HARTLAND
SHIPPING SERVICES

09 June 2023

WEEKLY COMMENTARY

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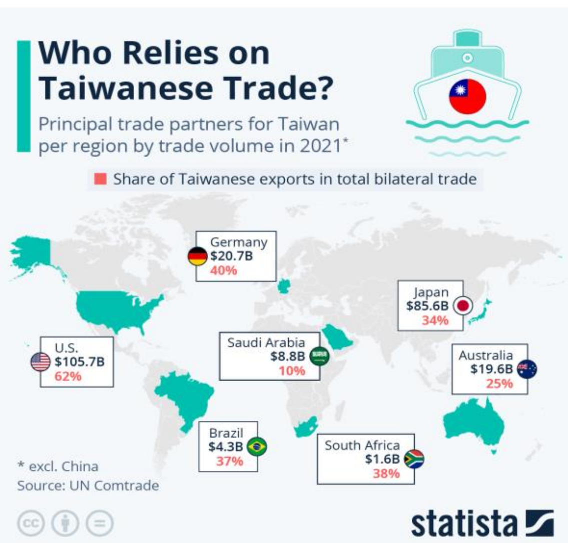

[Source : Statista](#)

POINTS OF VIEW

Opec's meeting went ahead in Vienna last Sunday and the upshot was that existing cuts will be maintained to end 2024 and Saudi Arabia will unilaterally cut another 1m-bpd of its output in July,* about 10% of its current production and 1% of global oil demand. The likes of Angola and Nigeria will see their baselines lowered from January, recognising their under-performance due to under-investment, especially during Covid, which has damaged oil infrastructure. In all, there will be a 1.4m-bpd downward adjustment, presented as a cut but actually just realigning quotas with actual output. No actual barrels will be lost. Russia made no new promises to reduce exports,** while the UAE gets a small 0.2m-bpd quota increase from 2024. The IMF estimates that the kingdom needs Brent at $81 to balance its budget. Brent was at $76 a barrel last Friday and is at $76 today making Saudi Arabia the biggest loser, getting no price rise in return for a 10% loss of market share. Higher oil prices are Saudi's preoccupation, to monetise hydrocarbon revenues as quickly as possible in the face of growing global support for the green revolution, although the market seems to have other ideas. It sees weak demand in China and in the developed countries that are suffering from persistent inflation, higher interest rates and lingering worries that the US may enter a recession later this year. Saudi Arabia has got past the Khashoggi affair, secured a rapprochement with Qatar and Iran,^ has helped rehabilitate President Assad of Syria and has quietly achieved the impossible: bringing together LIV Golf, DP World Tour and the PGA Tour…

Saudi Arabia is now more influential outside Opec, but less so within it. After all, it is cutting unilaterally while letting the UAE pump more. As the US has become self-sufficient in hydrocarbons, its need for Middle Eastern oil and gas is greatly diminished. In response, the Opec ringleader has turned to China and other Asian markets where it can get a higher netback price for its oil. Despite China's current phase of low growth, Asia still promises faster economic expansion than the West. And the West is unpopular for its imposition of sanctions against Russia, following those imposed on Iran and Venezuela, as well as targeted measures against Chinese officials and companies. The whole world has had to deal with the trade disruption and higher prices after Russia's invasion of Ukraine and the retaliatory imposition of punitive sanctions. Trade disruption continues but most commodity prices are now lower. Most of the world, especially the so-called Global South, prefers to be non-committal on the war in Europe while also preferring not to take sides in the Sino-US divide. In cutting oil supply to underpin prices, Saudi Arabia has denied Biden's plea for more oil, knowing high pump prices are a vote loser in America. The idea of prolonging inflation in developed countries is not its concern as, with the Inflation Reduction Act, huge green investment subsidies in the US are a direct attack on Opec's lifeblood. Higher oil prices may help Saudi Arabia achieve budget breakeven and help Russia finance its war, but they are also a clear indication that it has turned its back on the US and the West.^^

