



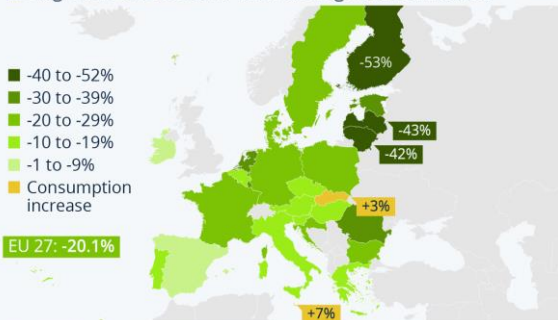
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How Europe Reduced Its Natural Gas Consumption

Change in natural gas consumption of EU countries, Aug-Nov 2022 vs. 2017-2021 average (same months)



statista

Source: Statista

POINTS OF VIEW

Since China suddenly abandoned its zero Covid policy on 7 December* there has been much speculation about what a China reopening might mean for the global economy and for shipping demand. It coincides with what appears to be a peak in global inflation. In the US, the Fed is keen to maintain that it still aims to raise rates to just over 5% and keep them there into 2024 as it bears down on inflation, in an attempt to prevent it from spiking back up.[^] This gives rise to the prospect of a H2 2023 combination of Chinese re-engagement and falling inflation, paving the way for interest rate cuts from early next year. Markets, being forward looking, are getting all excited and Bloomberg Radio can hardly talk about anything else. But there is even more to this than meets the eye, as the policy U-turn on Covid may be accompanied by a general reappraisal of Chinese policy. It may be about to ease various hostile trade and geopolitical positions that it had taken against its Asian neighbours and the West. First up is a relaxation of the unwritten Chinese import ban on Australian coal that has been in place since October 2020. Its was prompted by Australia's call for an investigation into the origins of Covid and its criticism of China's militarisation of the South and East China Seas. Second up is the demotion of the combative foreign ministry spokesman, Zhao Lijian. A Reuters article points out how he spent three years spouting anti-Western rhetoric. His silencing, and the appointment of the more on-side former US envoy Qin Gang as foreign minister, should enable more cordial future relations with Washington.

This three year period of 'wolf warrior' diplomacy has not delivered any tangible benefits to China which is weakened by domestic issues ranging from a real estate crisis and a failed zero Covid policy to economic collapse and widespread public unrest. The rabid anti-Americanism only delivered crippling tariffs, sanctions and embargoes. Wishful thinking that the US was on the verge of imminent demise may have encouraged Beijing to tacitly support Russia's invasion of Ukraine. In the context of this mindset, the fact that Nato succeeded in rallying its members to provide steadfast financial and military aid to Ukraine, without being dragged into the fighting, must have come as a surprise. The West has reacted to perceived external threats by recalibrating its economic and trade ties and raising its military spending and focus. Wolf warrior diplomacy has only weakened the quality and quantity of foreign direct investment flows into China on fears of, among other things, the possible ramifications of a hostile move against Taiwan. The latest de-escalatory measures and a thaw in relations with major trading partners - such as Australia, Japan and the US - are positive. If China is indeed in the process of hitting the reset button then this will potentially amplify the beneficial impact of a combined domestic reopening and a fall in global inflation later this year.

The FT endorses this idea in its article "Xi Jinping's plan to reset China's economy and win back friends" arguing that a fundamental reset is taking place in Xi Jinping's foreign and economic policies. According to Chinese officials and government advisers, Beijing is putting together policies aimed at improving diplomatic ties that have soured badly and boosting a deeply strained economy. The motivation behind the intended resets - the success of which remains uncertain - derives from a confluence of different economic, social and foreign policy stresses that have reached critical levels, officials and advisers add. It is also true to the spirit of the 20th congress of the CCP last October when Xi consolidated his power. The economic goals are to restore robust growth, improve the lot of millions of rural workers, stabilise the ailing property market and shore up local government finances. Beijing is expected to target 6% or higher GDP growth this year, higher than the IMF's 4.4% forecast. Diplomatically, China aims to improve relations with some countries in the West after a period of sometimes uncomfortable isolation, not least after its pre-invasion backing of Russia over Ukraine. It is said that China was unaware of Moscow's intention to launch a full invasion, and it can only be seen as a good thing that China now seeks to rehabilitate its standing in Europe. It could now seek to be a peacemaker and to participate in Ukraine's reconstruction. It is speculated that China wishes to reverse its growing economic and trade isolation from the West in recognition that this is self-harming.** So, there we are, some potentially positive developments on the horizon that will benefit us all.

