



### CONTENTS

2. Dry Cargo Chartering  
Capesize Rebound Incoming?
3. Dry Cargo S&P  
More of the Same
4. Tankers  
Steady Sentiment

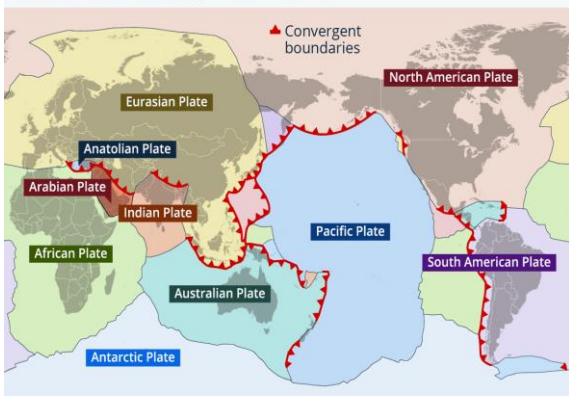
### POINTS OF VIEW

Since our last Friday report a lot has happened, much of which we rather had not. On Saturday, the US shot down a giant Chinese-owned weather balloon on suspicion that it was conducting surveillance activities. It started its journey in mid China and drifted over Alaska, Canada and then diagonally across the US, passing over ICBM silos in Montana and other sensitive military sites. After it had crossed the coast of South Carolina it was shot down by a US F-22 within US territorial waters.\* Apparently this weather balloon had gone adrift, and another vagrant was found over Colombia. Commercial aircraft operate at about 35,000 feet while this balloon was at 60,000 feet, where it was visible, but could operate at 120,000 feet at which altitude it would presumably be a lot less visible. It begs the question as to whether this was an intentionally provocative act aimed at testing US response times. It would appear to run counter to President Xi Jinping's attempt to end wolf warrior diplomacy and reset China's diplomatic and trade relationships with the US, the West and its allies. The idea that it may not have been approved by Mr Xi, and instead might have been run by a splinter element in the PLA, is even more worrying, meaning that factions in the establishment do not want rapprochement. The US secretary of state, Anthony Blinken, postponed his planned meeting with Mr Xi and superpower discussions over technology and Taiwan were temporised. The door is ajar rather than shut, so talks could yet be put back on track.\*\*

... Natural and man-made Disasters Converge ...

### Earth's Moving Plates

Tectonic plates and positions of convergent (i.e. approaching) plate boundaries



Sources: United States Geological Survey, U.S. National Park Service



statista

Source : Statista

At 4.17am LT on Monday, in mid-winter on the Turkish-Syrian border, a giant 7.8 magnitude<sup>^</sup> earthquake struck as people slept. A 7.5 magnitude quake followed at 1.24pm. We have become all too accustomed to the senseless devastation that human-to-human conflict with man-made weapons has visited on cities in Syria and Ukraine. It took a decade to destroy Aleppo, Homs and Raqqa in Syria and just one year to pulverise Kharkiv and Kherson in Ukraine. It took just minutes, hours and days to flatten Gaziantep and Antakya in a brutal natural disaster of biblical proportions with such tragic loss of life.<sup>^^</sup> When the world has to confront natural disasters such as this, leading to the deaths of tens of thousands of innocents, there can be no possible case for elective war. On Tuesday, we saw an inward-looking State of the Union address. It confirmed the polarised nature of politics in the United States and also how Republicans and Democrats are set to compete with one another over who can be tougher on China in the run-up to next year's presidential election. This competition has gained some oxygen from the errant weather balloon incident. Meanwhile, Beijing still wants its ball back. On Wednesday, President Zelensky made a surprise visit to London, addressed MPs in a packed Westminster Hall and had a cuppa with King Charles at Buckingham Palace. He then went to Paris to see Macron and Scholz joined from Berlin. On Thursday, he flew to Brussels to rally EU-27 support. Zelensky will soon have his Leopards, Challengers and Abrams but now he wants fighter jets as well. It seems almost inevitable that Nato will be dragged into Ukraine's conflict with Russia.

