



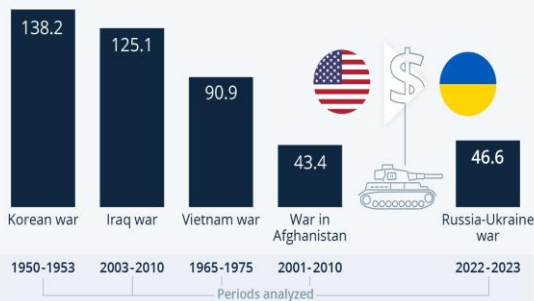
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... An ominous and open-ended statistic ...

Ukraine: U.S. Military Aid Exceeds Costs of Afghanistan

Annual average U.S. military spending, by war vs. U.S. military aid to Ukraine (in billion U.S. dollars, in 2022 prices)*



* Military aid to Ukraine does not include weapons and equipment.

Source: Kiel Institute for the World Economy



statista

Source : Statista

*Leading to the negotiated Minsk Agreements that unfortunately and embarrassingly tended to favour Moscow over Kyiv.

**Trump had no time for domestic institutions either e.g. the FBI, CIA, Justice Department, courts, laws, elections, rules of golf, etc.

***IRA's \$369bn in new spending will deprive 'Defense' of funds and the Chips Act will reduce US dependence on Taiwan's microchips.

^The huge valuation gap between Exxon and Chevron in the US and BP and Shell in the UK prompted Shell's study to shift its HQ.

^^BP has just dialled back on its targets to cut oil and gas production from 40% to 25% by 2030. Investors welcomed the move.

^^^Add recovering demand, refinery closures, low inventories, rising non-Opec supply, few new tanker deliveries and an ageing fleet.

POINTS OF VIEW

Despite all the warning signs, there was no western intelligence suggesting that Russia would actually go ahead with a full scale invasion of Ukraine. In terms of encouragement, Putin had all he needed. Ukraine has been at war since 2014 when Russia annexed Crimea and infiltrated the enclaves of Donetsk and Luhansk in the Donbas. Apart from more sanctions,* the West did little about it, while Putin is not constrained by domestic criticism. A year earlier, in August 2013, a rebel-held suburb of Damascus was attacked with sarin gas. The Assad government was held responsible, Russia being its ally. Obama's red line was crossed but the US did not respond proportionately. In June 2016, a UK referendum on EU membership resulted in a surprise vote to leave, fracturing EU28 unity and sending a signal to anti-western countries. In November 2016, out of left field, Trump was elected President of the United States. He proceeded to take the US on an isolationist America First journey. He attacked multilateral institutions such as the UN, NATO, WTO, EU, IMF and World Bank.** He was spellbound by the strongmen leaders (and Little Rocket Man) of powerful nations such as Brazil, China, India, Russia and Turkey. In November 2020, Trump was defeated in a run for a second term and Biden took over, but not before the storming of the Capitol on January 6, 2021 as Trump supporters tried to block certification of the election result. In August 2021, Biden pulled the last US troops out of Afghanistan after a 20 year presence: the Fall of Kabul was shamefully reminiscent of the 1975 Fall of Saigon.

In terms of a series of events that exuded Western weakness, it does not get much worse. In a rare press conference in January 2022, Biden expressed doubts about a Russian invasion which must have only encouraged Putin. He said: "It's one thing if it's a minor incursion and then we end up having a fight about what to do and not do, et cetera. But if they do what they're capable of doing ... it is going to be a disaster for Russia if they further degrade and invade Ukraine." He revealed a reactive rather than proactive attitude to invasion. It is generally accepted that Putin's calculation was that the West was too weak and divided to react to his February 24 move on Ukraine. We now know that his assumption was wrong but the damage is done and the war is in its second year. We learnt a few things. One is that Putin is infatuated with reviving the old USSR, by force if needed, and how this might inform other countries with territorial claims, risking hostile land grabs around the world. Another is that the West appears unprepared militarily and strategically for large-scale war. NATO is already running short of ammunition and defensive weapons with which to supply Ukraine, while western dependence upon unfriendly states for vital commodities is an Achilles heel. Inflation is proving persistent after central banks were slow to raise rates once the West started to emerge from Covid lockdowns. Ukraine has made matters worse and reminded us what a central role the two combatants play in the global commodity complex.