Naturally, Opec manoeuvres caused publicly quoted tanker companies to be sold off on Monday. As was mentioned at Nor-Shipping this week, from an investment point of view, oil and gas are the new tobacco. Tankers are guilty by association and owners are finding both financing and insurance less commonly available as green principles are adopted, often with little thought of the time it will take to execute and fund the transition. The shipping press and equity analysts would have you believe that 2023 has been cancelled as yet another year passes us by in what was supposed to be the great shipping recovery. It is always next year. However, there are grounds for optimism. China's May crude imports came in at 12.1m-bpd after 10.3m-bpd in April and 12.3m-bpd in March. That was the best reading since June 2020, so the May print is strong. Refineries are returning from maintenance and building inventories ahead of the peak summer season. To be fair, strong May arrivals were based on demand expectations set two months earlier, but there is still hope that the reopening will get back on track in H2. Chinese refiners have access to discounted Russian, Iranian and Venezuelan barrels which supports their margins. This week's OECD forecasts set a better tone with global GDP growth at 2.7% for 2023 and 2.9% for 2024, the US avoiding a recession, China meeting its 5% target in both years and India shining with 6% growth in 2023 and 7% in 2024.

*It is for one month only, but may be extended, making it somewhat symbolic especially as the announcement has failed to lift oil prices.

**Russia is increasingly at odds with KSA. It has stopped reporting its output, is accepting lower prices and maximising its export volumes.

^The truce was brokered by China in March. It took Israel completely by surprise. It had sought to get Riyadh's support in isolating Tehran.

Instead, Riyadh has chosen to insure itself against possible reprisals should Iran's nuclear infrastructure be attacked by Israel.

^^Post Khashoggi, Biden shunned KSA as a pariah but, in July 2022, he visited Jeddah only to be denied his request for more oil supply.

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Dry Cargo Chartering

The **BCI** closed this week at $12,560 up $3,306 from last week. Positive gains were felt at the start of the week in the Cape market before it levelled out. Five Ocean took 190,000/10 from Seven Islands to South Korea at $29.50 whilst Arcelor Mittal rumoured to have fixed 150,000/10 from Port Cartier to Qingdao at mid/high $24. Five Ocean took 190,000/10 from Seven Islands to South Korea at $29.50 whilst Arcelor Mittal rumoured to have fixed 150,000/10 from Port Cartier to Qingdao at mid/high $24s. Australia to Qingdao ore runs started off in the $7s pmt before improving to high $8s pmt in the later part. It was heard Rio Tinto covered 170,000/10 at $7.95 and $8.65 respectively. On the period front, Swissmarine took *New York* (177,773-dwt, 2010) for a trip delivery Jiangyin at $16,000, minimum.

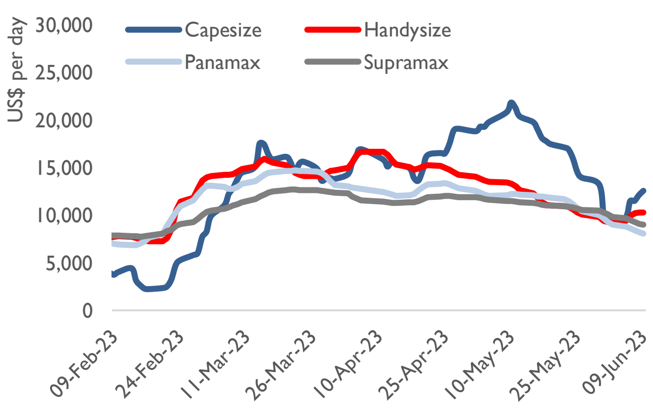
It is another lifeless week for the **panamax** market with few activities reported. A P5 TC closed at $8,093 down by $1,176 since last reported 2nd June. In the Pacific, Panocean had taken *Alpha Progress* (81,251-dwt, 2012) from Phu My to Korea via West Coast Australia at around $10,000 and Oldendorff secured *Valiant Summer* (81,920-dwt, 2016) open Kashima to Japan via Australia at $11,000. In the North, it was rumoured that *PS Cadiz* (82,256-dwt, 2010) was fixed for a trip from Kakogawa to Vietnam via NoPac at $11,000 but no other details surfaced. More activity was reported on the front haul, Cofco fixed *Bettys Perfection* (76,635-dwt, 2007) from East Coast South America to Singapore-Japan range at $13,500 plus $350,00 bb, whilst *Serifos* (81,086-dwt, 2015) was fixed from Haldia via East Coast South America to Singapore-Japan range $13,900 with Comerge. Similarly, *Sunrise Trader* (82,233-dwt, 2023) open Sunda Strait was fixed to Singapore-Japan range via East Coast America at $14,500 but other details were kept under wraps. On voyage, Kepco Tender fixed Dooyang TBN 80,000 / 10 coal lift Semirara / Goseong 19/24 June at $7.50.

