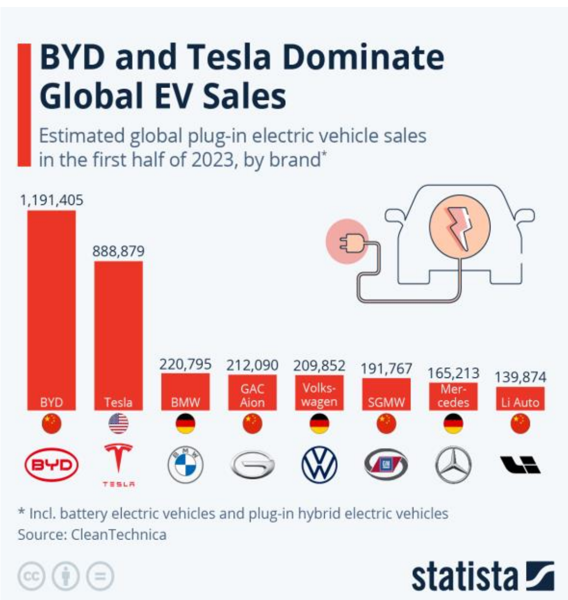
8 September 2023

HARTLAND
SHIPPING SERVICES

WEEKLY COMMENTARY

CONTENTS

… China : Dominating Global EV Sales …



Source : Statista

POINTS OF VIEW

Saudi Arabia has extended its 1.0m-bpd oil production cuts to the end of the year with Russia pledging to similarly extend its nominal 0.3m-bpd cuts. Brent reacted by breaking above $90 a barrel.* Equities sold off on the basis that the inflationary effect of higher energy prices will keep interest rates higher for longer. We are aware that the US has toned down sanction enforcement on Iran and Venezuela, maybe to ease price pressures from the KSA and Russian supply squeeze. This begs the question as to whether the extension of these cuts is itself a reaction to the increased flow of previously banned Iranian and Venezuelan oil. Then there is the fact that Urals crude has been trading above the $60 a barrel price cap for some time, deterring European shipowners from carrying it for fear of reprimand. However, allegedly the UN/G7 is being intentionally lax on enforcement as extra oil flows are needed if Brent is to be kept below $100 a barrel. Persistent inflation needs to be brought down and that task becomes harder with steepling oil prices. The US presidential election next year makes pump prices a vote-sensitive issue with US petrol prices already up 25% this year to $3.80 a gallon. One must ask, if the West's sanctions against Russian, Iranian and Venezuelan oil exports do not work, or are not being enforced either by choice or by inability, then why bother with them? It is a painful act of self-harm and needs to be reviewed pronto.

Russia's abandonment of the Black Sea Grain Initiative sees Ukrainian grains and oilseeds trapped at home, the old crop rotting in silos, the new one unharvested for lack of storage or export opportunities. The land route to Poland and the sea route via the Danube are both incapable of moving the required volumes that should be shipped on 82,000-dwt bulk carriers, not on 5,000-dwt mini-bulkers. Erdogan of Turkey and Guterres of the UN are trying to revive the BSGI although Putin is so far holding out. He seeks concessions in terms of sanctions relief and greater facilitation of Russia's own Black Sea grain and fertiliser exports. The UN and G7 are intent on blaming Russia for causing famine in the Horn of Africa, and for food shortages in other parts of the Middle East and Asia. Then why not discuss a compromise arrangement rather than be a party to the problem? The sanctions do not work and are causing blowback. They only restrict much-needed supplies to the market, prop up global food prices and boost inflation in the West. Another masochistic act? Conventional political thinking is that everything must be done to choke off Russian export earnings that are being used to finance Putin's war in Ukraine. That priority needs to be offset against the world's need for these cargoes, and at prices that could be a lot lower than they are under sanctions.

