



POINTS OF VIEW

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... "How did you go bankrupt?" Bill asked. "Two ways," Mike said. "Gradually, then suddenly" ...

The Sun Also Rises, Ernest Hemingway

The Pound Tanks Against the Dollar

Exchange rate of GBP to USD from Sep 27, 2021 to Sep 26, 2022



Source: Investing.com



statista

Source : Statista

2022 YTD vs USD. GBP: -20.7%, JPY: -20.5%, KRW: -16.4%, EUR: -15.6%, AUD: -11.4%, CNY: -11.3%, INR: -8.7%, CHF: -8.0%

*The Asian Development Bank cut its forecast of Chinese growth to 3.3%, from 5% in April, with the OECD coming in at 3.2%.

**UK government fiscal policy is flooring the accelerator while BoE central bank monetary policy is hitting the brakes. Markets react.

^The UK has even been rebuked by the IMF. It has warned that the proposed tax cuts are likely to fuel the cost of living crisis.

^^The CNY and JPY are trading at cyclical lows vs the US dollar, dragging down the value of other Asian currencies.

^^^APMM is worth \$33.2bn which is 91% of the combined market caps of Europe's ten largest airlines valued at \$36.5bn.

China's economy tanked after so much damage was done by its Covid lockdown policy and a structural meltdown in its property market, the world's largest. The World Bank's latest 6-monthly GDP growth forecasts, released on Tuesday, predict Chinese growth of just 2.8% this year, down from its 5% forecast in April, and well down on the national target of 5.5%, after recording 8.1% growth in 2021. Its growth forecast this year for the 23-country East Asia and Pacific region was downgraded from 5% to 3.2%, dragged lower by China which generates 86% of the region's economic output.* This is the first time since 1990 that China has underperformed the region that it usually supports. China is not alone in suffering economic problems. The UK and Europe are suffering from cost-push inflation as wages and energy bills rise, more a problem of a supply deficit than unbridled demand. In the UK we have stagflation: low growth and high inflation. In recent weeks we have lost a prime minister, our queen, the conservative party and the economy. Last Friday, the new chancellor's unexplained mini-Budget ushered in Trussonomics. It is as it sounds, a form of bondage: tax cuts paid for by borrowing at a time of rising interest rates and higher costs of debt servicing.** In 2007-08, one UK pound bought two US dollars. On Monday, sterling almost hit parity with the greenback. The BoE raised its base rate by a modest 0.5% last week to 2.25%, with markets expecting it to reach 6.25% by May 2023, up from 0.1% a year ago!

Households with mortgages will struggle, while companies will balk at borrowing 5-year money at around 10%. It all points to a period of lower consumption and investment which has the British public and global markets questioning tax cuts and raised borrowing.^ True, it is the first conservative budget in recent memory, and it contrasts with many years of rising taxes, increased spending, enhanced benefits, reduced services, crumbling infrastructure and pouring money into the black hole that is an unreformed NHS, a clipboard health service in a digital age. Anyway, the BoE had to intervene to provide liquidity to UK pension funds, that risked failing, while the markets decided that now is not the right time to reward high earners when households are having difficulty paying for food, lighting and heating. The US, also in inflation's grip, has the advantage of being self-sufficient in energy, and being a net exporter of gas since 2017, and of having the dollar, still the main currency of global trade. Its present strength provides the US a degree of inflation protection. But, the US's currency benefit is every other nation's currency burden. Right now, the Fed is firmly set on an America First policy and is easing its own economic problems by imposing pain on countries that borrow its dollars to buy dollar-priced commodities. China's weakness is affecting all those other 22 countries in the Asia-Pacific that depend upon it, while Russia seeks leverage from the northern hemisphere winter. Shipping finds itself caught in the crossfire.

It is a despairing backdrop and our unsynchronised shipping market sectors are responding in different ways to events and the above macro-economic realities. Bulkers are down on weak Chinese steel production, which impacts its iron ore imports, and on unwinding congestion that returns ships to active duty quicker than we have become accustomed to. This year, global seaborne iron ore trade is expected to fall 1.3%, coal trade to remain flat and grain trade to be down 3.2%. Overall dry bulk trade is predicted to be down 0.4% in absolute terms but up 0.6% in tonne-mile terms. Tankers are doing well after two years in the wilderness and, with limited net supply growth, look to be headed for exceptional earnings over the next few years. Absolute demand can disappoint, and yet distances travelled promise to be longer. Global recession is front of mind but low tonnage supply growth will protect bulkers and tankers while we wait for the demand side to rebound. Asia has shown how it can bounce back from lockdowns, so China's post-Congress lockdown policy will be relevant as it will influence both its recovery and future shipping demand. Container freight rates are reverting to mean, but they were in nosebleed territory for far too long, so it is not surprising. MSC, Maersk and CMA CGM are using their massive profits from the peak pandemic years to expand into logistics and air freight, buying and leasing aircraft. In contrast, during Covid, airlines got hammered and are still struggling to recover, thus opening the door for the ocean carriers to get airborne.^^^