Supramax market unfortunately should little signs of bottoming out this week as it continued to drop yet again this week. The S10TC closed at $8,093 down by $918 (-10.19%) since reported last week 2nd June. In the Pacific, *Federal Integrity* (63,729-dwt, 2022) fixed delivery Hong Kong spot dates for a trip via Australia to Singapore-Japan range at $8,000, CRC covered *Clara* (56,557-dwt, 2008) delivery Luo Yuan spot dates for a trip via Indonesia to Vietnam at $3,750 and Pacific Basin took *Genco Predator* (55,407-dwt, 2005) delivery CJK 5-6 June for a trip via NoPac to Singapore-Japan range at $7,500. Whilst in the Indian, *Young Glory* (63,567-dwt, 2015) open Maputo 20-23 June fixed delivery Port Elizabeth for a trip to China at $14,000 plus $140,000 bb. *Aries Confidence* (63,158-dwt, 2018) fixed delivery Colombo prompt dates for a trip via South Africa to Far East at $11,000 and Trans Power took *KSL Qingyang* (56,880-dwt, 2011) delivery Karikal 31st May for a trip to China at $5,000.

Despite the brief hysteria surrounding the uptick in the capsize index, the **handysize** market continued to soften. Short period inquiry picked up within the Atlantic, a small positive to take from the week, often indicative of a market close to the bottom. The BHSI closed today at $9,023 down $782 from last week. Levels fell further on the Continent and in the Mediterranean. A 36,000-dwt, open Marin in Spain, fixed scrap loading in France to the East Mediterranean in the $8'000 p/d. A 31,000-dwt fixed $5,500 delivery Gibraltar for a trip via North Spain to US Gulf. *Aktea R* (28,372-dwt, 2010) open Iskenderun spot fixed delivery Port Said via Egypt Red Sea, redelivery East Coast India with Phosrock at $6,250 with Norvic. A 37,000-dwt fixed from the East Mediterranean to the Adriatic at mid-$7,000's pd. The US Gulf seemed to pick itself up from the floor towards the end of the week, *Chrysoula S* (37,786-dwt, 2015) open New Orleans fixed delivery Southwest pass to Morocco at $11,000. A 37,000-dwt fixed for a scrap trip from the US East Coast to Turkey between $8,000 and $9,000. East coast South America tonnage seemed to shorten a little but requires a pickup inquiry if we are to see rates improve. A 37,000-dwt fixed from Sao Louis to Norway at $11,500. *Emil Selmer* (32,626-dwt, 2010) fixed delivery Barranquilla for a short trip into East coast Mexico at $8,000. Negative sentiment continued across the pacific handy market. In the North China and Japan region, minimal fresh enquiry observed, and level continued to soften. In Southeast Asia, split market started to form, with small premium for Australia friendly vessels, more enquiries would be needed to reverse the trend. *Destiny* (29,229-dwt, 2010) opening in Bunbury was rumoured to have been placed on subjects for a trip to Vietnam with grains at around $12,000. Eastgate (33,174-dwt ,2010) open Townsville was heard fixed for a trip from Singapore to Japan at around $11,000. *Norse Savannah* (40,020-dwt, 2022) opening in Zhenjiang was fixed for a trip via Japan to Floro at $11,750. *CH Bella* (33,144-dwt, 2010) open spot in CJK was also heard to fixed for a trip via South Korea to Southeast Asia at $6,250.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Necklace	92,903	2012	Belawan	15 May	SE Asia	$8,300	Omegra	Via EC South America
Seacon Nola	85,611	2023	Dangjin	7 June	South China	$11,600	Deyesion	Via EC Australia
Ocean Legend	78,208	2020	Tanjung Bin	10/15 June	Singapore-Japan	$15,000	Ming Wah	Via WC Australia
Bel Air	77,053	2006	Singapore	19 May	Singapore-Japan	$9,250	ADMI	Via EC South America
Guo Yuan 10	75,980	2011	EC South America	29 June	Singapore-Japan	$15,000	Louis Dreyfus	+500,000 bb
Star Challenger	61,462	2012	Eleusis	Ppt	US East Coast	$11,000	Norden	-
Santa Valentina	61,310	2017	N Vietnam	Ppt	US Gulf	$6,000	Bunge	-
Genco Predator	55,407	2005	CJK	5/6 June	Singapore-Japan	$7,500	Pacific Basin	Via NoPac
Chrysoula	37,786	2015	SW Pass	Ppt	Mediterranean	$11,000	Cnr	-
Eastgate	33,174	2010	Townsville	10/17 June	Singapore-Japan	$11,000	Cnr	-



