HARTLAND
SHIPPING SERVICES

21 April 2023

WEEKLY COMMENTARY

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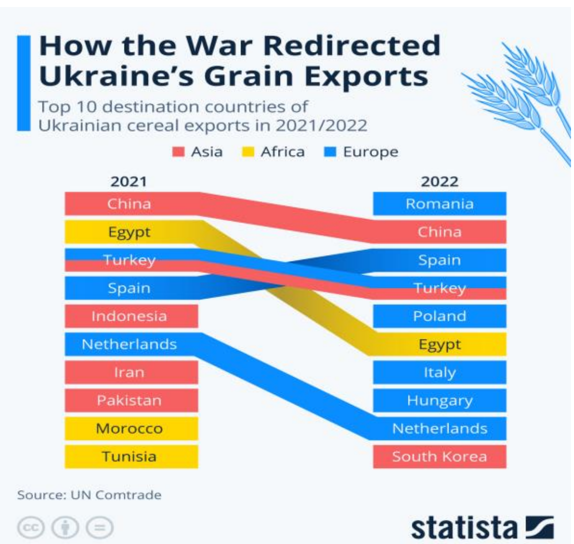
… Actions have Consequences …



[Source : Statista]

POINTS OF VIEW

Lately, there has been much chatter in the press about de-dollarisation which feeds into the general narrative of the dying days of US hegemony, the rise of the East, the decline of the West and of autocrats eclipsing democrats. Current and recent past leaders of democracies – such as Trump, Bolsonaro, Johnson, Macron and Modi – had been exposed as arriviste autocrats, while the arrived autocrats – such as Xi, Putin, Erdogan and MbS – face uncertain futures in tougher economic times.* If anything, there was a degree of convergence between the demos and the autos. The Russian invasion of Ukraine may have hit the reset button as the West was finally galvanised into action, with the G7/EU/Oz imposing sanctions on Russia following longstanding measures against Iran and Venezuela. This was not much welcomed in the countries that form part of the Global South. They have suffered from the same inflationary pressures on all manner of goods, from energy to food, as well as having been buffeted by western banking scares. Inflation has been met with monetary tightening by the Fed, in the form of rocketing interest rates and the removal of stimulus, whipsawing from QE to QT. Where the Fed goes, other central banks follow, and so it has been for the ECB and BoE.** Elsewhere, rates have fluctuated but, generally speaking^, they are up sharply. As dollar interest rates rise, so do the dollar debt servicing costs of developing nations, feeding the resentment caused by rising prices. The West is accused by the rest of exporting its cost-of-living crisis, while the West simply blames Russia and its supplicants.

According to Eurizon Capital currency experts, quoted on Bloomberg, the dollar has lost about 11% of its market share since 2016 and 22% since 2008. It suffered a big collapse last year and this is speculatively blamed upon sanctions and the concerns of emerging economies in the Global South that hold large dollar reserves. After Russia was banned from using SWIFT, these nations realised that they are at risk of similar treatment. The US dollar still represents 58% of total global official reserves, down from 73% in 2001 when it was the undisputed hegemonic reserve. To put this in context, the renminbi has only 3% of central bank reserves. Eurizon sees momentum building for developing countries to move away from the dollar, while observing that the dollar, embedded as it is in global payments architecture, is not under near-term threat. It concludes that "What needs to be appreciated by investors is that, while the Global South is unable to totally avoid using the dollar, much of it has already become unwilling to do so." The FT reports that the renminbi share of global trade financing doubled last year to 4.5%, just shy of the euro's share. This illustrates how far the competition has to go to challenge the dollar. Brazil and China have just agreed to settle trades in each other's currencies but this is inconsequential in the whole scheme of things.

While the dollar's demise is vastly exaggerated, so is the prospect of US-China decoupling. Mutual distancing is much more likely. US Treasury Secretary, Janet Yellen, yesterday said that decoupling would be "disastrous" for the world's two largest economies, even though she appears to admit that sanctions pose a threat to dollar hegemony. Open trade (despite the legacy US-China tariff regimes that remain in place) should be maintained, but the US and its allies will continue to work strenuously to deny China access to any advanced microchips and hi-tech equipment that have military applications. For its part, China will restrict supplies to the West of the rare earth elements that go into everything from iPhones, solar panels and EVs to lasers, radars and missile guidance systems. China is clearly frustrated at America's resolve to thwart a military move on Taiwan, something that would be devastating from any humanitarian and economic calculus. It would anyway be pointless as the US would take out all of Taiwan's fabs which make and supply 60% of the world's semiconductors. That is China's real target so let's park the nostalgic concept of 'reunification'. Yellen would prefer to see China reverse its pivot to state-driven economic enterprise and allow the private sector more oxygen to thrive. This is no Tina moment.^^ Asia beyond China (The Economist's Altasia) is flourishing but lacks the manufacturing and transport infrastructure that China has invested in. Over time, as with dollar trade, this will change. Altasia now has more people and lower labour costs than China. It sold $634bn of goods to the US in the 12 months to Sep 2022, ahead of China's $614bn. Change ahoy!

