HARTLAND
SHIPPING SERVICES

25 November 2022

WEEKLY COMMENTARY

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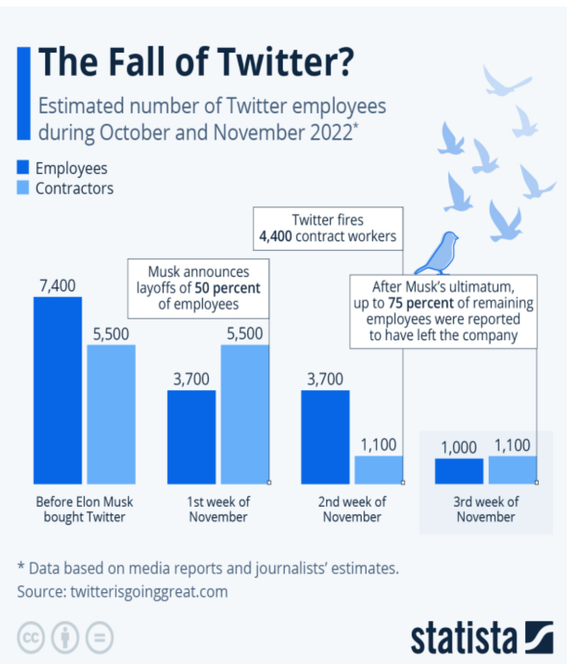
… Tweets, Twits & Twats …



Source : Statista

*Over 80 out of almost 200 countries favoured phasing down all fossil fuels, but this was resisted, mostly by big oil/gas producers.

^In 2015 in Paris, wealthy nations promised developing nations $100bn a year, but these contributions have not materialised.

**It may be set as high as $65-70pb. Non-EU/G7/Oz nations can continue buying at/under the cap if Russia will sell to them.

^^Covid controls hamper 20% of China's economy, denying Beijing the option to ease back. Offices and schools are closing down.

COP27 ended in Egypt with a mixed outcome as some 'developing' nations aim to cling to fossil fuels for longer* while getting developed economies to compensate them for damage done to the environment during their growth stages. Agreement on a "loss and damage" fund after three decades of wrangling is considered to be a major breakthrough for developing countries. However, it may just amount to more UN promises that have a poor record of being delivered upon since climate talks started at Rio's Earth Summit back in 1992.^ Acceptance of responsibility and concrete funding commitments remain absent. On Monday, unfounded rumours circulated that OPEC+ was going to raise output by 0.5m-bpd despite recently stated intentions to cut as much as 2.0m-bpd to protect prices. In the light of new Covid cases in China and further lockdowns, plus the demand destruction threat of global recession, oil prices and oil majors both sold off heavily. On Tuesday, after OPEC's denial, they all bounced back. Shell announced that it was reviewing up to £25bn of UK oil, gas and renewable investments in light of the government's windfall taxes being increased and extended. Projects need to be completely re-evaluated based upon the new tax regime which will render some or many of them economically unviable. Norway's Equinor is going through a similar process proving that windfall taxes risk deterring investment at a time when European countries are trying to increase oil and gas output to replace lost Russian supplies, a position that will continue long after the war in Ukraine has ended.

We are getting closer to the EU ban on seaborne Russian crude oil imports on Dec 5, and the simultaneous implementation of a price cap, official details of which are still awaited.** Meanwhile, Russian oil output hit a 9-month high of 10.85m-bpd in the first half of November, just 2% below pre-war levels. This questions the effectiveness of sanctions in curbing Russia's flow of petrodollars that finance its invasion of Ukraine. Oil prices have come off recently, partly as Russia has maintained output, but mainly due to recession signals and resurgent China Covid that threaten oil demand.^^ OPEC was ready to cut production by 1-2m-bpd to rescue prices while waiting to see whether Russia might find itself with 1-2m-bpd that it cannot shift through a lack of tankers, cargo and hull insurance, or sufficient willing buyers. We will know soon enough whether we have an oil supply surplus or deficit with oil prices reacting accordingly. The IEA believes that the twin EU and G7 measures will curtail Russian output but, back in March, it predicted a 25% fall in production in the early months. It never happened. Many punters will back Russia on finding ways to bypass these externally imposed restraints. Sakhalin-1, in Russia's Far East, has been reopened by Rosneft and its Japanese partners after Exxon quit earlier this year. This is a great source of proximate supply for Asian refiners. Another lifeline for Russian crude has been Lukoil's refinery in Sicily, which has doubled its post-invasion imports, in contrast to northern Europe where imports from Baltic and Arctic terminals are down over 90%. If it were to close then Italy would lose 3,000 jobs and 20% of its domestic fuel supply.