Today, Russia announced that it will cut its oil output by 500,000-bpd, about 5% of its daily production. Allegedly, this is in response to the 5 Feb G7/EU price cap on Russian oil product exports of \$100pb for CPP and \$45pb for DPP. This followed the 5 Dec G7/EU price cap on Russian crude oil exports at \$60pb. Brent is now at 86pb and Urals at \$52pb. Above the price caps finance and insurance services will be unavailable to tankers moving Russian oil to third countries outside of the US, UK and EU which banned seaborne Russian oil imports. This effectively disqualifies tankers owned in the US, UK and Europe and shifts the shipping to Russian ships, the dark fleet and maybe to ships owned by buying countries with their own finance and insurance arrangements. Countries that continue to buy Russian crude are led by China, India and Turkey and countries that are likely to buy Russian oil products include end-user buyers in Africa and Latin America and also refineries in the Middle East, India and Far East that may just turn the products around and re-export back into Europe. An exercise in futility that tanker owners should benefit from. The output cut, agreed in advance with Opec, may simply acknowledge that about 500,000-bpd of Russian oil may be shut in by western sanctions, or by weaker global oil demand. In any event, it is an attempt to show that Russia and Opec are in control of marginal oil supply, and that they want higher oil prices.

\*The NYT reports that the balloon was part of a global surveillance program aimed at assessing the military capabilities of other nations.

\*\*Despite the legacy of Trump tariffs and trade disputes, US-China total merchandise trade rose to a record \$690.6bn in 2022.

<sup>^</sup>The FT reports that the TNT equivalent of the Turkey/Syria 7.8 quake was 7.5mt versus Indonesia's recent 7.6 quake at 3.8mt.

<sup>^^</sup>By Friday, the death toll in Turkey and Syria had exceeded 22,000 with thousands of people still missing.

## Dry Cargo Chartering

Finally a more positive turn was seen this week in the **cape** markets as time charter averages gained \$472 from last Friday to end up at \$4,033. Baltic Exchange average freight prices bound for China were at approximately \$16.70 pmt ex. Brazil, \$6.20 pmt ex. Western Australia, and just under \$12.00 pmt ex. RSA. Despite the improved market confidence, relatively few fixtures emerged. Among them, Oldendorff chartered *Midnight Dream* built 2012 for 170,000 mtons 10% Pointe Noire to Qingdao at \$20.75 pmt for the end of the month. Elsewhere, on Tuesday Vale fixed *Cape Jasmin* for 170,000 mtons 10% iron ore loading Tubarao to China at \$16.50 pmt, and Cara Shipping took a Golden Ocean Newcastlemax for 180,000 mtons 10% iron ore from Western Australia to Qingdao at \$6.05 pmt. Additionally, *Shandong De Rui* relet from Solebay fixed 160,000 mtons 10% Port Hedland to China at \$6.40 pmt, and *Shine On* built 2015 fixed 170,000 mtons 10% for the same route at \$6.40 pmt.

Similarly, Oldendorff reportedly fixed *Ever Grace* (82,039-dwt, 2015) open Las Palmas for a trip to the Far East via North Coast South America at \$14,000. On voyage, SAIL fixed a TBN vessel for their 75,000k mtons 10% HPCT-Visakhapatnam lifting at \$14.90 pmt.

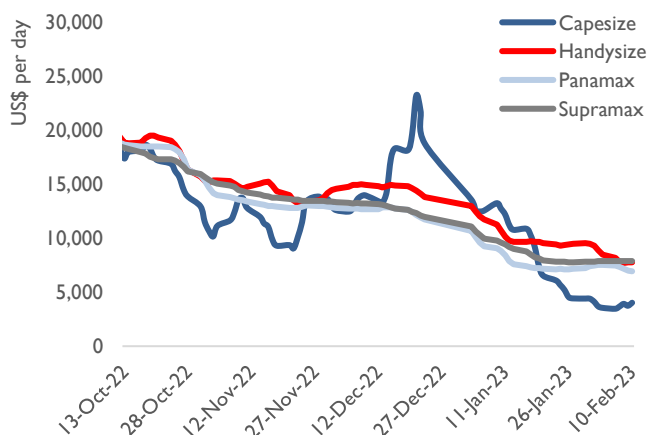
**Supramax** markets slumped this week as the SIOTC closed at \$6,909 down by \$592 (-7.89%) since last reported on the 3rd February. In the Pacific, Tongli covered *Ioanna Pol* (50,238-dwt, 2004) delivery Singapore 11<sup>th</sup> February for a trip via Indonesia to China at \$7,000 and Ultrabulk fixed *SSI Privilege* (63,566-dwt, 2019) delivery Cigading 6-8 February for a trip via Australia to Philippines at \$11,000. *Trans Autumn* (56,803-dwt, 2012) fixed delivery CJK for a trip via Philippines with Nickel Ore to China at \$6,500 whilst *Iliana* (58,018-dwt, 2010) was covered delivery Surabaya prompt dates for a trip via Indonesia to East Coast India at \$11,000.

