



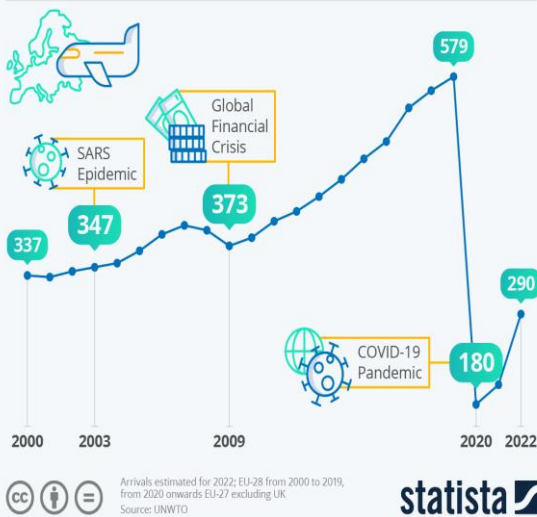
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... A Lot of Catching-up to Do ...

COVID-19 HAD AN UNPRECEDENTED IMPACT ON EUROPEAN TOURISM

International arrivals in Europe, 2000-2022 (in millions)



Source : Statista

POINTS OF VIEW

Markets continue to be battered by a stream of external events as nationwide protests in Russia and Iran, both major oil and gas producers, threaten to topple these autocratic and theocratic regimes from within. On Wednesday, Vladimir Putin mobilised army reserves to bolster his faltering invasion of Ukraine ahead of holding sham referendums in four occupied regions to formally annex them. His rallying call is that Russia is on a mission to fight western European imperialism and its eastern expansion. This move raises the stakes in the seven-month-old war and increases the risk of the conflict expanding and even tilting towards the use of nuclear weapons. In the face of failure, Putin prefers escalation. Calling up 300,000 reservists caused all flights from Russia to visa-free countries to sell out while borders closed to eligible draftees.* Google saw an increase in searches on how to break an arm, while Wagner recruits convicts and expendables for the front line. It all smacks of desperation. Hundreds of people have been arrested for protesting the call-up. The hollow threat to use nuclear weapons is regarded as bluff, but so was Putin's threat to invade Ukraine, just before he actually did it. The bellicose rhetoric sent EU gas prices soaring and the Moscow MOEX index plunged 10% midweek. Russia and the whole world is exposed to commodity price volatility and commodity flow chaos as long as war in Europe rolls on. Many shipping sectors benefit from disruption as distances travelled tend to lengthen even as global demand weakens on fears of inflation and recession. It's the usual mayhem.

The IEA has just brought out its September Oil Market Report. It is marginally changed from August with oil demand growth predicted at 2.0m-bpd in 2022 from 97.6 to 99.6m-bpd and at 2.1m-bpd in 2023 to 101.7m-bpd, 2% a year. It was keen to debunk a few frequently expressed falsehoods about the current global energy crisis, three of which it chose to highlight. The first fallacy is that Russia is winning the energy battle. It may have caused oil and gas prices to spike, but any short-term gain in export revenues will be more than offset by the long-term loss of trust and markets. Moscow has alienated the EU, its largest buyer, and sanctions on its oil and gas sector will damage its ability to exploit its resources as access to vital technologies will be restricted. Second, this is not a clean energy crisis. Policy makers regret not having moved faster on solar, wind and energy efficiency but, let us be clear, the main culprit is Russia and the gas supply crunch.** Third, that the current energy crisis will set back efforts to tackle climate change. Quite on the contrary, this crisis is more likely to herald an historic turning point towards a cleaner, more affordable and secure energy system as we are starkly reminded of the unsustainability of fossil fuels. We can imagine that, even if the war were to end as soon as this year, sanctions against the Russian energy complex will persist. Over time, various mechanisms may be devised to channel future net revenues from managed Russian energy sales to finance the reconstruction of Ukraine.