In mid September, after Germany faced a similar issue to Italy, its state regulator stepped in and took trusteeship control of three Rosneft-controlled refineries that account for 12% of German domestic processing capacity. The largest at Schwedt, near Berlin, had for 60 years been run exclusively on Russian crude oil supplied via the Druzhba ('Friendship') pipeline. The operational future of these refineries is uncertain but Berlin aims to keep them going, using alternative crude oil feedstock supplies, as it needs the outturn products to keep its economy going. Italy and Germany's joint dilemma highlights the potential fragility of western sanctions which have paradoxical and conflicting objectives. On the one hand, they seek to restrict the Kremlin's hydrocarbon earnings to contain its war machine. On the other hand, sanctions should not reduce the availability of oil in the market, and thus drive up prices, which would be damaging to needy oil consumer countries. The EU/G7 price cap is a classic example of muddled thinking. Turkey, India, China and most likely the UAE will not participate in the cap, and they are the biggest buyers of Russian crude. Russia said it will not sell to anyone operating the cap. Meanwhile, tankers are unwitting beneficiaries of war, political intervention and trading chaos. This week Baltic earnings for VLCCs peaked at $75,391 per day, suezmax at $132,006 and aframax at $122,906 while MRs spiked to $67,622 daily in the Atlantic and $51,727 in the Pacific. Just keep smiling and carry on shipping!

Dry Cargo Chartering

The **cape** market continued to look promising, ending the week at $13,373pd. Not many reported time charter fixtures in the pacific. Across the Atlantic, Javelin took the *Mineral Faith* (175,620-dwt, 2012) delivery Port Talbot for a trip via Baltimore to Rotterdam at $20,000. The West Aussie/Qingdao ore runs were fixed at $8.25 with BHP covering 190,000/10% at $8pmt and FMG covering 160,000/10 at $7.65pmt. Tubarao/ Qingdao ore runs saw the *Bulk Harvest* (175,617, 2012) fix with Swissmarine at an encouraging $17.65 pmt for 190,000/10%. The period market has been quiet with barely any fixtures reported. Overall, a cautious optimism for the upcoming week.

Levels in the **panamax** market have dropped another margin as the negative sentiment continues. The P5 TC closed at $13,310pd down by $1,033 since last reported 18th November. In the Pacific, little was reported but it was rumoured that the scrubber fitted *Ultra Cougar* (81,922-dwt, 2015) was placed on subjects with Cofco for a NoPac round trip at $11,000 with scrubber benefit heading to owners and it was heard that the *Xing Sheng* (75,725-dwt, 2011) open Qinzhou was fixed for a trip via Indonesia to Singapore-Japan range at $8,500. In the Atlantic, Viterra was linked to the *Star Sapphire* (82,044-dwt, 2019) for a trip from Malta via Ukrainian Black Sea for redelivery in Singapore-Japan range at $34,000 and $36,000. On a similar front haul trip, Bunge was rumoured to be linked to the scrubber fitted *Bulk Italy* (81,603-dwt, 2020) passing Gibraltar to Singapore-Japan range at $25,000 with scrubber benefit heading to charterers. There came talks that Olam fixed the *Golden Furious* (80,595-dwt, 2021) delivery Jorf Lasfar for a trans-Atlantic round trip via North Coast South America at $15,750 but little else emerged. On voyage, Sail fixed TBN vessel for their 75,000/10% coal lift Newport News/Visakhapatnam 20/29 Dec at $33.40.