Shipping would benefit from a reassessment and a measured easing of sanctions. Black Sea grain shipments will support sub-cape bulkers. The removal of finance and insurance restrictions on the shipment of Baltic and Black Sea oil exports would marginalise a large portion of the dark fleet. Lower prices will lever down inflation and gradually tease down interest rates. This could restore consumer spending and revive seaborne container demand. But sanction policy and western attitudes to Ukraine are largely beholden to the result of next November's US presidential election; a point not lost on Putin. Biden's support for Ukraine may waver; Trump's is already non-existent.** Thus, diplomatic solutions are unlikely before then, but there is nothing to stop an easing in sanctions ahead of then. In the meantime, China keeps us guessing as to whether its overblown property sector, responsible for 25-30% of its GDP, is going to blow up its economy and plunge the world into the recession that it has so far only been flirting with.** China has no off button. It will continue to import iron ore and crude oil and export steel and oil products until the buyers are satiated or their own processing industries squeal and collapse. China's August raw material imports^^ were curiously impressive and bulk shipping is on the move again. Xi Jinping is not attending the G20 in Delhi. He has more pressing things to attend to at home, like political Jenga, and fears being overshadowed by India's moment in the spotlight. India's economy is booming, and its population is growing, while China's economy is stuttering, and its population is shrinking. Bloomberg forecasts that China's GDP will overtake US GDP in the mid 2040s, out from its 2019 guess of early 2030s, and then only briefly. It's lying flat. Suddenly, everyone wants to be India's friend.

*The US SPR is at its lowest level since 1983. KSA needs an estimated $90 a barrel for budget breakeven given the costs of Vision 2030, Neom city and the likes of LIV, Cristiano Ronaldo, etc.

**Military aid to Ukraine in €bn commitments since Jan 2022. US: 42.8 ; Germany: 7.5 ; UK: 6.6 ; Poland : 3.0 ; Netherlands: 2.5 (The Kiel Institute for the World Economy, published in The Telegraph).

^Evergrande has debts of $328bn and Country Garden $191bn. If they miss foreign bond coupon payments, then the going gets tough and domestic and overseas confidence will be shattered…

^^China imported 106.4mt of iron ore in August, up 13.8% m-o-m and up 10.6% y-o-y. Its Jan-Aug import total was 775.7mt, up 7.4% y-o-y. Its Jan-Aug steel exports were at 58.8mt, up 28.4% y-o-y.

China imported 12.4m-bpd of crude oil in August, up 20.9% m-o-m and up 30.9% y-o-y. Its Jan-Aug import total was 379mt, +14.7% y-o-y. Aug refined product exports at 5.9mt, +10.9% m-o-m, +23.3% y-o-y.

WEEKLY COMMENTARY

8 September 2023

HARTLAND SHIPPING SERVICES

Dry Cargo Chartering

A much more positive week for **capesize** vessels which saw time charter averages jump up to $10,693, an increase of $2,132. The usual major players were again very active in the Pacific, and improved cargo volume seemingly drove up freight prices. From Australia, Rio Tinto and BHP fixed six TBN vessels between them with freight ranging from $7.80 pmt to $8.25 pmt into China. The former also covered a Seven Islands-China lifting at $23.50 pmt. From Brazil, Mercuria took *Cape Aster* (176,217-dwt, 2012) for 170,000 mtons 10% Tubarao-Qingdao at $18.50 pmt, and Cagrill fixed *Big Fish* (177,662-dwt, 2004) for the same trade at $19.75 pmt. From West Africa, Tresuare Boost took a Beks TBN vessel for a Freetown-China lifting at $19.25 pmt, and a Nippon Steel tender for 190,000 mtons 10% was covered by *Championship* (179,238-dwt, 2011) at $23.50 pmt loading Pointe Noire for Japan. On T/C, *Alpha Faith* (178,104-dwt, 2008) reportedly fixed a Pacific round voyage at $15,000, Cargill took a TBN vessel at around the same rate for an Aussie-China round trip, and Classic were linked to *Lila Gondpur* (180,144-dwt, 2011) delivery Jintang for 4/6 months trading at just under $14,000.