The EU is likely to need to substitute Russian seaborne crude oil and oil product imports for a prolonged period, while Russia will need to find long-term takers for its oil, gas, LNG and coal outside the UK, Europe and US. At present, it is overly reliant upon Turkey, the MEG, India and China to take its redirected oil. There is anecdotal evidence that both India and China are shying away from Russian oil purchases, with India put off by the high freight costs involved in importing ESPO crude, while China plans to import more crude from the MEG, Africa and US for conversion into diesel and gasoil for export to Europe. China is poised to ramp up crude imports and raise refinery runs and oil product export quotas. Meanwhile, after significant releases, the US SPR[^] is down to 434mb, its lowest level since 1984, from an average of 622mb in 2021 and a capacity of 727mb, last achieved in 2010. The US will soon need to replenish these reserves with a combination of domestic and imported oil. The BDTI was at 725 points on 23 February, the day before the invasion, and has more than doubled to 1,498 points today while, over the same period, the BCTI is up 1.8x from 690 to 1,242 points. 5-year old tanker values continue to climb since the start of this year, according to the BSPAs, with VLCC +18% to \$85.3m, suezmax +22% to \$58.6m, aframax +32% to \$53.7m and MR +33% to \$38.2m. The Kremlin's move on Ukraine should have been a quick takeaway, but it has turned into an indigestible meal served up with a pinch of salt and a putinesca sauce, on a bed of torched cavalry, with regret on the side.

*With 'Georgia on my Mind' it's now time for that 'Midnight Train to Georgia' as eligible draftees scramble to leave in cars, trains & planes.

Poland and the Baltic States will not grant asylum to Russians fleeing enlistment. Russian disinterest is changing to scared involvement.

**Trafigura's head of fuel decarbonisation stated that Russia's invasion has accelerated the energy transition by five to ten years.

[^]The US Strategic Petroleum Reserve is stored in deep underground salt caverns along the Texas and Louisiana Gulf Coasts.

Dry Cargo Chartering

Another encouraging week for the **cape** markets as rates continued their upward trend. Time-charter averages rallied once more by \$5,694 to close play at \$18,293. Brazil-China rates were almost at \$24.00 pmt and were well over \$10.00 pmt from Australia on average. Plenty of fixtures came to light this week, including an abundance of iron ore fixtures. Oldendorff took the Daiichi relet *Cape Phoenix* built 2011 for 170,000 mtons 10% from Western Australia to Qingdao at \$9.50 pmt, while Rio Tinto fixed *Maple Power* for the same trade at \$9.35 pmt for the same trade. Both were for early October dates. An NSC tender was covered by a TBN NYK vessel for 190,000 mtons 10% loading Pointe Noire to Kashima at \$30.75 pmt with routing via the Suez Canal. Additionally, *Mineral Temse* (175,401-dwt, 2010) was fixed by Ultrabulk delivery Navlakhi for a trip via RSA to China with chrome ore at \$25,000.

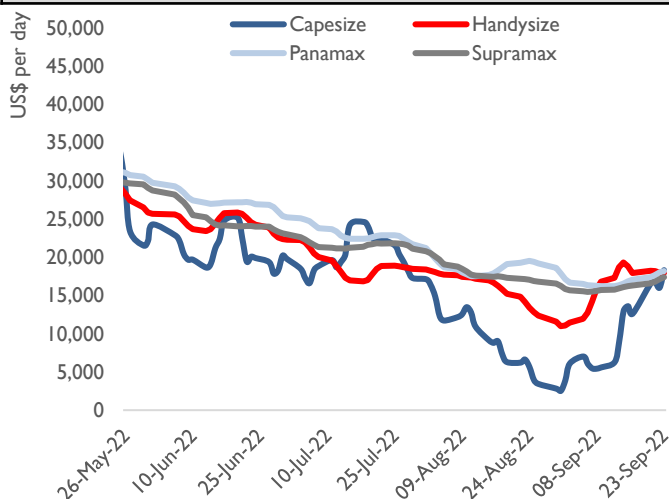
Mixed sentiments in the **panamax** market as the week started off strong but took a slight dip towards the end. The P5TC closed at \$17,959, a slight improvement from last week. In the Pacific, *Bright Venture* (81,200-dwt, 2020) open CJK was heard fixed for a trip Nopac round trip at \$22,000, while MOL took *RB Mya* (81,278-dwt, 2017) for a trip from Hirohata to Singapore-Japan range via Australia at \$21,000. Further south, RGL covered *Brilliant Discovery* (81,798-dwt, 2014) passing Singapore via WC Australia to China at \$18,500. In the Atlantic, Olam fixed *Nord Corona* (81,600-dwt, 2019) open Gibraltar for a trip to Singapore-Japan range via US Gulf at \$24,500 and *Nord Gemini* (81,870-dwt, 2017) open Jorf Lasfar to Skaw-Gibraltar via North Coast South America at \$17,500. Comerge took *Medi Fuji* (81,791-dwt, 2020) from US Gulf to Singapore-Japan range at \$19,500 with \$950,000 ballast bonus. On voyage, SAIL fixed a TBN vessel for their 80,000 mtons 10% coal lift ex Gladstone to Visakhapatnam for 11-20 Oct at \$23.40 pmt.

