HARTLAND SHIPPING SERVICES

WEEKLY COMMENTARY

CONTENTS

POINTS OF VIEW

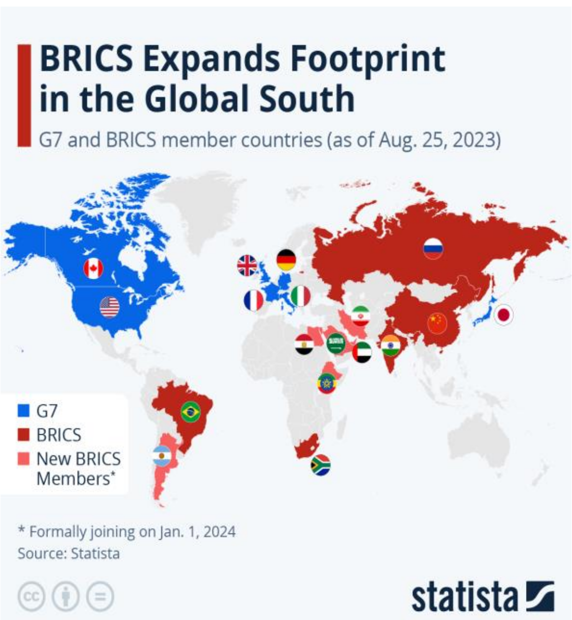
After the meeting of the Brics in Johannesburg last week, invitations to join the bloc were extended to six countries: Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the UAE. This enlarged China-dominated group will be far larger than the G7. The IMF says that it will account for 47% of the world's population and 37% of global GDP, at purchasing power parity, against equivalent numbers for the G7 of 10% and 30% respectively. It will control a large share of the world's oil and gas reserves and considerable other natural resources. The enlarged Brics will give China the support it needs to challenge institutions such as the IMF, World Bank and UN that project a western-centric world view. It will also allow the bloc to trade together in currencies other than the US dollar, although total abandonment of the dollar is simply aspirational and long-term. The enlarged bloc has no unifying common denominator being a mix of autocracies, democracies, the non-aligned and the anti-West. Membership now spans the Far East, Middle East, central Asia, eastern Europe, Africa and Latin America. The Global South is taking shape and is set to challenge the old western institutions and alliances that have dominated world trade, finance and geopolitics since the end of the second world war.

The UK finds itself in a difficult position. It pretends that it has left the EU but remains bound by so many of the same old rules, restrictions and arcane practices. It wishes to tilt to Asia, just as Obama sought to pivot to Asia when US president. It is where most of the anticipated future growth lies. According to Statista, the EU's share of global GDP (at PPP) has declined from 15.4% in 2018 to 14.9% in 2022 and is forecast to fall to 13.7% in 2028. In reorientating to the Indo-Pacific, the UK has already signed the Aukus security pact and joined the CPTPP.* James Cleverly, the UK's foreign secretary, visited Beijing this week, hot on the heels of the foreign ministers of Australia, Germany, France and the US. The West wants to promote trade with the world's second largest economy without losing track of issues ranging from national security and human rights to geopolitical shifts and complex rivalries. Decoupling has been replaced by de-risking as a strategy as some form of engagement is deemed better than none. Australia, an early mover, has already seen Chinese import bans on its thermal coal and malting barley quietly overturned. The UK is also interested in securing a trade deal with India, with whom it has historic links, fresh from the success of its lunar landing.**

India and China may be fellow members of the Brics bloc, but they have an intense rivalry that flared into confrontation in mid-2020 in a disputed Himalayan border area, resulting in the death of 20 Indian and at least 4 Chinese troops. The IMF estimates that India's economy will grow by around 6% this year against about 5% in China, 2% in the US and almost nothing in the UK. In GDP terms, India recently passed the UK and is forecast to overtake both Germany and Japan by 2030 to become the world's third largest economy. The UK's prime minister, Rishi Sunak, is of Indian heritage and could secure an enduring legacy if he were to persuade India to leave the Brics and put an eight in the G7. He is set to visit India this month while the UK's trade secretary, Kemi Badenoch, was there last week attending a G20 meeting of trade ministers. A trade deal with India, following recent deals with Australia and New Zealand, and closer ties to the Middle East and Indo-Pacific in general, will forever end any chance of the UK rejoining the EU that is fading economically from regulatory overkill and suppression of innovation.