*No sooner had Putin banged up his latest irritant, Vladimir Kara-Murza, than Modi jailed his main political opponent, Rahul Gandhi.

**In March, the Fed rate went to 5.0% from 0.5% a year earlier, the ECB went to 3.5% from 0.5%, and the BoE to 4.25% from 0.75%.

^For various complex reasons this was with the exception of major economies such as China, Indonesia, Japan and Turkey.

^^Tina: There is no alternative.

Altasia: Japan, South Korea, Taiwan, Philippines, Indonesia, Singapore, Malaysia, Thailand, Vietnam, Cambodia, Bangladesh and India.

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Dry Cargo Chartering

This week saw the **capesize** markets dip before rallying and strengthening by the end of Friday trading. Overall, this left time-charter averages at $16,270 an increase of $873 from our previous report. Baltic Exchange average freight prices for Tubarao-Rotterdam are at approximately $10.25 pmt, Brazil-China at $21.70 pmt, and ex. Australia freight is now around $8.70 pmt. On the coal side of things, it was reported that Oldendorff took a TBN vessel for 160,000 mtons 10% loading Bolivar to Iskenderun 6/15 May at $12.50 pmt. Iron ore shipments from Australia saw many charterers active including the likes of BHP, Baoisland, Mingwah, Rio Tinto, Richmark, and FMG. Freight prices this week ranged from $7.65 pmt to $8.10 pmt from a variety of load ports. Additionally, we heard Richland fixed *Genco Hadrian* (169,025-dwt, 2008) delivery Yosu 20th April for a trip via East coast Australia redelivery Singapore-Japan at $14,500.

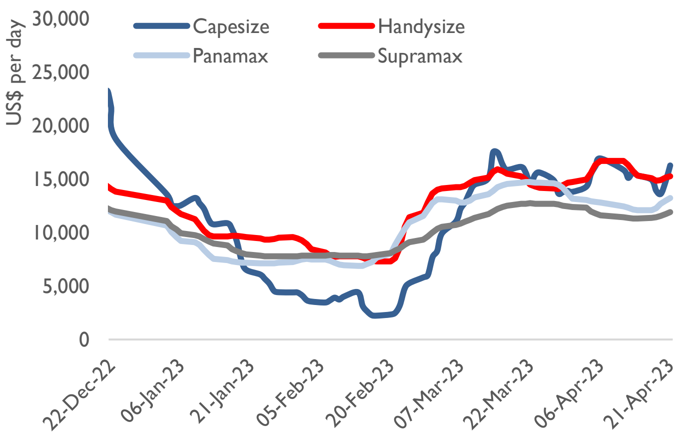
An improvement in the Atlantic market as tonnage count was seen tightening but a divided opinion remains in Asia. **P5 TC** closed at $15,225 down by $92 since last reported 14th Apr. In the North Pacific, Koch Trading was reported to have secured *Sakizaya Champion* (78,080-dwt, 2014) for a trip from Dongjiakou via Nopac for redelivery in Singapore-Japan range at $13,500. Similarly, *Lowlands dawn* (93,500-dwt, 2017) was heard fixed for a Pacific round trip at $10,500 but little else transpired whilst *Zheng Rong* (81,793-dwt, 2013) was rumoured to have been fixed for a trip via Indonesia from Malita to Philippines at $15,000. In the Atlantic, Meadway had taken *Nord Draco* (84,694-dwt, 2014) open Amsterdam for a prompt trip via Baltic and Red Sea for redelivery in Cape Passero at $18,000. Olam fixed a fronthaul trip on *Maine Soleil* (82,000-dwt, 2022) delivery North France to China at $28,500 and Salanc fixed *Guo Yuan 18* (75,891-dwt, 2012) passing Gibraltar for a trip via North Brazil to Singapore-Japan at $24,000. On voyage, Sail fixed TBN for their 80,000/10 coal lift Port Kembla / Visakhapatnam 8/17 May at $19.45.