Likewise in the **supra** markets, further gains were seen again. Time-charter averages rose by \$1,115 to close play at \$18,172. In the Pacific, we heard that *Spring Rainbow* (63,234-dwt, 2014) delivery Belawan 25-29 Oct for a trip via Indonesia to China at \$22,000. Charterers Chinaland took *Ioannis Theo* (56,735-dwt, 2010) delivery CJK for a backhaul to the Med at \$19,000. In the Indian Ocean, *Kang Yao* (52,988-dwt, 2004) fixed delivery South Africa for a trip to India at \$17,000 + a \$150k bb, and *Mandarin Eagle* (56,876-dwt, 2008) fixed delivery Mumbai for a trip to West Coast India at \$16,000. In the Atlantic, Meadway took *Pearl Island* (63,878-dwt, 2018) delivery WWR Upriver for a trip to RSA at \$29,000, *Stellar Eagle* (55,989-dwt, 2009) fixed delivery Hamburg for a trip via the Cont to the East Med at \$15,000, and *Unity Endeavour* (61,617-dwt, 2014) fixed delivery North Brazil for a fronthaul trip with iron ore at \$17,500 plus a \$750k bb.

The **handysize** market closed the week at \$17,383, up again from last weeks close of \$16,281. All areas in the Atlantic continued their upward trend. In the USG, we heard Falcon fixing *Szare Szeregi* (39,072-dwt, 2017) at \$19,000 for a pellets cargo ex Mobile to the Continent. *Alberto Topic* (34,356-dwt, 2015) fixed \$12,500 aps Canakkale for a trip via Black Sea to USG/USEC/Caribs with steels. In the South Atlantic, Cargill fixed *Luzon Strait* (33,517-dwt, 2007) delivery Santos for a trip redelivery Morocco at \$23,500. On the Continent we heard a 35k dwt fixing 13k to Portugal but no further details emerged. Rates followed suit in the Pacific. Delta fixed *Eldoris* (36,075-dwt, 2011) open Chittagong for a trip redelivery Cont-Med with steels at \$19,000. *Jin Yuan Ling* (31,772-dwt, 2009) open Bunbury fixed \$18,000 + \$180,000bb for alumina to Far East. On period we heard *Daiwan Dolphin* (34,393-dwt, 2015) open Trinidad fixed 2 years at 102.5pct BHSI.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
MG Kronos	84,790	2016	Rotterdam	17 Sep	Singapore-Japan	\$26,500	Comerge	Via US Gulf
Kavo Yeraki	82,926	2006	Jorf Lasfar	25 Sep	Singapore-Japan	\$24,000	Bunge	Via EC South America
Red Lily	81,855	2017	Yosu	24 Sep	Singapore- Japan	\$21,500	Klaveness	Via Nopac
Omiros L	81,450	2013	Cape Passero	23 Sep	Cape Passero	\$15,000	Oldendorff	Via NC South America and Mediterranean
Nestor	75,039	2011	EC South America	26/29 Sep	Singapore-Japan	\$19,000	Cnr	+\$900,000 bb
Unity Endeavour	61,617	2014	N.Brazil	End Sep	N.China	\$17,500	Cnr	+\$750,000 bb
Libra	56,726	2010	Singapore	23/24 Sep	Thailand	\$22,500	Norden	Via Indonesia
Stellar Eagle	55,989	2009	Hamburg	Ppt	East Mediterranean	\$15,000	Cnr	Via Continent
Federal Sutton	37,168	2012	Port Kelang	Ppt	China	\$21,000	Cnr	Via W Australia
Luzon Strait	33,517	2007	Santos	Ppt	Morocco	\$23,500	Cargill	-



Exchange Rates	This week	Last Week
JPY/USD	143.09	143.28
USD/EUR	0.9734	0.9954

Brent Oil Price	This week	Last Week
US\$/barrel	85.69	92.38

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	405.0	400.0
VLSFO	709.0	688.0
Rotterdam IFO	450.0	410.0
VLSFO	665.0	653.0

23 September 2022

Dry Bulk S&P

Perhaps prices have now reached a point that provides enough encouragement to Buyers that it is time to act. The number of sales to report this week certainly supports that view, with confirmed deals in all sizes.