Brics expansion is a classic case of keeping your friends close and your enemies even closer. KSA and Iran are partners in Brics and yet are fighting a proxy war in Yemen and, just as KSA cuts oil output, Iran steps into the void with production increases. Where Russia stands in Brics is unclear, but the Prigozhin denouement suggests that, whether friend or foe, you may still go down in flames. Meanwhile, as a trade deal with the US is on the backburner given Biden's disdain, the UK is increasingly desperate to do that deal with India. Both services-driven economies could help each other, but India holds most of the cards. The UK would benefit from an influx of Indian human and investment capital while British companies could invest more in their operations in India.^ The Brics route for India risks it being stifled by China's ambitions, but the G8 alternative is no easy choice.^^

… India : G8 or Brics? …



Source : Statista

*The Comprehensive and Progressive Agreement for Trans-Pacific Partnership between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, UK & Vietnam.

**The UK could seek to expand Aukus to include Japan and South Korea and apply to join the Quad alongside India, Australia, Japan and the US and aspirant members Vietnam and New Zealand.

^Tata, the Indian owners of Jaguar Land Rover, has agreed to build a £4 billion electric vehicle gigafactory in Port Talbot, Wales, where Tata also owns a former British Steel plant, creating up to 9,000 jobs.

^^For the UK, cross-channel relations with the EU will stumble along while the more dynamic high-growth options of trading with North America to the west and Indo-Pacific to the east offer more promise.

WEEKLY COMMENTARY

1 September 2023

HARTLAND
SHIPPING SERVICES

Dry Cargo Chartering

Again, we saw **Capesize** markets soften this week with time charter averages falling to $8,561, a decrease of $1,174 from our previous report. BHP took advantage of this and booked several liftings (at least seven vessels) for mid-September dates for their 160,000 mtons 10% iron ore Port Hedland/Qingdao run. Freight prices for these ranged from $7.50 pmt to $7.70 pmt. Also from Australia, Rio Tinto were busy covering mid-September dates this week taking six ships. Their usual 170,000 mtons 10% Dampier/Qingdao run was fixed with the same freight price range as BHP. On Wednesday, NYK fixed 170,000 mtons 10% Saldanha Bay/China at $14.25 pmt, while also ex. RSA Ore and Metal fixed the same business at $13.85 pmt. We also heard that *Antwerp* (172,424-dwt, 2003) fixed retro-sailing Singapore for a trip via Baltic option Black Sea redelivery Far East at $19,000. Elsewhere, the scrubber-fitted *XH Meta* (210,000-dwt, 2023) was fixed delivery CJK 29th August for min 19/max 22 months at $23,000.

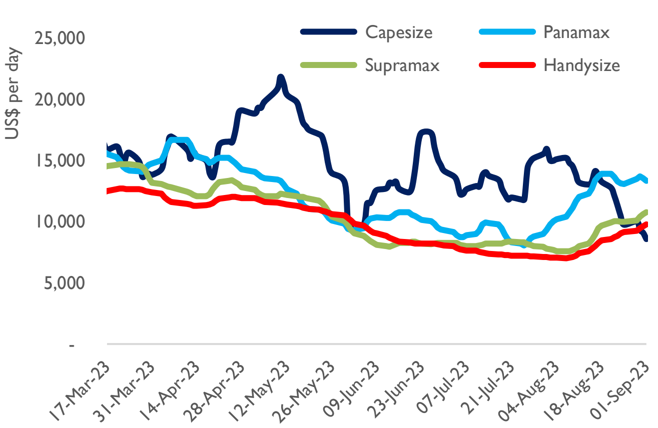
The **Panamax** market was shaky in some places, and people were nervous about it. There was talk of some deals being fixed or falling through, especially ex South America. The lack of trans-Atlantic was also putting pressure on some positions in the North Atlantic. Asia, buoyed by better sentiment and demand, remained something of a watching brief, with a wide bid-ask gap. However, overall, sources felt that the fundamentals appeared well-balanced for now. P5 TC closed at $13,300 up by $259 since last reported 14th of July. In the Pacific, the *Samoa* (75,506-dwt, 2010) Surabaya 1/5th September was rumoured fixed to Cargill for a trip via Indonesia redelivery India at a rate in the $10,000s but precise details remained scarce. From the South, the *Flag Zannis* (79,167-dwt, 2014) Mariveles 31st August / 3rd September was heard fixed, lacking further details. In the Atlantic, the *Zheng Run* (81,822-dwt, 2013) East Coast South America mid-September was reputed fixed basis a trans-Atlantic round trip at a rate in the low $19,000s with Cargill. The Panamax *Christina* (82,176-dwt, 2010), Port Said, 3rd September, was rumoured fixed but little else surfaced. The *Vassos* (82,018-dwt, 2022) Jorf Lasfar end August was reported fixed for a trip via US Gulf option North Coast South America redelivery Singapore-Japan at $25,000 with CRC.