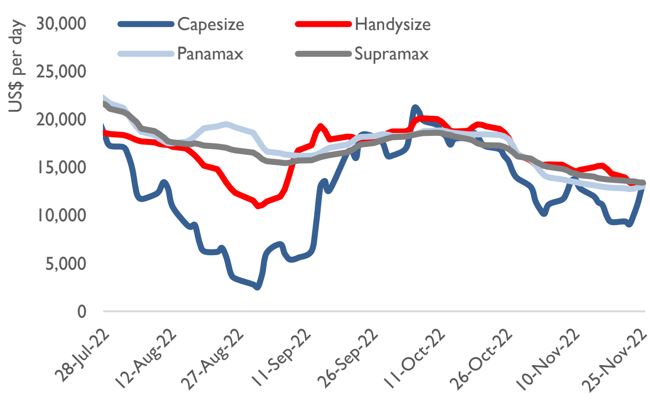
Supramax market had a clear contrast between pacific and the other basins. While Atlantic and Indian ocean remains fairly flat, pacific region had shown a strong improvement. The BSI closed at $13,004, up from last week's $12,870. In the Pacific, *Spar Hydra* (58,018-dwt, 2011) was fixed delivery Singapore via Indonesia to China with coal at $14,000 while Century Scope took *Broad Yuan* (56,699-dwt, 2012) basis delivery Singapore via Indonesia to China at $11,500. Whilst in the Atlantic, Cargill fixed *Karpathos Dawn* (56,700-dwt, 2010) basis delivery Gijon via Morocco redelivery India at $25,500 and *Josco Guizhou* (61,307-dwt, 2020) was fixed to WBC delivery Dakar via Kamsar redellivery Aughinish at $14,500. In the Indian Ocean, *Discovery* (56,000-dwt, 2011) was fixed to Cambrian delivery Fujairah redelivery Bangladesh at $11,000. It was rumoured that *Ocean Royal* (58,110-dwt, 2012) was fixed delivery East Coast India for iron ore redelivery China at $8,000.

The **handy** market continued to soften as the BHSI closed at $13,403, down $324 from last Friday. The Atlantic remained subdued overall with limited visible activity in all market whilst the Continent and Mediterranean continued to see lack of fresh enquiries. East Coast South America has been under pressure from bigger sizes, with larger tonnage continuing to look for handy stems when the US Gulf market was relatively muted as many took a long weekend for thanksgiving celebration. The *Ansac Moon Bear* (33,426-dwt, 2017) fixed delivery Astroria for a prompt trip to Singapore-Japan at $13,500 with Cargill.

In Asia, slight gains were observed with steady streams of enquiry. Despite more visible demands from NoPac, the consensus is still wary that more will be required to preserve the positive gain. Heard a 34k-dwt vessel fixed delivery Taiwan for a trip to Dampier with salt at $16,000. Further North, a 29k-dwt vessel was heard fixed with delivery Akita to NoPac for low $8,000. From NoPac, the *Lady Alara* (31,017-dwt, 2011) was fixed basis delivery Vancouver to South Africa at $15,250 to Swire Bulk. On period front, the *Bunun Miracle* (37,655-dwt, 2020) open in China was fixed for 1 year at 108% of BHSI but no further information was revealed.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Doric Katana	82,448	2021	EC South America	19 Dec	Singapore-Japan	$18,000	Marubeni	+800,000 bb
Royal Bliss	82,049	2017	Jorf Lasfar	9/14 Dec	Singapore-Japan	$21,500	Oldendorff	Via NC South America
Yangze 15	82,014	2019	Hamburg	Ppt	Singapore-Japan	$21,500	Cargill	Via US Gulf
Xing Sheng	75,725	2011	Qinzhou	22 Nov	Singapore-Japan	$8,500	Cnr	Via Indonesia
Scythia Graeca	74,133	2002	PMO	21/22 Nov	SE Asia	$12,000	Bunge	Via EC South America
BBG Nova	63,314	2016	Qingdao	Ppt	WC Central-South America	$9,500	Pacific Basin	-
Josco Yongzhou	61,348	2020	Surabaya	26 Nov	CJK	$13,500	Cnr	Via Indonesia
Ibrahim Jahan	56,034	2005	Kaoshiung	Ppt	South China	$7,200	Naval Bulk	Via Indonesia
Ansac Moon Bear	33,426	2017	Astoria	Ppt	Singapore-Japan	$13,500	Cargill	-
Lady Alara	31,017	2011	Vancouver	Ppt	South Africa	$15,250	Swire	-



Exchange Rates	This week	Last Week
JPY/USD	138.71	139.81
USD/EUR	0.91614	0.9633

Brent Oil Price	This week	Last Week
US$/barrel	85.44	86.99

Bunker Prices ($/tonne)	This week	Last Week
Singapore IFO	418.0	420.0
VLSFO	660.0	650.0
Rotterdam IFO	375.0	412.0
VLSFO	555.0	585.0

Dry Bulk S&P

As buyers continues to test owners with lower than last done offers, we are beginning to see a sense of hesitancy and resistance from some sellers. The numbers that they are seeing proving not enough to commit to a sale and instead deciding to withdraw ships - for the moment at least. It will be interesting to see how this plays out over the coming weeks.