Dry Cargo Chartering

Capesize markets softened fairly significantly in the first half of this week before levelling off on Thursday and Friday. Time-charter averages dropped by \$2,079 since our last report to close play at \$16,214. Freight prices for the Brazil-China route were a little under \$23.00 pmt and ex. Australia were just above \$8.00 pmt. Rio Tinto took at least 4 vessels for 170,000 mtons 10% iron ore ex Dampier for Qingdao this week with prices ranging from \$8.85 pmt to \$9.30 pmt. Additionally, Vale chartered Genco Constantine built 2008 for min/max 150,000 mtons loading Tubarao for Misurata (free D/A's) 13/22 October at \$14.75 pmt. On the coal side of things, charterers Contango fixed a TBN vessel for 125,000 mtons 10% from Hay Point to Kuantan 10/19 October at \$10.90 pmt. It also came to light that at the very end of last week, Cofco took *Pacific Resource* (180,090-dwt, 2010) delivery Zhoushan 15 October ex dry dock for 1 year trading redelivery worldwide at \$16,500.

Market levels remained stable this week for the **panamax** sector with decent levels of activities seen in the Atlantic but a slower pace in the Pacific basin, mainly due to the upcoming Golden Week Holiday. The P5 TC closed at \$18,292 up by \$120 since last reported 23rd September. In the Pacific, Pacific Bulk took *Darya Preet* (81,981-dwt, 2019) open Dafeng for a trip to Singapore-Japan range via NoPac at \$20,000 and Ultrabulk covered *Astarte* (81,513-dwt, 2013) for a North Pacific round trip at \$17,500. On a similar North Pacific round trip, it was reported that ETG fixed *Guo Yuan 28* (75,864-dwt, 2012) open Kakogawa at \$18,250. Moving on to the Atlantic, Reachy had fixed *Alam Kekal* (82,029-dwt, 2018) delivery Recalada to China at \$19,500 with \$950,000 bb. Cargill was linked to both *Mondial Success* (82,010-dwt, 2017) open Skaw for redelivery in Singapore-Japan range at \$26,000 and *Crimson Ark* (81,765-dwt, 2016) from Rotterdam for a trans-Atlantic round trip at \$16,500 but little came to light. On voyage, Sail fixed TBN vessel for their 75,000/10 coal lift East Coast Australia / Visakhapatnam 20/29 Oct at \$21.90.

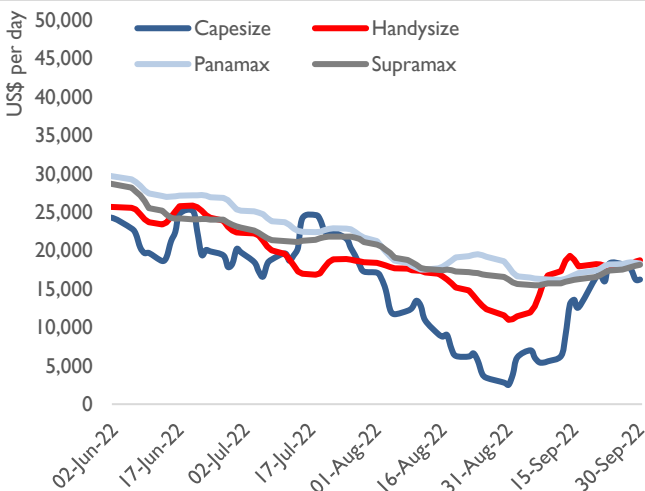
Supramax market idled sideways this week as we approach Golden Week in the East as the S10TC closed at \$18,292 up by \$120 (0.66%) since last reported on 23rd September. In the Pacific, ESM fixed *WU Xing 6* (56,816-dwt, 2011) delivery CJK prompt dates for a trip via Indonesia to China at \$15,500 whilst *Rui Fu Cheng* (55,567-dwt, 2005) was covered delivery Singapore prompt dates

for a trip via Indonesia to China at \$21,000 and *Great Progress* (63,377-dwt, 2015) fixed delivery Mongla 30th September for a trip via Indonesia to India at \$20,500. Meanwhile in the Indian, Team Bulk covered *Tan Binh 267* (56,548-dwt, 2010) delivery Male 27th September to 1st October for a trip via Oman to redeliver Sri Lanka at \$12,000 and *African Sanderling* (58,798-dwt, 2008) was fixed delivery South Africa 27th September for a trip via Saldanha Bay to East Coast India at \$20,000 plus \$200,000 bb.