The **Supramax** market rallied aggressively this week. Rates seemed to firm strongly in both basins as a result of a tighter tonnage supply, as charterers went searching for firm rates. The S10TC closed at $10,779 up by $786 (+7.87%) since reported last week on the 25th August. In the Pacific, Sunshine fixed *CL Anzi He* (63,077-dwt, 2020) delivery Villanueva 31st August for a trip via Indonesia to South China at $13,500, whilst *Lusanne* (60,696-dwt, 2017) was covered delivery Gresik 7-13th September for a trip via Indonesia to West Coast India (North of Mumbai) at $14,500 and *Um Elhanaya* (56,726-dwt, 2010) was taken delivery Singapore 1-7th September for a trip to Chittagong at $12,200. Whilst in the Indian, *Merchia* (63,800-dwt, 2015) fixed delivery Port Elizabeth 10-15th September for a trip with manganese ore to China at $18,500 plus $185,000 bb, Norvic took *Jabal Almisht* (63,193-dwt, 2019) delivery Jebel Ali prompt dates for a trip via Arabian Gulf to Bangladesh at $17,000 and Norvic also covered *Am Ocean Silver* (52,392-dwt, 2005) delivery Dar Es Salaam prompt dates for a trip via Arabian Gulf to Full India at $17,000. And in the Atlantic, Bunge fixed *Dolce Vita* (61,616-dwt, 2012) prompt dates for a trip to Singapore-Japan range at $16,000 plus $600,000 bb and Inerco covered *Belforce* (61,224-dwt, 2021) delivery Eregli 1-5th September for a trip via Black Sea with grains to Singapore-Japan range at $20,500.

The **BHSI** closed today at $9,742 up $620 from last week. For the Handysize in Asia, the positive outlook persisted even though there was a noticeable slowdown in activity due to the holiday in Singapore. The expected late surge in fixtures as the weekend approached did not materialize, but market conditions remained stable. Many remain optimistic heading into next week. The *Pan Harmony* (32,453-dwt, 2010) open Singapore 6/11th September was rumoured to have been fixed for an Australia round voyage with clean cargo at $9,500 and the *Nemrut Bay* (34,431-dwt, 2019) open Kwinana 10th September was also heard to have been fixed for a trip to North China around $15,000. The *Summer Sea* (35,240-dwt,2019) open CJK 5/6 September was heard to have fixed a trip via the Far East to East Coast India with steels at $9,500. On the period front, the *Daiwan Wisdom* (31,833-dwt, 2010) open China was rumoured to have been fixed for 4 to 6 months at $9,850 but further details had yet to emerge. Limited tonnage on the Continent and in the Mediterranean seemingly driving rates forward. A 38,000-dwt lady fixed $11,000 Continent for a scrap run to Turkey. A 30k-dwt fixed in the low $8,000s for a trip from South Spain to the United Kingdom. *Nordloire* (37,212-dwt, 2013) open North Continent fixed delivery passing Skaw via Baltic to the US East Coast with Grains at $8,500. A 38,000-dwt fixed delivery Canakkale for 2/3 laden legs basis redelivery Atlantic at $11,900. Activity in America picked up, despite rates still a tick behind other Atlantic markets. *Persenk* (30,361-dwt, 2010) fixed delivery US East Coast, redelivery Poland at $8,000, reportedly with Lauritzen. In the Gulf, *Izumo Hermes* (37,301-dwt, 2020) fixed an Ultrabulk wood pellets cargo basis delivery South West Pass to the Continent at $10,000, although others hearing $11,000. Across South America levels picked up, yet again driven by limited supply. *Monegasque Epee* (33,190-dwt, 2015) fixed delivery North Coast South America to the Continent at $9,000. *Ionian Sea* (37,705-dwt, 2019) fixed delivery Fazendinha for a trip to Norway with Western Bulk Carriers, reportedly in mid-15,000s.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Panayiota K	92,018	2010	Hong Kong	29 Aug	Japan	$6,750	Jera	Via EC Australia
Aeolian	83,478	2012	EC South America	8/9 Sept	Singapore-Japan	$16,500	Cofco Agri	-
CMB Permeke	81,795	2019	Kohsichang	30 Aug	Singapore-Japan	$15,750	Bunge	Via EC South America/NC South America/US Gulf
SSI Surprise	81,631	2013	EC South America	21 Sept	Singapore-Japan	$17,000	Cargill	-
Shi Dai 1	76,611	2007	Singapore	26 Aug	Singapore-Japan	$12,500	Cnr	Via EC South America
Merchia	63,800	2015	Port Elizabeth	10/15 Sept	China	$18,500	Cnr	-
Belforce	61,224	2021	Eregli	1/5 Sept	Singapore-Japan	$20,500	Inerco	Via Black Sea
Kuai Bang Hai 18	53,414	2009	Singapore	4/10 Sept	China	$9,000	Cnr	Via Indonesia
Sea Falcon II	37,152	2011	NC South America	Ppt	Eastern Mediterranean	$7,500	Western Bulk Carriers	-
Monegasque Epee	33,190	2015	NC South America	Ppt	Continent	$9,000	Cnr	-