Indian buyers, Five Stars are reported to have paid $24m for the 2013 built kamsarmax *Mynika* (84,108-dwt, Hyundai). This is arguably above last weeks reported sale of the one-year older *Key Light* (83,027-dwt, 2012 Sanoyas) for $23m, however we understand that this could be a repeat deal between sellers Transmed and Five Stars.

The 8 year old scrubber fitted panamax bulker *Nord Libra* (77,134-dwt, 2016 Tess Cebu) has been sold for $22m, reportedly to Greek owners Velos Shipping. Delivery is said to be taking place in the Pacific in February next year.

Another Crown 63 has been sold to Far Eastern based buyers. They are said to have paid $22m for *Achilleas* (63,301-dwt, 2012 Yangzhou Dayang). The deal was concluded about 1 month ago and delivery is due to take place promptly within this month. She passed her surveys in June this year.

Finally, in the only handysize sale of the week, it is reported that Danish buyers have paid slightly below $17 m for the 2015 built TS Bravo (38,896-dwt, 2015 Shanhaiguan). This is a significant drop on benchmark values however it must be noted this is a Chinese built ship for a Chinese owner with a BWTS not approved by the US Coast Guard.

Otherwise this week, a number of ships have been withdrawn, or failed to receive offers - *Nord Virgo* (80,915-dwt, 2014 JMU, scrubber fitted) didn't see the sort of numbers that the owners were targeting and was withdrawn. The owners of *Gillingham* (58,000 dwt, 2010 Yangzhou Dayang) decided to pull the ship from the market having received no interest after calling for offers this week. Finally, the Japanese controlled *Ignazio* (58,126-dwt, 2010 Tess Cebu) was withdrawn having seen around $15m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
China Steel Entrepreneur China Steel Team	203,000	2007 2006	CSBC	-	Greeks	$35.00m	BWTS fitted
Mynika	84,000	2013	Hyundai	-	Indians	$24.00m	-
Nord Libra	77,000	2014	Imabari	-	Velos	$22.00m	Scrubber fitted
Achilleas	63,000	2012	Yangzou Dayang	C 4x36T	Far Eastern	$22.30m	-
TS Bravo	38,000	2015	Shanghaiguan	C 4x36T	Navision	$17.00m	-

Tanker Commentary

Wet remains the hottest sector as earnings across all tanker segments remain healthy, however crude has the edge and is performing especially well. It is no surprise that the majority of asset values continue to push higher.

There have been very few region 10 year old VLCC sales within this year (and only a handful for sale), with Sinokor being the buyers of 4 units back in Q1, however this weeks sale of *C. Passion* (313k-dwt, 2013 Hyundai HI) will reset the benchmarks. A price of $66m has been reported, and whilst Sinokor have been rumoured, we understand European buyers are behind the purchase.

Performance Shipping have snapped up the DPP trading LR2 tanker *Fos Hamilton* (105k-dwt, 2013 Hyundai, Epoxy) for $43.75m - a firm price compared to their last purchase which was back in September, when they secured the uncoated *Phoenix Beacon* (105k-dwt, 2011 Hyundai) for $35m which also had better survey positions.

The premium for Ice class tonnage is highlighted in the sale of *Perseus N* (36k-dwt, 2009 HMD) that achieved $19m - our other MR1 sale this week is non-ice classed, with *Cape Guinea* (37k-dwt, 2008 HMD) agreeing a price of $16.5m. As a reference point, *Single* (37k-dwt, 2007 HMD) and sister ship M/T Silent were sold last month for $14.5m - both were ice classed but had docking due.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
C Passion	313,000	2013	Hyundai HI	Europeans	$66.00m	-
Fos Hamilton	105,000	2013	Hyundai	Performance Shipping	$43.75m	BWTS fitted Eco Trading DPP
PGC Ikaros	72,000	2004	Hudong-Zhinghua	Undisclosed	$12.70m	Epoxy
Cape Guinea	37,000	2008	HMD	Greeks	$16.50m	-
Perseus N	36,000	2009	HMD	Trans KA	$19.00m	BWTS fitted Ice 1A
Golden Camellia	34,000	2021	Fujian Mawei	Undisclosed	$34.80m	BWTS fitted
GS Future GS Fortune	17,000	2009 2008	Samho	Undisclosed	$24.00m	-
Yu Ru	16,000	2011	Taizhou	Indians	$12.50m	BWTS fitted Marine line coated

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