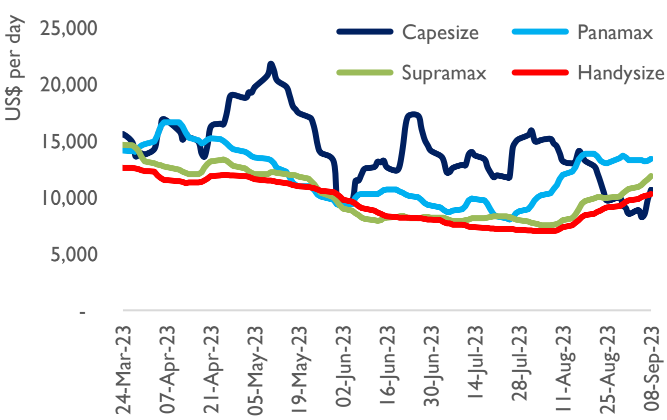
Asia continued with good levels of demand, sentiment mostly ex NoPac seemingly driving rates. Notably better rates achievable for grain clean tonnage against those that were non-grain clean. Atlantic struggle continued with limited activity. **P5 TC** closed at $13,405 up by $105 since last reported 14th of July. In the Pacific, *Unity Neptune* (84,808-dwt, 2017) Songxia 9/10th September was rumoured fixed for a trip via Indonesia option East Coast Australia redelivery Japan at $14,500 with Kline, whilst *ETG Mishima* (81,957-dwt, 2021) Yangjiang 10/12th September fixed for a trip via Indonesia redelivery Japan at $14,600. Swissmarine controlled *Predator* (81,754-dwt, 2019) Kashima 6th of September fixed for a trip via Australia redelivery India at $12,500 with Tata NYK. In the Atlantic, the Cargill controlled *Penelope I* (81,835-dwt, 2017) US Gulf 22/25th of September was heard fixed for a trip redelivery Far east at $19,000 plus $900,000 bb to Comerge, whilst *HSL Tampa* (81,818-dwt, 2017) Antwerp 10th of September was reported fixed for a trip via US Gulf redelivery Singapore-Japan at $22,500 with Mercuria. *Gu Imabari* (76,619-dwt, 2009) Gibraltar 4th of September was heard fixed for a trip via North Coast South America redelivery Singapore-Japan at $20,250. On voyage, SAIL fixed TBN 60,0000/10% coal lift 10 Taboneo/Visakhapatnam 17/26 Sep at $13.60.

Supramax market continued to firm throughout as the positive sentiment gained even more pace. A few imbalances in tonnage supply have led to the market rising, and the cargo volume has yet to subside to counter balance the rates. The outlook for the next week should remain positive. The S10TC closed at $11,870 up by $1,091 (+10.12%) since reported last week on the 1st September. In the Pacific, Netbulk fixed *Pacific Victory* (63,508-dwt, 2017) delivery Singapore spot dates for a trip via Wyalla with iron ore to Singapore-Japan range at $13,500 and WBC took *Bulk Prudence* (61,330-dwt, 2014) delivery Gresik 2nd of September for a trip via West Coast Australia with grains to Vietnam at $14,000. Whilst in the Indian, Chinaland fixed *YM Advance* (63,509-dwt, 2019) delivery Chittagong 1st of September for a trip via South Africa to Far East at $14,000, *Nordultra* (61,614-dwt, 2015) was covered delivery Richards Bay mid-September dates for a trip to the Continent at $17,000 with charterers options of $20,000 plus $200,000 bb for redelivery West Coast India and $20,500 plus $220,000 bb for East Coast India option. And in the Atlantic, Panocean fixed *Berge Nishikawa* (63,500-dwt, 2020) delivery Immingham prompt dates for a trip via Morocco to India at $24,000, Centurion covered *Ionic Smyrni* (56,025-dwt, 2003) delivery SW Pass 20th of September for a trip with grains to Atlantic Columbia at $18,000 and Pacific Basin took *Federal Tweed* (55,317-dwt, 2013) delivery South Brazil 20th of September for a trip with grains to west Mediterranean at $20,500. Meanwhile on the period front, Cargill took *ER Bristol* (55,659-dwt, 2011) delivery Port Harcourt 8th of September for 4-6 months with redelivery Atlantic at $14,000 whilst Norden covered *Vega Stetind* (55,496-dwt, 2008) delivery Mesaieed prompt dates for 4-6 months with redelivery worldwide at $12,250.