The transition from carbon to renewables will be a long process and it needs to be better managed lest we turn out the lights and switch the heating off. However, daily evidence of the damage we are doing is plain to see and trying to reconcile the conflicting objectives of reducing fossil fuel use while maintaining global growth is a challenge. The undeniably protectionist US Inflation Reduction Act*** is one way. The EU's response was the European Green Deal and a path to net zero by 2050, suggesting a rising competition to subsidise clean energy at the government level, leaving the IOCs to focus on managing their oil and gas output. Exxon and Chevron are unashamedly committed to expansion which has them trading at 6-times cash flow compared to only 3-times for Shell. Hence, it recently studied the possibility of relocating its HQ to the US.^ BP has reduced its fossil fuel reduction targets which sent its shares up 15% in week 6-10 Feb.^ Shipping has had a bumpy few years with Covid emergence and war affecting the main sectors in different ways. Containers went from lockdown boom to inflation-induced bust, compounded by supply chain easing and the oversupply of goods and ships. Bulk carriers were hit by China's lockdowns and real estate crisis, now turning a corner, and tankers are benefiting from oil flow dislocation.^^ One thing is certain, China will be pivotal in more ways than one in shaping the future fortunes of the wet and dry bulk sectors. For now, this is positive for tankers and bulkers.

Dry Cargo Chartering

The **capsize** markets soared this week with time-charter averages rocketing up to \$9,910, a huge increase of \$4,639 from last Friday. Baltic Exchange average freight prices for Western Australia-China are at around \$7.75 pmt, Brazil-China at approximately \$18.75 pmt, and for RSA-China prices are near to the \$13.00 pmt mark. Despite these big improvements all-round relatively few fresh fixtures came to light. On Wednesday, Bunge chartered *Awajisan Maru* built 2021 for 190,000 mtons 10% iron ore loading Kamsar bound for Yantai and Longkou for 21/26 March at \$18.45 pmt. Rio Tinto took 2 vessels for their usual Dampier-Qingdao run for mid-March dates at \$7.30 pmt and \$7.35 pmt apiece. From South America, we heard that *SAMC Libero* built 2004 fixed 170,000 mtons 10% Tubarao-China at \$15.90 pmt, and also charterers Treasure Boost fixed *XH Explorer* built 2003 for 180,000 mtons 10% for the same trade-route at \$15.40 pmt for early April dates.

A continuation of positive gains was seen across all **panamax** markets once again this week. Time-charter averages ended up at \$14,087. In the Pacific, Viterra took the scrubber fitted *Aom Sveva* (81,625-dwt, 2019) for a trip from Gaogang to Continent via NoPac at \$10,000 with scrubber benefit going to the charterers. Panocean were linked to both *SM Goseong* (76,838-dwt, 2005) delivery Samcheonpo to South Korea via East Coast Australia at an estimated \$11,000, and *Ocean Aphrodite* (93,145-dwt, 2011) open Kaohsiung to Taiwan via East Coast Australia at mid-\$12,000. Over in the Atlantic, *Astrea* (81,838-dwt, 2015) fixed with Cargill for a trip from East Coast South America to Far East at \$16,760 + \$675,000 bb. Similarly, SDTR secured *Darya Lachmi* (82,271-dwt, 2022) open Huangpu for a trip via East Coast South America to Singapore-Japan range at \$16,000. *Jag Aarati* (80,323-dwt, 2011) open Hazira was fixed for an East Coast South American round trip at \$17,250 with Oldendorff but little else transpired. On voyage, SAIL fixed a TBN vessel for their 75,000 mtons 10% coal lift loading Port Kembla for Visakhapatnam 22/31 March at \$20.65 pmt.

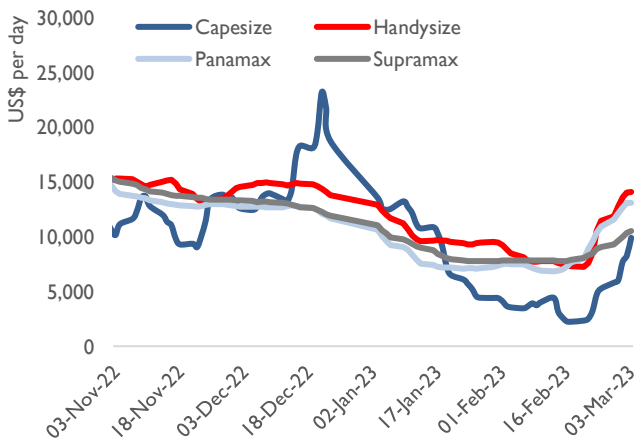
Supramax markets finished the week settling, after an incredible fortnight of steep climbing. The market seems to be taking a slight breather, which could easily go sharply either way next week. The S10TC closed at \$13,081