*The sudden reopening is at some cost amidst a shortage of antiviral drugs with unofficial estimates of one million deaths in the exit stage.

[^]US inflation fell for the sixth month in a row coming in at an annual 6.5% in December down from 9.1% in June 2022.

**The FT suggests that China wants to avoid a 'decoupling' with Europe after the US began limiting its commercial ties with China.

Friendly overtures have been extended beyond Europe to America's Asian allies and partners such as Japan, South Korea and Vietnam.

Dry Cargo Chartering

Another week of downturn across all **cape** markets saw time-charter averages wither to \$10,770, a fall of \$1,773 from last Friday. The Baltic Exchange placed average freight prices at around \$17.70 pmt for cargoes ex. Brazil, at a little over \$7.00 pmt ex. Australia, and at around \$12.60 pmt ex. RSA (all into China). Once again a limited number of fixtures emerged this trading week. Among the few, charterers TKSE took a scrubber-fitted TBN Oldendorff Newcastlemax for 180,000 mtons 10% iron ore from Saldanha Bay to Rotterdam at \$4.40 pmt for 5/14 February, while Cargill Metals chartered the 2012 built CCL relet Mineral Faith for 165,000 mtons 10% Pointe Noire to Bahrain for loading end of January/early February at \$22.50 pmt. Additionally, the same charterers also took Star Audrey for 180,000 mtons 10% Kamsar to Lianyungang at \$19.85 pmt for the end of the month. Lastly, late last week Hyundai Glovis took *Irene II* (180,184-dwt, 2006) delivery Zhoushan for 4/6 months trading at \$10,500 with redelivery worldwide.

The gloomy **panamax** rates continued this week as we saw little fresh enquiry. The P5TC closed at \$9,618 down by \$2,075 since last reported 6th January. In the Pacific, Olam were rumoured to have placed *Pan Viva* (75,026-dwt, 2010) on subjects from Qingdao via NoPac to Philippines at \$6,000. There came reports that *Yangtze Xing Zhong* (81,622-dwt, 2018) fixed passing Jeju Island for a trip via East Coast Australia to India in the low \$4,000's but no other details emerged, and *Harmony* (82,986-dwt, 2013) open Qinzhou was secured on subjects for a trip via Indonesia to Japan in the low \$7,000's with Asahi. Over in the Atlantic, Bunge were heard to have taken *Rys* (79,602-dwt, 2011) for a prompt trip from North Coast South America to Skaw-Passero at \$18,000. *NBA Magritte* (82,099-dwt, 2013) was also heard fixed for a prompt trans-Atlantic round trip at \$13,500 with Louis Dreyfus but again few details surfaced. On front haul, Cobelfret were linked to *Wadi Safaga* (80,443-dwt, 2010) open France for a prompt trip to China at \$17,000. On voyage, SAIL fixed a TBN vessel for their 75,000 mtons 10% coal lift from Newport News to Visakhapatnam at \$32.90 pmt.

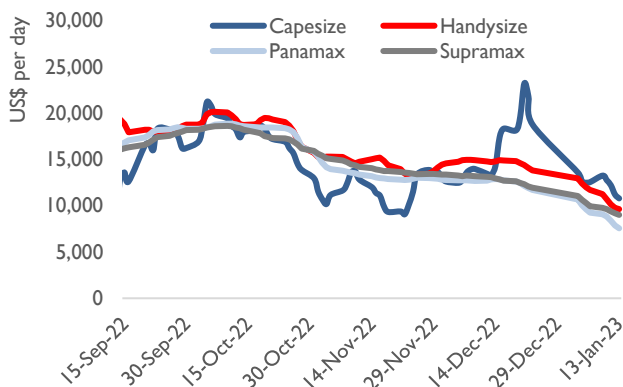
Supramax market continued to plunge as it fell heavily for the second consecutive week to start 2023 as the S10TC closed at \$7,545 down by \$1,688 (-18.28%) since 6th January 2023. In the Pacific, Transpower fixed *Ceylon Breeze* (63,600-dwt, 2016) delivery aps Samarinda prompt dates for a trip to West Coast India at \$6,500 with option for East Coast India redelivery at \$7,500. Cambrian Bulk took CN Journey (57,005-dwt, 2010) delivery Hong Kong prompt dates for a trip via Indonesia to