Tails were up this week in the handy sector within the Atlantic, with gains across the board. Pacific market remained steady, Owners seeing levels around low 20'000's for back haul trips. The **BHSI** closed this week \$776 up from last week, closing at \$18,159. Continent – Baltic markets had slight improvements; *Bunun Miracle* (37,655-dwt 2020) open Aalborg fixed a front haul trip at \$17,000. *Tiberius* (33,383-dwt, 2013) fixed a Rouen to Israel trip with grains at \$19,000 aps. The East end of Mediterranean sentiment was up, some Owners claiming to have levels close to \$20,000 for a trans-Atlantic trip. A 31,000-dwt vessel fixed for 2/3 laden legs delivery Skikda at \$15,000 redelivery skaw-Gibraltar range. A 37,000-dwt fixed in the 16'000's USD per day for a salt trip up to North Continent. The rise in corn exports in South America started drawing large handy tonnage from West Africa at levels a tick under \$20,000 basis dlosp. *Pavida Naree* (35,891-dwt, 2018) fixed \$19,000 dop Conakry via Brazil to the Mediterranean. Across the pond, mixed feelings as Hurricane Ian savagely whipped out huge parts of east coast Florida with substantial damages to Fort Myers. Trans-Atlantic trips now being fixed at mid-teens. East Coast South America, the strongest market, and the driving stimulus in the Atlantic, with trip charter rates rising from \$17k/day to \$27k/day in less than a month. A 34,000-dwt vessel fixed grains from Recalada to Turkey at \$29,000 dop, while a 37k-dwt fixed \$30,000 for a trip to the US Gulf. In the East, sentiment was flat, but rates remained firm. *Alentejo* (36,041-dwt, 2013) open Tuticorin fixed delivery Indonesia for a trip to the far East at around \$15,000 dop with HMM, early in the week. A Saiki 37 open Mokpo fixed a trip to PG at \$21,000. *Magpie SW* (34,302-dwt, 2015) fixed from Zhangzhou for 2 laden legs (first leg into NZ) in the \$19,000s with Glovis. *Cosmos Harmony* (38,575-dwt, 2019) open Thailand fixed low \$20,000s for laden legs with GMT.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
De Xing Chang Hai	92,589	2011	Lumut	2 Oct	South Korea	\$18,000	H.Glovis	Via Indonesia
Medi Serapo	87,091	2018	EC South America	25 Oct	Singapore-Japan	\$21,000	Olam Intl	+\$1,100,000 bb
Mondial Success	82,010	2017	Skaw	28 Sep	Singapore- Japan	\$26,500	Cargill	via US Gulf
Sea Taurus	76,616	2004	CJK	28 Sep- 2 Oct	Singapore-Japan	\$17,250	ASL Bulk	Via Nopac
Guo Yuan 18	75,891	2012	Hong Kong	3 Oct	South China	\$14,500	Cnr	Via Indonesia
Zhe Hai 168	57,032	2011	Penang	Ppt	China	\$17,500	Lianyi	Via Indonesia
Dayang Orient	56,380	2011	Hong Kong	27 Sep	China	\$19,500	Cnr	Via Indonesia
Rui Fu Cheng	55,567	2005	Singapore	Ppt	China	\$21,000	Fulllinks	Via Indonesia
Bunun Miracle	37,655	2020	Aalborg	27/28 Sep	Far East	\$17,000	Cnr	-
Federal Columbia	34,564	2016	Japan	22 Sep	SE Asia	\$17,750	Cnr	-



Exchange Rates	This week	Last Week
JPY/USD	144.47	143.09
USD/EUR	0.9816	0.9734

Brent Oil Price	This week	Last Week
US\$/barrel	88.20	85.69

Bunker Prices (\$/tonne)	This week	Last Week
Singapore IFO	394.0	405.0
VLSFO	694.0	709.0
Rotterdam IFO	415.0	450.0
VLSFO	620.0	665.0

30 September 2022

Dry Bulk S&P

After several weeks of very few sales our list is significantly lengthier today. After weeks of minimal activity there are now Buyers and Sellers who are prepared to make moves and setting some much needed benchmarks.

The ship was rumoured to be in poor condition (report score under 70). In June, *Sagarjeet* was reportedly sold to Chinese Buyers for \$18.4m a deal which ended up failing offering a clear guide of how values have been affected in this sector.

Two 2006 Kamsarmaxes are sold, *Pedhoulas Trader* & *Alexandra* (both 82k-dwt, 2006 Tsuneishi). We understand Greeks bought *Pedhoulas* in the high 15s and Turks were the Buyers in mid \$16s for *Alexandra*. The Sellers of *Alexandra*, Neda Maritime, likely achieving a premium for their reputation for keeping well maintained tonnage.

The Baltic indices puts kams, supras and handies earning in excess of 18k per day making it unsurprising that Buyers are more willing to test Sellers and there is a sense that in some sectors values have bottomed out.