up by \$2,124 (19,38%) since last reported on the 24th of February. In the Pacific, *Nord Anthem* (61,261-dwt, 2021) fixed delivery Fangcheng 1-2 March for a trip via Indonesia to West Coast India at \$19,000 whilst *Pacific Constant* (61,450-dwt, 2016) was covered delivery Ningbo prompt dates for a trip via Indonesia to West Coast India at \$18,000. Whilst in the Indian, Vitol fixed *St Paul* (57,982-dwt, 2010) delivery retro sailing Porbandar 3-4 March for a trip via South Africa to Continent at \$16,500 with charterers option redelivery India at \$19,000. And in the Atlantic, *Bellight* (63,073-dwt, 2016) fixed delivery Gdansk prompt dates for a trip to East Mediterranean at \$11,500. On the period front, Sumec took *DSI Phoenix* (60,456-dwt, 2017) delivery India early March for 12-14 months with redelivery worldwide at \$16,000 whilst Norden covered *Spring Cosmos* (63,232-dwt, 2014) delivery Flushing 4th March for 12-14 months with redelivery worldwide at \$17,000.

The **BHSI** jumped up \$1,427 since last week, closing today at \$10,513. Fresh enquiry on both the Continent and Mediterranean markets as levels continued to rise, with Charterers jumping quickly on the limited supply of period minded tonnage. A 28,000-dwt vessel fixed delivery Continent round trip via the Baltic at \$10,000, a notable jump since last week. A 38,000-dwt vessel fixed delivery Algeria at \$8,000 for an intra-Mediterranean trip. A 34,000-dwt rumoured fixed delivery West Mediterranean via Black Sea to the US Gulf at \$9,000. The US Gulf picked up but remained in the shadow of East Coast South America, arguably the driving force of the Atlantic. *Kefalonia* (28,742-dwt, 2009) fixed Paranagua to the US Gulf at \$16,000 with XO. Owners fixing in the mid-teens for trips Brazil to the Continent and rising. In the East, *Bunun Benefit* (37,372-dwt, 2019) open Japan fixed a North Pacific round voyage at \$14,500. *Maria Theo I* (28,416-dwt, 2007) dely wvr Zhenjiang for a trip via China redelivery East Coast India at \$13,000. *Port Alice* (33,505-dwt, 2005) Tabaco fixed low teens for two laden legs. *African Venture* (34,730-dwt, 2012) open Philippines trip via Australia redelivery South China with salt at \$12,000 with Berge. On period, it was rumoured a 38,000-dwt vessel was fixed for 15,000 for a year delivery CJK.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Hebei Qinquangdao	95,368	2011	Zhoushan	20 Feb	Singapore-Japan	\$12,000	RTSA	Via Australia
Sasebo Glory	85,020	2016	EC South America	22/24 Mar	SE Asia	\$18,500	Norden	+\$850,000 bb
Astrea	81,838	2015	EC South America	15 Mar	Singapore-Japan	\$16,750	Cargill	+\$675,000 bb
SM Goseong	76,838	2005	Samcheonpo	28 Feb	South Korea	\$11,000	Panocean	Via EC Australia
Chang Yang Jin An	76,296	2001	Putian	2/3 Mar	South China	\$9,800	Lotus Ocean	Via Indonesia
Bellight	63,073	2016	Gdansk	Ppt	East Mediterranean	\$11,500	Cnr	-
Mandarin Phoenix	56,780	2009	Port Elizabeth	10/15 Mar	China	\$15,000	XO Shipping	+\$170,000
Hua Heng 167	56,769	2011	CJK	Ppt	Thailand	\$12,000	Cnr	Via Indonesia
Corinth Spire	32,155	2009	Rouen	Ppt	West Africa	\$8,500	NMC	-
Bunun Benefit	37,372	2019	Japan	15/20 Mar	Singapore-Japan	\$14,500	Cnr	Via NoPac



Exchange Rates	This week	Last week
JPY/USD	136.03	136.39
USD/EUR	1.0625	1.0540

Brent Oil Price	This week	Last week
US\$/barrel	85.76	82.67

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	464.0	430.0
VLSFO	603.0	600.0
Rotterdam IFO	414.0	408.0
VLSFO	575.0	560.0

03 March 2023

Dry Bulk S&P

The flaming freight market has lit the secondhand market blue-touch paper. But for the moment it seems that the sellers are first out of the blocks leaving buyers struggling to catch up. Deals are being frustrated as sellers look to rising period rates and are extrapolating values, leaving buyers to focus not on this week's market values but anticipating next month's. As a result while we wouldn't describe this week's sales as motley, there is little prime steel sold this week.

Probably owners of Dolphin57s are more willing than others to be caught by buyers and the sale of *Supra Oniki* (57,022-dwt, 2010 Qingshan) at \$13.5m represents a measurable improvement on last done.

Ordinarily a first generation Imabari38 would attract a significant amount of competition but we understand *Octbreeze Island* (38,278-dwt, 2011 Shimanami) is sold for just \$15.25m. However it seems she had suffered a significant collision in 2014 and that may have made some buyers wary. The Chinese-built handy *IVS Sentosa* (32,701-dwt, 2010 JNS) has been sold for an improving \$10.95m.