Yet another lacklustre week and with little activity seen in the **panamax** markets. The P5TC closed at \$7,779 down by \$677 since last reported 3rd February. In the Pacific, Agricore were linked to *Eirini P* (76,466-dwt, 2004) for a West Australia trip to China at around \$7,000 but few further details surfaced. Louis Dreyfus were heard to have fixed *Seacon Shanghai* (80,811-dwt, 2019) from Kinuura to India via Australia at \$8,250. Deyesion were also rumoured to have secured scrubber fitted *Double Miracle* (95,570-dwt, 2014) from Lianyungang for a prompt trip to Japan via North China at \$9,200. Over in the Atlantic, Novalevantina were said to have fixed *Rong May* (85,003-dwt, 2016) open Porto Torres for an inter Mediterranean round voyage at \$9,500. Down south, *Ivestos 5* (76,728-dwt, 2005) was fixed from East Coast South America to Singapore-Japan range at \$12,250 with a \$225,000 ballast bonus.

The **handysize** index closed the week at \$7,844, a tick down from last weeks close of \$7,846. It was a very uneventful week in the Atlantic with rates softening in most areas. The tonnage count continued to grow in the US Gulf, we heard a 38k-dwt fixing just under \$7,000 for a trip to the Continent and an inter-Caribs run being fixed with a 5 in front. Down south we heard a 34k-dwt fixing \$8,000 from Aratu to the Black Sea. Rates in the Mediterranean held firm with good amount of business ex East Mediterranean into Algeria, Spain Med and West Africa. A 37k-dwt fixed \$9,500 for a trip to Port Harcourt and a 33k-dwt rumoured to have fixed \$8,500 Black Sea into Algeria. Very little was reported in the Pacific although we heard a 37 fixing on subs ex Yard at \$12,000 for steels into the Continent and a 28k in China fixing \$9,400 for 4/6 months

## Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Double Mircale	95,444	2014	Lianyungang	Ppt	Japan	\$9,200	Deyesion	Via North China
GH Harmony	93,315	2010	Hadong	11/12 Feb	Singapore-Japan	\$6,000	Reachy	Via EC Australia
Caravos Harmony	81,670	2013	Fazendinha	25/28 Feb	Skaw-Gibraltar	\$10,000	Langlois	Via NoPac
SM Santos	80,857	2020	Kunsan	8 Feb	South China	\$9,250	ASL	Via NoPac
Ivestos 5	76,728	2005	EC South America	18 Feb	Singapore-Japan	\$12,250	Cargill	+\$225,000 bb
Ultra Angel	61,298	2017	SW Pass	Ppt	Mediterranean	\$9,000	Bunge	-
Athena	57,809	2012	Recalada	20 Feb	South Africa	\$9,000	Meadway	-
Ioanna Pol	50,238	2004	Singapore	11 Feb	China	\$7,000	Tongli	Via Indonesia
Xin Chun Xiao	46,947	2013	Batangas	Ppt	China	\$6,000	Cambrian	Via Indonesia
Hope	34,146	2011	Aratu	18/25 Feb	Constanza	\$8,000	Cargill	-



Exchange Rates	This week	Last week
JPY/USD	131.13	130.92
USD/EUR	1.0701	1.0849

Brent Oil Price	This week	Last week
US\$/barrel	86.13	81.36

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	425.0	386.0
VLSFO	672.0	665.0
Rotterdam IFO	410.0	390.0
VLSFO	600.0	586.0

10 February 2023

### Dry Bulk S&P

Whilst the spot markets are indicating that the best days may be behind us, this has not yet translated into a slow down in S&P transactions, as evidenced by a number of confirmed sales and ongoing negotiations this week.