Japanese Sellers have started accepting the best offers in front of them too. In the recent past numerous units from Japan have invited offers only to be withdrawn after unfulfilled Sellers decided they were better off biding their time. The yen now sits at about 145 v USD (compared with about 110 a year ago) perhaps inducing some Sellers to sell at best. NYK are linked to the sale of *Sagarjeet* (58,069-dwt, Tsuneishi-Zhoushan, 2009) – for \$16.15m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
D Skalkeas	93,281	2011	Jiangsu Newyangzi	Gearless	undisclosed	\$20.00m	BWTS fitted
Ocean Thyme	82,306	2014	Dalian	Gearless	undisclosed	\$21.50m	Eco ME
Alexandra	82,329	2006	Tsuneishi Corp	Gearless	Turkish	\$16.50m	BWTS fitted
Pedhoulas Trader	82,214	2006	Tsuneishi	Gearless	Minoa Marine	\$15.84m	
Agri Queen	77,171	2009	Oshima	Gearless	undisclosed	\$16.00m	BWTS fitted, Auction sale
Agri Kinsale	77,171	2009	Oshima	Gearless	Undisclosed	\$16.00m	
Coral Emerald	75,632	2007	Sanoyas	Gearless	Undisclosed	\$14.00m	BWTS fitted
Genco Bourgogne	58,020	2010	Yangzhou Dayang	C 4x35T	Bangladeshi	\$15.75m	
Sagarjeet	58,079	2009	Tsuneishi Zhuoshan	C 4x30T	Undisclosed	\$16.15m	
Taurus Honor	56,758	2009	Jiangsu Hantong	C 4x35T	Undisclosed	\$14.80m	BWTS fitted
Navios Ulysses	55,728	2007	Oshima	C 4x30T	Chinese	\$14.5m	BWTS fitted
Lian Xin	52,512	2002	Kanasashi	C 4x31T	Undisclosed	\$11.50m	BWTS fitted
Marvel	48,893	2001	Ishikawajima-Harima	C 4x30T	Undisclosed	\$10.50m	BWTS fitted



Tanker Commentary

The tanker market continues to skyrocket with the older VLCC's being the main talk around brokers this week. Asking prices on the older vessels have jumped substantially over the last month and continue to rise. The thought of sanctioned cargo's has kept even the older ladies off the beach with vessels even out of class finding new homes at well above scrap such as the *Viki* (310k, 2000 Samsung) which we reported last week. Seemingly many of the previously sanctioned vessels carrying Iranian and Venezuelan oil to China have now moved across to carrying Russian cargoes to India, these cargoes are not just boosting VLCC prices but also keeping Suezmax and Aframax levels high and steady. Rumours this week of the 3 Hellenic tankers VLCC's being sold at \$150m enbloc have been circulating, despite not yet being confirmed we understand that the *Princess Mary* (306k-dwt, 2004 Mitsubishi BWTS Fitted) has now seen \$50m.

Vinga (159k-dwt, 2012 Samsung) has gone at \$42m to Thenamaris. The sister vessel, *Dolviken* (159k-dwt, 2012 Samsung) was sold at the end of July for \$41.4m to Advantage Tankers. On the LR2s, *Keros Voyager* (105k-dwt 2008 Hyundai Ulsan, epoxy) is understood to have sold for \$35m, back in August the year younger *Stavanger Falcon* (105k-dwt, 2009 Sumitomo) saw a price of \$28.1m showing just how much this market has moved on in the last month.

Onto the Medium ships, the Norden Owned *Laperouse* (50k-dwt, 2011 GSI, epoxy phenolic BWTS Fitted) has been sold for \$26m. We have not seen a Chinese built MR of a similar age sell since May this year which was the year younger, *Elektra* (52k-dwt, 2012 GSI) which was sold to Middle Eastern buyers for \$18m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Pride	299,986	1998	Hitachi Zosen	undisclosed	\$29.00m	FSO with DD due
Vinga	158,982	2012	Samsung	Thenamaris	\$42.00m	
Nordic Rio	151,174	2004	Samsung	undisclosed	\$26.00m	BWTS fitted
Concord Express	111,920	2003	Hyundai Ulsan	Chinese	\$23.00m	
Keros Voyage	105,585	2008	Hyundai Ulsan	Teodor Shipping	\$35.00m	epoxy
Laperouse	50,420	2011	GSI	undisclosed	\$26.00m	Epoxy Phenolic, BWTS fitted
Black Swan	47,999	2007	Iwagi	undisclosed	\$19.00m	Epoxy, BWTS fitted
Baltic Advance	37,332	2006	HMD	undisclosed	\$16.00m	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Lumoso Karunia	45,875	1990	Imabari	BULK	7,987	590	As is

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