Finally the smaller handy *Prince Rupert* (18,917-dwt, 2009 Yamanishi) is sold for \$9.1m - approximately 10% cheaper than an equivalent age Imabari 28.

Overall there are a lot of skirmishes in the market and we expect that the battle lines will be fully established in the coming weeks. It's going to be a busy Spring.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Agia Trias	185,820	2002	Kawasaki	gearless	-	\$12.50m	BWTS fitted
Jan Oldendorff	61,606	2019	Nantong COSCO KHI	C 4X30T	XT Shipping	\$32.00m	BWTS & Scrubber fitted
Jonas Oldendorff	61,148	2019	Dalian COSCO KHI	C 4X30T	XT Shipping	\$32.00m	BWTS & Scrubber fitted
Jens Oldendorff	61,139	2019	Dalian COSCO KHI	C 4X30T	Lavinia Corp	\$32.00m	BWTS & Scrubber fitted
Jacob Oldendorff	61,131	2019	Dalian COSCO KHI	C 4X30T	Lavinia Corp	\$32.00m	BWTS & Scrubber fitted
Supra Oniki	57,022	2010	Qingshan	C 4x35T	-	\$13.50m	BWTS fitted
Octbreeze Island	38,278	2011	Shimanami	C 4x31T		\$15.25m	BWTS fitted
IVS Sentosa	32,701	2010	Jiangmen Nanyang	C 4x31T	-	\$10.95m	BWTS & Logs fitted
Prince Rupert	18,917	2009	Yamanishi	C 3x31T		\$9.10m	

Tanker Commentary

Red hot freight markets have translated into another week of robust S&P activity. Owners who have held firm during weak cycles are now reaping the rewards, evidenced by a number of impressive asset plays reported this week.

Clients of Lila Global are understood to have sold their *Lila Rhine* (51k-dwt, 2007 STX, epoxy BWTS Fitted) for a touch over \$22m. This represents a staggering return on investment, given the ship was purchased for just \$9.8m in late 2021. Following on from this sale, Norden have committed a sister vessel this week, having agreed a price of \$24.8m for their scrubber fitted *Nord Skate* (51k-dwt, 2009 STX, epoxy BWTS + Scrubber Fitted). We also note that the *Johnny Trader* (46k-dwt, 2004 STX, epoxy phenolic BWTS Fitted) has been sold for \$18m - a \$7m premium to what owners paid for her back in 2017. Last of the asset plays this week has come from Greek owners Thenamaris, who have committed their *Seamuse* (48k-dwt, 2007 Iwagi, epoxy BWTS Fitted) in the region of \$21m, close to the price they paid for her almost a decade ago.

Within the long range product markets, Dubai based energy trader Onex DMCC are understood to have committed their *Onex Phoenix* (115k-dwt, 2021 Hyundai Samho, epoxy) on private terms. On the slightly more vintage side, Premuda have sold their *Four Sky* (115k-dwt, 2010 Samsung, epoxy BWTS Fitted) for \$42.5m. It is also understood that Prime Marine Management have sold their *Sand Shiner* (73k-dwt, 2006 New Times, epoxy BWTS + Scrubber Fitted) for \$23.25m as part of a larger fleet sell off.

We witnessed a rather quiet week in the crude markets with no official sales to report. The MOL controlled *Yufusan* (311kdwt, 2005 Mitsui BWTS Fitted) has seen good levels of interest with a number of Chinese buyers purchasing the inspection report.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Four Sky	115,708	2010	Samsung	-	\$42.50m	Epoxy, BWTS fitted
Sand Shiner	73,715	2006	New Times	-	\$23.25	BWTS & Scrubber fitted
Lila Rhine	51,271	2007	STX Shipbuilding	-	\$22.25m	BWTS fitted
Nord Skate	51,332	2009	STX Shipbuilding	-	\$24.80m	BWTS & Scrubber fitted
Marlin Amethyst	49,999	2015	COMEC	Union Maritime	\$33.75m	Epoxy Phenolic
Seamuse	48,673	2007	Iwagi Zosen	-	\$21.00m	BWTS fitted
Johnny Trader	46,195	2004	STX Shipping	-	\$18.00m	Epoxy phenolic
Baltic Wave	37,300	2003	HMD	-	\$13.00m	Epoxy, Ice IB
Baltic Wind	37,298	2003	HMD	-	\$13.00m	
Nordic Humboldt	37,602	2008	HMD	-	\$15.00m	Damaged coating
Beluga Pacific	17,988	2018	PaxOcean Zhoushan	UK Based	\$19.50m	Epoxy

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