Exchange Rates	This week	Last week
JPY/USD	139.23	139.66
USD/EUR	1.0770	1.0725

Brent Oil Price	This week	Last week
US$/barrel	74.91	75.91

Bunker Prices ($/tonne)		This week	Last week
Singapore	IFO	435.0	442.0
	VLSFO	580.0	530.0
Rotterdam	IFO	448.0	437.0
	VLSFO	534.0	568.0

Dry Bulk S&P

The softening freight market across the board in dry has affected sentiment over the past few weeks and this is now translating into prices coming off. There are reports of several sales & negotiations below last done levels and benchmarks.

The Kambara owned *CF Diamond* (57,700-dwt, 2016 Tsuneishi) is reportedly committed in the low $24m. A price in line with the March sale of *IVS Pinehurst* (58k-dwt, 2015 Tsuneishi Cebu) for low 23s however the market rose in the aftermath of that sale. The Japanese controlled *Nord Treasure* (55,88-dwt, 2014 Mitsui) is also reported tied up for a price around $21-22m. Both *CF Diamond* & Nord Treasure have electronic engines and both Sellers were aiming about $2m higher than they appear to have accepted.

The wide beam / shallow draft *Belvedere* (66,637-dwt, 2015 Mitsui) fetched $27m basis Q3 delivery - sistership Bulk Electra (66k-dwt, 2015 Mitsui) was sold last month for $27.3m. Meanwhile Lauritzen's *American Bulker* (36,228-dwt, 2016 Shikoku) is reported to have gone to Turkish interests at $23m however this sale may have been finalised before the market fell, hence it is in line with last months sale of *Maestro Pearl* (36k-dwt, 2015 Saiki) that went to Devbulk for $22.5m.

The modern capesize *Herun Zhoushan* (181k-dwt, 2017 SWS) fetching $41.5m to Greek Buyers.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Herun Zhoushan	181,056	2017	Shanghai Waigaoqiao Shipbuilding		Greek	$41.5m	
Belvedere	66,637	2015	Mitsui	4x30t		$27.0m	Q3 delivery
Victoria T	61,266	2017	Shin Kurushima	4x31t		$29.2m	
CF Diamond	57,700	2016	Tsuneishi	4x30t		$24.2m	SS due 06/2026
Nord Treasure	55,888	2014	Mitsui	4x30t		$21.5m	
American Bulker	36,228	2016	Shikoku	4x30t	Turkish	$23.0m	Box Hold
Pazeh Wisdom	18,969	2009	Kanahashi	3x31t		$8.5m	

Tanker Commentary

The standout sale of the week would be DHT's purchase of the Enesel owned, *Maria P. Lemos* (319k-dwt, 2018 Hyundai HI) at $94.5m. The purchase price comes at a surprise to onlookers given benchmarks place a scrubber fitted vessel of this age at much closer to the $100m mark. Delivery is set for the third quarter of this year, with her surveys due in October.

MR product tanker rates have come off in recent weeks which seems to have cooled S&P activity. There have been only a handful of sales this week, all of which demonstrate a marginal dip in S&P values. The first of which is the *Super Ruby* (50k-dwt, 2006 ShinA - Epoxy), reported to have sold for $20.9m. Following this, SR Navigation have agreed a deal for the *St. Gertrud* (46k-dwt, 2009 Naikai - Epoxy), although the price is as of yet unreported. Prior to these sales, the last pumproom design sold was *Grace Lucrum* (51k-dwt, 2006 ShinA - Epoxy) which achieved $22.8m in mid April.

To conclude the MR activity this week, Pan Ocean have taken offers on their deepwell design, *Grand Ace1* (46k-dwt, 2006 STX - Epoxy). At the time of writing she is not yet concluded but we understand the majority of offers were in the high teens.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Maria P. Lemos	319,191	2018	Hyundai Ulsan	DHT Holdings	$94.5m	
Front Njord	156,760	2010	Jiangsu Rongsheng		$44.5m	DD due November
Super Ruby	50,400	2006	ShinA Shipbuilding		$20.9m	Surveys due 2026
St. Gertrud	46,622	2009	Naikai	SR Navigation		

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