South China at \$3,750 whilst *KSL Ruiyang* (56,872-dwt, 2010) was covered delivery Fangcheng 13-14 January for a trip via Indonesia to China at \$3,000. Whilst in the Indian, Meadway fixed *Orion* (63,475-dwt, 2015) delivery Port Elizabeth 18th January for a trip to China at \$17,000 + \$170,000, Cargill took *Xing Hai Tong 23* (56,708-dwt, 2010) delivery Port Elizabeth prompt dates for a trip to Far East at \$14,000 + \$140,000 and IVS covered *Darya Anita* (61,448-dwt, 2013) delivery Mina Saqr for a trip with limestone to Madagascar at \$12,000. And in the Atlantic, Ultrabulk fixed *ETG Southern Cross* (63,482-dwt, 2021) delivery North Continent prompt dates for a trip with scrap to East Mediterranean at \$9,750, Drylog covered *Federal Innoko* (63,480-dwt, 2020) delivery Oran prompt dates for a trip to Barranquilla at \$7,000 and Bulk Trading took *Great Fluency* (63,392-dwt, 2016) delivery US Gulf prompt dates for a trip with petcoke to India at \$22,000.

The **BHSI** this week closed at \$8,996 down \$9.35 from last Friday. A very slow start for both Pacific and the Atlantic markets in 2023. Chinese New Year falling two weeks earlier this year, contributing further pressure to Chinese markets, suffocating the Pacific. In the Atlantic, Continent activity was low, Rouen to Morocco was fixing at around \$7,000 on a 30k-dwt and scrap trips to Turkey, a tick over that. The Mediterranean was active, the Precious ship *Ananya Naree* (33,856 -dwt, 2011) fixed arrival South Italy for a trip with salt to Denmark at \$8,000 with Clipper. Cargill fixed *Saint Dimitrios* (33,788-dwt, 2011) passing Canakkale via Black Sea, into Algeria at \$7,500. From Morocco, *Trawind Roc* (33,451-dwt, 2012) fixed via West Africa into the Pacific Gulf at \$8,000 with Norden. *Cleantec* (33,344-dwt, 2009) fixed dropping outward pilot Morocco via Paramaribo into India at \$9,700. Across the pond, US Gulf was quiet with little reported activity. From central America and the Caribbean, *Sakura Fortune* (39,936-dwt, 2021) fixed from Punta Rincon to Spore-Japan at \$16,500 with Centurion and *Glorieuse* (38,338-dwt, 2012) fixed Jamaica to Iceland with Alumina at \$14,000. South America just about held it's undefeated title of best market in the Atlantic, *Bright Star* (34,529-dwt, 2011) delivery Recalada for a coastal trip to Santos at \$10,500 and *SE Nicky* (37,717-dwt, 2018) fixed from Rio De Janeiro to Spore-Japan range at \$15,000. In the East, market sentiment was very weak as rates from all sizes dropped further south. *Ocean Happiness* (37,572-dwt, 2017) open Singapore fixed via West Australia to Japan with grains at \$8,000. *Pan Amber* (38,220-dwt, 2012) open Singapore also fixed via Australia, with redelivery southeast Asia-Japan range again at \$8,000. *African Woodstar* (39,875-dwt, 2018) open Samalaju fixed for two Laden Legs at \$12,750 to Centurion.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Xing de Hai	82,204	2017	Incheon	10 Jan	Singapore-Japan	\$9,250	Cnr	Via NoPac
Alpha Discovery	82,057	2016	Bahudopi	9/10 Jan	China	\$9,500	Tongli	Via WC Australia
Star Calypso	81,918	2014	Incheon	9/12 Jan	Korea	\$8,000	Klaveness	Via Australia, Scrubber benefit to owners
Cofco I	81,531	2014	EC South America	10 Jan	Skaw-Passero	\$15,500	Bunge	-
Ornak	79,677	2010	Lisbon	13 Jan	Amsterdam-Barcelona	\$11,000	Bunge	Via NC South America
Orion	63,475	2015	Port Elizabeth	18 Jan	China	\$17,000	Meadway	+\$170,000 bb
Xing Hai Tong 23	56,708	2010	Port Elizabeth	Ppt	Far East	\$14,000	Cargill	+\$140,000 bb
Chios Sunrise	56,589	2013	Varna	20 Jan	China	\$15,000	Norden	-
Norah	33,693	2010	Canakkale	Ppt	Algeria	\$7,500	Pacific Basin	Via Black Sea
Rubato	25,159	2010	Abidjan	Ppt	Malaysia	\$10,000	Cnr	-



Exchange Rates	This week	Last week
JPY/USD	127.67	132.08
USD/EUR	1.0811	1.0635

Brent Oil Price	This week	Last week
US\$/barrel	84.69	78.45

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	393.0	380.0
VLSFO	620.0	588.0
Rotterdam IFO	382.0	375.0
VLSFO	560.0	530.0

13 January 2023

Dry Bulk S&P

The BDI has dropped below 1,000 for the first time since August 2022 when it dipped to 965 for one day and swiftly rebounded. Prior to that the COVID-19 induced slump saw the BDI below 1,000 points from December 2019 until June 2020. Despite soft rates, certain Buyers believe this market represents an opportunity to pick up tonnage at discounted levels. Pacific Basin, for example, have just announced the purchase of 6 vessels including four ultramaxs, one supra and one handy. Specific details are yet to emerge.