A positive week for the **supra** sector with stronger rates across the board. BSI closed today at $13,211 up $1,152 from last week. In the Atlantic, limited fresh tonnage in both the US Gulf and South Atlantic boosted rates. *Sealuck II* (55,452-dwt, 2004) open East Coast Mexico fixed a trip from the US Gulf to the Mediterranean with petcoke in the high teens, reports it was close to $19,500. *Western Oslo* (63,500-dwt 2019) open Cotonou rumoured was linked via East Coast South America fronthaul runs at $22,000 to South East Asia and $23,000 to the far east. In the Mediterranean, a dolphin 57 type fixed delivery Oran to Abidjan with clinker $18,000. *Makra* (58,451-dwt, 2012) fixed from Eregli via the Black Sea to Far East with grains at $19,750 with EFE. From the Indian Ocean, *Epic Trader* (56,778-dwt, 2012) fixed for a trip redelivery China at $9,000. Fresh inquiry kept sentiment up in the east, boosted by strong levels of interest from North Pacific. In Indonesia, *Bulk Endurance* (59,450-dwt, 2017) open Bahodopi fixed trip via Indonesia redelivery China at $14,250 with Tongli. *Heilan Aroma* (56,878-dwt, 2011) open Gresik fixed a trip via Indonesia redelivery China at $14,500 by Naval Bulk. A 56,000 spot Zhanjiang was also heard fixed for a trip via Indonesia to India at $9,150.

The **BHSI** closed this week at $11,876 up $570 from last Friday. The Atlantic firmed up, driven in parts by a strong south Atlantic demand and lack of tonnage available. The Continent was quiet, scrap was paying very low teens on the large handy types. Earlier in the week, *Chios Luck* (36,612-dwt, 2013) open Samsun fixed a unique sun flower seed cargo via Constantza redelivery Spain-Portugal at $15,000 to Cargill. A 37k-dwt fixed steels from East Mediterranean to the Adriatic at $14,000. A 32k--dwt fixed delivery Antalya for a trip to Caribbean at $11,500-12,000 with BAI. US Gulf market picked up quickly, *Rubina* (39,959-dwt, 2018) fixed delivery SWP for a trip redelivery Turkish Mediterranean at $13,000 with Clipper. Positivity returning to the pacific handy market with more visible enquiry. It was also said that levels of prompt tonnages in the Southeast Asia region starting to reduce which could signal further gains in the coming days. *Rostrum Australia* (40,000-dwt, 2023) open Zhoushan was rumoured to have been fixed for a trip to the Continent-Mediterranean range in the low teens, but no further details surfaced. *United Harmony* (38,494-dwt, 2015) delivery Koh Sih Chang trip to Indonesia with sugar $8,750. In China, *Nordic Incheon* (35,817-dwt, 2018) open Zhoushan fixed via South Australia to East Coast India at $10,000 with Centurion. *Lima Strait* (37,187-dwt, 2012) open Chiba fixed/failed trip via North Pacific to Chittagong with scrap $12,000 to Pacific Basin. A 33,000 box shaped vessel was fixed for a trip basis delivery South Korea to the Arabian Gulf with steel coils at $10,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Genco Hadrian	169,025	2008	Yosu	20 Apr	Singapore-Japan	$14,500	Richland	Via EC Australia
Hebei Qinhuangdao	95,368	2011	Fukuyama	19 Apr	China	$13,750	Oldendorff	Via NoPac
Nord Draco	84,694	2014	Amsterdam	Ppt	Cape Passero	$18,000	Meadway	Via Baltic and Red Sea
Cemtex Sincerity	82,200	2018	Tianjin	19/20 Apr	Singapore-Japan	$14,250	Cofco Agri	Via NoPac
Prairie	81,614	2019	EC South America	1/5 May	Singapore-Japan	$19,000	Cargill	+$900,000 bb
CMB Rubens	63,514	2018	Nagoya	Ppt	SE Asia	$13,500	WBC	Via NoPac
Bulk Endurance	59,450	2017	Bahodopi	Ppt	China	$14,250	Tongli	Via Indonesia
NS Dalian	57,001	2010	Singapore	Ppt	Japan	$11,000	Pacific Basin	-
United Harmony	38,494	2015	Koh Si Chang	Ppt	Indonesia	$8,750	Cnr	-
Nordic Incheon	35,817	2018	Zhoushan	Ppt	EC India	$10,000	Centurion	Via S Australia



Exchange Rates	This week	Last week
JPY/USD	134.36	133.34
USD/EUR	1.0972	1.1003

Brent Oil Price	This week	Last week
US$/barrel	81.50	86.34

Bunker Prices ($/tonne)	This week	Last week
Singapore IFO	472.0	500.0
VLSFO	558.0	622.0
Rotterdam IFO	465.0	480.0
VLSFO	550.0	585.0

Dry Bulk S&P

The market has been filled with enquiry for "eco Japanese units", particularly Ultramax and Kamsarmaxes. February and March had seen one sale each month, both ultras. The last two weeks have seen three sales fitting this criteria and offering benchmarks to plenty of interested observors.