We understand that Chinese buyers have paid \$30m for the 2012 built *Frontier Triumph* (181k-dwt, built Imabari), with the second bid at around \$28.5m. This is the first Japanese cape sold since the ex *Mineral Haiku* (180k-dwt, built 2010 Koyo) in May for \$34m. At the other end of the spectrum, *Cougar* (177k-dwt, built 2002 Mitsui, BWTS fitted) has been sold for close to \$14m. She has a scrap value of circa \$12-12.5m.

A 10 year old kamsarmax, *Buenos Aires* (83k-dwt, built 2011 Sanoyas, BWTS fitted) has been sold to Greek buyers for \$21m, a price broadly in line with expectations.

Ultrabulk are reported to have found a Vietnamese buyer for their scrubber fitted *Ultra Dynamic* (61k-dwt, built 2011 Shin Kasado, BWTS fitted). The buyer is said to have paid \$22.9m. This follows their last sale of the 4 year younger *Ultra Trust* for \$28m – she was also scrubber fitted.

There are a number of other ships inviting offers this week that we shall have further news on over the coming days.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Spring Brave	206,306	2007	Imabari	-	undisclosed	\$17.00m	
Sunny Sailor	91,443	2000	Oshima	-	undisclosed	\$9.80m	
Buenos Aires	83,366	2011	Sanoyas	-	Greek	\$21.00m	BWTS fitted
Fortune Trader	74,750	2001	Hudong	-	undisclosed	\$9.30m	
Pantelis	74,020	2000	Tsuneishi	-	undisclosed	\$9.70m	BWTS fitted
Ultra Dynamic	61,412	2011	Shin Kasado	C 4x31T	undisclosed	\$22.90m	BWTS & Scrubber fitted
Lian Xin	52,512	2002	Kanasashi	C 4x31T	undisclosed	\$11.30m	BWTS fitted
Amber L	47,282	2000	Oshima	C 4x25T	undisclosed	\$9.50m	BWTS fitted
Maple Ambition	35,513	2015	Taizhou Maple	C 4x31T	Chinese	\$16.50m	Internal Deal



Tanker Commentary

Large Greek ship owners continue their fleet renewals with both Minerva Marine and Thenamaris taking advantage of the current high demand for older ice classed tankers. The former has committed their *Surfer Rosa* (46k-dwt 2004 Hyundai Mipo, epoxy phenolic Ice IC) for \$16m whilst the latter has sold their *Seamercury* (39k-dwt 2003 Hyundai Mipo, epoxy phenolic Ice IB) for \$10.65m.

Prime Marine Management have also capitalized on ice classed demand having sold their *Polar Unicorn* (73k-dwt 2008 Onomichi, epoxy Ice IA) for \$22m. By way of comparison, the two-year-

older, *Aristos* (74k-dwt 2006 Onomichi, epoxy) was sold at the beginning of this month for \$20m.

VLCC asset prices remain on the ascension as spot earnings average over \$70,000 per day. The Bahri owned *Hilwah* (316k-dwt 2002 Hyundai Ulsan) called for offers earlier this week and is reportedly committed to Chinese buyers in the region of \$38m. This represents a sharp increase in second hand values given the six-year-younger *DHT Edelweiss* (301k-dwt 2008 Daewoo) was sold for the same price just three weeks prior.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Hilwah	316,808	2002	Hyundai	undisclosed	\$38.00m	
Viki	310,106	2000	Samsung	undisclosed	\$29.50m	
Lila Guangzhou	159,149	2004	Bohai	undisclosed	\$23.50m	
Polar Unicorn	73,956	2008	Onomichi	undisclosed	\$22.75m	BWTS fitted & Ice IA
Surfer Rosa	46,719	2004	Hyundai	undisclosed	\$16.00m	Ice IC
Seamercury	39,634	2003	Hyundai	undisclosed	\$10.65m	Ice IB

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