Cape Maple (206,204-dwt, 2005 Imabari) is rumoured sold for \$15.5m to Chinese Buyers. A step down on sale of the CSBC 203k units *China Steel Team* & *China Steel Entrepreneur* (203,512-dwt, CSBC, 2006 & 2007) done en bloc for \$35m to Greek Buyers in November.

Two Daehan Capes are reported sold, *Aquasalwador* & *Aquanavigator* (180,000-dwt, '12/'11 Daehan) enbloc to Laskaridis Maritime for \$52m. Likely done last year and only entering market reports this week. The price a significant premium to the 2011 sister 'Wisdom' ships sold end last year for \$46m en bloc.

A first generation 'eco' ultramax is reported to have changed hands from Greeks to American-Greek Buyers, *Petit Cham* (63,256-dwt, 2013 Chengxi) sold for around \$20.5m with surveys due later this year. Allowing for the vessel technically being 'a year older' this is in line with the comparable sales of *Achilleas* and *Caro Padre* last year.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Cape Maple	206,204	2005	Imabari	-	Chinese	\$15.50m	BWTS fitted
Aquasalwador	180,012	2012	Daehan	-	Laskaridis Maritime	\$52.00m enbloc	BWTS fitted
Aquanavigator	179,905	2011	Daehan	-			
Bulk China	176,274	2005	Universal	-	undisclosed	\$13.30m	
Petit Cham	63,526	2013	Chengxi	C 4x30T	Greek	\$20.50m	Delivery in April
Astra Perseus	58,518	2012	DSME Shandong	C 4x35T	Union Maritime / Mowinckels JV	\$16.55m	SS/DD passed, BWTS fitted
Atlantic Dream	32,527	2011	Zhejiang Hongxin	C 4x30T	undisclosed	\$10.75m	BWTS fitted
Mykonos Bay	32,411	2009	Jinse	C 4x30T	undisclosed	\$11.80m	



Tanker Commentary

As tanker values remain firm, the wet S&P market has been thriving into the second week of January. In the crude sector, Zodiac Maritime are reported to have sold scrubber fitted suezmax, *Crescent Moon* (150,581 dwt, 2004 Universal) for \$33.5m. The last similar sale to have been done was the one year younger *Concord* (159,155 dwt, 2005 Hyundai HI) which sold in early December for \$33m. Elsewhere, East Med have sold *Syra* (106,309 dwt, 2010 Sumitomo) to Middle Eastern buyers for \$39.5m, representing a stronger market than a month ago when *Gullit* (108,953 dwt, 2008) sold for \$35.2m.

Tsakos are in the limelight this week for selling six of their 2005 built Ice IA deepwell MR's enbloc for \$126m. It is no surprise that the ice classed HMD's have been taken over as there has been increased enquiry and huge premiums for paid for such tonnage. The unit cost of the *Apollon* (53,148 dwt, 2005 Hyundai Mipo) and sisters was \$21m, a healthy premium when compared to *T Rex* (50,548 dwt, 2006 SPP, which sold to Beks last month for \$19.2m.

The CPP trading deepwell, *Plover Pacific* (49,999 dwt, 2009 SPP) is reported to have sold this week for \$23.5m. With 10+ deepwell vessels of almost the same age in the market for sale, buyers have a variety of choice. The price is exactly in line with what *Pyxis Malou* (50,667 dwt, 2009 SPP) fixed and failed for last month.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Crescent Moon	150,581	2004	Universal	undisclosed	\$33.50m	BWTS & Scrubber fitted
Syra	105,309	2010	Sumitomo	Middle Eastern	\$39.50m	BWTS fitted
Apollon	53,148	2005	Hyundai Mipo	undisclosed	\$126.00m	Ice IA – sold with 5 other sisters
Plover Pacific	49,999	2009	SPP	Peninsula Petroleum	\$23.50m	BWTS fitted, epoxy
Kokako	49,218	2017	Hyundai Mipo	Al Seer	undisclosed	BWTS fitted, epoxy
Olympic Vision	34,663	2006	Dalian	undisclosed	\$15.60m	SS/DD passed, BWTS fitted
Chiberta	18,734	2007	RMK Marine	Algoma	undisclosed	Ice IA
Chantaco						

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