The **BHSI** closed this week at $10,295 up $553 since our last report Friday, in another encouraging week for the handysize sector. Continent and Mediterranean markets reporting positive sentiments all round, Owners commanding better than last done DOP levels, as inquiry level picked up. It was heard, Charterers looking from the West Mediterranean for Baltic lifting cargo, *Emerald Bay* (32,311-dwt, 2008) open Ghazaouet on subs at $12,000 for trip Recalada via Russia Baltic. A 35,000-dwt fixed failed at 14,000 West Mediterranean with cement to the US East Coast. A small handy fixed from the East Mediterranean to the Continent in the 9,000's. A 38,000-dwt was fixed from the Baltic to the East Mediterranean at low mid-teens. Quiet in the US Gulf, *Western Maple* (32,492-dwt, 2010) open SW Pass fixed 2/3 laden legs redelivery Far East at $10,500 from Swires. In the South Atlantic, *WL Murom* (37,500-dwt, 2014) open San Nicolas was fixed basis delivery world wide for a trip via Upriver redelivery Morocco in the mid $15,000s. *Almgrad* (38,167-dwt, 2012) open Santos early September was fixed for a trip redelivery Continent with sugar at $15,000. From Asia, some observed a shift in cargo to tonnage balance with more prompt tonnage in the north, the growing tonnage list could signal that rates might be easing in near future. *La Bamba* (37,155-dwt, 2012) open Bayuquan 6 September was heard to have fixed a trip to South East Asia at $8,000 and the *Transformer OL* (28,375-dwt, 2009) open Brisbane 18/20 September was heard to have fixed a trip at around $12,000, no further details for both. On Period front, *Blue Sapphire* (38,580-dwt, 2020) CJK 4 September was heard to have been fixed for 6/8 months at $11,750 and *DL Marigold* (33,752-dwt, 2012) open Yangon 14/15 September was rumoured to have been fixed for a short period at $11,000 but no further details came to light.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Guang Bo	82,245	2023	EC South America	24/27 Sept	Skaw-Gibraltar	$20,750	Cargill	-
Ocean Time	82,024	2019	EC South America	23/25 Sept	Singapore-Japan	$17,250	Cnr	-
Xin Tang Shan Hai I	81,870	2013	Singapore	28 Aug	Singapore-Japan	$13,500	Norden	Via NC South America
Malakand	76,830	2004	Sunda Strait	6 Sept	Singapore-Japan	$12,500	Solebay	Via EC South America
Peace Gem	76,433	2012	Chiba	10 Sept	S China	$11,500	Cnr	Via EC Australia
Sakizaya Ace	74,936	2013	EC South America	25/27 Sept	Indonesia	$16,350	Summit Trading	-
Bulk Prudence	61,330	2014	Gresik	2 Sept	Vietnam	$14,000	WBC	Via WC Australia
Darya Mira	61,083	2021	Findland	6/11 Sept	SE Asia	$17,500	Lighthouse Navigation	-
EM Ruby	54,768	2009	Merak	6/7 Sept	China	$11,900	Fullinks	Via Indonesia
Chicago Harmony	38,485	2015	Fazendinha	End Aug	Venezuela	$14,500	Trithorn	-