Eagle Bulk continue their Ultramax buying spree having purchased the scrubber fitted, *Springfield* (63k-dwt, 2020 Cosco Yangzhou) from Union Maritime for \$30.5m. This follows their acquisition of the sister ship, *Aston* (63k-dwt, 2020 Cosco Yangzhou) from the same owners a few weeks prior. For comparison, the last Chinese designed Ultramax to have sold was the ex. *Delsa* (63k-dwt, 2015 Zhejiang) for \$24.8m back in early January.

Greek owners continue the trend of cashing in on their older, less efficient vessels whilst asset prices remain historically firm. Navios have sold their *Serenitas N* (57k-dwt, 2011 Yangzhou BWTS Fitted) for \$12.5m and Goldenport are understood to have sold their *Milos*

(57k-dwt, 2010 COSCO Zhoushan BWTS Fitted) for \$13m. The prices come at a surprise given the wealth of Dolphin 57 design ships on the market however it is worth noting that condition/performance of these ships vary significantly from owner to owner.

Following on from last weeks report, modern Handysizes, particularly those fitted with electronic main engines continue to achieve firm prices. Lauritzen are understood to have committed their *Lavieen Rose* (33k-dwt, 2014 Shin Kurushima BWTS Fitted - OHBS - Eco M/E) in the region of \$17.5m. It is thought that Greek owners, Newport are the likely buyers having concluded an enbloc deal for two Lauritzen owned Naikai 38's mid last year.

#### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Oceanic Power	78,173	2013	Shin Kurushima	-	Seenergy	\$23.5m	BBHP Basis
Springfield	63,614	2020	Cosco Yangzhou	C4x30T	Eagle Bulk	\$30.5m	-
Milos	56,988	2010	Cosco Zhoushan	C4x30T	-	\$13.0m	BWTS Fitted
Serenitas N	56,811	2011	Yangzhou	C4x30T	-	\$12.5m	BWTS Fitted
Lavieen Rose	33,398	2014	Shin Kurushima	C4x30T	Newport	\$17.5	OHBS Eco M/E

## Tanker Commentary

This weeks sales suggest that asset pricing has plateaued, however any market that has been running at full speed will need to take breathe. Whilst there are only a handful of sales to report, we understand there are negotiations on going that should come to light next week.

Norden achieved a premium for their scrubber fitted *Nord Stingray* (51k-dwt, 2009 STX) that has gone to Turkish buyers for \$23.75m - this is line with last months sale of *High Mercury* (51k-dwt, 2008 STX) at \$21m which was a year older, had no scrubber or BWTS fitted, and docking due later this year. Meanwhile the pumproom design *Super Emerald* (50k-dwt, 2005 ShinA) has changed hands for \$17.7m. In comparison, the same aged *Proodos* (47k-dwt, 2005 STX) was reported as sold last week at \$18.5m which has deepwell pumps and carries a premium against a same aged pumproom unit.

In the LRI segment, *Hafnia Columbia* (76k-dwt, 2007 Dalian) and *Hafnia Kronborg* (74k-dwt, 2007 New Century) have been sold for high \$22m each. The last similar aged vessel sold was *Summit Africa* (73k-dwt, 2009 New Times) in December for \$24.8m.

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Hafnia Columbia	76,604	2007	Dalian	-	High \$22.0m	BWTS Fitted
Hafnia Kronborg	73,708	2007	New Century	-	High \$22.0m	-
Nord Stingray	51,291	2009	STX Korea	Turkish	\$23.75m	BWTS + Scrubber Fitted
Super Emerald	50,346	2005	ShinA	-	\$17.7m	BWTS Fitted

Should you have any queries about the content of this report or require any services of Hartland Shipping Services, please contact:

**Hartland Shipping Services Ltd,  
London**

Tel: +44 20 3077 1600  
Email: [chartuk@hartlandshipping.com](mailto:chartuk@hartlandshipping.com)  
Email: [snpuk@hartlandshipping.com](mailto:snpuk@hartlandshipping.com)  
Email: [consult@hartlandshipping.com](mailto:consult@hartlandshipping.com)

**Hartland Shipping Services Ltd,  
Shanghai**

Tel: +86 212 028 0618  
Email: [newbuild@hartlandshipping.com](mailto:newbuild@hartlandshipping.com)

**Hartland Shipping Services Pte. Ltd,  
Singapore**

Tel: +65 6702 0400  
Email: [chartops.sg@hartlandshipping.com](mailto:chartops.sg@hartlandshipping.com)

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