Exchange Rates	This week	Last week
JPY/USD	145.87	145.94
EUR/USD	1.0815	1.0813

Brent Oil Price	This week	Last week
US$/barrel	88.33	84.30

Bunker Prices (US$/tonne)	This week	Last week
Singapore IFO	532.0	535.0
VLSFO	637.0	630.0
Rotterdam IFO	552.0	535.0
VLSFO	600.0	590.0

Dry Bulk S&P

Japanese sales have driven the majority of sale and purchase action this week. Several auction-style sales, coupled with the end of August and owners returning from their summer holidays, have led to plenty of action and sales to report. The slide in values seen over the past few months has been abated, and in some segments, prices are inching up. However, the older, less attractive designs are seeing their values continue to soften slightly, with a limited pool of buyers and a plethora of sales candidates.

The Kobe Shipping controlled *Port Star* (82,177-dwt, 2012 Tsuneishi Zhoushan) called for offers this week. We understand that there were a number of interested parties and offers submitted, with her eventually being committed at $20.5m. The last comparable deal was Navios *Southern Star* (82,224-dwt, 2013 Tsuneishi Fukuyama) for $21.6m. Given that the Zhoushan units traditionally see a discount to pure Japanese built vessels, this represents a slight firming.

Ultramaxes continue to be a popular bet, with a trio of sales to report this week. Firstly, the Japanese-owned *Lowlands Breeze* (61,430-dwt, 2013 Iwagi) called for offers on Tuesday, with the eventual Buyers tying her up at $20.8m. This was followed swiftly by the sale *Ultra Regina* (61,424 dwt, 2013 Shin Kasado) for $20m with both her special survey and dry dock imminently due. Both of these first generation Ultramax sales appear firm when compared to the recent sales of younger ships with electronic "ME" main engines. The final Ultramax sale of the week came from Norden, who have sold their *Nord Pacific* (61,221-dwt, 2018 Shin Kurushima) to Far Eastern buyers for $27.2m.

Finally, we have one Handysize sale to report this week. The Keiyo-Kisen owned open-hatch Handysize *Iris Sky* (28,725-dwt, 2008 Imabari) is rumoured to have been committed the low $8m range following her calling for offers earlier this week. For sake of comparison, the sister ship, *J Harmony* (28,398-dwt, 2009 Imabari) was sold to Vietnamese buyers back in April for $9.75m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
PORT STAR	82,177	2012	Tsuneishi Zhoushan	-	-	$20.50m	
LOWLANDS BREEZE	61,430	2013	Iwagi	4 x 30	Greek	$20.80m	SS freshly passed
ULTRA REGINA	61,424	2013	Shin kasado	4 x 30	-	$20.00m	SS due
NORD PACIFIC	61,221	2018	Shin Kurushima	4 x 31	Far Eastern	$27.20m	
IRIS SKY	28,725	2008	Imabari	4 x 31		$8.20m	SS due, Box Shaped

HARTLAND SHIPPING SERVICES

Tanker Commentary

Although we have no fresh sales to report this week, there has still been some interesting activity in the tanker S&P market. VLCC rates have experienced a significant decline over the summer months, with TD3, the crucial Baltic Exchange Middle East to Far East route, currently offering only $10k/day, in sharp contrast to around $75k/day at one point in June. Nevertheless, there has been a notable surge in demand from the Far East for VLCCs. *Athenian Freedom* (299,991-dwt, 2013 Hyundai Ulsan - scrubber fitted) has attracted offers exceeding $75m from Chinese buyers, a firm price when considering the freight rates were weaker in early August when the enbloc sale from Oman Shipping to Sinokor was executed. The transaction involving scrubber fitted *Fida / Sifa* (316,300-dwt, 2011 HHI) and *Saham* (299,991-dwt, 2010 Universal) resulted in a total sale value of $192 million, with $60.4m for the 2010 vessel and $65.8m for the 2011s.

Korean controlled, *Grand Ace1* (45,990-dwt, 2006 STX - Epoxy phenolic) took offers this week, at the time of writing the levels she is trading at have not emerged.

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
Email: snpuk@hartlandshipping.com
Email: consult@hartlandshipping.com

Hartland Shipping Services Ltd, Shanghai
Tel: +86 21 2028 0618
Email: newbuild@hartlandshipping.com

Hartland Shipping Services Pte. Ltd, Singapore
Tel: +65 8223 4371
Email: chartops.sg@hartlandshipping.com