Exchange Rates	This week	Last week
JPY/USD	147.49	145.87
EUR/USD	1.0737	1.0815

Brent Oil Price	This week	Last week
US$/barrel	90.54	88.33

Bunker Prices (US$/tonne)	This week	Last week
Singapore IFO	551.0	532.0
VLSFO	646.0	637.0
Rotterdam IFO	570.0	552.0
VLSFO	606.0	600.0

Dry Bulk S&P

Offices are now fully stocked with refreshed and suntanned brokers and owners and the market is reacting positively to a warming freight market. In general though this week the ships reported sold are on the older side. This reflects a continued impetus amongst owners to clear out their older and thirstier vessels, and as a result there is less resistance on pricing and there are still signs that the values of older tonnage in some segments are continuing to soften. For modern eco vessels, sellers seem more hesitant in cashing in their most valuable chips and Japanese built tonnage is very scarce in the market. That said, it is too early to point to a climbing market.

The capesize market continues to be active with a couple of older capers reported to have changed hands within China this week. *Tian Bao Hai* (174,766-dwt, 2004 SWS) and *Xin Wang Hai* (174,000-dwt, 2003 SWS) are sold for $13.5m and $12.8m respectively, with the latter facing imminent surveys. These are last done prices.

Likewise, the panamax/kamsarmax sector seems to be holding its own. Separate Greek buyers are reportedly the buyers of *Cuma* (83,007-dwt, 2006 Tsuneishi) at low $13m and *Nenita* (76,807-dwt, 2006 Sasebo) for $12.3m.

In the supramax segment, *Kobe Star* (55,857-dwt, 2016 Oshima - Open Hatch) is reported sold at excess $22m - pretty much as per benchmarks, while the older *Ocean Reef* (52,458-dwt, 2005 Tsuneishi Cebu) is sold at $8.6m, which suggests a further weakening.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Tian Bao Hai	174,766	2004	SWS			$13.5m	
Xin Wang Hai	174,000	2003	SWS			$12.8m	
Cuma	83,007	2006	Tsuneishi		Greek	$13.2m	
Nenita	76,807	2006	Sasebo		Greek	$12.3m	
Kobe Star	55,857	2016	Oshima	4x30t	Greek	$22.2m	OHBS
Ocean Reef	52,458	2005	Tsuneishi Cebu	4x30t		$8.6m	
Klara Selmer	34,999	2011	Samjin Weihai	4x35t	Greek	$11.2m	

Tanker Commentary

Several vessels have been negotiating throughout the week and are still under discussion - we expect to hear more on these in the coming days.

Although earnings have dropped recently on the VLCC's, we do have a couple of sales to report. The scrubber fitted *Athenian Freedom* (299,991-dwt, 2013 Hyundai) has been sold to Far Eastern buyers for $78m basis surveys freshly passed. Although no price was been mentioned, Sinokor were reported last week as the buyers of *Habrut* (319,439-dwt, 2012 Daewoo). Meanwhile, *Front Signe* (297,007-dwt, 2010 SWS) has been sold to Chinese buyers, understood for a conversion project, at $63m.

Panocean invited offers on their two MR tankers end of last week - *Grand Ace 1* (46,176-dwt, 2006 STX - Epoxy Phenolic) saw best opening offers at $19m and is understood to still be negotiating, however *Grand Ace 8* (46,197-dwt, 2008 STX - Epoxy Phenolic) has been committed at a price in line with last done at $23.8m. For reference, *Gulf Jumerirah* (46,488-dwt, 2008 Hyundai) was concluded in June at $23.5m which also had Phenolic Epoxy coating.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Athenian Freedom	299,991	2013	Hyundai	Far Eastern	$78m	
Front Signe	297,007	2010	SWS	Chinese	$63m	Conversion buyers
Grand Ace8	46,197	2008	STX		$23.8m	
Fionia Swan	15,609	2005	Deniz Endustri	Greek	$8.9m	Ice 1A

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