Last week saw the sale of *Global Royal* (61,211-dwt, DACKS, 2022) sold for 34.7m. We now understand the Buyer is US based. Prior to the Global Royal. US Buyers are linked to the sale of *CL Ebisu* (61,330-dwt, 2014 Iwagi) too. The Belgian controlled unit invited offers yesterday afternoon Antwerp time and we understand she is already committed with American Buyers moving aggressively to secure her quickly.

There have been eco Japanese panamaxes sold this year however *Valiant Spring* (81,920-dwt, 2015, Tsuneishi Zhoushan) is the first reported ECO Japanese or affilate kamsarmax sold since December '22 when two ships were tied up. *Rich Rainforest* (82,278-dwt, 2022 YAMIC) for $34.5m and *Lowlands Comfort* (81,845-dwdt, 2016 Tsuneishi Cebu) achieving $26.35m. Greek Buyers are linked to the Valiant Spring purchase with a price rumoured to be in the low 28s a notable step up on Lowlands Comfort and with reports of several underbidders in the 27s.

Elsewhere German Buyers are linked to the purhcase of the Greek controlled *Diomidis* (63,167-dwt, 2015 Jiangsu Jinling) for $25.5m. At the time of writing both Harren & Schulte have been linked to Diomidis however uncertainty remains over who the Buyer is. The sale of Diomidis is in line with recent eco Chinese Ultramax sales and when compared with the CL Ebisu sale it provides a neat comparison showing the premium for Japanese built units.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Stella Cherise	177,832	2010	SWS	-	-	-	Private Terms
DL Ivy	81,805	2012	Jiangsu	-	-	-	Private Terms
Valiant Spring	81,920	2015	Tess Zhoushan	-	Greeks	$28.20m	Eco M/E
Ying Hao	76,037	2012	Hudong-Zhoughua	-	Averton Bulk	$18.00m	
Diomidis	63,167	2015	Jiangsu Jinling	4x30t	Germans	$25.50m	
CL Ebisu	61,330	2014	Iwagi Zosen	4x31t	US	$27.00m	Eco M/E
Seacon Qingdao	57,450	2013	Taizhou Sanfu	4x30t	-	$15.50m	Via Auction
Sania	57,011	2010	Qingshan Wuhan	4x30t	-	$14.50m	SS due 10/25
Worldera-3	50,296	2000	Mitsui	4x30t	-	$8.00m	BWTS fitted
J-Harmony	28,398	2009	Imabari	4x31t	Vietnamese	$9.70m	

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Tanker Commentary

Older VLCC values have plateaued from aggressive inflation we saw in 2H 2022. Hellenic Tankers have sold *Princess Mary* (306,206 dwt, 2004 Mitsubishi) to Chinese buyers for $51m. The same owners fixed and failed *City of Tokyo* (303,994 dwt, 2004 Universal) for $49m in October 2022. Elsewhere we have heard that *Ace Porter* (301,021dwt, 2008 Daewoo) has also changed hands for an undisclosed amount.

Ridgebury have just sold *Ridgebury Elizabeth B* (158,574-dwt, 2011 HHI) for $47m. This has realised a $19m profit on the vessel that they have only owned for 26 months. The last similar vessel to change hands was the Chinese built, *Everbright* (156k-dwt, 2010 Jiangsu Rongsheng, scrubber fitted) which achieved $43.5m at the end of last month.

In the LR2 segment values have followed suit of the larger crude tonnage. Capital are reported to have sold their scrubber fitted vessel, *Aristoklis* (113,838-dwt, 2017 Daehan - Epoxy) for $68.5m. The five year old ship was contracted as a newbuilding for circa $66m.

Pike (73,723-dwt, 2008 New Times - Epoxy, CPP) has sold for $22.5m, the last similar done was the one year younger sister, *Summit Africa* (73,427-dwt, 2009 New Times) which achieved $24.8m in December 2022.

In the only handy tanker sale of the week, *SW Julia I* (40,246-dwt, 2003 Hyundai - Epoxy) has been committed for low $15m to undisclosed buyers. The last done was the enbloc deal of *Baltic Wind* (37,296-dwt, 2003 Hyundai Mipo) and *Baltic Wave* (37,300-dwt, 2003 Hyundai Mipo) which sold for $13m each last month.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Princess Mary	306,206	2004	Mitsubishi	Chinese	$51.00m	BWTS Fitted / Cap I
Ridgebury Elizabeth B	158,574	2011	HHI	-	$47.00m	BWTS Fitted
Aristoklis	113,838	2017	Daehan	-	$68.50m	Epoxy Coated Scrubber Fitted
Pike	73,723	2008	New Times	-	$22.50m	Epoxy Coated / CPP
SW Julia I	40,246	2003	Hyundai	-	$15.10m	Dirty trading
Marez Noa	12,479	2015	Kurinoura	Uni Tankers	-	STST

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