shares) and as such this gives very little insight into modern ultramax pricing.

A softening freight market in the middle of August is all the encouragement a lot of market participants needs to head for the holidays and glance at their emails only occasionally.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
STH Oslo	60,404	2018	Mitsui	C 4x30T			
STH Montreal	60,362	2018	Mitsui	C 4x30T			
STH Chiba	60,456	2017	Mitsui	C 4x30T			
STH Tokyo	60,309	2016	JMU	C 4x30T			
STH Sydney	60,309	2016	JMU	C 4x30T	Diana Shipping	\$330m enbloc	Including Shares and Full Company Purchase
STH Kure	60,309	2016	JMU	C 4x30T			
STH Athens	60,508	2015	Mitsui	C 4x30T			
STH London	60,446	2015	Mitsui	C 4x30T			
STH New York	60,309	2015	Mitsui	C 4x30T			
Biscayne Light	24,341	1997	Saiki	C 4x30T	Turkish	\$7.20m	

Tanker Commentary

It's not just the weather that is heating up this week. With China live fire drills around Taiwan causing increased tensions, the impact on the now booming tanker market appears to so far be minimal. Tanker Owners have more to celebrate these days with the ever increasing market and it is now looking like the larger vessels are finally beginning their run of success with VLCC's seeing 2 large spikes in the spot rates over a period of just over a month despite nearly 2 months ago the Baltic Exchange reporting VLCC's lowest ever spot earnings on record.

The Moundreas owned *Baroness* (105k-dwt, 2011 Sumitomo, BWTS fitted) is understood to have been sold to undisclosed buyers for \$35m with prompt delivery. This is a very firm price when compared against last weeks 2 year older sister vessel sale of Stavanger *Falcon* (105k-dwt, 2009 Sumitomo)

which received \$28.1m. Also on the Aframax front we understand *Oberon* (106k-dwt, 2006 Hyundai Samho) has also sold at \$25m net to undisclosed buyers.

Meanwhile, it is still the middle aged MRs that are ruling the roost on the sales tables this week with several enbloc deals coming to light. United Overseas Group are understood to be the buyers of the 2 x Vitol owned, Ice classed MR2's, *Elandra Fjord* & *Elandra Baltic* (51k-dwt, 2011 HMD, BWTS fitted) at a price of \$25m each. US owners Ridgebury Tankers have sold their 3 x MR2's *Ridgebury Alexandra Z* & *Ridgebury Cindy A* & *Ridgebury Rosemary E* (50k-dwt, 2009 SPP) at \$22m each to Turkish buyers with delivery in September. This is a marked improvement on the sister vessel *Sunny Bay* (50k-dwt, 2008 SPP) which sold to Chinese buyers back in July for \$17.8m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
<i>Oberon</i>	106,004	2006	Hyundai Samho	undisclosed	\$25m net	
<i>Baroness</i>	105,335	2011	Sumitomo	undisclosed	\$35.00m	BWTS fitted & prompt delivery
<i>Inca</i>	68,439	2003	Koyo	undisclosed	\$12.50 - \$13.00m	
<i>Elandra Fjord</i>	51,408	2011	HMD	United Overseas Group	\$50.00m enbloc	BWTS fitted & Ice class
<i>Elandra Baltic</i>	51,406					
<i>Ridgebury Rosemary E</i>	50,261					
<i>Ridgebury Alexandra Z</i>	50,250	2009	SPP	Turkish	\$66.00m enbloc	Delivery September 2022
<i>Ridgebury Cindy A</i>	50,162					
<i>Jal Sasvata</i>	46,590	2009	Naikai	Doria Shipping	\$33.50m enbloc	BWTS fitted, Concluded in July
<i>Jal Upasana</i>	46,846	2006				

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